

Company Registration Number 13182910

NORTHARK 2 PLC
ANNUAL REPORTS AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

NORTHARK 2 PLC
Registration Number: 13182910

CONTENTS	PAGES
Company information	1
Strategic report	2 - 3
Directors' report	4 - 6
Statement of directors' responsibilities	7
Independent auditor's report	8 - 11
Statement of Comprehensive Income	12
Statement of Financial Position	13
Statement of Changes in Equity	14
Statement of Cash Flows	15
Notes to the financial statements	16 - 27

NORTHARK 2 PLC
Registration Number: 13182910

COMPANY INFORMATION

DIRECTORS
Christopher Roy Upton
Madeleine Ruth Houston

COMPANY SECRETARY
Accomplish Secretaries Limited

ADMINISTRATOR
Vistra (UK) Limited
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50 Broadway
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SW1H 0DB
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REGISTERED OFFICE
7th Floor, Suite 2
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SW1H 0DB
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ISSUING AND PAYING AGENT, ACCOUNT BANK AND CALCULATION AGENT
HSBC Bank PLC
8 Canada Square
London
E14 5HQ
United Kingdom

AUDITOR
Hillier Hopkins LLP
Statutory Auditor and Chartered Accountants
Radius House,
51 Clarendon Road,
Watford, Herts
WD17 1HP
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TRUSTEE
HSBC Corporate Trustee Company (UK) Limited
8 Canada Square
London
E14 5HQ
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BANKERS
HSBC Bank Plc
8 Canada Square
London
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United Kingdom

Barclays Bank Plc
1 Churchill Place
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E14 5HP
United Kingdom

ARRANGER, DEALER, SELLER AND DISPOSAL AGENT
Deutsche Bank AG, London Branch
21 Moorfields
London
EC2Y 9DB
United Kingdom

NORTHARK 2 PLC
Registration Number: 13182910

Page 2

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

Principal activity and business review

Northark 2 Plc (the "Company" or the "Issuer") is a public limited company incorporated in the United Kingdom on 05 February 2021 under the registration number 13182910. The Company has been established as a special purpose vehicle ("SPV"). The principal activities of the Company involve issuing bond or notes (the "Notes") listed on the Vienna MTF of the Vienna Stock Exchange that will be secured against the rights and cash flows generated from Willowyard Property Unit Trust. On 27 December 2023, the Company issued Notes for the proceeds of GBP 56,621,863 to acquire 100 % of the A1 Units of the Willowyard Property Unit Trust (the "Trust") for a consideration of GBP 55,421,863. The amount of GBP 1,100,000 was kept in a special reserve account known as the Instrumental Reserve Account. The underlying collateral is related to the issuance of the Notes, the Issuer's rights, title and/or interests in and to the A1 Units of the Willowyard Property Unit Trust. The assets subject of the Trust consist of the property, the lease and the associated bank accounts. On 17 December 2024, the Company made an upsize of Notes for the proceeds of GBP 21,163,042 and increased the consideration of the A1 Units of the Trust by GBP 20,625,000. The remaining amount of GBP 538,042 was kept in the Instrumental Reserve Account.

In accordance with clause 16.2 of the Trust Instrument, the A1 Units holders are entitled to receive a distribution amount (the "Distribution Amount") on each distribution date. The distribution amount consists of the rental income received during that distribution period after the deduction of the budgeted expense amount and the deduction of any withholding tax. The budgeted expense amount for each distribution period is calculated on a quarterly basis (i.e. January, April, July and October) on the fifteenth Business Day of each distribution period.

The A1 Unitholder is the senior unitholder and is entitled to receive the Distribution Amount from the Trust for the duration of the A1 Units entitlement period ("A1 Unit Entitlement Period"). The A1 Unit Entitlement Period is defined as the period commencing on the date of the Trust Instrument agreement (i.e. 15 December 2023) and ending on 18 January 2104. During the A1 Units Entitlement Period, the appropriate portions of the Distribution Amount are allocated (on a pari passu basis and without any preference between them) to the A1 Unitholder Distribution Amount and the A2 Unitholder Distribution Amount which is outlined per the Trust Instrument. Once the A1 Units Entitlement Period has lapsed, the A1 Unitholder will not be entitled to any residual interest in the Trust. The A2 Unitholder has the ability to extend the lease and will be entitled to any residual interest in the Trust once the A1 Unitholder entitlement period has lapsed.

The "Trust Fund" is defined as all the property and assets for the time being held or deemed to be held by the Trustees upon the terms of the Trust, but excludes, for the avoidance of doubt, all Distribution Amounts, which belong to Unitholders in accordance with clause 16.1 of the Trust Instrument agreement.

Results and performance

The results of the Company for the year are set out on page 14 of the financial statements. The Company had a shareholder's funds of GBP 45,064 (2024: GBP 44,254) as at 31 December 2025.

The profit after tax for the year ended 31 December 2025 amounted to GBP 810 (2024: GBP GBP 810). In addition, in accordance with the constitution agreement, the Issuer is entitled to an annual retained profit of GBP 1,000. Therefore, the Issuer is entitled to a quarterly retained profit of GBP 250 for each Interest Payment Date ("IPD") (i.e. January, April, July and October). During the year, the retained profit amounted to GBP 1,000 (2024: GBP 1,000).

Key Performance Indicators ('KPIs')

During the financial year:

- the Company made a profit of GBP 810 (2024: GBP 810);
- the Company's indebtedness was GBP 58,941,456 (2024: GBP 63,055,991);
- the net loss on financial assets amounted to GBP 4,137,919 (2024: GBP 14,757,782); and
- the net loss on financial liabilities amounted to GBP 4,114,535 (2024: GBP 14,728,914).

Strategy

The Company was established as a special purpose vehicle for the purpose of issuing Notes in order to acquire the beneficial interest in A1 Units of the Trust. On 27 December 2023, the Company issued GBP 50,000,000 Fixed Rate and RPI Linked UK Lease Receivable Instruments Due 2104 for the proceeds of GBP 56,621,863 in accordance to the term sheet. The Company's "Business Model" is to use the proceeds from the issue of these Notes to acquire 100% of the A1 Units of the Trust for the consideration of GBP 55,421,863. On the issue date, the amount of GBP 1,100,000 was kept in the Instrumental Reserve Account and GBP 100,000 was transferred to the Expense Reserve Account, which represented the difference between the Notes issue proceeds and the cost of acquisition for the A1 Units of the Trust. On 17 December 2024, the Company made an upsize of Notes for the proceeds of GBP 21,163,042 and increased the consideration of the A1 Units of the Trust by GBP 20,625,000. The remaining amount of GBP 538,042 was kept in the Instrumental Reserve Account. As a result, the Company expects to receive Distribution Amount from the Trust on a quarterly basis to pay for its operating expenses and for the repayment of principal and interest to the Noteholders.

During the financial year, the Company incurred net loss on financial assets amounting to GBP 4,137,919 (2024: GBP 14,757,782).

NORTHARK 2 PLC
Registration Number: 13182910

Page 3

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

Strategy (continued)

The strategy used by the Company in achieving its objectives regarding the use of its financial instruments were set when the Company entered into the initial set-up transactions.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company is financial instrument risks comprising, credit risk, liquidity risk, interest rate risk, price risk, currency risk and operational risk. The principal nature of these risks are summarised below.

Credit Risk

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations.

The principal credit risk to the Company is that the Trust will not be able to meet its obligations under the Trust Instrument agreement as they fall due. Following receipt of funds by the Company from the Trust, the Issuer will use part of this amount to pay on a quarterly basis to the Noteholders as a partial redemption. Additionally, the Issuer will use part of the funds to pay interest on the Notes. The excess amount, after settling the aforementioned obligations, will be transferred and retained in the Expense Reserve Account as a expense top-up as per the application of proceeds under the enforcement of Transaction security. By 18 January 2104, the Company plans to fully redeem the Notes.

The terms of the Notes are limited recourse and therefore the Company is only obliged to repay the Notes to the extent that the Company receives cash from the financial assets. The Noteholders will therefore ultimately bear the Company's deficits on maturity of the Notes. It is to be noted that after the Notes have reached its maturity, the issuer retained profit will be fully retained by the Noteholders.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's asset is financed primarily by the issuance of the Notes. The financing policy substantially reduces the Company's liquidity risk by matching the maturity profile of the Company's funding to the profile of the asset purchased. The Company is only obliged to make repayments of interest and principal in respect of the Notes to the extent of the Distribution Amount received from the Trust.

Interest rate risk

Interest rate risk exists where assets and liabilities have interest rates under a different basis or which reset at a different time. The Notes have a fixed interest rate plus an inflation adjustment to the rate. The inflation linked interest amount is any excess amounts standing to the balance of the Issuer Collection Account following a distribution from the collateral and provided clause 5.2 (i) to (vii) (Directions for operation of the Issuer Account) under the Account Bank Terms have been settled on each Interest Payment Date.

Price risk

Price risk is the risk of a decline in the value of the financial instrument of the Company, due to multiple factors. These factors include earnings volatility, poor management, industry risk and price changes.

Currency risk

The currency risk arises from changes in the relative valuation of currencies. All of the Company's assets and liabilities are denominated in Pound Sterling ("GBP") and therefore, there is no foreign currency risk.

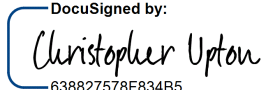
Operational risk

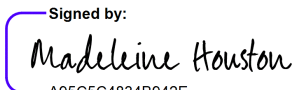
Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

Future developments

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out above. The Directors do not anticipate any changes to the present level of activity or the nature of the Company's business in the near future.

As approved by and signed on behalf of the Board

DocuSigned by:

638827578F83AB5.....
 Director: Christopher Roy Upton

Signed by:

A9605G4834B942E.....
 Director: Madeleine Ruth Houston

Date: 17 June 2026

NORTHARK 2 PLC
Registration Number: 13182910

Page 4

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

Incorporation

The Company was incorporated in England and Wales on 05 February 2021, as a public company with limited liability under the Companies Act 2006 with company registration number 13182910. The Company is limited by shares.

Dividends

The Directors do not recommend the payment of a dividend for the year ended 31 December 2025 (2024: GBP nil).

Financial instruments

The financial risk management objectives, policies and the exposure of the Company to credit risk, liquidity risk and interest rate risk are discussed in the Strategic Report and in Note 19. The Company's operational risk is disclosed in the Strategic Report.

Going Concern

As at 31 December 2025, the Company generated a profit after tax of GBP 810 (2024: GBP 810), had net assets of GBP 45,064 (2024: GBP 44,254) and a cash balance of GBP 1,871,314 (2024: GBP 1,803,069). Accordingly, the Directors have made an assessment of the Company's ability to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements. In making the assessment, the Directors have considered the current funding position of the Company, projected expected cash flows and the limited recourse nature of the Notes.

Following the above, all factors being considered have produced a positive outcome, such that the funds available in the Company's bank account along with the expected cash flows from the A1 Units of the Trust will be sufficient to meet its expenses for a period of at least 12 months from the date of approval of these financial statements.

Impact of ongoing political and economic climate

The ongoing political and economic climate is evolving due to a number of conflicts and this has further increased due to the situation in the Middle East post year end. The Board of Directors notes that any further specific impacts to economic factors would be a non-adjusting subsequent event. The Board of Directors will continue to monitor any further developments and assess any impact these may have on the Company.

Impact of changes in the interest rate environment

As of 19 March 2026, the European Central Bank (ECB) Governing Council has held key interest rates steady, amid renewed inflation fears driven by energy price surges. Accordingly, the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility remained unchanged at 2.15%, 2.40% and 2.00% respectively.

The Directors continue to track developments that may impact on the Company's assets to manage risk in the context of the Company's principal activity.

As a result of the above factors, the Directors have concluded that the Company is able to meet its liabilities as they fall due and will remain in existence for the foreseeable future. Consequently, the financial statements have been prepared on the going concern basis.

Future developments

Information on future development is included in the Strategic Report.

Post balance sheet events

The post balance sheet events have been disclosed in Note 22 of the financial statements.

Political donations

The Company made no political donations nor incurred any political expenditure during the year (2024: GBP nil).

Qualifying indemnity provisions

During the year and at the date of the approval of the Directors' report, there were no qualifying indemnity provisions in the financial statements (2024: GBP nil).

Capital structure

As at 31 December 2025, the Company's capital structure consisted of ordinary shares. The entire issued ordinary share capital of the Company is held on trust by CHT Nominees Limited for charitable purposes (refer to Note 16 and Note 17).

Rights attached to shares and voting rights

The Directors may offer, allot, grant options over or otherwise deal with or dispose of any shares to such persons, at such time and generally on such terms as the Directors may decide. The Directors are generally and unconditionally authorised, in accordance with section 551 of the Companies Act 2006, to exercise all the powers of the Company to allot shares up to a maximum nominal amount of GBP 50,000.

Voting rights shall attach equally to partly paid shares. A proxy appointed by a member of the Company may vote on a show of hands as well as on a poll.

NORTHARK 2 PLC
Registration Number: 13182910

Page 5

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

Rights attached to shares and voting rights (continued)

The share trustee shall not sell, transfer or otherwise dispose of all or any of the shares or any right, interest or benefit therein as per the Declaration of Trust (DoT). Moreover as per the DoT, the share trustee cannot propose or pass any resolution to wind-up or take any other steps or actions whatsoever for the purposes of winding-up any body corporate whose securities form part of the Trust Fund or make or support any petition to wind-up or appoint an administrator, examiner or similar person to such a body corporate or of any subsidiary or holding company of such a body corporate; or appoint or remove any director of anybody corporate whose securities form part of the Trust Fund or of any subsidiary of such a body corporate.

There are no special rights attached to the shares.

Financial Reporting Process and Engagement with Suppliers

The board (the "Board") is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing Vistra (UK) Limited (the "Administrator") to maintain the accounting records of the Company independently of Deutsche Bank AG (the "Arranger"), and HSBC Corporate Trustee Company UK Limited (the "Trustee"). The Administrator is contractually obliged to maintain proper accounting records as required by the Corporate Administration Agreement. The Administrator is also contractually obliged to prepare for review and approval by the Board the annual report including financial statements intended to give a true and fair view.

The Board evaluates and discusses significant accounting and reporting issues as the need arises. From time to time, the Board also examines and evaluates the Administrator's financial accounting and reporting routines and monitors and evaluates the external auditors' performance, qualifications and independence. The Administrator has operating responsibility for internal control in relation to the financial reporting process and the Administrator's report to the Board.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Company has not disclosed information in respect of greenhouse gas emissions, energy consumption and energy efficiency action as its energy consumption in the United Kingdom for the year is 40,000kWh or lower.

Appointment and removal of a director

The Company may, by ordinary resolution, elect any person who is willing to act to be a director, either to fill a vacancy or as an additional director. Every resolution of a general meeting for the election of a director relates to one named person and a single resolution for the election of two or more persons is void, unless a resolution that it shall be so proposed has been first agreed to by the meeting without any vote being cast against it. The Company may by special resolution, or by ordinary resolution, of which special notice has been given in accordance with the Statutes, remove any director before his period of office has expired notwithstanding anything in these articles or in any agreement between him and the Company.

Amendment to the Company's articles of association

The Company may amend its articles by special resolution.

Directors

The Directors who served the Company during the year and up to the date of signing the financial statements were as follows:

Christopher Roy Upton
 Madeleine Ruth Houston

None of the Directors held any beneficial interest in the ordinary share capital of the Company. None of the Directors had any interest either during or at the end of the period in any material contract or arrangement with the Company.

Company secretary

Accomplish Secretaries Limited

Statement of disclosure of information to auditor

The Directors confirm that:

- so far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the Company's auditor is unaware; and
- having made enquiries of fellow Directors and of the Company's auditor, each Director has taken all the steps that he/she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

NORTHARK 2 PLC
Registration Number: 13182910

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

Statement of disclosure of information to auditor (continued)
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent auditor
Hillier Hopkins LLP have expressed their willingness to continue as auditors of the Company and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

As approved by and signed on behalf of the Board

DocuSigned by:

638827578F834B5...
Director: Christopher Roy Upton
Date: 17 June 2026

Signed by:

A95C5CA834B942E.....
Director: Madeleine Ruth Houston

NORTHARK 2 PLC
Registration Number: 13182910

Page 7

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2025

The Directors are responsible for preparing the Strategic report, Directors' report and the Company's financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, they have elected to prepare the financial statements in accordance with Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom" ("FRS 102"), in conformity with the Companies Act 2006.

Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that year. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the financial statements and Deutsche Bank AG, London Branch is responsible for financial information included on its website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

As approved by and signed on behalf of the Board

DocuSigned by:

 638827578F834B5...
 Director: Christopher Roy Upton
 Date: 17 June 2026

Signed by:

 A95C5C4834B942E...
 Director: Madeleine Ruth Houston

NORTHARK 2 PLC
Registration Number: 13182910

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	Year ended 31 December 2025 GBP	Year ended 31 December 2024 GBP
Net loss on financial assets	9	(4,137,919)	(14,757,782)
Net loss on financial liabilities	10	4,114,535	14,728,914
		(23,384)	(28,868)
Operating expenses	7	(1,718,016)	(1,475,730)
Operating income	8	1,742,400	1,505,598
PROFIT BEFORE TAX FOR THE YEAR		1,000	1,000
Taxation	6	(190)	(190)
PROFIT AFTER TAX FOR THE YEAR		810	810
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		810	810

The result for the year was derived from continuing operations.

NORTHARK 2 PLC
Registration Number: 13182910

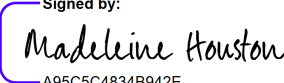
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Notes	31 December 2025 GBP	31 December 2024 GBP
FIXED ASSET			
Financial investment in trust units	11	57,151,162	61,289,081
CURRENT ASSETS			
Trade and other receivables	12	382,080	367,306
Cash at bank	13	1,871,314	1,803,069
		59,404,556	63,459,456
CREDITORS: amounts falling due within one year			
Trade and other payables	14	418,036	359,211
		418,036	359,211
TOTAL ASSETS LESS CURRENT LIABILITIES		58,986,520	63,100,245
CREDITORS: amounts falling due in more than one year			
Financial liabilities	15	58,941,456	63,055,991
NET ASSETS		45,064	44,254
CAPITAL AND RESERVES			
Called up share capital	16	50,000	50,000
Accumulated losses		(5,746)	(6,556)
Profit for the year		810	810
SHAREHOLDER'S FUNDS		45,064	44,254

The financial statements on pages 12 to 27 were approved and authorised for issue by the Board of Directors on 17 June 2026 and were signed on its behalf by:

DocuSigned by:

.....A38827578F83485.....
Director: Christopher Roy Upton

Signed by:

.....A95C5C4834B942E.....
Director: Madeleine Ruth Houston

NORTHARK 2 PLC
Registration Number: 13182910

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

	Called up share capital GBP	Profit and loss account GBP	Shareholder's funds GBP
Balance at 1 January 2024	50,000	(6,556)	43,444
Profit for the year	-	810	810
Balance at 31 December 2024	50,000	(5,746)	44,254
Profit for the year	-	810	810
Balance at 31 December 2025	50,000	(4,936)	45,064

NORTHARK 2 PLC
Registration Number: 13182910

Page 15

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	Year ended 31 December 2025 GBP	Year ended 31 December 2024 GBP
Profit after tax for the year		810	810
<i>Adjustments for:</i>			
Net loss on financial assets	9	4,137,919	14,757,782
Net loss on financial liabilities	10	(4,114,535)	(14,728,914)
<i>Movements in working capital</i>			
Increase in trade and other receivables	12	(14,774)	(264,925)
Increase in trade and other payables	14	58,825	300,274
Cash generated from operating activities		68,245	65,027
Tax paid		-	-
Net cash generated from operating activities		68,245	65,027
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of Notes		-	538,042
Net cash generated from financing activities		-	538,042
Net movements in cash and cash equivalents		68,245	603,069
Cash and cash equivalents at beginning of the year		1,803,069	1,200,000
Cash and cash equivalents at end of the year	13	1,871,314	1,803,069

Supplemental non-cash information:

The following relates to non-cash transactions that are not shown in the Statement of Cash Flows:

	Year ended 31 December 2025 GBP	Year ended 31 December 2024 GBP
Financial investment in trust units	-	(20,625,000)
Issuance of Notes	-	21,163,042

During the year ended 31 December 2025, the Company did not make any non-cash transactions (2024: upside of Notes amounting to GBP 21,163,042, of which a balance of GBP 538,042 was deposited as cash in the Instrumental Reserve account. GBP 20,625,000 was used to increase the consideration amount of A1 Units of the Willowyard Property Unit Trust (the "Trust")).

The analysis of changes in net debt is disclosed in Note 20 of the notes to the financial statements.

NORTHARK 2 PLC
Registration Number: 13182910

Page 16

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

1. GENERAL INFORMATION

The Company was incorporated in the United Kingdom on 5 February 2021 under the Companies Act (2006) as a public company and with company registration number 13182910. The principal activities of the Company involve issuing bond or notes listed on the Vienna Stock Exchange that will be secured against the rights and cash flows generated from Willowyard Property Unit Trust (the "Trust"). The registered office of the Company is at 7th Floor, Suite 2, 50 Broadway, London, SW1H, 0BD, United Kingdom.

The Company, being the A1 Units holders of the Trust, is entitled to the votes attached to the percentage of the total number of Units in issue as at the resolution date as set out after clause 9.2.3 of the Trust Instrument agreement, shared *pari passu* between each of the A1 Unitholders in proportion to the number of A1 Units held by them on the Resolution Date.

In accordance with clause 16.2 of the Trust Instrument agreement, the Company is entitled to receive income on each distribution date. The distribution amount consists of the rental income received from the Trust, during that distribution period after the deduction of the budgeted expense amount of the Trust and the deduction of any withholding tax.

2. BASIS OF PREPARATION

(a) Statement of compliance

Company law requires the Directors to prepare financial statements for each financial year. Under that law, they have elected to prepare the financial statements in accordance with Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom" ("FRS 102"), in conformity with the Companies Act 2006.

Going concern basis

As at 31 December 2025, the Company generated a profit after tax of GBP 810 (2024: GBP 810), had net assets of GBP 45,064 (2024: GBP 44,254) and a cash balance of GBP 1,871,314 (2024: GBP 1,803,069). Accordingly, the Directors have made an assessment of the Company's ability to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements. In making the assessment, the Directors have considered the current funding position of the Company, projected expected cash flows and the limited recourse nature of the Notes.

Following the above, all factors being considered have produced a positive outcome, such that the funds available in the Company's bank account along with the expected cash flows from the A1 Units of the Trust will be sufficient to meet its expenses for a period of at least 12 months from the date of approval of these financial statements.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Investment in trust units are measured at fair value through profit and loss; and
- Notes issued at fair value through profit or loss are measured at fair value through profit or loss.

(c) Functional and presentation currency

The financial statements are presented in pound sterling (GBP), which is the Company's functional currency. Functional currency is the currency of the primary economic environment in which the entity operates. The issued share capital of the Company is denominated in GBP and the debt securities issued are also primarily denominated in GBP. The Directors of the Company believe that GBP most faithfully represents the economic effects of the underlying transactions, events and conditions.

Except as otherwise indicated, all financial information presented in GBP has been rounded to the nearest GBP.

(d) Use of judgements and estimates

The preparation of financial statements in conformity with FRS 102 requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that period or in the period of the revision and future years if the revision affects both current and future years.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future years if the revision affects both the current and future periods. Details of estimates regarding fair values have been further described in Note 19.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

2. BASIS OF PREPARATION (CONTINUED)

(d) Use of judgements and estimates (continued)

Key sources of estimation uncertainty

Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires estimation depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. Details on the estimates and judgements are shown in Note 19 and details on classification are detailed Note 3 of the financial statements.

Determination of fair value of the investment in trust units

The Directors have valued the investment in trust units using the available market information and the discounted cashflows using current market rates adjusted for credit, interest and liquidity inputs. Details on the estimates and judgements is shown in Note 19 and details on classification is detailed Note 3 of the financial statements.

Determination of fair value of the Notes

Because of the limited recourse nature of the financial liabilities, the fair value of financial liabilities issued by the Company is determined by reference to the fair value of the investment in trust units and cash at bank, with respect to the balance being held in the Expense Reserve Account. Any future change in the fair value of the investment securities and other financial instruments will have an equal but opposite impact on the fair value of the financial liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

Financial instruments comprise the investment in trust units, Notes issued, trade and other receivables, cash at bank and in hand, and trade and other payables. The financial instruments have been classified as basic under Section 11 of FRS 102, except for the investment in trust units and the financial liabilities issued which do not meet the Basic Instruments Criteria under FRS 102. Accordingly, these instruments have been measured at fair value through profit or loss, as discussed under "Classification".

Financial instruments falling under the Basic Instruments Criteria per FRS 102, are recognised initially at transaction price and adjusted for transaction costs. Subsequently, they are carried at amortised cost using the effective interest method.

Initial recognition of investment in trust units and Notes issued

The Company initially recognises its investment in trust units and the Notes issued on the trade date at which the Company becomes a party to the contractual provisions of the instruments. From trade date, any gains and losses arising from changes in fair value of the investment in trust units or financial liabilities measured at fair value through profit or loss are recorded in the Statement of Comprehensive Income.

Classification

The Company has classified financial assets and financial liabilities in accordance with FRS 102 into the following categories:

- investment in trust units have been measured at fair value through profit or loss; and
- financial liabilities measured at fair value through profit or loss are measured at fair value.

During the financial year, the Company had no financial instruments that have been categorised as amortised cost. The Company had fees and tax payable included in trade payables that have been categorised at amortised cost.

Investment in trust units

The investment in trust units does not meet the Basic Instruments Criteria under Section 11 of FRS 102 and hence are measured at fair value through profit or loss as it is classified as an Other Financial Instrument under FRS 102 as the repayments of the principal and the return to the holder of the A1 Units are linked to a single relevant observable index of general price inflation. The investment in trust units held by the Company is classified and initially measured at fair value through profit or loss. Subsequent changes in the fair value of the investment in trust units at fair value through profit or loss are recognised directly in the Statement of Comprehensive Income.

Financial liabilities

The Notes issued do not meet the Basic Instruments Criteria under Section 11 of FRS 102 and hence are measured at fair value through profit or loss as it is classified as an Other Financial Instrument under FRS 102, as the repayments of the principal and the return to the holder of the Notes issued are linked to a single relevant observable index of general price inflation. The Notes issued are classified and initially measured at fair value through profit or loss. Subsequent changes in the fair value would be recognised in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Subsequent measurement

After initial measurement at fair value, the Company measures financial instruments which are classified at fair value through profit or loss at their fair value. Subsequent changes in the fair value of financial instruments are measured at fair value through profit or loss and recognised directly in profit or loss in the Statement of Comprehensive Income. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Fair value hierarchy

The Company has classified fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Quoted market price in an active market for an identical instrument.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

Financial investment in trust units and financial liabilities are included in Level 3 following the assessment that certain significant inputs to their model valuation are unobservable in the market. Further detail is outlined in Note 19.

Net gain/ loss on financial assets

Net gain/ loss on financial assets includes all realised and unrealised fair value change on investment in trust units. Any gains and losses arising from changes in fair value of the financial assets at fair value through profit or loss are recorded in the Statement of Comprehensive Income.

Net gain/ loss on financial liabilities

Net gain/ loss on financial liabilities includes all realised and unrealised fair value change and interest expense on Notes issued. Any gains and losses arising from changes in fair value of the financial liabilities measured at fair value through profit or loss are recorded in the Statement of Comprehensive Income.

Distribution income

Distribution income relates to quarterly net rental income receivable from the Trust per the Trust Instrument Agreement. They are recorded in the Statement of Comprehensive Income.

Interest expense

Interest expense relates to quarterly interest payable to Noteholders. They are calculated using fixed interest rate plus an inflation adjustment to the rate and are recorded in the Statement of Comprehensive Income.

Other income and expense recognition

All other income and expenses are recognised on an accruals basis.

Taxation

Income tax payable on profits is based on applicable tax law and is calculated at rates of tax enacted or substantively enacted at the reporting date. Income tax payable is recognised as an expense in the year in which the profits arise. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available which these losses can be utilised against. The Company is taxable under The Taxation of Securitisation Companies Regulations 2006, which is effective for accounting periods beginning on or after 1 January 2007. As such, the Company is taxed on the issuer retained profit at each accounting period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Disclosure of interest in unconsolidated structured entities

The investment in the A1 Units of the Trust has been treated as an investment in an unconsolidated structured entity. Under FRS 102 Section 9, disclosure of interest in unconsolidated structured entities, further information on the investment in relation to the nature and extent of the Company's interest in the Trust and its associated risk have been disclosed in Note 11 and 19.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4. EMPLOYEE COSTS AND DIRECTORS' REMUNERATION

The entity does not have any employees and therefore, there are no associated costs during the year. On 05 February 2021, the Company entered into a corporate services agreement with Vistra (UK) Limited. The corporate services provided by Vistra (UK) Limited include acting as a corporate secretary of the Company, provide the services of and arrange the appointment of Directors of the Company and bookkeeping services. The corporate service provider fees amounted to GBP 21,380 (2024: GBP 39,900) for the year.

5. AUDITOR'S REMUNERATION

The audit fees for the year, in respect of the audit of the Company's financial statements, amounted to GBP 20,750 excluding VAT (2024: GBP 19,850) and the non-audit services pertaining to the tax compliance and IXBRL tagging services amounted to GBP 1,850 (2024: GBP 1,700) excluding VAT. As at 31 December 2025, the fees payable balance amounted to GBP 44,250 excluding VAT (2024: GBP 21,550). The 2024 fees were paid post year end.

6. TAXATION

(a) The Taxation of Securitisation Companies Regulation 2006

The Company is taxable under The Taxation of Securitisation Companies Regulations 2006 (the "Regulations"), which is effective for accounting periods beginning on or after 1 January 2007. Therefore, the Company is not required to pay corporation tax on its accounting profit or loss. Instead, the Company is required to pay tax on its retained profits as specified in the Regulations.

(b) Tax on profit

The total tax charge for the year which relates to current tax on profit is GBP 190 (2024: GBP 190).

(c) Factors affecting the total tax charge for the year

The tax assessed for the year 2025 is the same as (2024: same as) the standard rate of corporation tax applicable in the UK as explained below:

	Year ended 31 December 2025 GBP	Year ended 31 December 2024 GBP
Profit before tax	1,000	1,000
The total charge for the year can be reconciled to the accounting profit as follows:		
Income tax charge calculated at the rate of 19%	190	190
Income tax expense recognised in the Statement of Comprehensive Income	190	190

As at 31 December 2025, the Company has not provided for deferred tax assets or liabilities, as it is taxed under the Regulations referred to above. The Regulations only take the annual retention profit into consideration for the purpose of determining the Company's tax liability.

The Finance Act 2021 increased the standard rate of UK Corporation tax from 19% to 25% with effect from 1 April 2023. However, given that the Company's annual issuer retained profit is less than GBP 50,000, the Company will continue to be taxed at a rate of 19%. The Directors are not aware of any factors that will have a significant effect on the future tax charge of the Company.

NORTHARK 2 PLC
Registration Number: 13182910

Page 20

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

7. OPERATING EXPENSES

	Year ended 31 December 2025 GBP	Year ended 31 December 2024 GBP
Interest expense (Note 15)	1,621,589	1,323,158
Professional fees	31,671	43,358
Audit and accounting fees	28,140	57,060
Corporate services provider fees (Vistra fees)	21,380	39,900
Trustee fees	10,200	4,174
Calculation agent fees	3,000	4,467
Paying agent fees	1,500	2,984
Proposition fees	500	500
Bank charges	36	129
	<u>1,718,016</u>	<u>1,475,730</u>

8. OPERATING INCOME

	Year ended 31 December 2025 GBP	Year ended 31 December 2024 GBP
Distribution income	1,678,864	1,421,701
Arranger income	12,871	41,111
Bank interest	50,665	42,786
	<u>1,742,400</u>	<u>1,505,598</u>

9. NET LOSS ON FINANCIAL ASSETS

	Year ended 31 December 2025 GBP	Year ended 31 December 2024 GBP
Fair value loss of investment in trust units	4,137,919	14,757,782

10. NET LOSS ON FINANCIAL LIABILITIES

	Year ended 31 December 2025 GBP	Year ended 31 December 2024 GBP
Fair value loss on the Notes	4,114,535	14,728,914

11. FINANCIAL INVESTMENT IN TRUST UNITS

	Year ended 31 December 2025 GBP	Year ended 31 December 2024 GBP
Balance as at 01 January	61,289,081	55,421,863
Upsize during the year	-	20,625,000
Net loss on financial assets (Note 9)	(4,137,919)	(14,757,782)
Balance as at 31 December	<u>57,151,162</u>	<u>61,289,081</u>

	Year ended 31 December 2025 GBP	Year ended 31 December 2024 GBP
Fixed assets		
Financial investment in trust units	<u>57,151,162</u>	<u>61,289,081</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

11. FINANCIAL INVESTMENT IN TRUST UNITS (CONTINUED)

On 27 December 2023, the Company acquired 100% of the A1 Units of the Willowyard Property Unit Trust. The Trust has been set up to hold property as an investment with the principal objective of generating profit. The A1 Units entitlement period is expected to end on 18 Jan 2104. The A1 Unitholders is entitled to the votes attaching to the percentage of the total number of units in issue as at the resolution date as set out after clause 9.2.3 of the Trust Instrument agreement. Additionally, in accordance with clause 16.2 of the Trust Instrument, the A1 Unitholders is entitled to receive Distribution Amount on each distribution date. The distribution amount consists of the rental income received during that distribution period after the deduction of the budgeted expense amount and the deduction of any withholding tax. The budgeted expense amount for each distribution period is calculated on a quarterly basis (i.e. January, April, July and October) on the fifteen Business Day of each distribution period. The A1 Unitholder is the senior unitholder and is entitled to receive the Distribution Amount from the Trust for the duration of the A1 Units Entitlement Period (defined below). During the A1 Units Entitlement Period, the appropriate portions of the Distribution Amount is allocated (on a pari passu basis and without any preference between them) to the A1 Unitholder Distribution Amount and the A2 Unitholder Distribution Amount which is outlined per the Trust Instrument. Once the A1 Units Entitlement Period has lapsed, the A1 Unitholder will not be entitled to any residual interest in the Trust. The A2 Unitholder has the ability to extend the lease and will be entitled to any residual interest in the Trust once the A1 Unitholder entitlement period has lapsed. On 17 December 2024, the consideration for the A1 Units of the Trust was increased by GBP 20,625,000 following the upsize of Notes. During the financial year, there was no movement in the A1 Units of the Trust.

During the financial year, the Company incurred net loss on financial assets amounting to GBP 4,137,919 (2024: GBP 14,757,782).

Under FRS 102, section 9, the investment in the trust units has been treated as an unconsolidated structured entity. The Directors have considered the Company's investment in the A1 Unit of the Trust and have determined using their judgement that in accordance with FRS 102.9.10, that the Company is not entitled to the residual interest in the Trust. As outlined above, the Company's investment in the A1 Unit of the Trust does not result in control of the Trust and has therefore not recognised its investment in the Trust as a subsidiary.

The "A1 Units entitlement period" is defined as the period commencing on the date of the Trust Instrument agreement (i.e. 27 December 2023) and ending on 18 January 2104. During the A1 Units Entitlement Period, any rental income deficit amount is allocated firstly to the rental income deficit less the A2 Unitholder Deficit Amount to the A1 Units holders in proportion to the number of A1 Units held during the relevant distribution period; and secondly the A2 Unitholder Deficit Amount to the A2 unitholders in proportion to the number of A2 Units held.

At the reporting date, the investment in trust units was valued at GBP 57,151,162 (2024: GBP 61,289,081) and is measured at fair value through profit or loss. Details of estimates of fair values are disclosed in Note 19 "Fair values".

Given that terms of the Notes are limited recourse, the Noteholders will ultimately bear any of the Company's cashflow shortfall from the Trust.

12. TRADE AND OTHER RECEIVABLES

	31 December 2025 GBP	31 December 2024 GBP
Distribution receivable	332,080	317,306
Unpaid share capital receivable	37,500	37,500
Other receivable	12,500	12,500
	<u>382,080</u>	<u>367,306</u>

13. CASH AT BANK

	31 December 2025 GBP	31 December 2024 GBP
Cash at bank	1,871,314	1,803,069
	<u>1,871,314</u>	<u>1,803,069</u>
The cash at bank is split as follows:		
Expense Account - Expense Reserve Ledger*	232,694	163,835
Expense Account - Instrumental Reserve Ledger	1,638,042	1,638,042
Current Account	435	970
Issuer Collection Account	143	222
	<u>1,871,314</u>	<u>1,803,069</u>

*The amount held in the Expense Reserve Ledger will be used to pay for future expenses.

NORTHARK 2 PLC
Registration Number: 13182910

Page 22

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

14. TRADE AND OTHER PAYABLES

	31 December 2025 GBP	31 December 2024 GBP
Professional fees	20,047	2,847
Audit fees (Note 5)	53,100	25,860
Tax payable	380	190
Interest payable to the Noteholders (Note 15)	344,366	330,314
Distribution income payable	143	-
	<u>418,036</u>	<u>359,211</u>

15. FINANCIAL LIABILITIES

	31 December 2025 GBP	31 December 2024 GBP
Balance at the beginning of the year	63,055,991	56,621,863
Upsize of financial liabilities during the year	-	21,163,042
Net loss on financial liabilities (Note 10)	(4,114,535)	(14,728,914)
Balance as at 31 December	<u>58,941,456</u>	<u>63,055,991</u>

	31 December 2025 GBP	31 December 2024 GBP
Non-current liabilities		
Financial liabilities	<u>58,941,456</u>	<u>63,055,991</u>

Details	Currency	Nominal Amount	Issue Price	Interest Rate	Inflation Linked Interest
GBP 50,000,000 RPI linked Notes due 2104	GBP	50,000,000	113.24%	2.05%	*
GBP 20,625,000 RPI linked Notes due 2104	GBP	20,625,000	102.61%	2.05%	*
		<u>70,625,000</u>			

The financial liabilities are the sole obligations of the Company and are limited recourse instruments. The Noteholders will have a claim under the financial liabilities against the Company only to the extent of amounts payable in respect of the Notes which are derived from cashflows generated by payments on the A1 Units, subject to the payment of amounts ranking in priority to the payment of amounts due in respect of the Notes.

If there are insufficient funds available to the Company to pay in full all principal, interest and other amounts outstanding in respect of the Notes at the final maturity date or earlier, then the Noteholders will have no further claim against the Company in respect of the unpaid amounts. There will be no other assets of the Company available to meet any outstanding claims of the Noteholders, who will bear any shortfall pro rata on their holdings of Notes.

Interest

The basic rate of interest applicable to the Notes for any note interest period up to and including the expected maturity date will be equal to a fixed rate of 2.05%.

* The Inflation Linked Interest Amounts are based on projected UK retail price index levels, as published by the UK Office for National Statistics or any successor thereto, ("RPI") determined in relation to the Collateral as of the Trade Date. If, at the point of determination, actual RPI values (and therefore associated distributions under the Collateral) are less than those used to calculate the Inflation Linked Interest Amounts on or around the Trade Date, payments by the Issuer of the Inflation Linked Interest Amounts may be less. Conversely if actual RPI values and therefore associated distributions under the Collateral are greater than those used to calculate the Inflation Linked Interest Amounts on or around the Trade Date, payments by the Issuer of the Inflation Linked Interest Amounts may be higher than those outlined under the Terms and Conditions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

15. FINANCIAL LIABILITIES (CONTINUED)

During the year ended 31 December 2025, the interest charge for the year amounted to GBP 1,621,589 (2024: GBP 1,323,158), interest amount paid GBP 1,607,537 (2024: GBP 1,045,225) and interest accrued GBP 344,366 (2024: GBP 330,314).

Redemption

Unless previously redeemed, purchased or cancelled, each instrument shall become due and payable on the maturity date at its final redemption amount. By 18 January 2104, the Company is expecting to fully redeem the financial liabilities.

Underlying asset

The underlying asset is the collateral, meaning 100% of the A1 Units of the Willowyard Property Unit Trust.

16. CALLED UP SHARE CAPITAL

	31 December 2025 GBP	31 December 2024 GBP
<i>Authorised Capital</i>		
50,000 Ordinary shares of GBP 1 each	50,000	50,000
<i>Called up shares</i>		
Paid - 12,500 Ordinary shares - GBP 1 each	12,500	12,500
Unpaid - 37,500 Ordinary shares of GBP 1 each	37,500	37,500
	50,000	50,000

17. IMMEDIATE PARENT AND CONTROLLING PARTY

CHT Nominees Limited holds the shares on trust for charitable purposes, having its registered office at 7th Floor 50 Broadway London, SW1H 0DB, United Kingdom with registration number 01751556. The Board of Directors are responsible for the day to day management and administration of the Company. The Board is composed of two Directors, both of whom are employees of the Administrator. The Directors have determined that based on the information available to them there is no single party or Noteholder that has overall control of the Company as defined under FRS 102 Section 9.

18. RELATED PARTY TRANSACTIONS

Christopher Roy Upton and Madeleine Ruth Houston were appointed as Directors of the Company and are also employees of Vistra (UK) Limited (the "Administrator"). The Company had no related party transactions during the year ended 31 December 2025.

The Directors of the Company are considered to be the key management personnel of the Company.

19. FINANCIAL INSTRUMENTS

Introduction and overview

The principal activity of the Company is the issuance of Notes and use the proceeds of the Notes to acquire 100 % of the A1 Units of the Willowyard Property Unit Trust. The Company receives Distribution Amount from the Trust and subsequently pays out on a quarterly basis to the Noteholders as interest. The financial liabilities are measured at fair value through profit or loss.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The Company does not have any externally imposed capital requirements.

The terms of the Notes are limited recourse and therefore the Company is only obliged to repay the Notes to the extent that the Company receives cash from its investment in the Trust. Therefore, the risk profile of the Company is such that market, credit, liquidity and other risks relating to the Notes and held for risk management are borne fully by the holders of the Notes issued.

The Company has exposure to the following risks from its use of financial instruments:

- (i) Credit risk;
- (ii) Liquidity risk; and
- (iii) Market risk.

NORTHARK 2 PLC
Registration Number: 13182910

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

19. FINANCIAL INSTRUMENTS (CONTINUED)

Risk management framework (continued)

(i) Credit risk

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company’s investment in the A1 Units of the Trust, that consequently distribute Distribution Amount to the Company.

The Company's largest exposure to credit risk is the net proceeds receivable as a result of its investment in the Trust. The Trust receives rental income from its underlying property in order to pay for the Distribution Amount , which is secured through a lease agreement. The Company also has additional credit risk in the form of cash held with financial institutions which is managed through ensuring these financial institutions are considered reputable and have a credit rating that meets the minimum criteria as set out in the underlying transaction documentation.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company’s obligation to the Noteholders is limited to the net proceeds receivable from its investment in the Trust. Should the net proceeds be insufficient to make all payments due in respect of a particular class of the Notes, the other assets of the Company will not be available for payment and the deficit is instead borne by the holders of the Notes.

(iii) Market risk

Market risk is defined as the potential loss in value or earnings of an organisation arising from changes in external market factors.

The Company is exposed to market risk which comprises interest rate risk and inflation risk.

All of the Company’s assets and liabilities are denominated in Pound Sterling (GBP) and therefore, there is no foreign currency risk.

Credit risk

Credit risk exists primarily on the net proceeds receivable from the investment in the Trust. Should the net proceeds be insufficient to make all payments due in respect of a particular class of the Notes, the other assets of the Company will not be available for payment and the deficit is instead borne by the holders of the Notes. Credit risk also exists on any cash held by the Company.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	31 December 2025		31 December 2024	
	Carrying Value	Maximum Exposure	Carrying Value	Maximum Exposure
	GBP	GBP	GBP	GBP
Financial investment in trust units	57,151,162	57,151,162	61,289,081	61,289,081
Cash at bank and in hand	1,871,314	1,871,314	1,803,069	1,803,069
	59,022,476	59,022,476	63,092,150	63,092,150

The following table is a summary of the Counterparties, where the Company's cash is held and Lessee's credit ratings as per the rating agencies for the year:

Short-term

HSBC UK Bank Plc
Barclays Bank UK Plc

Standard & Poor's	Moody's	Fitch
A-1	P-1	F1+
A-1	P-1	F1

Long-term

HSBC UK Bank Plc
Barclays Bank UK Plc

Standard & Poor's	Moody's	Fitch
A+	A1	AA-
A+	A1	A+

NORTHARK 2 PLC
Registration Number: 13182910

Page 25

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

19. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's position. Should the net proceeds be insufficient to make all payments due in respect of the Notes, the other assets of the Company will not be available for payment and the deficit is instead borne by the Noteholders.

The following are the undiscounted contractual maturities of the financial liabilities:

31 December 2025

	Carrying amount GBP	Gross contractual cash flows GBP	Less than 1 year GBP	1 year to 5 years GBP	Greater than 5 years GBP
Notes	58,941,456	70,625,000	-	-	70,625,000
Interest payable on Notes	344,366	1,000,386,656	1,930,339	6,915,076	991,541,241
Other payables	73,290	73,290	73,290	-	-
	<u>59,359,112</u>	<u>1,071,084,946</u>	<u>2,003,629</u>	<u>6,915,076</u>	<u>1,062,166,241</u>

31 December 2024

	Carrying amount GBP	Gross contractual cash flows GBP	Less than 1 year GBP	1 year to 5 years GBP	Greater than 5 years GBP
Notes	63,055,991	70,625,000	-	-	70,625,000
Interest payable on Notes	330,314	1,001,993,817	1,932,012	6,530,032	993,531,773
Other payables	28,707	28,707	28,707	-	-
	<u>63,415,012</u>	<u>1,072,647,524</u>	<u>1,960,719</u>	<u>6,530,032</u>	<u>1,064,156,773</u>

Currency risk

All of the Company's assets and liabilities are denominated in Pound Sterling (GBP) and therefore, there is no foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the Company does not receive enough interest from the investment in trust units to secure interest payments on the Notes. The Company minimises its exposure to interest rate risk by ensuring that only the remaining income is paid to the Noteholders as interest expense. The Notes have a fixed interest rate plus an inflation adjustment to the rate. The inflation linked interest amount is any excess amounts standing to the balance of the Issuer Collection Account following a distribution from the Collateral and provided clause 5.2 (i) to (v) (Directions for operation of the Issuer Account) under the Account Bank Terms have been settled on each Interest Payment Date.

Notes	Interest rate	RPI	Nominal amount GBP
GBP 70,625,000 RPI linked UK Notes due 2104	2.05%	*	<u>70,625,000</u> <u>70,625,000</u>

*The Inflation Linked Interest Amounts are based on projected UK retail price index levels, as published by the UK Office for National Statistics or any successor thereto, ("RPI") determined in relation to the Collateral as of the Trade Date. If, at the point of determination, actual RPI values (and therefore associated distributions under the Collateral) are less than those used to calculate the Inflation Linked Interest Amounts on or around the Trade Date, payments by the Issuer of the Inflation Linked Interest Amounts may be less. Conversely if actual RPI values and therefore associated distributions under the Collateral are greater than those used to calculate the Inflation Linked Interest Amounts on or around the Trade Date, payments by the Issuer of the Inflation Linked Interest Amounts may be higher than those outlined under the Terms and Conditions.

Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company's investment in trust units and Notes issued are carried at fair value on the Statement of financial position. Usually, the fair value of the financial instruments can be reliably determined within a reasonable range of estimates.

The Company's financial instruments carried at fair value are analysed below by valuation method. The different levels have been defined as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

19. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values (continued)

- Level 1: Quoted market price in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Estimation of fair values

Cash and cash equivalents are short term and approximate its fair value. Regarding other receivables and other payables, no calculation of fair value is prepared as their carrying amount is viewed as a reasonable approximation of fair value. The major methods and assumptions used in estimating the fair values of the Company's investment in trust units and Notes issued are disclosed below.

Investment in trust units and Notes issued

Although the Directors believe that the valuation technique used to determine the fair value is appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value as fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of judgement e.g. interest rates, volatility, credit spreads, probability of defaults, estimated cash flows and therefore, cannot be determined with precision.

Valuation techniques and significant unobservable inputs

The following is an explanation of the valuation techniques used in establishing the fair value of the different types of financial instruments of the Company.

Financial investment in trust units

Where close proxies instruments in an active market are not available, fair value is estimated using more complex modelling techniques. These techniques include discounted cash flow models using current market rates for credit spread, interest, liquidity premium including discount curve, discount spread and inflation swap curve.

The Directors have determined that the following inputs to determine the fair value are unobservable inputs:

- expected cashflows; and
- discount rate

Expected cash flows

The expected cash flows have been derived from the Trust Instrument between the Company and the JPUT and are based on a contractual agreement between the parties. Projected future cash flows have been adjusted for projected UK RPI as per the inflation linked adjustments outlined in Note 15.

Discount rate

The model uses discounting at a spread of 250bps over swaps.

Financial liabilities measured at fair value through profit and loss

The fair value of debt securities issued at fair value through profit and loss is dependent upon the fair value of the financial investment in trust units. Any changes in the valuation have direct impact to the fair value of financial liabilities.

For more complex Level 3 instruments, more sophisticated modelling techniques are required which usually are developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions or more complex parameters.

The fair values together with the carrying amounts shown in the Statement of financial position are as follows:

Financial assets and liabilities measured at fair value through profit and loss

	Fair value hierarchy as at 31-Dec-2025			
	Level 1	Level 2	Level 3	Total
	GBP	GBP	GBP	GBP
Financial investment in trust units	-	-	57,151,162	57,151,162
Financial liabilities	-	-	(58,941,456)	(58,941,456)
	-	-	(1,790,294)	(1,790,294)

NORTHARK 2 PLC
Registration Number: 13182910

Page 27

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

19. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values (continued)

Valuation techniques and significant unobservable inputs (continued)

	Fair value hierarchy as at 31-Dec-2024			
	Level 1	Level 2	Level 3	Total
	GBP	GBP	GBP	GBP
Financial investment in trust units	-	-	61,289,081	61,289,081
Financial liabilities	-	-	(63,055,991)	(63,055,991)
	-	-	(1,766,910)	(1,766,910)

During the year, financial investment in trust units and financial liabilities remained unchanged at Level 3 following the assessment that certain significant inputs to their model valuation are unobservable in the market.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the beginning of each reporting year.

It is to be noted that any changes in the fair value of the financial investment in trust units or financial liabilities due to the Company's own credit risk is not considered material.

20. ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2025 GBP	Cash flows GBP	Issuance of Notes GBP	FV movement GBP	At 31 Dec 2025 GBP
Cash at bank and in hand					
Cash at bank	1,803,069	68,245	-	-	1,871,314
	1,803,069	68,245	-	-	1,871,314
Borrowing					
Notes	63,055,991	-	-	(4,114,535)	58,941,456
Total	64,859,060	68,245	-	(4,114,535)	60,812,770

	At 1 Jan 2024 GBP	Cash flows GBP	Issuance of Notes GBP	FV movement GBP	At 31 Dec 2024 GBP
Cash at bank and in hand					
Cash at bank	1,200,000	603,069	-	-	1,803,069
	1,200,000	603,069	-	-	1,803,069
Borrowing					
Notes	56,621,863	-	21,163,042	(14,728,914)	63,055,991
Total	57,821,863	603,069	21,163,042	(14,728,914)	64,859,060

21. CHARGES

The Company entered a deed of charge pursuant to which it granted fixed and negative pledge in favour of the Security Trustee over all its assets as security for the Secured Obligations.

The following charge has been registered over the Company:

- negative pledge on undertakings or property, under the terms of the security agreement. The Security Trustee has a negative pledge on all assets of the Company not covered by the fixed charge.

22. POST BALANCE SHEET EVENTS

There were no subsequent events identified which require adjustment or disclosure up to the date of approval of these financial statements.