

OPERA FUND ECO-INVEST SICAV P.L.C.

Annual Report and Financial Statements  
30 June 2019

	<b>Pages</b>
Management and administration	1
Description	2
Directors' report	3 - 5
Independent auditor's report	6 - 9
Statement of financial position	10
Statement of comprehensive income	11
Statement of changes in net assets attributable to holders of redeemable shares	12
Statement of cash flows	13
Notes to the financial statements	14 - 35

## Management and administration

<b>Directors:</b>	Dr. David E. Griscti Mr. Erich Schnider ( <i>resigned on 15 January 2019</i> ) Dr. Anton Tabone Mr Alexander Boss ( <i>appointed on 17 October 2019</i> )
<b>Investment committee:</b>	Dr. David E. Griscti Mr. Erich Schnider ( <i>resigned on 15 January 2019</i> ) Mr Alexander Boss ( <i>appointed on 17 October 2019</i> ) Dr. Brigit Annikki Schoolmann ( <i>as a representative of Dr. Schoolmann business-planer GmbH</i> )
<b>Company secretary:</b>	Dr. David E. Griscti
<b>Registered office:</b>	168, St. Christopher Street Valletta VLT 1467 Malta
<b>Company registration number:</b>	SV27
<b>Custodian and banker:</b>	Bank Frick & Co. AG Landstrasse 14 Postfach 43 FL - 9496 Balzers Principality of Liechtenstein
<b>Portfolio manager:</b>	AHEAD Wealth Solutions AG Austrasse 15, LI - 9490 Vaduz Principality of Liechtenstein
<b>Administrator:</b>	AHEAD Wealth Solutions AG Austrasse 15, LI - 9490 Vaduz Principality of Liechtenstein
<b>Legal advisors:</b>	David Griscti & Associates Law Firm 168, St. Christopher Street Valletta VLT 1467 Malta
<b>Auditors:</b>	PricewaterhouseCoopers 78, Mill Street Qormi QRM 3101 Malta

## Description

OperaFund Eco-Invest SICAV p.l.c. (the "Fund") is organised under the laws of Malta as a multi-class investment company with variable share capital (SICAV) pursuant to the Maltese Companies Act (Cap. 386). OperaFund Eco-Invest SICAV p.l.c. is licensed by MFSA as a Professional Investor Fund which is available to investors qualifying as Qualifying Investors. The Fund was registered on 24 January 2005 and has no employees.

OperaFund Eco-Invest SICAV p.l.c. has only one sub-fund in existence at the reporting date. The assets of the Fund will be invested globally in private equity of ecologically valuable projects that offer attractive long-term investment returns primarily in areas such as energy related and infrastructure related projects. The assets of the Fund may also be invested in other asset classes within the same industry sector, such as publicly traded equity, bonds and other debt securities.

In December 2013, the board of OperaFund Eco-Invest SICAV p.l.c. had resolved to suspend the determination of the net asset value of the Fund. This suspension was a result of the uncertainty associated with the remuneration regime applicable to renewable energy plants in Spain, held through the Fund's subsidiary undertakings. This suspension remains in force.

The global objectives of the Fund are stable cash flows that, if generated, will be distributed to shareholders annually. Income and capital proceeds from investments shall be distributed in the sub-fund's base currency as soon as practicable following the approval in general meeting of the Fund's annual audited financial statements for the relevant financial years, unless at the discretion of the Board, there are important considerations for withholding part of these funds to maintain the operations of the Fund.



## Directors' report

The directors present their report and the audited financial statements for the year ended 30 June 2019.

### Principal activities

OperaFund Eco-Invest SICAV p.l.c. is organised under the Laws of Malta as a multi-class investment company with variable share capital (SICAV) pursuant to the Maltese Companies Act (Cap. 386).

### Review of the business, performance indicators and future developments

The net asset value of the Fund as at 30 June 2019 stood at €43,306,703 (2018: €46,147,045). The net asset value per share is disclosed within the salient statistics on page 10. As already disclosed in the last directors' report, in December 2013, the board of OperaFund Eco-Invest SICAV p.l.c. resolved to suspend the determination of the net asset value of the Fund and trading in its units until further notice. This suspension was a result of the uncertainty associated with the remuneration regime applicable to renewable energy plants in Spain, held through the Fund's subsidiary undertakings.

In February 2014, the Spanish Government published a draft of the new energy tariff system that regulates the pricing in the industry. At the beginning of June 2014, the Spanish government put the RDL 9/2013 into effect with retrospective effective effect as from 1 July 2013. The duration of this regulation was fixed up to a maximum of five years, after which the Spanish Government had to decide whether further adjustments were necessary. By the end of 2016, the Spanish Government reviewed the status of the energy industry and has slightly increased the compensation for RIN and RO. The new tariffs are based on specific remuneration parameters that are subject to review every six years (or every three years in the case of: (a) the projected revenues resulting from the sale of energy produced, valued at market price; and (b) the forecasted hours of operation). Until then, and because of the possibility of these adjustments, the uncertainty in relation to the remuneration regime applicable to renewable energy plants in Spain is inherent in this business and will remain.

During the years to 30 June 2013 and 30 June 2014 negative fair value adjustments, in relation to investments in subsidiary undertakings that are directly impacted by the energy tariff regime in Spain, of €19,164,809 and impairment of loans receivable from subsidiary undertakings of €9,524,556 were recorded to reflect the impact of the new regime.

In view of these circumstances, the Board of the Fund decided to initiate legal proceedings against the Spanish Government in October 2014, and appointed Cuatrecasas Goncalves Pereira, in Madrid, to represent OperaFund in arbitration proceedings against the Spanish Government in front of the International Centre for Settlement of Investment Disputes (ICSID), Washington, USA. The required proceedings were initiated at the end of January 2015. Opera Fund was able to reach agreement with Schwab-Holding, co-owner of the photovoltaic park held through Paso Palma Sol Gestion de Proyectos S.L. and its subsidiaries, to jointly lodge the action in April 2015. On the 11 August 2015, the ICSID opened the case with the file number ICSID Case No. ARB/15/36. Further details regarding the case, which is ongoing, are published on the ICSID platform Case No. ARB/15/36 (<https://icsid.worldbank.org>).

In view of liquidity constraints on the subsidiary undertakings, brought about by the new regime, the Board does not expect the underlying investments to distribute dividends to the Fund in the immediate future. Therefore, the suspension of the determination of the net asset value of the Fund and trading in its units remains in force.

Due to the uncertainty in Spain, Opera Fund Eco-Invest SICAV p.l.c has not received any loan repayments from the Spanish photovoltaic parks. The Board of OperaFund Eco-Invest SICAV p.l.c has therefore decided to sell certain investments in order to boost the Fund's liquidity.

## **Directors' report - continued**

### **Review of the business, performance indicators and future developments - continued**

As disclosed in note 3, the fair value of each investment is determined based on projected future net cash flows, appropriately adjusted for taxation and discounted by a risk adjusted discount rate. In assessing the fair value, the directors assume a long-term view of a maintainable level of investment return. This valuation requires the use of a number of assumptions, mainly relating to the revenue generation of each project over the lifetime of the projects and the discount rate applied.

### **Events after the reporting period**

On 6 September 2019, the ICSID published its decision on case No. ARB/15/36 whereby the Kingdom of Spain was ordered to pay €33.9 million to OperaFund Eco-Invest SICAV plc and Schwab Holding AG, 90% of which is attributable to the Company. The Kingdom of Spain has been requested to pay the compensation granted by the award, however to date no settlement has been made. The Company is seeking ways to have this decision enforced.

On 23 November 2019, Spanish Royal Decree-Law 17/2019 of 22 November 2019 was published in the Official Gazette of the Spanish State. This new law establishes the reasonable profit rate to be applied during the second remuneration period (2020-2025) for renewable energy plants. It announces that by 29 February 2020 Spain's Ministry for the Ecological Transition must approve the ministerial order with the adjusted remuneration parameters. Until then, the current remuneration levels will continue to be paid, and once the ministerial order is approved, the resulting differences will be settled.

### **Financial risk management and exposures**

For principle risks and uncertainties, refer to note 2 'Financial risk management' that details the key risk factors including market risk, credit risk, liquidity risk and the Company's approach towards managing these risks.

### **Results**

The statement of comprehensive income is set out on page 11.

### **Standard licence conditions**

For the year under review, there were no breaches to the Company's Standard Licence Conditions and no regulatory sanctions were imposed on the Fund.

### **Directors**

The directors of the Fund who held office during the year were:

Dr. David E. Griscti  
Mr. Erich Schnider (*resigned on 15 January 2019*)  
Dr. Anton Tabone  
Mr. Alexander Boss (*appointed on 17 October 2019*)

The Fund's Articles of Association do not require any directors to retire.

## Directors' report - continued

### Statement of directors' responsibilities for the financial statements

The directors are required by the Maltese Companies Act (Cap. 386) to prepare financial statements that give a true and fair view of the state of affairs of the Fund as at the end of each reporting period and of the profit or loss for that period.

In preparing the financial statements, the directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Fund will continue in business as a going concern.


The directors are also responsible for designing, implementing and maintaining internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Maltese Companies Act (Cap. 386). They are also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


The financial statements of OperaFund Eco-Invest SICAV p.l.c. for the year ended 30 June 2019 are included in the Annual Report 2019, which is published in hard-copy printed form and may be made available on the Fund's website. The directors are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the Fund's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

### Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board

  
Dr. David E. Griscti  
Director

  
Dr. Anton Tabone  
Director

Registered office  
168, St. Christopher Street  
Valletta VLT 1467  
Malta

19 December 2019



## *Independent auditor's report*

To the Shareholders of OperaFund Eco-Invest SICAV p.l.c.

### *Report on the audit of the financial statements*

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#### *Our opinion*

In our opinion:

- OperaFund Eco Invest SICAV p.l.c.'s financial statements give a true and fair view of the company's financial position as at 30 June 2019, and of the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

#### **What we have audited**

OperaFund Eco-Invest SICAV p.l.c.'s financial statements, set out on pages 10 to 35, comprise:

- the statement of financial position as at 30 June 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to holders of redeemable shares for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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#### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.



## *Independent auditor's report - continued*

To the Shareholders of OperaFund Eco-Invest SICAV p.l.c.

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### *Emphasis of matter*

We draw attention to note 1.1 and note 3 to the financial statements, which refer to the uncertainty associated with the financial performance and liquidity of the underlying investments brought about by a change in the remuneration regime applicable to renewable energy plants in Spain. The valuation of the Fund's investments is dependent on the subsidiaries' ability to continue in operational existence for the foreseeable future and the generation of future cash flows from their operations to meet their liabilities as and when they fall due in line with the revised plans. This matter has had a significant impact on the value of the underlying investments and loans receivable. As explained in note 3 and note 15, new energy tariffs are expected to be published in February 2020 and currently there is uncertainty as to the energy tariffs that will be applicable going forward. The same notes also refer to the decision published by the International Centre for Settlement of Investment Disputes (ICSID) subsequent to year end. These matters are considered to be of significant importance to the users' understanding of the financial statements due to its nature and magnitude. Our opinion is not qualified in respect of these matters.

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### *Other information*

The directors are responsible for the other information. The other information comprises the Management and administration section, the Description section and the Directors' report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information, including the directors' report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the directors' report, we also considered whether the directors' report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386).

Based on the work we have performed, in our opinion:

- The information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386).

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the directors' report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.



## *Independent auditor's report - continued*

To the Shareholders of OperaFund Eco-Invest SICAV p.l.c.

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### *Responsibilities of the directors for the financial statements*

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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### *Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## *Independent auditor's report - continued*

To the Shareholders of OperaFund Eco-Invest SICAV p.l.c.

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### *Auditor's responsibilities for the audit of the financial statements - continued*

We communicate with directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## *Report on other legal and regulatory requirements*

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### *Other matters on which we are required to report by exception*

We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion:

- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations we require for our audit.
- Certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

We have nothing to report to you in respect of these responsibilities.

### **PricewaterhouseCoopers**

78, Mill Street  
Qormi  
Malta



Lucienne Pace Ross  
Partner

19 December 2019



## Statement of financial position

		As at 30 June	
	Notes	2019 €	2018 €
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	4	53,308,874	9,239,000
Trade and other receivables	5	-	44,837,438
<b>Total assets</b>		<b>53,308,874</b>	<b>54,076,438</b>
<b>LIABILITIES</b>			
Bank overdraft	6	20,168	23,889
Trade and other payables	8	4,329,003	2,878,504
Borrowings	7	5,653,000	5,027,000
<b>Total liabilities (excluding net assets attributable to holders of redeemable shares)</b>		<b>10,002,171</b>	<b>7,929,393</b>
<b>Net assets attributable to holders of redeemable shares</b>		<b>43,306,703</b>	<b>46,147,045</b>

## Salient statistics

	Units
Investor 'B' class shares in issue as at 30 June 2019	480,571.79
Investor 'B' class shares in issue as at 30 June 2018	480,571.79
Investor 'B' class shares in issue as at 30 June 2017	480,571.79
	€
Net asset value per share as at 30 June 2019	90.1150
Net asset value per share as at 30 June 2018	96.0253
Net asset value per share as at 30 June 2017	82.3773

The notes on pages 14 to 35 are an integral part of these financial statements.

The financial statements on pages 10 to 35 were authorised for issue by the board on 19 December 2019 and were signed on its behalf by:

Dr. David E. Ghisla  
Director



Dr. Anton Tabone  
Director





## Statement of comprehensive income

	Notes	Year ended 30 June	
		2019 €	2018 €
<b>Income</b>			
Interest income from financial assets at fair value through profit or loss	11	1,437,176	-
Interest income from financial assets at amortised cost	11	-	1,423,568
Other net changes in fair value on financial assets at fair value through profit or loss		(3,024,740)	5,977,887
<b>Total net (loss)/income</b>		<b>(1,587,564)</b>	<b>7,401,455</b>
<b>Expenses</b>			
Management and administration fees	12a	545,404	581,276
Custodian fees	12b	87,968	93,754
Directors' remuneration		30,000	30,000
Other legal and professional fees		479,386	579,668
Impairment release on advances to subsidiary undertakings		-	(538,157)
<b>Total operating expenses</b>		<b>1,142,758</b>	<b>746,541</b>
<b>Operating (loss)/profit</b>		<b>(2,730,322)</b>	<b>6,654,914</b>
<b>Finance costs</b>			
Interest payable and similar charges		(110,020)	(96,096)
<b>Net (decrease)/increase in net assets attributable to holders of redeemable shares during the year</b>		<b>(2,840,342)</b>	<b>6,558,818</b>

The notes on pages 14 to 35 are an integral part of these financial statements.

**Statement of changes in net assets attributable to holders of redeemable shares**

	Year ended 30 June	
	2019 €	2018 €
Net assets attributable to holders of redeemable shares at beginning of the year	46,147,045	39,588,227
Net (decrease)/increase in net assets attributable to holders of redeemable shares during the year	(2,840,342)	6,558,818
Net assets attributable to holders of redeemable shares at end of the year	43,306,703	46,147,045

The notes on pages 14 to 35 are an integral part of these financial statements.

## Statement of cash flows

	Note	Year ended 30 June	
		2019 €	2018 €
<b>Cash flows from operating activities</b>			
Operating expenses paid		(512,259)	(539,480)
Interest paid		(110,020)	(96,096)
Net cash used in operating activities		(622,279)	(635,576)
<b>Cash flows from financing activities</b>			
Movement in borrowings		626,000	584,000
Net cash generated from financing activities		626,000	584,000
<b>Net movement in cash and cash equivalents</b>		3,721	(51,576)
<b>Cash and cash equivalents at beginning of year</b>		(23,889)	27,687
<b>Cash and cash equivalents at end of year</b>	6	(20,168)	(23,889)

The notes on pages 14 to 35 are an integral part of these financial statements.

## Notes to the financial statements

### 1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 1.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and in accordance with the Maltese Companies Act (Cap. 386) and the requirements of the said Act. They have also been prepared in accordance with the requirements of the Malta Financial Services Authority's Investment Services Rules for Collective Investment Schemes. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The statement of financial position presents assets and liabilities in increasing order of liquidity and does not distinguish between current and non-current items.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires directors to exercise their judgement in the process of applying the Fund's accounting policies (see note 3 - Critical accounting estimates and judgements).

In December 2013, the board of OperaFund Eco-Invest SICAV p.l.c. resolved to suspend the determination of the net asset value of the Fund and trading in its units. This suspension was a result of the uncertainty associated with the remuneration regime applicable to renewable energy plants in Spain held through the Fund's subsidiary undertakings. As a result, there were no subscriptions and/or redemptions in the Fund during the year.

In February 2014, the Spanish Government published a draft of the new energy tariff system that regulates the pricing in the industry. At the beginning of June 2014, the Spanish government put the RDL 9/2013 into effect with retrospective effective effect as from 1 July 2013. The duration of this regulation was fixed up to a maximum of five years, after which the Spanish Government had to decide whether further adjustments were necessary. By the end of 2016, the Spanish Government reviewed the status of the energy industry and has slightly increased the compensation for RIN and RO. The new tariffs are based on specific remuneration parameters that are subject to review every six years (or every three years in the case of: (a) the projected revenues resulting from the sale of energy produced, valued at market price; and (b) the forecasted hours of operation). Until then, and because of the possibility of these adjustments, the uncertainty in relation to the remuneration regime applicable to renewable energy plants in Spain is inherent in this business and will remain.

On 23 November 2019, Spanish Royal Decree-Law 17/2019 of 22 November 2019 was published in the Official Gazette of the Spanish State. This new law establishes the reasonable profit rate to be applied during the second remuneration period (2020-2025) for renewable energy plants. It announces that by 29 February 2020 Spain's Ministry for the Ecological Transition must approve the ministerial order with the adjusted remuneration parameters. Until then, the current remuneration levels will continue to be paid, and once the ministerial order is approved, the resulting differences will be settled.

**1. Summary of significant accounting policies - continued**

**1.1 Basis of preparation - continued**

During the years to 30 June 2013 and 30 June 2014 negative fair value adjustments, in relation to investments in subsidiary undertakings that are directly impacted by the energy tariff regime in Spain, of €19,164,809 and impairment of loans receivable from subsidiary undertakings of €9,524,556 were recorded to reflect the impact of the new regime. This has led the Board of Directors to initiate legal actions against the Spanish Government in October 2014.

Further, in view of liquidity constraints brought about by the new regime, the board does not expect the underlying investments to distribute dividends to the Fund in the immediate future. Therefore, the suspension of the determination of the net asset value of the Fund and trading in its units remains in force.

Due to the uncertainty in Spain, Opera Fund Eco-Invest SICAV p.l.c has not received any loan repayments from the Spanish photovoltaic parks. The Board of OperaFund Eco-Invest SICAV p.l.c has therefore decided to sell certain investments in order to boost the Fund's liquidity.

The Fund's subsidiaries had a negative equity position as at 31 December 2018 and 2017, arising from losses registered during the current and previous financial years, mainly due to the change in legislation referred to above. The fair value of the subsidiaries is dependent on the assumption that these entities will continue to operate as a going concern. The financial statements of these underlying investments have been prepared on a going concern basis but draw attention to the significant uncertainty associated with the remuneration regime applicable to renewable energy plants in Spain.

The fair value of these subsidiaries has been determined based on discounted projected net cash flows based on revised plans and assuming a long-term view of the estimated returns. However, the valuation of the Fund's investments is dependent on the subsidiaries' ability to continue in operational existence for the foreseeable future and the generation of future cash flows from operations to meet their liabilities as and when they fall due in line with the revised plans. In particular, this will be dependent on the implementation of the viability plans drawn up by the subsidiaries, based on the new circumstances of the legislation.

The circumstances which arose after year end as described in note 15 were not considered for the purposes of ascertaining the fair value of the underlying investments as at 30 June 2019.

**Investment Entity**

The Fund meets the definition of an investment entity as defined by IFRS 10 and is required to account for the investments in its subsidiary undertakings at fair value through profit or loss.

These financial statements are the only financial statements presented by the Fund.

***Standards, interpretations and amendments to published standards effective 1 July 2018***

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities and a new impairment model for financial instruments. The complete version of IFRS 9 was issued in July 2014 and is effective for accounting periods beginning on or after 1 January 2018. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss.

**1. Summary of significant accounting policies - continued**

**1.1 Basis of preparation - continued**

*Standards, interpretations and amendments to published standards effective 1 July 2018 - continued*

The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. There is now a new expected credit loss model that replaces the incurred loss impairment model used in IAS 39.

Classification and measurement of debt assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income.

The adoption of IFRS 9 has resulted in changes to the accounting policies for the recognition, classification and measurement of financial instruments and impairment of financial assets. The transitional requirements of IFRS 9 necessitated a review of the designation of financial instruments at amortised cost.

*Reconciliation of statement of financial position balances from IAS 39 to IFRS 9*

The following table shows the measurement categories and reconciles the carrying amounts of financial assets, from their previous measurement categories in accordance with IAS 39, to their new measurement categories upon transition to IFRS 9 on 1 April 2018. The differences between IAS 39 and IFRS 9 consist of reclassification adjustments between measurement categories.

Statement of financial position(extract)	IAS 39 Measurement category	IAS 39 Carrying amount	Reclassification	IFRS 9 Carrying amount	IFRS 9 Measurement category
<b>Financial assets</b>					
Advances to related undertakings	Amortised cost (loans and receivables)	44,837,438	(44,837,438)	44,837,438	FVTPL

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 July 2018 that have a material effect on the financial statements of the Company.

**1. Summary of significant accounting policies - continued**

**1.1 Basis of preparation - continued**

*New standards, interpretations and amendments effective after 1 July 2018 and have not been early adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2018, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

**1.2 Foreign currency translation**

*(a) Functional and presentation currency*

The Fund's investors are mainly from the Eurozone, with the subscriptions and redemptions of the redeemable shares denominated in Euro. The performance of the Fund is measured and reported to the investors in Euro. The Directors consider the Euro as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Euro, which is the Fund's functional and presentation currency.

*(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the reporting date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

**1.3 Financial assets and liabilities at fair value through profit or loss**

Current year

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at FVTPL on the basis of both the entity's business model for managing the financial assets, and the contractual cash flow characteristics of the financial asset.

*Financial assets at amortised cost*

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets measured at amortised cost include trade and other receivables and cash and cash equivalents.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Fund determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

For financial assets at amortised cost, appropriate allowances for expected credit losses ('ECLs') are recognised in profit or loss in accordance with the Fund's accounting policy on ECLs.

**1. Summary of significant accounting policies - continued**

**1.3 Financial assets and liabilities at fair value through profit or loss - continued**

Current year - continued

*Financial assets at fair value through profit or loss (FVTPL)*

A financial asset is measured at FVTPL if it is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell or its contractual terms do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition, the Fund may irrevocably designate a financial asset as measured at FVTPL when doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Fund includes in this category, derivative contracts in an asset position, financial assets classified as held for trading, financial assets managed, evaluated and reported on a fair value basis in accordance with the Fund's documented investment strategy, and those financial investments and term deposits whose contractual cash flows do not solely represent payments of principal and interest, which are mandatorily measured at FVTPL.

*Impairment*

The Fund recognises a loss allowance for ECLs on financial assets at amortised cost.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Fund measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- Financial assets that are determined to have a low credit risk at the reporting date; and
- Other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Fund considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions. To the extent applicable, the Fund has applied the low credit risk assumption for the following classes of financial assets – cash at bank and term deposits.



**1. Summary of significant accounting policies - continued**

**1.3 Financial assets and liabilities at fair value through profit or loss - continued**

Current year - continued

*Impairment - continued*

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. In this regard, the Fund has an internal credit scoring system in place that analyses the credit quality of the counterparties accordingly. Such credit scoring system takes into consideration both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment, and also considers the counterparties' macroeconomic context.

Cash balances held with the Fund's bank are subject to IFRS 9's general expected credit loss model. However, after an assessment of these balances was made as at 1 July 2018 and 30 June 2019, the identified impairment loss required was immaterial.

Comparative year

Classification

The Fund classifies its financial assets in the following categories: loans and receivables and financial assets at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

*(a) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Fund's loans and receivables also comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

*(b) Financial assets at fair value through profit or loss*

This category has two subcategories: financial assets held for trading and those designated by management at fair value through profit or loss at inception.

Financial assets held for trading are those that the Fund has acquired principally for the purpose of short-term profit taking. All trading derivatives in a net receivable position (positive fair value), as well as options purchased, are reported as financial assets held for trading. All trading derivatives in a net payable position (negative fair value), as well as options written, are reported as financial liabilities held for trading. The Fund can designate certain financial assets upon initial recognition as at fair value through profit or loss (fair value option). This designation cannot subsequently be changed. These financial assets are designated upon initial recognition on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Fund, as set out in the Fund's offering document.

Investment in subsidiary undertakings: In accordance with the exception under IFRS 10 Consolidated Financial Statements, the Fund does not consolidate subsidiaries in the financial statements. Investments in subsidiary undertakings are accounted for as financial instruments at fair value through profit or loss.

**1. Summary of significant accounting policies - continued**

**1.3 Financial assets - continued**

Comparative year - continued

Recognition/de-recognition

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Fund commits to purchase or sell the asset. Financial assets not carried at fair value through profit or loss are initially recognised at fair value plus transaction costs while financial assets at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed as incurred in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Measurement

*(a) Assets carried at amortised cost*

The Fund assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Fund uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets.

The Fund first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

*(b) Financial assets at fair value through profit or loss*

The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deduction for estimated future selling costs.

**1. Summary of significant accounting policies** continued

**1.3 Financial assets** - continued

Measurement - continued

*(b) Financial assets at fair value through profit or loss* - continued

If a quoted market price is not available on a recognised stock exchange or from a broker/dealer for non-exchange traded financial instruments, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is the market rate or is approximate to a market rate at the balance sheet date for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the statement of financial position date.

The Fund may from time to time invest in financial instruments that are not exchange traded, therefore the fair value would be estimated at the amount that the Fund would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions (volatility, appropriate yield curve) and the current creditworthiness of the counterparties.

Gains and losses arising from a change in the fair value of trading instruments, those instruments designated by management at fair value through profit or loss and derivatives are recognised in the statement of comprehensive income.

**1.4 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**1.5 Trade and other payables**

These amounts are initially recognised at fair value and subsequently measured at amortised cost less any provision for impairment.

**1.6 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less and bank overdrafts.

**1.7 Borrowings**

Borrowings are recognised at fair value net of transaction costs incurred. They are subsequently valued at amortised cost; any difference is recognised in the statement of comprehensive income over the period of the borrowing using the effective interest method.

**1. Summary of significant accounting policies - continued**

**1.8 Redeemable shares**

The Fund issues redeemable shares which are redeemable at the holders' option and are classified as a financial liability. Redeemable shares can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value.

The redeemable shares are carried at amortised cost, being the redemption amount that is payable at the reporting date if the holder exercises the right to put the share back to the Fund.

Redeemable shares are issued and redeemed at the holder's option at prices based on the Fund's net asset value per share at the time of issue or redemption. The Fund's net asset value per share is calculated by dividing the net assets attributable to the holders of each redeemable share with the total number of outstanding redeemable shares.

**1.9 Revenue recognition**

All distributions from investment in subsidiary undertakings are recognised as income in the statement of comprehensive income when received to the extent that such amounts are paid from economic earnings of the applicable investment.

Interest income from financial assets not classified as fair value through income is recognised using the effective interest method.

**1.10 Accrued expenses**

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

**2. Financial risk management**

**2.1 Financial risk factors**

The objective of the Fund is to achieve medium to long-term capital growth through investing in a selection of unlisted private companies operating mainly in Europe.

The Fund's activities potentially expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Fund may use various forms of leverage that increases the effect of any investment value changes on capital. These include the use of borrowings and derivatives. While borrowing and leverage present opportunities for increasing total return, they have the effect of potentially increasing losses as well.

If the gains on financial assets made with borrowed funds are less than the costs of the leverage or, under certain circumstances, if the borrowing is terminated by the applicable lenders or counterparties in advance of its stated term, the value of the Fund's net assets attributable to holders of redeemable shares will decrease. Therefore, any event that adversely affects the value of an investment by the Fund would be magnified to the extent leverage is employed. The cumulative effect of the use of leverage in a market that moves adversely to a leveraged investment could result in a substantial loss which would be greater than if leverage were not used.

The Fund can be leveraged through borrowings up to two times of its net asset value, but only on the prior written consent of the custodian of the Fund.

**2. Financial risk management - continued**

**2.1 Financial risk factors - continued**

(a) Market risk

(i) *Foreign exchange risk*

Currency fluctuations between the functional currency of the Fund and the currency of the underlying investments of the Fund, may adversely affect the value of investments and the income derived thereon.

The Fund is not exposed to significant foreign exchange risk as the majority of the Fund's transactions, assets and liabilities are denominated in Euro.

(ii) *Fair value and cash flow interest rate risk*

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flow. The Fund holds interest-bearing assets, which mainly represent advances to subsidiaries, as disclosed in note 5. These are subject to fixed interest rates and are measured at amortised cost. Accordingly, the Fund is not exposed to fair value interest rate risk.

The Fund also holds bank balances and borrowings that are subject to floating interest rates and expose the Fund to cash flow interest rate risk.

The exposure to cash flow interest rate risk, net of any impairment charges is shown below.

	2019 €	2018 €
<b>At 30 June</b>		
<i>Interest-bearing assets subject to fixed rates*</i>		
Financial assets at fair value through profit or loss (note 4)	37,391,274	-
Trade and other receivables (note 5)	-	35,954,099
<i>Interest-bearing assets subject to floating rates</i>		
Cash and cash equivalents (note 6)	(20,168)	(23,889)
<i>Interest-bearing liabilities subject to floating rates</i>		
Borrowings (note 7)	(5,653,000)	(5,027,000)

\*excluding loans amounting to €7,700,712 (2018: €15,656,698) for which no interest was charged.

Management monitors the impact of changes in market interest rates on amounts reported in the statement of comprehensive income in respect of these instruments. Based on this analysis, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial.

## 2. Financial risk management continued

### 2.1 Financial risk factors - continued

#### (a) Market risk - continued

##### (iii) Price risk

The Fund is exposed to equity securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain. Market risk in unlisted equity is different from market risk in public equity. Significant movements in the prices of the latter affect prices in private equity. However, volatility has a different pattern. The Fund mitigates its risks by investing in a number of different investments.

At 30 June 2019 and 2018, the fair values of financial instruments exposed to price risk were as follows:

	2019 €	2018 €
Financial assets at fair value through profit or loss (note 4)	<b>53,308,874</b>	9,239,000

Financial assets at fair value through profit or loss amounting to €45,091,986 are subject to interest rate risk as described in note 2.1(a)(ii).

Further information about the valuation model and the price risk sensitivities of the Fund's investments in subsidiary undertakings are included in note 3 to these financial statements.

#### (b) Credit risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Fund's exposure to credit risk, net of any impairment charges, as at the end of the reporting date is analysed as follows:

	2019 €	2018 €
Loans receivable (note 4)	<b>45,091,986</b>	-
Trade and other receivables (note 5)	-	44,837,438
Cash at bank (note 6)	-	-
	<b>45,091,986</b>	44,837,438

The Fund measures credit risk and ECL using probability of default, exposure at default and loss given default. Management consider both historical cost analysis and forward-looking information in determining any ECL. At 30 June 2019 and 30 June 2018, cash and cash equivalents are held with a single financial institution of high-quality standing.

Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month ECL as any such losses would be wholly insignificant to the sub-fund.

## **2. Financial risk management - continued**

### **2.1 Financial risk factors - continued**

#### **(c) Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations as they fall due.

The Fund is exposed to monthly cash redemptions of redeemable shares. The Fund is exposed to a significant level of liquidity risk in view of its investments which are not quoted, listed or normally dealt in, on or under the rules of a regulated market. The market prices for such investments may be volatile and may not be readily ascertainable. Accordingly amounts realised from investments sold may differ from the valuation as determined for pricing purposes, and the differences could be material. Furthermore, the assets of the Fund are concentrated in the energy sector. Accordingly, the investment portfolio of the Fund may be subject to more concentration risk than would be the case if the Fund were to maintain a wide diversification among investments or industry sectors.

The Fund has the ability to suspend redemptions to mitigate this risk. In December 2013, the board of the Fund resolved to suspend the determination of the net asset value of the Fund and trading in its units.

The Fund has the ability to borrow to meet short-term liquidity requirements. The Fund can be leveraged through borrowing up to two times of its net asset value, but only on the prior written consent of the custodian of the Fund. As of 30 June 2019 and 2018, the Fund held existing borrowings with Bank Frick & Co. AG (note 8). The portfolio manager monitors the Fund's liquidity position on a regular basis.

All other liabilities are due within less than one month. As at 30 June 2019, trade and other payables amounting to €2,667,514 (2018: €1,992,483) are past due.

### **2.2 Capital risk management**

The capital of the Fund is represented by the net assets attributable to holders of redeemable shares. The amount of net assets attributable to holders of redeemable shares can change significantly on a daily basis as the Fund is subject to monthly subscriptions and redemptions at the discretion of shareholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- Monitor the level of monthly subscriptions and redemptions relative to the assets it expects to be able to liquidate.
- Redeem and issue new shares in accordance with the constitutional documents of the Fund, which include the ability to restrict redemptions and require certain minimum holdings and subscriptions.

The Board of Directors and Portfolio Manager monitor capital on the basis of the value of net assets attributable to redeemable shareholders.



## **2. Financial risk management - continued**

### **2.2 Capital risk management - continued**

In December 2013, the board of OperaFund Eco-Invest SICAV p.l.c. resolved to suspend the determination of the net asset value of the Fund and trading in its units. This suspension was a result of the uncertainty associated with the remuneration regime applicable to renewable energy plants in Spain held through the Fund's subsidiary undertakings. This suspension remains in force.

### **2.3 Fair value estimation**

The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Financial assets at fair value through profit or loss include unlisted equity and debt securities. As the inputs for the valuation method for the unlisted equity securities are not based on observable market data, these have been categorised as Level 3 within the fair value hierarchy as defined per IFRS 7.

Specific valuation techniques used to fair value the financial assets include discounted cash flow analysis as described further in note 3.

## **3. Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

*Estimated fair value amounts of financial assets at fair value through profit or loss and recoverable amounts of trade and other receivables*

The Fund fair values its underlying investments and receivables in accordance with the accounting policies stated in note 1.3. Each individual investment in a subsidiary undertaking is normally valued using valuation models.

The fair value of investments in subsidiary undertakings (including loans to these entities) has been determined based on projected future net cash flows, appropriately adjusted for taxation and discounted by a risk adjusted discount rate. In assessing the fair value, the directors assume a long term view of a maintainable level of investment return. This valuation requires the use of a number of assumptions, mainly relating to the revenue generation of each project over the lifetime of the projects and the discount rate applied. This valuation is inherently uncertain and assumptions are reviewed on an annual basis as experience and the reliability of the estimation process develop.



**3. Critical accounting estimates and judgements - continued**

As mentioned above the principal assumptions used mainly relate to projected revenues from the underlying projects. Accordingly, if the projected revenues for the investments in subsidiary undertakings had been 3% higher/(lower) than management's estimates at 30 June 2019 (2018 3%) higher/(lower), the Fund's net assets attributable to holders of redeemable share would increase/(decrease) by approximately €4.7m (2018: €5.1m).

Another key variable used in the determination of the fair value of the net assets attributable to holders of redeemable shares is the discount rate. If the discount rate used in the discounted future cash flows for the investments in subsidiary undertakings referred to in the preceding paragraph above had been 0.5% (2018: 0.5%) higher/(lower), all other things being equal, the Fund's net assets attributable to holders of redeemable shares would (decrease)/increase by approximately (€4.1m)/€4.3m (2018: (€4.1m)/€4.3m) respectively.

As highlighted in note 1.1, the fair value of the subsidiaries is also dependent on the assumption that these entities will continue to operate as a going concern. The financial statements of these underlying investments have been prepared on a going concern basis but draw attention to the significant uncertainty associated with the remuneration regime applicable to renewable energy plants in Spain. The valuation of the Fund's investments is therefore dependent on the subsidiaries' ability to continue in operational existence for the foreseeable future and the generation of future cash flows from operations to meet their liabilities as and when they fall due in line with the revised plans. In particular, this will be dependent on the implementation of the viability plans drawn up by the subsidiaries, based on the new circumstances of the legislation.

The fair values of the underlying investments may not necessarily represent tradable prices and the ultimate realisable value of these investments may prove to be materially different. As explained in note 1.1, these values will be susceptible to further volatility due to the inherent uncertainty applicable to renewable energy plants in Spain. The Spanish Government is expected to revisit the status of the energy industry upon expiration of the current regulation regulating pricing of energy tariff systems which was enacted in 2014, had a retrospective date of 1 July 2013 and covers a 5-year period.

As explained further in note 15, new energy tariffs are expected to be published in February 2020 and currently there is uncertainty as to the energy tariffs that will be applicable going forward.

The circumstances which arose after year end as described in note 15 were not considered for the purposes of ascertaining the fair value of the underlying investments as at 30 June 2019.

#### 4. Financial assets at fair value through profit or loss

The adoption of IFRS 9 has resulted in changes to the accounting policies for the recognition, classification and measurement of financial instruments and impairment of financial assets. The transitional requirements of IFRS 9 necessitated a reclassification between loans and receivables to investment in subsidiary undertakings.

Year ended 31 June	2019 €	2018 €
Opening financial assets at fair value through profit or loss (as originally presented)	9,239,000	3,261,113
Impact of IFRS 9 (note 5)	44,837,438	-
Opening financial assets at fair value through profit or loss (as restated)	54,076,438	3,261,113
Additions	820,000	-
Total fair value movement for the year	(1,587,564)	5,977,887
Closing financial assets at fair value through profit or loss	53,308,874	9,239,000
<b>Total financial assets at fair value through profit or loss</b>	<b>53,308,874</b>	<b>9,239,000</b>

##### a) Investments in subsidiary undertakings

As at the financial reporting period ended 30 June 2019 and 2018, the Fund held investments in unlisted equity securities considered as subsidiary undertakings and such investments have been accounted for at fair value within financial assets at fair value through profit and loss.

The investments in subsidiary undertakings comprise investments as detailed below:

Subsidiary undertakings	Registered office	Class of shares held	Percentage of shares held	
			2019	2018
Opera 4. GmbH & Co. KG (project Schwarzer Berg)	Obernstrasse 14 28195 Bremen Germany	Limited partner in a limited partnership	100%	100%
Sepe St Jacques De Nehou Sarl	2 Rue Thomas Edison 67452 Mundolsheim France	Ordinary shares	100%	100%
Paso Palma Sol Gestion de Proyectos S.L. & Sociodades Dependientes	Avda, Alexandre Rossello No. 407 A Palma de Mallorca Balearic Islands Spain	Ordinary shares	75%	75%

**4. Financial assets at fair value through profit or loss - continued**

*a) Investments in subsidiary undertakings - continued*

Subsidiary undertakings	Registered office	Class of shares held	Percentage of shares held	
Ecolnversion En Extremadura-3, S.L.	Calle Obispo San Juan Ribera No. 51 Badajoz Spain	Ordinary shares	100%	100%
Opera Energy GmbH	Obernstrasse 14 28195 Bremen Germany	Ordinary shares	100%	100%

*b) Loans receivable*

Subsidiary undertakings	Interest rate	Repayment Date	€
Sepe St Jacques De Nehou Sarl	5.97%	31 July 2023	4,287,998
Ecolnversion En Extremadura-3, S.L.	4.34%	31 December 2033	33,103,276
Paso Palma Sol Gestion de Proyectos S.L. & Sociododes Dependientes	-	30 June 2031	7,700,712
			<b>45,091,986</b>

The above loans are unsecured.

**5. Trade and other receivables**

Year ended 30 June	2019 €	2018 €
Advances to subsidiary undertakings, beginning of year (as originally presented)	44,837,438	46,757,889
Impact of IFRS 9	(44,837,438)	-
Advances to subsidiary undertakings, beginning of year (as restated)	-	46,757,889
Accrued interest on advances to subsidiary undertakings	-	4,852,908
	-	51,610,797
Accumulated impairment losses	-	(6,773,359)
	-	44,837,438

The amounts due from subsidiary undertakings (inclusive of accrued income) as at 30 June 2018, prior to providing for impairment, consist of four advances as detailed below:

- An advance to Opera 4 GmbH & Co. KG of €2,547,558, bearing interest at a rate of 6.50% per annum and repayable upon demand. This loan is classified as non-current as the company has no intention to request payment within the next twelve months. No interest was charged during the year ended 30 June 2018.

**5. Trade and other receivables - continued**

- An advance to Sepe St Jacques De Nehou Sàrl of €4,046,427, bearing interest at a rate of 5.97% per annum repayable by 31 July 2023.
- An advance to Paso Palma Sol Gestion de Proyectos of €13,109,140, bearing interest at a rate of 9% per annum plus a spread based on the results obtained and based on certain parameters. The loan is repayable by 30 June 2031. No interest was charged during the year ended 30 June 2018.
- An advance to EcoInversion En Extremadura-3, S.L. of €31,907,672, bearing interest at the rate of 9% per annum and a variable rate based on the underlying company's energy production. The loan is repayable by 31 December 2033. During the year ended 30 June 2018 interest was charged at the effective rate of 4.34%.

As previously mentioned, the adoption of IFRS 9 has resulted in changes to the accounting policies for the recognition, classification and measurement of financial instruments and impairment of financial assets. The transitional requirements of IFRS 9 necessitated a reclassification between loans and receivables to investment in subsidiary undertakings.

**6. Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	2019 €	2018 €
Bank overdraft	(20,168)	(23,889)

**7. Borrowings**

	2019 €	2018 €
Bank loan	5,653,000	5,027,000

The bank loan is unsecured, repayable on demand and is subject to a floating interest rate of 2.0% per annum.

**8. Trade and other payables**

	2019 €	2018 €
Amounts payable to subsidiary undertakings	820,000	-
Accrued management and administration fees	2,864,744	2,319,340
Accrued custodian fees	436,142	348,174
Accrued legal and professional fees	208,117	210,990
	<b>4,329,003</b>	<b>2,878,504</b>

**9. Redeemable shares**

*Authorised share capital*

	2019 No. of shares	2018 No. of shares
'A' Voting shares	1,500	1,500
'B' Non-voting shares	500,000,000	500,000,000
	<b>500,001,500</b>	<b>500,001,500</b>

*Issued and fully-paid up share capital*

	'A' voting Class No. of shares	'B' non-voting class No. of shares
<b>As at 30 June 2019</b>		
Redeemable shares in issue at beginning of year	1,500.00	480,571.79
Creation of redeemable shares	-	-
Redemption of redeemable shares	-	-
<b>Redeemable shares in issue at end of year</b>	<b>1,500.00</b>	<b>480,571.79</b>
<b>As at 30 June 2018</b>		
Redeemable shares in issue at beginning of year	1,500.00	480,571.79
Creation of redeemable shares	-	-
Redemption of redeemable shares	-	-
<b>Redeemable shares in issue at end of year</b>	<b>1,500.00</b>	<b>480,571.79</b>

The above issued share capital includes 1,500 'A' voting shares. The voting shares do not form part of the net asset value of the Fund and are thus disclosed in the financial statements by way of this note only. In the opinion of the Directors, this disclosure reflects the nature of the Fund's business as an investment company. The voting shares do not carry a right to participate in any dividends or other distributions of the Fund, if applicable, or in the assets of the Fund on a winding up (except repayment of paid up capital following settlement of any and all amounts due to the non-voting shares). The non-voting shares do participate in the assets of the Fund, in any dividend distributions, if applicable, and in any distributions of the Fund in the event of liquidation.

All shares issued after the initial share capital may be redeemed at prices based on the value of the Fund's net assets in accordance with its Articles of Association. The Fund may mandatorily redeem all outstanding shares where the net asset value of the shares in the Fund falls below €2,500,000 (or its equivalent).

The relevant movements are shown above and in the statement of changes in net assets attributable to holders of redeemable shares. In December 2013, the board of OperaFund Eco-Invest SICAV p.l.c. resolved to suspend the determination of the net asset value of the Fund and trading in its units. This suspension was a result of the uncertainty associated with the remuneration regime applicable to renewable energy plants in Spain held through the Fund's subsidiary undertakings. This suspension remains in force. As a result, there were no subscriptions and/or redemptions in the Fund during the year.

**9. Redeemable shares - continued**

In accordance with the objectives outlined in the prospectus and the risk management policies in note 2, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

**10. Net asset value per share**

Redeemable shares represent a liability in the statement of financial position, and are carried at fair value in these financial statements. In order to establish the fair value of redeemable shares, a valuation model is applied to the investments in subsidiary undertakings. The valuation model for the investments in subsidiary undertakings being applied for pricing purposes is based on the amortised cost of the project, the average projected profits over the term of the project multiplied by the number of years since the start of project, less any dividends received to date.

Under IFRS, the fair value of the investments in subsidiary undertakings, for the purpose of determining the fair value of redeemable shares, is based on projected future net cash flows, appropriately adjusted for taxation and discounted by a risk adjusted discount rate. The results of the different valuation methodologies were considered to be within a reasonable range.

**11. Interest income**

	2019 €	2018 €
Interest income from financial assets at fair value through profit or loss	1,437,176	-
Interest income from financial assets at amortised cost	-	1,423,568

**12. Fees**

*(a) Management and administration fees*

The Portfolio Manager, AHEAD Wealth Solutions AG, receives a management fee of maximum 0.85% per annum of the net asset value of the Fund. AHEAD Wealth Solutions AG, also receives an administration fee of 0.1% per annum of the net asset value of the Fund.

The Fund shall have the right to accrue for consultancy and advisory fees it may incur on an on-going basis in relation to its underlying business. In this respect, the Fund is entitled to accrue up to 0.95% based on the net asset value of the Fund, which budget it shall use for payment of consultancy fees the Fund will incur.

*(b) Custodian fees*

The Custodian, Bank Frick & Co. AG, receives a custody fee of 0.2% per annum of the net asset value of the Fund.

## 12. Fees - continued

### *(c) Performance fees*

The Portfolio Manager receives a performance fee in relation to any and all the underlying alternative energy projects of the Fund calculated on a case by case basis on any annual return generated by the relevant project that is in excess of a hurdle annual IRR of 10.5%. The performance fee shall be a maximum of 80% of the said excess return, such being paid in to a special 'holding' account for a period of 12 months, with distribution to the Portfolio Manager only occurring on the expiry of such holding period and on condition that the actual and proven figures generated by the project match the basis of calculation of the performance fee.

No performance fees were paid or accrued for during the years ended 30 June 2019 and 2018.

### *(d) Investment committee remuneration*

Remuneration of the Investment Committee members of €2,000 per annum to the members of the Investment Committee provided that any Investment Committee members who also sit on the Board of Directors of the Fund are not entitled this fee.

### *(e) Auditor's remuneration*

Fees charged by the auditor for services rendered during the financial years ended 30 June relate to the following:

	2019 €	2018 €
Annual statutory audit	15,750	15,000

## 13. Tax expense

The tax regime for collective investment schemes is based on the classification of funds into prescribed or non-prescribed funds in terms of the conditions set out in the Collective Investment Schemes (Investment Income) Regulations, 2001 (as amended). In general, a prescribed fund is defined as a resident fund, which has declared that the value of its assets situated in Malta amount to at least eighty-five percent of the value of the total assets of the fund.

On the basis that the Fund's fund is currently classified as a non-prescribed fund for Maltese income tax purposes, it should not be subject to tax on its income or gains, other than on any income from immovable property situated in Malta (if any), however, Maltese resident investors therein may be subject to a 15% final withholding tax on capital gains realised on a redemption of units. However, the Maltese resident investor may request the Fund not to effect the deduction of the said 15% withholding tax, in which case the investor would be required to declare the gains in his income tax return and will be subject to tax at the normal rates of tax.

Gains or profits derived on the transfer or redemption of units in the Fund by investors who are not resident in Malta should not be chargeable to Maltese income tax, subject to the satisfaction of certain statutory conditions.

**13. Tax expense - continued**

Distributions made by the Fund from Malta source taxed profits, Malta source profits which are exempt from tax up to the level of the ultimate shareholder, or profits received by the Fund from the foreign income account of another Maltese company should not be subject to further tax in the hands of the shareholders. Distributions from the Fund's foreign source profits allocated to its Untaxed Account or distributions of any Malta source profits which are not subject to tax and which are allocated to its Untaxed Account, to a Maltese resident person (other than a company) should be subject to a withholding tax of 15%.

Distributions from the Fund's equalisation reserve (if any) are treated as dividends for income tax purposes and should be subject to a withholding tax of 15% when paid to a Maltese resident person (other than a company).

In the case of the Fund's foreign investments, any capital gains, dividends, interest and other gains or profits may be subject to tax imposed by the country of origin concerned and such taxes may not be recoverable by the Fund or by its shareholders.

**14. Related party transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

(a) DEG Holdings Limited is the ultimate controlling party of OperaFund Eco-Invest SICAV p.l.c., as it holds all the voting shares of the Fund. Dr. David Griscti, who is a director of the Fund, is the sole director of DEG Holdings Limited. Dr. David Griscti is also the ultimate controlling party of DEG Holdings Limited.

Dr. David Griscti is also the company secretary of the Fund. During the year ended 30 June 2019, Dr. David Griscti received company secretary fees amounting to €7,079 (2018: €2,500).

(b) The Fund appointed Bank Frick & Co. AG to provide custody services for fees as specified in note 12(b). The fees due for the reporting period are disclosed in note in the statement of comprehensive income.

Borrowings with Bank Frick & Co. AG have been disclosed in note 7. Interest payable and similar charges in relation to borrowings held with Bank Frick & Co. AG are disclosed in the statement of comprehensive income.

As at 30 June 2019, 473,265.64 units (2018: 473,265.64 units) were held by Bank Frick & Co. AG as nominee.

(c) OperaFund Eco-Invest SICAV p.l.c. is the parent company of the subsidiary undertakings disclosed in note 4. OperaFund Eco-Invest SICAV p.l.c. also has loans receivable from and amounts payable to these subsidiary undertakings as disclosed in note 4 and note 8. Interest earned and any interest receivable as at the reporting date are disclosed in note 11 and 4 respectively.



## 15. Events after the reporting period

On 6 September 2019, the ICSID published its decision on case No. ARB/15/36 whereby the Kingdom of Spain was ordered to pay €33.9 million to OperaFund Eco-Invest SICAV plc and Schwab Holding AG, 90% of which is attributable to the Company. The Kingdom of Spain has been requested to pay the compensation granted by the award, however to date no settlement has been made. The Company is seeking ways to have this decision enforced.

On 23 November 2019, Spanish Royal Decree-Law 17/2019 of 22 November 2019 was published in the Official Gazette of the Spanish State. This new law establishes the reasonable profit rate to be applied during the second remuneration period (2020-2025) for renewable energy plants. It announces that by 29 February 2020 Spain's Ministry for the Ecological Transition must approve the ministerial order with the adjusted remuneration parameters. Until then, the current remuneration levels will continue to be paid, and once the ministerial order is approved, the resulting differences will be settled.