Company registered number: 602342

PGGLF DESIGNATED ACTIVITY COMPANY

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 12 APRIL 2017 (DATE OF INCORPORATION) TO 31 DECEMBER 2017

CONTENTS OF THE FINANCIAL STATEMENTS

COMPANY INFORMATION

DIRECTORS	Robert Gallagher (appointed 8 May 2017) William Berry (appointed 2 May 2017) Sam Sengupta (appointed 12 April 2017) John Hackett (appointed 12 April 2017)
COMPANY SECRETARY, REGISTERED OFFICE AND ADMINISTRATOR	TMF Administration Services Limited 3rd Floor, Kilmore House, Park Lane Spencer Dock Dublin 1 Ireland
REGISTRATION NUMBER	602342
INDEPENDENT AUDITORS	PricewaterhouseCoopers Chartered Accountants and Statutory Audit Firm One Spencer Dock North Wall Quay Dublin 1 Ireland
CALCULATION AGENT, CUSTODIAN, PRINCIPAL PAYING AGENT, COLLATERAL ADMINISTRATOR AND CUSTODIAN	Elavon Financial Services D.A.C 5th Floor 125 Old Broad Street London EC2N 1AR United Kingdom
TRUSTEE	U.S. Bank Trustees Limited 125 Old Broad Street London EC2N 1AR United Kingdom
PORTFOLIO ADVISOR	Partners Group (UK) Management Ltd 110 Bishopsgate London EC2N 4AY United Kingdom
SOLICITOR	Arthur Cox Ten Earlsfort Terrace Dublin 2 Ireland

DIRECTORS' REPORT

The directors submit their first annual report together with the audited financial statements of PGGLF Designated Activity Company (the "Company") for the financial period from date of incorporation on 12 April 2017 to 31 December 2017.

PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Company is a designated activity company, which was incorporated on 12 April 2017, in accordance with the laws of Ireland with a company registration number of 602342.

The sole purpose of the Company is to act as originator and risk retention holder. The Company has been established in order to invest in investment portfolios consisting of debt obligations in the form of senior, mezzanine and second lien loans, high yield bonds, floating rate notes and other similar credit assets, CLO Securities, investment in CLO Warehouse facilities by way of debt and/or equity and other related investments (the "Portfolio").

The directors expect the current level of business activity to continue in the future.

As at 22 May 2017, the Company issued Notes of US$119,659,050. The details of Notes issued are as follows:

Notes	Credit rating at 31 December 2017	Maximum par issuance (US$)	Issued during financial period (US$)	Final maturity
Class A Fixed Rate Notes	Not rated	320,000,000	56,127,240	2035
Class B Profit Participating Notes	Not rated	80,000,000	14,031,810	2067
Class A Fixed Rate Notes	Not rated	240,000,000	39,600,000	2035
Class B Profit Participating Notes	Not rated	60,000,000	9,900,000	2067
			119,659,050	

The Notes are listed on the International Stock Exchange (Channel Islands Stock Exchange).

PORTFOLIO MONITORING

Due to fluctuations in the value of the Portfolio, there is a risk that certain Notes issued by the Company will not be repaid in full. The Notes are limited recourse obligations of the Company which are payable solely out of the amounts received in respect of the financial assets and other realisable assets held by the Company. If the net proceeds from the realisation of the financial assets and other realisable assets following an event of default or at the maturity date are insufficient to pay all the amounts due to the Noteholders, the Noteholders will have no further claim against the Company in respect of any such unpaid amounts.

The directors were satisfied with the state of affairs of the Company and have no plans to change the activities and operations of the Company in the foreseeable future.

RESULTS AND DIVIDENDS

The results for the financial period and the Company's financial position at the end of the financial period are disclosed on pages 13 and 14. The profit after tax for the financial period is US$900. The directors do not recommend the payment of a dividend.

The key performance indicators with regard to the Portfolio are as follows:

Key performance indicator		Financial period from 12 April 2017 to 31 December 2017 US$
(a)	Interest and similar income	3,373,786
(b)	Interest expense	3,904,340
(c)	Net realised gain on disposal of financial assets at FVTPL	128,489
(d)	Unrealised gain on fair value of financial assets at FVTPL	84,970
(e)	Unrealised gain on fair value of Notes at FVTPL	600,570

(a) Interest and similar income

The interest income earned by the assets in the Portfolio is primarily based on a floating or fixed rate of certain positions held.

(b) Interest expense

The interest expense incurred by the Notes is primarily based on the fixed interest rate of certain positions held.

DIRECTORS' REPORT (CONTINUED)

RESULTS AND DIVIDENDS (CONTINUED)

(c) Net realised gain on disposal of financial assets at FVTPL

The Company disposed of certain financial assets as part of the Company's strategy and as originator.

(d) Unrealised gain on fair value of financial assets at FVTPL

The fair value of the financial assets has increased over the financial period.

(e) Unrealised gain on fair value of Notes at FVTPL

The fair value of the Notes has decreased over the financial period.

INTEREST OF DIRECTORS AND COMPANY SECRETARY

The directors and company secretary of the Company are listed below:

Robert Gallagher (appointed 8 May 2017)
William Berry (appointed 2 May 2017)
Sam Sengupta (appointed 12 April 2017)
John Hackett (appointed 12 April 2017)

The directors and company secretary who held office on 31 December 2017 had no interest in the shares, share options, deferred shares or loan stock of the Company on that date or during the financial period that are required by the Companies Act 2014 to be recorded in the register of interests or disclosed in the Directors' Report.

SIGNIFICANT SUBSEQUENT EVENTS

There were no significant subsequent events after the reporting period until the approval of the financial statements.

FINANCIAL RISK MANAGEMENT

The disclosures in relation to the Company's policies for financial risk management including price risk, foreign exchange risk, interest rate risk, credit risk, liquidity risk and concentration risk and the policies and procedures in place to manage these risks are disclosed in note 15.

RELATED PARTY TRANSACTIONS

TMF Administration Services Limited (the "Administrator") provides corporate administration services to the Company. John Hackett, director of the Company, was also a director of the Administrator during the financial period and in that capacity had a material interest in the fees paid to the Administrator. As at the period end the Company held a loan of US$9,393,600 as part of its asset portfolio to TMF Group Holding B.V which is the controlling party of the administrator.

Partners Group (UK) Management Ltd. (the "Portfolio Advisor"), and the Company have entered into a Collateral Management and Administration Agreement, and therefore the Portfolio advisor is considered to have the authority and responsibility for planning and directing the activities of the Company being the purchase and sale of the Portfolio. The ultimate controlling party is considered to be Partners Group Holding AG.

The Noteholders of the Company are PG Finance EUR IC Limited, PG Finance USD IC Limited, and PG Daintree Co-invest L.P. PG Finance EUR IC Limited and PG Finance USD IC Limited are subsidiaries of Partners Group Holding AG. PG Daintree Co-invest L.P., is a Guernsey Limited Partnership, whereby the General Partner (Partners Group Management XIII Limited) is a subsidiary of Partners Group AG.

On 16 November 2017, the Company acquired €23,000,000 of subordinated notes in Penta CLO 3 DAC as risk retention holder.

There were no other contracts of any significance in relation to the business of the Company in which the directors had any interest, as defined in the Companies Act 2014 at any time during the financial period.

DIRECTORS' REPORT (CONTINUED)

POLITICAL DONATIONS

There have been no political donations during the financial period ended 31 December 2017.

PRINCIPAL RISK AND UNCERTAINTIES

The principal risk and uncertainties facing the Company relate to financial instruments held by it and are set out in Note 16 to the financial statements.

GOING CONCERN REVIEW

The directors expect the current level of activity to continue for the foreseeable future and confirm to the best of their knowledge that they are not aware of any uncertainties as to the Company's ability to continue as a going concern. For these reasons, the directors continue to adopt a going concern basis in preparing the financial statements.

ISSUE OF SHARE CAPITAL

The Company has issued 1 share, which is held by TMF Management (Ireland) Limited on behalf of a charitable trust.

DIRECTORS' COMPLIANCE STATEMENT

The directors, in accordance with Section 225(2) (a) of the Companies Act 2014, acknowledge that they are responsible for securing the Company's compliance with its "relevant obligations." "Relevant obligations", in the context of the Company, are the Company's obligations under:

(a) the Companies Act 2014, where a breach of the obligations would be a category 1 or category 2 offence;
(b) the Companies Act 2014, where a breach of the obligation would be a serious Market Abuse or Prospectus offence; and
(c) tax law.

Pursuant to Section 225(2) (b) of the Companies Act 2014, the directors confirm that:

(i) a compliance policy statement has been drawn up as required by Section 225(3) (a) of the Companies Act 2014 setting out the Company's policies (that, in the directors' opinion, are appropriate to the Company) in respect of compliance by the Company with its relevant obligations;
(ii) appropriate arrangements and structures have been put in place that, in their opinion, secure material compliance with the Company's relevant obligations, and
(iii) a review of the arrangements and structures referred to in paragraph (ii) will be completed in the forthcoming year with regards to confirmations from relevant persons designated to ensure compliance with the Company's relevant obligations.

AUDIT COMMITTEE

The Company was established to issue debt securities and under Regulation 115 of S.I. No. 312/2016 - European Union (Statutory Audits) (Directive 2006/43/EC, as amended by Directive 2014/56/EU, and Regulation (EU) No 537/2014) Regulations 2016 (the "Regulations"), all public -interest entities (as such term is defined in the Regulations) are required to establish an audit committee, subject to certain exemptions. Section 167 of the Companies Act 2014 also requires the directors of a large company (as such term is defined in the Act) to establish an audit committee or to state the reasons for not establishing such a committee.

Given the limited recourse nature of the securities issued by the Company, the Board of Directors has concluded that there is currently no need for the Company to have a separate audit committee in order for the Board to perform effective monitoring and oversight of the internal control and risk management system of the Company in relation to the financial reporting process. Accordingly the Company has availed itself of the exemption under Regulation 115(10)(c) of the Regulations.

DISCLOSURE OF INFORMATION TO AUDITORS

So far as each of the directors in office at the date of approval of the financial statements is aware:

- There is no relevant audit information of which the Company's auditors are unaware; and
- The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 330 of the Companies Act 2014.

DIRECTORS' REPORT (CONTINUED)

SHAREHOLDER MEETINGS

The shareholders' rights and the operations of shareholders meetings are defined in the Constitution and comply with the Companies Act, 2014. The Company holds a general meeting as required by law.

ACCOUNTING RECORDS

The directors are responsible for ensuring that adequate accounting records, as outlined in Section 281 to 285 of the Companies Act 2014, are kept by the Company. The measures taken by directors to ensure compliance with the Company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and by ensuring that a competent service provider is responsible for the preparation and maintenance of the accounting records. The accounting records are kept at 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland.

AUDITORS

PricewaterhouseCoopers, Chartered Accountants, were appointed as first auditor of the Company and have indicated their willingness to continue in office in accordance with Section 383 (2) of the Companies Act 2014.

This report was approved by the Board on 7 December 2018 and signed on its behalf by:

John Hackett
Director

Sam Sengupta
Director

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the directors' report and the financial statements in accordance with Irish law.

Irish law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

Under Irish law the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year and of the profit or loss of the company for the financial year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS and ensure that they contain the additional information required by the Companies Act 2014; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board:

John Hackett
Director

Sam Sengupta
Director

Date:

pwc

Independent auditors' report to the members of PGGLF Designated Activity Company

Report on the audit of the financial statements

Opinion

In our opinion, PGGLF Designated Activity Company's financial statements:

- give a true and fair view of the company's assets, liabilities and financial position as at 31 December 2017 and of its result and cash flows for the period from 12 April 2017 (date of incorporation) to 31 December 2017;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Directors' Report and Financial Statements, which comprise:

- the Statement of Financial Position as at 31 December 2017;
- the Statement of Comprehensive Income for the period from 12 April 2017 (date of incorporation) to 31 December 2017;
- the Statement of Cash Flows for the period from 12 April 2017 (date of incorporation) to 31 December 2017;
- the Statement of Changes in Equity for the period from 12 April 2017 (date of incorporation) to 31 December 2017; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' 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.

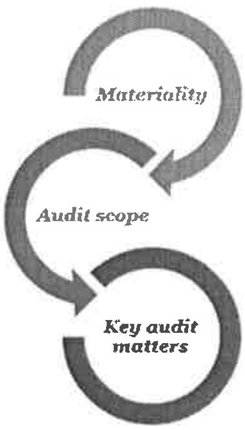
Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Context

Overview



Materiality

- US$ 2,813,039
- Based on 1% of total assets.

Audit scope

The company is a special purpose entity incorporated under the laws of Ireland as a designated activity company limited by shares. The company entered into an investment management agreement with Partners Group (UK) Management Ltd who serves as investment manager. The purpose of the company is to issue asset-backed securities for the purpose of purchasing collateralised loan obligations and entering into other related contracts. We tailored the scope of our audit taking into account the types of investments held by the company, the accounting processes and controls, and the industry in which the company operates.

Key audit matters

- Valuation and Existence of Investments.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	***How our audit addressed the key audit matter***
Valuation and Existence of Investments Refer to Note 9 of the financial statements. The investment portfolio at 31 December 2017 is comprised of senior secured loans, high yield securities, profit participation notes, and equity in a collateralised loan obligation security. The investment manager valued the investment securities by obtaining prices from an external pricing vendor and using cost as a proxy of fair value. We focused on valuation and existence of investment securities as they represent the principal element of the Statement of Financial Position.	We understood the processes and methodology applied by the investment manager for the valuation and existence of investments. We tested the valuation of investment securities by independently obtaining prices from pricing vendors and assessed management's classification of investment securities in the fair value hierarchy in note 16. We tested the existence of investments as follows: - We sought to confirm all investments with agent banks at 31 December 2017. Where investment securities were not confirmed by the agent banks we performed alternative procedures as follows: - Agreed unconfirmed positions to either bank statements subsequent to year-end (where the position was unsettled at year-end) or underlying loan agreements.

Key audit matter	*How our audit addressed the key audit matter*
	We also tested a sample of purchase and sale transactions throughout the period. No material matters were noted as a result of performing these procedures.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	US$ 2,813,039.
How we determined it	1% of total assets.
Rationale for benchmark applied	The Company is an asset based investment entity.

We agreed with the Board of Directors that we would report to them misstatements identified during our audit above US$ 140,652 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Directors' Report and Audited Financial Statements other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the period from 12 April 2017 (date of incorporation) to 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 (Ireland) 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.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.

Companies Act 2014 exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Sarah Murphy
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

7 December 2018

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017

	Notes	Financial Period from 12 April 2017 to 31 December 2017 US$
Net interest expense		
Interest receivable and similar income	3	3,373,786
Interest expense	4	(3,904,340)
		(530,554)
Other income and expenses		
Net realised gain on disposal of investments at FVTPL	5	128,489
Unrealised gain on fair value of investments at FVTPL	9	84,970
Unrealised gain on fair value of Notes at FVTPL	11	600,570
Unrealised foreign exchange loss		(11,622)
Other income		150,218
		422,071
Operating expenses		
Administration expenses	6	(420,871)
Operating profit before taxation		1,200
Taxation	7	(300)
Profit for the financial period		900
Other comprehensive income for the financial period		-
Total comprehensive profit for the financial period		900

All amounts relate to continuing operations.

The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	As at 31 December 2017 US$
Non-current assets		
Investments at FVTPL	9	265,490,950
Current assets		
Cash and cash equivalents	8	15,741,320
Trade and other receivables	10	67,948
Unsettled trades	13	3,671
		15,812,939
Total assets		281,303,889
Non-current liabilities		
Notes issued at FVTPL	11	119,058,480
Current liabilities		
Trade and other payables	12	1,104,971
Unsettled trades	13	118,680,609
Other current facilities	14	42,458,928
		162,244,508
Total liabilities		281,302,988
Equity		
Called up share capital presented as equity	15	1
Retained earnings		900
Total equity		901
Total equity and liabilities		281,303,889

The accompanying notes on form an integral part of these financial statements.

The financial statements were approved by the Board on 7 December 2018 and signed on its behalf by:

John Hackett
Director

Sam Sengupta
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017

Financial period ended 31 December 2017	**Called-up share capital US$**	**Retained earnings US$**	**Total US$**
As at date of incorporation	-	-	-
Issue of share capital	1	-	1
Total comprehensive profit for the period	-	900	900
As at 31 December 2017	1	900	901

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017

	Financial period ended 31 December 2017 US$
Cash flows from operating activities	
Interest received	3,305,539
Interest paid	(2,935,137)
Other income received	150,218
Administrative expenses paid	(285,103)
Net cash generated from operating activities	235,517
Cash flow from investing activities	
Purchase of investments at FVTPL	(148,030,743)
Disposal of investments at FVTPL	43,889,119
Net cash used in investing activities	(103,906,108)
Cash flows from financing activities	
Issue of Notes	119,659,050
Net cash provided by financing activities	119,659,050
Net increase in cash and cash equivalents	15,752,942
Unrealised foreign exchange loss on cash and cash equivalents	(11,622)
Cash and cash equivalents at the beginning of the financial period	-
Cash and cash equivalents at the end of the financial period	15,741,320

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Background to the Company

PGGLF Designated Activity Company (the "Company") was incorporated on 12 April 2017 as a designated activity company under the laws of Ireland with registration number 602342. The Company is a limited liability company and qualifies for the regime contained in Section 110 of the Irish Taxes Consolidation Act, 1997 (the "TCA"). This provides that a qualifying company will be liable to corporation tax at the rate of 25% under Case III of Schedule D of the TCA, in respect of taxable profits.
The sole purpose of the Company is to act as originator and risk retention holder. The Company has been established in order to invest in investment portfolios consisting of debt obligations in the form of senior, mezzanine and second lien loans, high yield bonds, floating rate notes and other similar credit assets, CLO Securities, investment in CLO Warehouse facilities by way of debt and/or equity and other related investments (the "Portfolio").

2. Accounting policies

2.1 Basis of preparation
The entity financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

The financial statements have been prepared on the going concern basis and under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the entity financial statements are disclosed in note 2.3.

2.2 New and amended standards and interpretations

These are the first set of financial statements produced by the Company and all IFRS standards in issue and effective at incorporation date have been incorporated.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt the following applicable standards, when they become effective.

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9.

  IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Company plans to adopt the new standard on the required effective date and no significant impact is expected.

- IFRS 15, Revenue from Contracts with Customers: IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Company plans to adopt the new standard on the required effective date and no significant impact is expected.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Accounting policies (continued)

2.2 New and amended standards and interpretations (continued)

- Amendments to IAS 7, 'Statement of Cash Flows - Changes in liabilities arising from financing activities' (effective for financial periods beginning on or after 1 January 2017). The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

- Amendments to IAS 12, 'Income Taxes' (effective for financial periods beginning on or after 1 January 2017). The amendments clarify the accounting treatment in relation to recognition of deferred tax assets for unrealised losses.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

The Company has not adopted any other new standards or interpretations that are not mandatory. Other than as indicated above, the directors anticipate that the adoption of those standards or interpretations will have no material impact on the financial statements of the Company in the period of initial application.

2.3 Use of estimates and judgments

The preparation of the financial statements requires the directors to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and these may be material. The estimates and underlying assumptions are reviewed on an ongoing basis by directors. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The key area of estimate and judgment for the Company is determining the fair value of financial assets and liabilities.

The fair value of financial assets and financial liabilities at FVTPL that are actively traded in organised financial markets is determined by reference to quoted market prices at the close of business on the Statement of Financial Position date. For financial assets at FVTPL where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models. As the Notes issued by the Company are limited recourse obligations and the future cash flows for the Notes depends on the future cash flows of the financial assets at FVTPL after deducting the cash outflows for derivative financial liabilities and other liabilities. Therefore, the fair value of Notes issued at FVTPL is the residual value of the fair value of financial assets at FVTPL, net current assets or liabilities and equity. Some of the assets are held at cost AS IN THE VIEW OF THE DIRECTORS cost approximates fair value.

2.4 Foreign currency translation

Monetary assets and liabilities denominated in foreign currency included in the Company's financial statements are measured in US Dollar denoted by the symbol "US$" which is the Company's functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-translation at the period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income as part of other income and expenses.

2.5 Interest income and expense

Interest income and expense is recognised in the Statement of Comprehensive Income, using the original effective interest rate of the instrument as at the acquisition or origination date. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

2.6 Taxation

The tax expense represents the sum of the tax currently payable. The tax currently payable is based on taxable profit for the period as calculated in accordance with Irish tax laws. Taxable profit differs from profit before tax as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are not taxable or deductible and those items of income and expenses that have temporary differences. The Company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted at the end of reporting period date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Accounting policies (continued)

2.6 Taxation (continued)
Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.7 Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less.

2.8 Other receivables and payables
The trade and other receivables and payables are initially measured at fair value.

2.9 Unsettled trades
Unsettled trades include amounts payable for securities purchased and receivable for securities sold (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date. They are initially measured at fair value plus any directly attributable incremental costs and subsequently measured at amortised cost.

2.10 Investments at FVTPL
The Company has designated its investments at FVTPL.

Recognition, initial measurement and subsequent measurement
Investments are recognised initially at cost, and are subsequently measured at FVTPL. Purchases and sales are recognised on a trade date basis which is, the date on which the Company commits to purchase or sell the financial asset. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all the risks and rewards of ownership. Gains and losses arising from changes in the fair value of the Investments are included in the Statement of Comprehensive Income in the period in which they arise. Gains and losses do not include interest income. The fair value of quoted investments in active or less than active markets is based on the mid bid prices. If the market for a investment is not active the Company establishes its fair value by using valuation techniques, including the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

2.11 Notes issued

The Company finances its investment activities through issuances of fixed rate notes and profit participating notes. Notes issued are recognised initially at fair value, and are subsequently measured at FVTPL. A liability may be designated at FVTPL when it eliminates or significantly reduces a measurement or recognition inconsistency i.e., “an accounting mismatch” that would otherwise arise from measuring assets or liabilities or recognising gains and losses on them on a different basis. The Company derecognises a financial liability (or a part of the financial liability) from its Statement of Financial Position when the obligation specified in the contract is discharged or cancelled or expires. Gains and losses arising from the changes in fair value of the financial liabilities are included in the Statement of Comprehensive Income in the period in which they arise.

2.12 Valuation of financial instruments
The Company measures fair values using the following hierarchy of methods:

- Level 1: Unadjusted 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Accounting policies (continued)

2.13 Offsetting financial instruments
Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.14 Other income and operating expenses
All operating income and expenses are accounted for on an accruals basis.

2.15 Share capital
Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as deduction from the proceeds, net of tax.

3. Interest Income

	Financial period ended 31 December 2017 US$
Interest income on financial assets at FVTPL	3,365,418
Bank interest	8,368
	3,373,786

4. Interest expense

	Financial period ended 31 December 2017 US$
Interest expense on Notes issued	3,391,574
Interest expense on other credit facilities	512,766
	3,904,340

Interest expense on other credit facilities relates to interests on Senior Warehouse Note Lending received from Credit Suisse AG.

5. Net realised gain on disposal of investments at FVTPL

	Financial period ended 31 December 2017 US$
Gain on disposals	128,514
Loss on disposals	(25)
	128,489

6. Administration expenses

	Financial period ended 31 December 2017 US$
Legal and professional fees	237,257
Directors fees	48,456
Trustee fees	11,848
Collateral administration fees	26,804
Audit and tax fees	78,780
Other fees	17,726
	420,871

The Company has no employees. Directors' fees for the financial period are US$48,456. Accounting and corporate secretarial services have been outsourced to the Administrator.

Fees payable to the auditor (including expenses and excluding VAT)

	Financial period ended 31 December 2017 US$
Statutory audit	71,400
Tax compliance fees	7,380
	78,780

There are no other assurance or non-audit services provided by the independent auditor.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Taxation

	Financial period ended 31 December 2017 US$
Corporation tax based on profit for the financial period	300

The Company is a qualifying Company within the meaning of Section 110 of the TCA. As such the profits are chargeable to corporation tax under Case III of Schedule D at a rate of 25%, but are computed in accordance with the provisions applicable to Case I of Schedule D.

8. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly-liquid investments with original maturities of three months or less. The total amount of cash and cash equivalents held at 31 December 2017 was US$15,741,320. Cash is held with U.S. Bank.

9. Investments at FVTPL

	As at 31 December 2017 US$
Balance at the beginning of the year	-
Purchases of investments	306,534,574
Disposal of investments	(43,764,301)
Exchange rate difference	2,635,707
Unrealised fair value movement on investments at FVTPL	84,970
Balance at the end of the financial period	265,490,950

The Portfolio consists of senior secured loans, high yield securities in US Dollar and Euro, PPNs in Penta CLO 3 DAC and equity in Pikes Peaks 1 CLO. The assets held by the Company are pledged as security for the Notes issued. Penta CLO 3 DAC was incorporated in accordance with the laws of Ireland and the sole purpose of the Company is to acquire a portfolio of Collateralised Loan Obligations financed through the issuance of limited recourse listed debt obligations to investors. Pikes Peaks 1 CLO was incorporated in accordance with the laws of Cayman Islands and the sole purpose of the Company is to acquire a portfolio of Collateralised Loan Obligations financed through the issuance of limited recourse listed debt obligations to investors.

The Company has an unfunded commitment of US$ 238,095 as at the period end.

10. Trade and other receivables

	As at 31 December 2017 US$
Accrued interest	67,947
Other receivables	1
	67,948

Trade and other receivables are recoverable within 12 months from the statement of financial position date.

11. Notes issued at FVTPL

	As at 31 December 2017 US$
Class A Fixed Rate Notes	95,727,240
Class B Profit Participating Notes	23,931,810
Fair value adjustments on Notes	(600,570)
	119,058,480

The final maturity date of the Class A Fixed Rate Notes is 2035 and Class B Profit Participating Notes is 2067.
The Notes are secured by a pledge over the assets. The Notes may be redeemed before their final legal maturity, in whole or in part. The Notes are listed on the International Stock Exchange (Channel Islands Stock Exchange).

12. Trade and other payables

	As at 31 December 2017 US$
Interest accrued on notes	968,903
Accrued expenses	135,768
Corporation tax payable	300
	1,104,971

All accrued payables are due within one year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Unsettled trades

	As at 31 December 2017 US$
Unsettled sales	3,671
	3,671
Unsettled purchases	
Unsettled purchases	(118,680,609)
	(118,680,609)

Unsettled trades were settled subsequent to the financial period end.

14. Other current facilities

	As at 31 December 2017 US$
Other current facilities	42,458,928

The other current facilities relate to a Senior Warehouse Lending Note received from Credit Suisse AG on 29 September 2017. The Company also signed the facility agreement with BNP Paribas on 21 December 2017.
BNP Paribas makes available to the Company a multicurrency revolving loan facility up to an amount equal to EUR100,000,000, from time to time, provided that such obligation to make such amount available to the Company is on a non-committed basis and is not a commitment to lend. As at 31 December 2017 nil was undrawn.

15. Called up share capital presented as equity

	As at 31 December 2017 €
Authorised	
100 ordinary shares of €1 each	100
Allotted, called up and fully paid – presented as equity	
1 ordinary share of €1	1

The Company has issued 1 share to TMF Management (Ireland) Limited on trust for charitable purposes.

16. Financial risk management

The Company's financial instruments include cash at bank and investments, Notes issued and other accruals that arise directly from its operations.
The Company is exposed to a variety of financial risks: market risk, credit risk, liquidity risk and concentration risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Capital risk management

The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to Noteholders through the optimisation of the debt balances. The capital managed by the Company comprises of ordinary shares outstanding and the Notes issued and outstanding as at the financial period end. The Company is not subject to externally imposed capital requirements. There were no changes to the policies and procedures during the financial period with respect to the Company's approach to its capital management program.

(a) Market risk

Market risk is the potential change in the value caused by the movements in interest rates, foreign exchange rates or market prices of the financial instruments. The Noteholders are exposed to the market risk of the asset portfolio.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk

The Notes issued by the Company are denominated in US Dollar and Euro. The proceeds of the Notes were used to buy assets in denominated in US Dollar and Euro.
The tables below show the Company's exposure per original currency of its financial assets and financial liabilities as at 31 December 2017.

31 December 2017	EUR US$	USD US$	Total US$
Assets:			
Cash and cash equivalents	11,585,914	4,155,406	15,741,320
Trade and other receivables	27,036	40,912	67,948
Unsettled trades	3,671	-	3,671
Investments at FVTPL	168,952,148	96,538,802	265,490,950
	180,568,769	100,735,120	281,303,889
Liabilities:			
Unsettled trades	112,733,084	5,947,525	118,680,609
Other current facilities	-	42,458,928	42,458,928
Notes issued at FVTPL	70,030,505	49,027,975	119,058,480
Trade and other payables	-	1,104,971	1,104,971
	182,763,589	98,539,399	281,302,988

As the Notes are limited recourse, all profits and losses are passed on to the Noteholders, and there is no residual risk remaining.

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial interest. The table below summarises the Company's exposure to interest rate risk. It includes the Company's financial instruments at carrying amounts categorised by contractual repricing.

31 December 2017	Fixed rate US$	Variable rate US$	Non-interest bearing US$	Total US$
Assets:				
Cash and cash equivalents	-	15,741,320	-	15,741,320
Trade and other receivables	-	-	67,948	67,948
Unsettled trades	-	-	3,671	3,671
Investments at FVTPL	-	265,490,950	-	265,490,950
	-	281,232,270	71,619	281,303,889
Liabilities:				
Unsettled trades	-	-	118,680,609	118,680,609
Trade and other payables	-	-	1,104,971	1,104,971
Other current facilities	-	-	42,458,928	42,458,928
Notes issued at FVTPL	119,058,480	-	-	119,058,480
	119,058,480	-	162,244,508	281,302,988

Interest rate sensitivity

The impact of a 5% movement in the interest rate on the Statement of Comprehensive Income is shown as follows:

Description	2017 US$
5% movement in interest rate on investments at FVTPL	168,689
5% movement in interest rate on Notes issued at FVTPL	(168,689)
Changes in profit for the financial period	-

As the Company has limited recourse Notes issued, all profits and losses are passed on to the Noteholders, there is no residual risk remaining for the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk
Price risk is the risk that the value of the financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

Valuation methodologies
When price quotations are not available from unaffiliated market makers or other financial institutions that regularly trade similar investments, independent valuation agents determine the fair value of assets using valuation models. The fair value established pursuant to such methodologies may never be realised, which could result in losses.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

The tables below provide an analysis of the basis of measurement used by the Company to fair value its financial instruments into the above categories:

31 December 2017	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Financial assets				
Investments at FVTPL	-	195,197,800	70,293,150	265,490,950
Cash and cash equivalents	15,741,320	-	-	15,741,320
Unsettled trades	-	3,671	-	3,671
Trade and other receivables	-	67,948	-	67,948
	15,741,320	195,269,419	70,293,150	281,303,889

31 December 2017	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Financial liabilities				
Notes issued	-	-	119,058,480	119,058,480
Unsettled trades	-	118,680,609	-	118,680,609
Other current facilities	-	42,458,928	-	42,458,928
Trade and other payables	-	1,104,971	-	1,104,971
	-	162,244,508	119,058,480	281,302,988

31 December 2017 **Level 3 reconciliation**	**Financial Assets** **US$**
Balance at the beginning of the financial period	-
Purchase of Investments at FVTPL	70,293,150
Balance at the end of the financial period	70,293,150

31 December 2017 **Level 3 reconciliation**	**Notes** **US$**
Issuance of Notes	119,659,050
Changes in fair value	(600,570)
Balance at the end of the financial period	119,058,480

The fair values of financial assets classified under Level 2 are determined using recognised pricing services with 2 or more contributors or a combination of broker quotes. Where the number of contributors for a price is less than 2 or there is only one broker quote, the asset may be classified as Level 3.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk

As mentioned above, financial assets at FVTPL classified under Level 3 are valued using two or single broker quotes. When there are only two or single broker quote(s) available, the Company considers that the security is trading in an illiquid or inactive market. The Company uses these prices without making any adjustments. As per IFRS 13, an entity is not required to create quantitative information for Level 3 instruments to comply with the disclosure requirements of the standard if the quantitative unobservable inputs are not developed by the entity when measuring fair value. Based on this, the Board believes that there is no need to disclose further the quantitative unobservable inputs used to determine the fair value and the sensitivity analysis, as the quantitative unobservable inputs are not developed by the entity when measuring fair value. The entity is using third-party pricing information without any adjustment.

The Notes issued by the Company are limited recourse obligations and the future cash flows for the Notes depends on the future cash flows of the financial assets at FVTPL after deducting the cash outflows and other liabilities.
The carrying value of all other financial assets and liabilities (that are not at fair value through profit or loss) closely approximate fair value and are classified as Level 2 financial instruments within the fair value hierarchy.

Sensitivity analysis

The impact of a 5% movement in the market price on the Statement of Comprehensive Income is shown as follows:

Description	Financial period ended 31 December 2017 US$
5% net movement in fair value of assets	13,274,547
Adjustment on financial liabilities at FVTPL	(13,274,547)
Changes in profit for the financial period	-

As the Company has limited recourse Notes issued, all profits and losses are passed on to the Noteholders, there is no residual risk remaining.

Offsetting financial assets and financial liabilities
The financial assets and liabilities of the Company are not subject to offsetting, enforceable master netting arrangements and similar agreements.

(b) Credit risk

Credit risk arises from the possibility of obligors failing to meet their obligations to the Company and represents the most significant category of risk. The Company manages the credit risk by engaging in full analysis of possible investments and limiting investments to high credit quality institutions.

The table below represents the maximum exposure to credit risk:

	Credit risk exposures relating to financial instruments	As at 31 December 2017 US$
(i)	Investments at FVTPL	265,490,950
(ii)	Trade and other receivables	67,948
(iii)	Unsettled trades	3,671
(iv)	Cash and cash equivalents	15,741,320
		281,303,889

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Financial risk management (continued)

(b) Credit risk (continued)

The risk management systems in place do not facilitate splitting the overall fair value movement into its individual components, specifically credit risk and market risk. The directors rely on the overall fair value movement to assess the performance of the investments and as such do not require the individual components of the risk. In their opinion the credit ratings assigned to each financial asset in the Portfolio along with the ongoing monitoring of its performance are reasonable assessments of the credit risk. The Portfolio advisor monitors the credit status of all of the Investments held by the Company and compares this against the market values that could be derived by selling the securities. The credit characteristics of the Investments in the Portfolio are measured, updated and analysed every quarter, and in some cases every month, to determine the current credit status of each financial asset. The Portfolio advisor tracks the credit ratings for the financial assets in the Portfolio.
(i) Financial assets at FVTPL

The Moody's Issuer rating profile of the financial assets at FVTPL is as follows:

	As at 31 December 2017
	%
B1	17%
B2	60%
B3	17%
Ba3	4%
Caa2	2%
	100%

In addition to the credit rating above, the Portfolio advisor also considers other factors to minimise credit risk, such as general risk of the industry of the portfolio, historical performance of the industry and the portfolio. The industry analysis is included in note 15 (d).

(ii) Trade and other receivables

The credit rating profile of the trade and other receivables are in line with that of the financial assets disclosed above as they mainly relate to accrued interest income.

(iii) Unsettled trades

Unsettled trades were settled subsequent to the financial period end or transferred to CLO Warehouse facilities.

(iv) Cash and cash equivalents

The Moody's long term credit rating profile of U.S. Bank holding the cash and cash equivalents balance is as follows:

Credit ratings	**As at 31 December 2017**
U.S. Bank Trustees Limited	Aa1

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. Liquidity risk management means that the Company maintains sufficient cash and liquid investments. The ability of the Company to meet its ongoing obligations towards the Noteholders is dependent on the receipt of interest and principal from the Portfolio of financial assets. The obligations of the Company are limited in recourse to the financial assets, hence any shortfall in receipts will have an equal effect on the repayment obligations on the Notes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(c) Liquidity risk (continued)

The amounts disclosed in the table are the contractual undiscounted cash flows whereas the Company manages the inherent liquidity risk based on expected undiscounted cash inflows.

31 December 2017	Up to 1 year US$	1-2 years US$	2-5 years US$	Over 5 years US$	Total US$
Liabilities:					
Unsettled trades	118,680,609	-	-	-	118,680,609
Trade and other payables	1,104,971	-	-	-	1,104,971
Other current facilities	42,458,928				42,458,928
Notes issued	-	-	-	119,058,480	119,058,480
	162,244,508	-	-	119,058,480	281,302,988

Interest payable on Notes has been calculated using the assumption that the financial year end EURIBOR rate and applicable rates would remain unchanged in the future. No interest has been recognized on the Subordinated Notes due to uncertainty over future amounts.

(d) Concentration risk

Concentration risk can arise from the type of investments held in the portfolio, the maturity of assets, the concentration of sources of funding, concentration of counterparties or geographical locations. Prudent risk management implies maintaining the exposure to various risks at a reasonable level.

The Portfolio advisor monitors the exposure of the Company to various risks including country/geographical, single obligor/counter party, industry categories/segments and asset type. The exposure by single obligors is maintained at a low level and in each case is below 5% of the total investment. Please refer to table in note 16 (ii) for geographical breakdown and table in next page for exposure across industry categories.

The largest industry exposures are shown below:

Moody's industry categories	As at 31 December 2017 % Exposure
Services: Business	29%
Healthcare & Pharmaceuticals	14%
High Tech Industries	13%
Services: Consumer	11%
Telecommunications	9%
Retail	8%
Chemicals, Plastics & Rubber	4%
Hotel, Gaming & Leisure	3%
Media: Broadcasting & Subscription	3%
Other	6%
	100%

17. Segment risk and reporting

The Company is structured in a way that the assets and liabilities are managed as a whole and there are no distinct identifiable segments. The reporting, risk management and administration are performed on a collective basis rather than based on segments.

(i) Revenue from major products and services

The Company's revenue is generated from the Portfolio held during the financial year. The Company has no other product or revenue generating source. The Company has no major customer generating significant revenue.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Segment risk and reporting (continued)

(ii) Geographical information

The Company's investments by geographical location are detailed below.

	As at 31 December 2017 % Exposure
United Kingdom	27%
United States	22%
France	11%
Netherlands	10%
Germany	8%
Sweden	7%
Norway	7%
Israel	5%
Belgium	2%
Other	1%
	100%

18. Contingent liabilities and commitments

There were no contingent liabilities as of 31 December 2017. Contingent liabilities are assessed continually to determine whether transfers of economic benefits have become probable. Where future transfers of economic benefits change from previously disclosed contingent liabilities, provisions are recognised in the period in which the changes in probability occur.

19. Related party transactions

TMF Administration Services Limited provides corporate administration services to the Company. As at the period end the Company held a loan of US$9,393,600 as part of its asset portfolio to TMF Group Holding B.V which is the controlling party of the administrator.

Partners Group Daintree Co-Invest, L.P. and the Company have entered into a Collateral Management and Administration Agreement, and therefore the Portfolio advisor is considered to have the authority and responsibility for planning and directing the activities of the Company being the purchase and sale of the portfolio.

The Noteholders of the Company are PG Finance EUR IC Limited, PG Finance USD IC Limited, and PG Daintree Co-invest L.P. PG Finance EUR IC Limited and PG Finance USD IC Limited are subsidiaries of Partners Group Holding AG. PG Daintree Co-invest L.P., is a Guernsey Limited Partnership, whereby the General Partner (Partners Group Management XIII Limited) is a subsidiary of Partners Group AG.

On 16 November 2017, the Company acquired €23,000,000 of subordinated notes in Penta CLO 3 DAC as risk retention holder.

There were no other contracts of any significance in relation to the business of the Company in which the directors had any interest, as defined in the Companies Act 2014 at any time during the financial period.

20. Subsequent events

There were no significant subsequent events after the reporting period until the approval of the financial statements.

21. Ultimate Controlling Party

Control of the Company rests with the Portfolio advisor, Partners Group (UK) Management Ltd. The ultimate controlling party is considered to be Partners Group Holding AG.

23. Approval of financial statements

The Board approved these financial statements on 7 December 2018.