

REGISTERED NUMBER: 10212215 (England and Wales)

Unaudited Financial Statements
for the Year Ended 31 December 2020
for
EARL STREET INVESTMENTS LTD.

Vistra Accounting Services
First Floor, Templeback
10 Temple back
Bristol
BS1 6FL

EARL STREET INVESTMENTS LTD. (REGISTERED NUMBER: 10212215)

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for the Year Ended 31 December 2020

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EARL STREET INVESTMENTS LTD.

Company Information
for the Year Ended 31 December 2020

Directors:	Christopher Alan Day Robert Lanava
Secretary:	Vistra Cossec Limited
Registered office:	Suite 1, 3rd Floor 11-12 St. James's Square London SW1Y 4LB
Registered number:	10212215 (England and Wales)
Accountants:	Vistra Accounting Services First Floor, Templeback 10 Temple back Bristol BS1 6FL

EARL STREET INVESTMENTS LTD. (REGISTERED NUMBER: 10212215)

Statement of Financial Position
31 December 2020

	Notes	31/12/20 \$	31/12/19 \$
FIXED ASSETS			
Investments	4	27,859,421	35,726,637
CURRENT ASSETS			
Debtors	5	1,819	1,735,759
Prepayments and accrued income		-	428,219
Cash at bank		<u>672,439</u>	<u>36,169</u>
		674,258	2,200,147
CREDITORS			
Amounts falling due within one year	6	<u>(18,985)</u>	<u>(32,866)</u>
NET CURRENT ASSETS		<u>655,273</u>	<u>2,167,281</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		28,514,694	37,893,918
CREDITORS			
Amounts falling due after more than one year	7	(32,639,380)	(30,725,139)
NET (LIABILITIES)/ASSETS		<u>(4,124,686)</u>	<u>7,168,779</u>
CAPITAL AND RESERVES			
Called up share capital		15,000,001	15,000,001
Other reserves	8	164,998	164,998
Retained earnings	8	<u>(19,289,685)</u>	<u>(7,996,220)</u>
		<u>(4,124,686)</u>	<u>7,168,779</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2020.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2020 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 14 December 2021 and were signed on its behalf by:

Robert Lanava - Director

EARL STREET INVESTMENTS LTD. (REGISTERED NUMBER: 10212215)

Notes to the Financial Statements
for the Year Ended 31 December 2020

1. **Statutory information**

Earl Street Investments Ltd. is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the US Dollar (\$).

The company's functional and presentation currency is the US Dollar (\$). The US Dollar is the denomination of the company's share capital and the primary economic environment of its shareholders. Foreign currency exposures arising from its investments are hedged back into US Dollars.

2. **Accounting policies**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The accounting policies have been applied consistently year on year. There are no critical accounting adjustments used in the preparation of the financial statements. The only estimate is in relation to the investments, disclosed in note 5.

Turnover

Turnover is derived from the interest on the loans issued recognised on an accrual basis using the effective interest rate.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS102 to all of its financial instruments.

Financial assets, including investments are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss. Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Basic financial liabilities

Basic financial liabilities, including creditors, and loans from fellow group companies are initially recognised at transaction price.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are initially recognised at transaction price.

Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank.

3. **Employees and directors**

The average number of employees during the year was NIL (2019 - NIL).

4. **Fixed asset investments**

EARL STREET INVESTMENTS LTD. (REGISTERED NUMBER: 10212215)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

	Other loans \$
At 1 January 2020	35,726,637
Other movement	<u>(7,867,216)</u>
At 31 December 2020	<u><u>27,859,421</u></u>

The company provided funding to Grupo Union S.A. ("GUSA"), a non-regulated financial company that offers payroll deduction loans to low and mid-income individuals in Argentina. The first investment paid 14% per annum interest each quarter plus a 7% per annum variable interest rate payable annually at the end of 12 months, 24 months and the principal repayment periods based on the counterparty's Base Net Interest Margin. The second investment paid 12.5% per annum interest each quarter plus a 3% per annum variable interest rate payable annually at the end of 12 months, 24 months and the principal repayment periods based on the counterparty's Base Net Interest Margin.

In July 2018 GUSA underwent a restructuring. The first investment had a partial principal paydown via receipt of \$6.5 million treasury notes and an assignment, as payment in kind, of a Peso-denominated, US Dollar equivalent £12.2 million loan portfolio with a deemed amortization schedule, with the remaining \$4.5 million transferred and merged into the second investment. The second investment was restructured by extending the maturity date to December 2020 and revising the interest rate to an increasing interest rate ranging from 10.00% to 13.90% per annum. In August 2018, the second investment was relieved of \$13.8 million of principal, which was assumed by a trust in the form of a collateralised real estate loan ("the first Real Estate Loan") that has a stated coupon of 15.54% per annum and maturity date on December 2020.

During February 2019 through August 2019, the company reinvested its collections under the loan portfolio received as payment-in-kind in new portfolio originated by GUSA and by Mutual de Jubilados, Retirados y Pensionados Provinciales, an Argentine mutual ("the Portfolio Purchases").

During November 2019 GUSA was relieved from the remaining \$11.2 million of the second investment, which was assumed by a trust in the form of a collateralised real estate loan ("the second Real Estate Loan") that has a stated coupon increasing from 3.00% to 6.00% per annum and maturity date on December 2024. In addition, the company agreed to lend to GUSA certain portions of its Peso collections under the Portfolio Purchases and to convert into Peso-denominated loans certain collections payable by Mutual de Jubilados, Retirados y Pensionados Provinciales to the company thereunder.

The company began a comprehensive restructuring process for the investments after GUSA defaulted on certain repayments in November and December 2020.

Interest received for 2020 was \$486,128 (2019 \$2,136,874).

The Portfolio Purchases are valued at 100% of par, which reflects the expected revised terms and cash flows post-restructuring. The first and second Real Estate Loans are held at 90% and 80% of par, respectively, as of 31 December 2020.

5. **Debtors: amounts falling due within one year**

	31/12/20	31/12/19
	\$	\$
Other debtors	-	1,735,759
Prepayments	<u>1,819</u>	<u>-</u>
	<u><u>1,819</u></u>	<u><u>1,735,759</u></u>

For the year ended 31 December 2019 other debtors relates to a receivable balance of \$1,735,759 due from Gramercy GUSA Secured Holdings LLC, which was repaid over the course of 2020. Amounts owed from group undertakings are unsecured, interest free, and repayable on demand.

EARL STREET INVESTMENTS LTD. (REGISTERED NUMBER: 10212215)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

6. Creditors: amounts falling due within one year	31/12/20	31/12/19
	\$	\$
Trade creditors	5,706	-
Accrued expenses	<u>13,279</u>	<u>32,866</u>
	<u>18,985</u>	<u>32,866</u>

The company receives a credit against UK taxes for Argentine taxes paid on interest income.

7. Creditors: amounts falling due after more than one year	31/12/20	31/12/19
	\$	\$
Other creditors	<u>32,639,380</u>	<u>30,725,139</u>

Amounts included within other creditors refer to the debt fundings by Gramercy GUSA Secured Holdings LLC

("Gramercy GUSA"). The first investment was entered into on 12 October 2016, with an additional funding on 10 November 2016. The second investment was entered into on 17 April 2017, with additional fundings on 2 June 2017 and 27 October 2017. The debt fundings pay 11.5% per annum interest each quarter and matures on 18 January 2020. The notes are listed on the International Stock Exchange in Guernsey for the year ended 31 December 2020. Interest expense for 2020 was \$3,450,000 (2019: \$3,450,000).

8. Reserves	Retained earnings	Other reserves	Totals
	\$	\$	\$
At 1 January 2020	(7,996,220)	164,998	(7,831,222)
Deficit for the year	<u>(11,293,465)</u>		<u>(11,293,465)</u>
At 31 December 2020	<u>(19,289,685)</u>	164,998	<u>(19,124,687)</u>

9. **Ultimate controlling party**

The company is owned by Gramercy GUSA, which is wholly owned by four private shareholders, each owning more than 20%. Accordingly, there is no parent entity nor ultimate controlling party. The balances as of 31 December 2020 with Gramercy GUSA has been disclosed in Note 8.

10. **Subsequent events**

In November 2021, the Company completed the restructuring process with GUSA, whereby the Portfolio Purchases were exchanged for two new Peso-denominated loans that begin amortizing on a monthly basis starting February 2022.

There were no other material 'Subsequent events' post year end associated with the Fund that require disclosure to these financial statements.

