Five Arrows Global Loan Investments PLC

Annual Report and Financial Statements

For the period from 18 December 2018 (date of incorporation) to 31 December 2019

Company number: 11733441

Five Arrows Global Loan Investments PLC

Table of Contents

Contents	Pages

Administrative Information

Directors
Michael Clancy (Appointed 07/01/2019)
Heine Debel (Appointed 13/06/2019)
Sam Ellis (Appointed 18/12/2018)
Jan-Ole Hansen (Appointed 20/06/2019)
Niels Larsen (Appointed 07/01/2019)
Charles Leahy (Appointed 07/01/2019)
Pramal Patel (Appointed 18/12/2018)
Jennifer Lynn Jones (Appointed 18/06/2019; resigned 19/06/2019)

Registered Office
11th Floor
200 Aldersgate Street
London EC1A 4HD
United Kingdom

Company Secretary
Maples Fiduciary Services (UK) Limited
11th Floor
200 Aldersgate Street
London EC1A 4HD
United Kingdom

Custodian
Citibank N.A., London Branch
Citigroup Centre, Canary Wharf
Canada Square
London E14 5LB
United Kingdom

Portfolio Adviser
Five Arrows Managers LLP
New Court
St. Swithin's Lane
London EC4N 8AL
United Kingdom

Legal Adviser
Paul Hastings (Europe) LLP
Ten Bishops Square Eighth Floor
London E1 6EG
United Kingdom

Independent Auditors
Mazars, Chartered Accountants & Statutory Audit Firm
Harcourt Centre, Block 3
Harcourt Road
Dublin 2
Ireland

Administrator, Issuing and Paying Agent, Calculation Agent and Registrar
Virtus Partners Fund Services Ireland Limited
5th Floor, Connaught House
1 Burlington Road
Dublin 4
Ireland

Listing Agent
Bedell Channel Islands Limited
26 New Street
St Helier
Jersey JE2 3RA
Channel Islands

Report of the Directors

The Directors present their annual report and audited financial statements for Five Arrows Global Loan Investments PLC (the "Company") for the period from 18 December 2018 (date of incorporation) to 31 December 2019.

Principal activity and business review

The Company is incorporated in England and aims to satisfy the conditions for a “note issuing company” set out in the United Kingdom Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296).

The Company intends to use substantially all of the net proceeds of the offering of the Profit Participating Notes (“the Notes”) to acquire European and U.S. 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, collateralised loan obligation (“CLO”) securities, investments in CLO warehouse facilities by way of debt (including CLO subordinated notes) and other related investments.

The Company’s investment strategy is to generate attractive risk-adjusted returns from its investments through the origination and purchase of investments. Such strategy is intended to be achieved by way of a long-term investment strategy. As part of this investment strategy, the Company intends to utilise the CLO market as a means of obtaining exposure to a diversified pool of investments. In particular it will seek to establish CLOs, by way of serving as originator on and subsequently hold majority positions in the subordinated notes issued by CLOs managed by the Rothschild & Co Group’s credit management team. The Company will also invest selectively in leveraged loans, secured and unsecured bonds, CLO subordinated and other CLO tranches managed by other managers.

The Company is a self-managed company and retains for itself the decision as to whether any CLO should be established and whether the Company will serve as originator. Five Arrows Managers LLP acts as Portfolio Adviser to the Company and pursuant to the Portfolio Advisory and Management Deed, provides advice and assistance to the Company in connection with its investments as well managing on behalf of the Company assets attributable to the Company’s secondary strategy, being the Company’s General Credit Business Investments only. Virtus Partners Fund Services Ireland Limited acts as Administrator, issuing and paying agent, calculation agent and registrar. Maples Fiduciary Services (UK) Limited acts as Company Secretary.

The Company completed its initial close on the 27 June 2019 raising commitments from Noteholders of €205.3m. The Company issued its first capital call notice in September 2019 for 7% of all commitments. As at 31 December 2019 the Company had called Noteholders for 25% of their commitments (€51.4m).

As at 31 December 2019 the Company had made commitments to invest upto €56m in the subordinated notes issued by three CLO warehouses managed by the Rothschild & Co Group’s credit management business (two in the U.S. and one in Europe). In addition, the Company invested in a majority position in the subordinated notes issued by Contego CLO VII DAC and held several investments in leveraged loans.

The Company had generated income of €807,481 from its investment activities.

The Directors have no plans to change significantly the activities and operations of the Company in the foreseeable future.

Financial results, performance indicators (KPIs) and dividends

The Company’s total comprehensive income for the period (before tax) was EUR 4,721 (GBP 4,000).

The Company’s key performance indicators are summarized below:

		31 Dec 19 €
(a)	Defaults during the period – par amount	-
(b)	Interest and similar income	807,481
(c)	Net realised gain on disposal of financial assets at FVTPL	-
(d)	Net unrealised gain on fair value of financial assets at FVTPL	90,136

The KPIs are used by the Directors to form an understanding of the financial performance of the business. In addition to the above, KPIs include reviews of budgets and forecasts relating to operational expenses, management accounts and other related information.

The Directors do not recommend the payment of a dividend.

Report of the Directors (Continued)

Directors

The Directors at the date of this report are stated on page 2 and include all those who, at any time during the financial period, were Directors. The Directors fees and interests are disclosed in Note 15.

Related party transactions

The related party transactions in relation to the Company are disclosed in Note 19.

Going concern

The Directors have prepared the financial statements on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future and will have adequate funds available to meet their obligations as they fall due. The Notes issued by the Company are of limited recourse and all the payments made in relation to the Notes and running costs of the Company are made in accordance with the Offering Circular. Given that the Directors expect to issue further Notes and to continue to make additional investments in accordance with the Company's investment objectives and given that the Notes are not due to mature until 2044 the Directors consider it appropriate to prepare the financial statements under the going concern assumption.

The Directors assessment of the Covid-19 pandemic is disclosed in Note 21, subsequent events.

Events after the end of the financial reporting period

In the first quarter of 2020, the World Health Organisation declared a global health pandemic due to the spread of the "COVID-19" virus. The economic and broader impacts of COVID-19 are likely to have an effect on the Company's financial statements and operations in the future, though it is not possible to quantify likely impacts at this stage. After reviewing the Company's forecasts and projections, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Other subsequent events are disclosed in Note 21.

Political Donations

The Company is required to disclose all political donations over £2,000 in aggregate made during the financial period. The Directors, on enquiry, have satisfied themselves that no such donations in excess of this amount had been made by the company during the financial period ending 31 December 2019.

Independent Auditors

Mazars, Chartered Accountants & Statutory Audit Firm, were appointed as the first independent auditor of the Company and have signified their willingness to continue in office and will be proposed for reappointment under the Companies Act 2006, s. 487(2) by the Company.

Report of the Directors (Continued)

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Companies Act 2006 requires the Directors to prepare financial statements for each financial year. Under the Companies Act 2006, the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Companies Act, 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 of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Directors' transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Statement as to disclosure of information to auditors

In the case of each Directors of the Company in office at the date the Directors’ Report is approved:

- so far as the Directors are aware, there is no relevant audit information of which the Company’s auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director of the Company in order to make themselves aware of any relevant audit information and to establish that the Company’s auditors are aware of that information.

Approved by the Board of Directors on 24 June 2020 and signed by:

Sam Ellis	Charles Leahy
Director	Director

Five Arrows Global Loan Investments PLC

Strategic Report

The Company has chosen, in accordance with Companies Act 2006, s. 414C(11), to set out in the Company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' report. It has done so in respect of the business review, financial results, performance indicators (KPIs) and dividends.

Principal risks and uncertainties

The Company's principal risks and uncertainties relate primarily to its financial instruments. Further detail and analysis is provided in Note 3.

Risk	*Impact on the Company*
Interest rate risk	Interest rate risk primarily results from exposures to the volatility of interest rates. The Company is exposed to fluctuations in the prevailing levels of market interest rates.
Currency risk	The Company may invest in financial instruments and enter into transactions in currencies other than its functional currency. Consequently, the Company is exposed to risk that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of the portfolio of the Company's assets or liabilities denominated in currencies other than Euro. The Company does not hedge its currency risk and any adverse effect on the value of the Company's assets would be offset by a reduction in the value of the Company's liabilities to Noteholders.
Price risk	Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those arising from interest rates or currency exchange rates), whether caused by factors specific to an individual investment, its issuer or all factors affecting all investments traded in the market.
Liquidity risk	Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company's financial liabilities are paid monthly, quarterly, on demand and, with respect to the Notes issued to Noteholders, by the maturity date. 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 normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.
Credit risk	Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The carrying amounts of financial assets are the best estimate of the maximum exposure on the statement of financial position date.

Future developments

The Company will continue to seek and review investment opportunities in order to deliver returns to the Noteholders in accordance with the investment objectives of the Company as set out in the Offering Circular dated 21 June 2019. The Directors expect the present level of activity to be sustained until the realisation of investments.

Research and development

The Company did not incur any research and development costs during the financial period.

Financial instruments

The Company has a normal level of exposure to foreign exchange, credit, liquidity and cash flow interest rate risk that arise from investing activities which are conducted mainly in US Dollar and Euro. The Company's financial instruments are exposed to the risks outlined above however these are managed by the variable return nature of the Notes issued to Noteholders and the Directors consider the level of risk to be acceptable.

Section 172 statement

The Directors of the Company must act in a way they consider, in good faith, would most likely promote the success of the Company for the benefits of its members as a whole, and in doing so have regard (amongst other matters) to:

- The likely consequence of any decision in the long term
- The interest of the Company's employees (if any)
- The need to foster the Company's business relationships with suppliers, customers and others
- The impact of the Company's operations on the community and the environment
- The desirability of the Company maintaining a reputation for high standards of business conduct
- The need to act fairly as between members of the Company

The board considers that it has complied in all material respects with their s172 (1) duties.

Approved by the Board of Directors on 24 June 2020 and signed by:

Sam Ellis
Director

Charles Leahy
Director

MAZARS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIVE ARROWS GLOBAL LOAN INVESTMENTS PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Five Arrows Global Loan Investments PLC for the period ended 31 December 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the Notes to the financial statements, including the summary of significant accounting policies set out in Note 2. The financial reporting framework that has been applied in their preparation is the UK Companies Act 2006 and International Financial Reporting Standards as adopted by the EU.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2019 and of the company's profit for the period then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the EU; and
- have been properly prepared in accordance with the requirements of the UK Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Ethical Standard issued by the Financial Reporting Council (FRC) and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) 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.

MAZARS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIVE ARROWS GLOBAL LOAN INVESTMENTS PLC

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the UK Companies Act 2006

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the directors' report is consistent with the financial statements; and
- in our opinion, the directors' report and strategic report have been prepared in accordance with the UK Companies Act 2006.

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 and financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the 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 or strategic report. The UK Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIVE ARROWS GLOBAL LOAN INVESTMENTS PLC

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the statement of directors' responsibilities set on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and 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 management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities]. This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the UK Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Tuohy

Michael Tuohy **Date:** 26 June 2020

for and on behalf of Mazars

Chartered Accountants & Statutory Audit Firm

Harcourt Centre,

Block 3

Harcourt Road

Dublin

Five Arrows Global Loan Investments PLC

Statement of Financial Position
As at 31 December 2019

	Note	31 December 2019 EUR
Assets		
Non-current assets		
Financial assets at fair value through profit or loss ("FVTPL")	9	49,206,335
		49,206,335
Current assets		
Cash and cash equivalents	6	1,472,048
Other receivables	12	665,745
Total assets		**51,344,128**
Liabilities		
Non-current liabilities		
Financial liabilities at FVTPL	10	(50,171,476)
		(50,171,476)
Current liabilities		
Other payables	7	(1,154,636)
Total liabilities		**(51,326,112)**
Equity		
Called up share capital	18	(14,192)
Retained earnings		(3,824)
Total equity		**(18,016)**
Total equity and liabilities		**(51,344,128)**

The financial statements were approved for issue by the Directors on 24 June 2020 and signed on their behalf by:

Sam Ellis
Director

Charles Leahy
Director

The accompanying notes on pages 15 to 29 form an integral part of the financial statements.

Five Arrows Global Loan Investments PLC

Statement of Comprehensive Income
For the period from 18 December 2018 (date of incorporation) to 31 December 2019

	Note	Period ended 31 December 2019 EUR
Net Interest Income		
Interest and similar income	13	807,481
Interest expense	14	(672,509)
		134,972
Other income and expenses		
Net unrealised gain on financial assets at FVTPL	9	90,136
Net unrealised gain on financial liabilities at FVTPL	10	1,203,483
Net foreign currency exchange loss	11	(226,680)
		1,066,939
Operating expenses		
Administrative expenses	8	(1,197,190)
		(1,197,190)
Profit before taxation		**4,721**
Corporation tax charge	17	(897)
Profit for the financial period		**3,824**
Other comprehensive income		-
Total comprehensive income for the period		**3,824**

The accompanying notes on pages 15 to 29 form an integral part of the financial statements.

Five Arrows Global Loan Investments PLC

Statement of Changes in Equity
For the period from 18 December 2018 (date of incorporation) to 31 December 2019

	Share capital EUR	Retained earnings EUR	Current period profit and loss EUR	Total EUR
Balance as at 18 December 2018	-	-	-	-
Called up share capital	14,192	-	-	14,192
Total comprehensive income for the period	-	-	3,824	3,824
Balance as at 31 December 2019	**14,192**	**-**	**3,824**	**18,016**

The accompanying notes on pages 15 to 29 form an integral part of the financial statements.

Five Arrows Global Loan Investments PLC

Statement of Cash Flows
For the period from 18 December 2018 (date of incorporation) to 31 December 2019

	Note	Period ended 31 December 2019
		EUR
Cash flows from operating activities		
Profit before taxation		4,721
Adjustments:		
Net unrealised gain on financial liabilities at FVTPL	10	(1,203,483)
Net unrealised gain on financial assets at FVTPL	9	(90,136)
Net unrealised foreign exchange loss on assets	11	238,179
Interest and similar income	13	(807,481)
Interest expense	14	672,509
Increase in other receivables	12	(19,729)
Increase in payables	7	491,273
Net cash flow from operating activities		**(714,147)**
Cash flows used in investing activities		
Acquisition of financial assets at FVTPL	9	(49,354,722)
Interest and similar income received		161,465
Net cash used in investing activities		**(49,193,257)**
Cash flows from financing activities		
Issue of shares	18	14,192
Issue of debt securities	10	51,374,959
Other interest expenses	14	(10,043)
Net cash from financing activities		**51,379,108**
Net increase in cash and cash equivalents		**1,471,704**
Cash and cash equivalents at start of the financial period		-
Effect of exchange rate fluctuations on cash		344
Cash and cash equivalents at end of the financial period	6	**1,472,048**

The accompanying notes on pages 15 to 29 form an integral part of the financial statement.

1. General Information

Five Arrows Global Loan Investments PLC (the "Company") is a public limited liability company incorporated in United Kingdom under the Companies Act 2006. It was incorporated on the 18 December 2018 under company number 11733441.

The registered office of the Company is 11th Floor, 200 Aldersgate Street, London EC1A 4HD. The Company's objective is to use substantially all of the net proceeds of the offering of the Notes to acquire European and U.S. 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, collateralised loan obligation ("CLO") securities, investments in CLO warehouse facilities and other related investments.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements of the Company are set out below.

2.1 Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee interpretations ("IFRS IC") as issued by the International Accounting Standards Board ("IASB") and adopted by the European Union and UK statute comprising the Companies Act 2006.

The financial statements have been prepared under the historical cost convention, except for financial assets and financial liabilities at fair value through profit or loss which have been measured at fair value.

The financial statements comprise a Statement of Financial Position, a Statement of Comprehensive Income, a Statement of Changes in Equity, a Statement of Cash Flows and the related notes.

The financial statements are presented into Euro ("EUR") which is the Company's presentation and functional currency. Given the majority of the Company's Notes in issue are denominated in Euro, the Directors believe that the Euro is the currency of the primary economic environment in which the Company operates.

2.2 Going concern

The Directors have prepared the financial statements on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future and will have adequate funds available to meet their obligations as they fall due. The Notes issued by the Company are of limited recourse and all the payments made in relation to the Notes and running costs of the Company are made in accordance with the Offering Circular. Given that the Directors expect to issue further Notes and to continue to make additional investments in accordance with the Company's investment objectives and given that the Notes are not due to mature until 2044 the Directors consider it appropriate to prepare the financial statements under the going concern assumption.

2.3 Significant judgement and estimates

The preparation of the financial statements in conformity with IFRS requires management to exercise its judgement and make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Changes in the economic environment, financial markets and any other parameters in determining these estimates could cause actual results to differ from those estimates materially. For details on the balances that require significant estimation and judgement, please refer to Note 4.

2.4 Standards and amendments to existing standards effective 1 January 2019

The following standards have become effective in the reporting period beginning on or after the 1 January 2019 and are relevant to financial statements of the Company.

IFRS 9 Financial Instruments – amendments

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. While IFRS became effective after 1 January 2018, additional amendments to IFRS 9 addressing certain concerns about how IFRS 9 is to be implemented only became effective after 1 January 2019. These amendments addressed concerns around the classification of particular prepayable financial assets. The adoption of the amendments to IFRS 9 has not had a material impact on the Company during the period ended 31 December 2019.

2.4 Standards and amendments to existing standards effective 1 January 2019 (continued)

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 clarifies the accounting for uncertainties in income taxes. An entity may have to reassess its judgements and estimates if facts and circumstances change. The Company has considered the impact of the amendments to IFRIC 23 and the adoption of IFRIC 23 has not had a material impact on the Company during the period ended 31 December 2019.

2.4.1 New standards, amendments and interpretations effective after 1 January 2019 and have not been early adopted

There are no new standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Company.

2.5 Foreign currency translation

Foreign currency transactions are transactions denominated, or that require settlement, in a foreign currency and are translated into the functional currency using the exchange rates prevailing at the dates of the relevant transactions.

Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated using the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation, at period-end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income, except when deferred in equity as gains or losses from qualifying cash flow hedging instruments or qualifying net investment hedging instruments.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, and restricted cash held for deposits.

2.7 Expenses

All expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

2.8 Other payables

Other payables are obligations on the basis of normal credit terms and do not bear interest and are recognised on an accruals basis. They are recognised initially at fair value and are subsequently measured at amortised cost.

2.9 Other receivables

Other receivables are recognised at fair value and subsequently measured at amortised cost less impairment, if any.

2.10 Financial instruments

(i) Classification
The Company classifies its investment portfolio as financial assets at fair value through profit or loss. The Company classifies the Notes issued to Noteholders as financial liabilities at fair value through profit or loss. The fair value through profit or loss classification of financial assets and Notes issued eliminates an accounting mismatch which would otherwise arise.

Financial assets that are not at fair value through profit or loss include cash and cash equivalents and other receivables. Financial liabilities that are not at fair value through profit or loss include other payables.

(ii) Recognition
The Company initially recognises financial assets or liabilities on the trade date at which the Company becomes a party to the contractual provisions of the instrument. From this date, any gains and losses arising from changes in fair value of the instruments are recognised in the Statement of Comprehensive Income. Purchases or sales of financial assets or liabilities are recognised using trade date accounting.

2.10 Financial instruments (continued)

(iii) Measurement
Financial assets are measured initially at fair value. For other financial assets acquired, cost is the fair value of the consideration paid, while for financial liabilities cost is the fair value of consideration received. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income.

Financial assets and other financial liabilities that are not at fair value through profit or loss are carried at amortised cost using the effective interest rate method less impairment losses, if any.

(iv) Impairment
The Company's impairment policy aligns with the requirements of the IFRS 9 expected credit loss model. At each reporting date, the Company shall measure the loss allowance, on all amounts reported at amortised cost, at an amount equal to the lifetime expected credit losses, if the credit risk has increased significantly since initial recognition. If at reporting date, the credit risk has not increased significantly since initial recognition, the Company shall measure the loss allowance at an amount equal to 12-month expected credit losses.

The Company measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. The Company considers both historical analysis and forward-looking information in determining any expected credit losses.

(v) Derecognition
The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IFRS 9. The Company uses the first- in first-out (FIFO) basis to determine realised gains and losses on derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged or expired.

(vi) Offsetting
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 offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from the similar transactions.

2.11 Fair value disclosures

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company’s market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of over the counter derivative contracts, traded loans and issued structured debt. The prices where possible are derived from independent broker quotations. The Company’s investments in senior secured loans are categorised as Level 2.
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. The Company’s investments in subordinated CLO and CLO warehouse notes are categorised as Level 3.

Specific disclosures are required when fair value measurements are categorised as Level 3 (significant unobservable inputs) in the fair value hierarchy. Further detail and analysis is provided in Note 4.

2.12 Interest income and interest expense

Interest income and expense are recognised in the Statement of Comprehensive Income on an accruals basis.

2.13 Investments at fair value through profit or loss

Realised gains or losses on disposal of investments during the financial year and unrealised gains and losses on valuation of investments held at the financial year end are accounted for through the Statement of Comprehensive Income under Net gains/losses on financial assets at fair value through profit and loss.

2.14 Capitalised establishment expenses

In accordance with IAS 38, establishment expenses are expensed as incurred and are included within administration expenses in the Statement of Comprehensive Income. Under the terms of the Offering Circular, in calculating the published NAV of Noteholders establishment expenses are to be amortised over a period of five years and have been done so proportionally based on the capital call amounts funded by the noteholders of debt securities (Notes) issued by the Company. As a result of the differing accounting treatments of establishment expenses described above, a reconciliation has been included in Note 16 illustrating the impact.

3. Financial risk management

The Company is exposed to a variety of financial risks as a result of its activities. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk, liquidity and cash flow risk, and operational risk. The Company's overall risk management programme focuses on minimising potential adverse effects on the Company's performance resulting from these financial risks. The Company manages these financial risks on an aggregate basis along with other risks associated with its investing activities.

(a) Market risk

The Company's strategy with respect to management of market risk is driven by the Company's investment objective. Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The significant market risks that the Company is exposed to include interest rate risk, currency risk and other price risk. The market risk of the Company's General Credit Business investments is managed by the Portfolio Adviser in accordance with their policies and procedures in place.

Market risk embodies the potential for both gains and losses and includes:
(i) Interest rate risk;
(ii) Currency risk; and
(iii) Other price risk.

(i) Interest rate risk

Interest rate risk primarily results from exposures to the volatility of interest rates. The Company is exposed to fluctuations in the prevailing levels of market interest rates.

	Non-interest bearing EUR	Floating EUR	Total EUR
As at 31 December 2019			
Financial assets			
Financial assets at fair value through profit or loss	-	49,206,335	49,206,335
Cash and cash equivalents	1,472,048	-	1,472,048
Other receivables	665,745	-	665,745
Financial liabilities			
Financial liabilities at FVTPL	-	(50,171,476)	(50,171,476)
Other payables	(1,154,636)	-	(1,154,636)
	983,157	(965,141)	18,016

As at 31 December 2019, if interest rates had changed by 150 basis point with all other variables remaining constant, the increase/decrease in net assets from operations for the period would be zero as any increase in the fair value of investments would be offset by an increase in the fair value of liabilities.

(ii) Currency risk

The Company may invest in financial instruments and enter into transactions in currencies other than its functional currency. Consequently, the Company is exposed to risk that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of the portfolio of the Company's assets or liabilities denominated in currencies other than Euro. The Company does not hedge its currency risks and any adverse effect on the value of the Company's assets would be offset by a reduction in the value of the Company's liabilities to Noteholders.

3. Financial risk management (continued)

(a) Market risk (continued)

(ii) Currency risk (continued)

The following tables describe the Company's exposure to foreign currencies as at 31 December 2019:

	Euro	In EUR Pound Sterling	In EUR United States Dollars
As at 31 December 2019			
Financial assets			
Financial assets at FVTPL	40,299,236	-	8,907,099
Cash and cash equivalents	1,438,631	32,880	537
Other receivables	665,745	-	-
Financial liabilities			
Financial liabilities at FVTPL	(47,730,079)	-	(2,441,397)
Other payables	(1,122,400)	-	(32,236)
Net exposure	**(6,448,867)**	**32,880**	**6,434,003**

The tables below summarise the sensitivity of the Company's monetary assets and monetary liabilities to changes in foreign exchange movements at 31 December 2019. The analysis is based on the assumptions that the relevant foreign exchange rate increased/decreased by the percentage disclosed in the tables below, with all other variables held constant.

	Net exposure EUR	Reasonable Possible shift in	Sensitivity +/- EUR
31 December 2019			
Pound Sterling	32,880	986	**+/- 3%**
United States Dollars	6,434,003	193,020	**+/- 3%**

At period end, had the exchange rate of the Euro weakened by 3% against the underlying currencies, with all variables held constant, the increase in the value of the net exposures in EURs is reflected in the tables above. A strengthening of 3% would have an equal but opposite effect. Any currency gain or loss in the value of the net exposures would be reflected by a change in the fair value of the financial liabilities resulting in the net assets of the Company remaining unchanged.

(iii) Other price risk

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those arising from interest rates or currency exchange rates), whether caused by factors specific to an individual investment, its issuer or all factors affecting all investments traded in the market. As the Company's investments are carried at fair value with fair value changes recognised in the Statement of Comprehensive Income, all changes in market conditions will directly affect the Company's profit before taxation. Other price risk is managed by the Portfolio Adviser in line with the Company's investment objectives.

(b) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The carrying amounts of financial assets are the best estimate of the maximum exposure on the statement of financial position date.

The Company's credit risk is attributable to its cash and cash equivalents, other receivables and financial assets at fair value through profit or loss. The Company recognises a loss allowance for estimated credit loss (ECL) on financial assets measured at amortised cost. When assessing the need to recognise an allowance for ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience, informed credit assessment and including forward-looking information.

3. Financial risk management (continued)

(b) Credit risk (continued)

The Directors of the Company, in consultation with the Portfolio Adviser, review all exposures to credit risk in line with the Investment Objectives of the Company.

During the period ended 31 December 2019 all cash balances were held with Citibank N.A., London Branch, as Custodian. Citibank N.A., London Branch has a credit rating of Aa3 by Moody's. The Company considers the probability of default to be close to zero as the counterparty has a strong capacity to meet its contractual obligations. As a result, no loss allowance has been recognised based on 12 month expected credit losses as any such impairment would not be material.

The maximum exposure on financial assets is as follows:

	31 December 2019 EUR
Financial asset at fair value through profit or loss	49,206,335
Cash and cash equivalents	1,472,048
Other receivables	665,745
	51,344,128

At the reporting date, the credit risk split of the financial assets at fair value through profit or loss are as follows:

	CLOs & CLO warehouses - unrated EUR	Loans – rated BB/B EUR	Bonds EUR	Total EUR
31 December 2019				
Company				
Europe	30,429,643	9,869,593	-	40,299,236
United States	8,907,099	-	-	8,907,099
	39,336,742	**9,869,593**	**-**	**49,206,335**

To mitigate its credit risk, the Company's Directors monitor its financial assets on atleast a quarterly basis given the long-term nature of the Company's investment strategy. The Portfolio Adviser regularly and continuously monitors credit risk on behalf of the Company in accordance with the Company's investment objectives.

As at 31 December 2019, all the financial assets containing credit exposures were deemed to be performing.

(c) Liquidity and cash flow risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company's financial liabilities are paid monthly, quarterly, on demand and with respect to the Notes issued to Noteholders, by the maturity date. 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 normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has received total commitments from Noteholders of €205.3m as of 31 December 2019 of which €154m remains uncalled as at 31 December 2019. The uncalled commitments are not included in the Statement of Financial Position. The uncalled commitments can be drawn at 5 business days' notice,

The Company aims to maintain sufficient capital resources to support the Company's risk appetite, investment activities and economic capital requirements.

3. Financial risk management (continued)

(c) Liquidity and cash flow risk (continued)

The liquidity profile of the Company as at 31 December 2019 is as follows:

	Gross contractual Cash flows	Less than 3 months	3 months to 1 year	More than 1 year
	EUR	EUR	EUR	EUR
31 December 2019				
Financial liabilities at FVTPL	50,171,476	-	-	50,171,476
Other payables	1,154,636	492,170	662,466	-
	51,326,112	492,170	662,466	50,171,476

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, 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 investment management behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to Noteholders.

4. Valuation of financial instruments

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of over the counter derivative contracts, traded loans and issued structured debt. The prices where possible are derived from independent broker quotations. The Company's investments in senior secured loans are categorised as Level 2.

- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. The Company's investments in subordinated CLO and CLO warehouse notes are categorised as Level 3.

As at 31 December 2019 the Company's investments in senior secured loan assets were broker priced through Markit. These loan assets have been categorised as level 2 since the input into the Markit price consisted of at least two broker quotes.

The investment in subordinated CLO notes are valued by a third party valuation provider using a discounted cash flow ("DCF") valuation technique. The discounted cash flow is a valuation technique that provides an estimation of the Fair Value of an asset based on expectations about the cash flows that a loan pool would generate over time. The DCF approach is determined by a third party valuation provider utilising software to provide an estimation of periodic cash flows expected to be generated over a discrete projection period (the remaining life of the loan pool). The estimated cash flows for each of the periods are then converted to their present value equivalent using a rate of return appropriate for the risk of achieving the projected cash flows. The DCF valuation uses subordinated CLO notes cashflows generated using CLO modelling based on prevailing market assumptions, including inter alia; default rates, recovery rates, prepayment rates, loan reinvestment prices and spreads, and forward interest rates. In addition, the valuation incorporates a review of each CLO indenture and the latest underlying CLO loan portfolio forming various projections based on the quality of the loan portfolio, the Collateral Manager's capabilities and general macroeconomic conditions.

The investment in CLO warehouse notes are measured at fair value and classified as Level 3. These investments are temporary investments into warehouses which are due to be repaid at cost following the launch and closing of the relevant CLO transaction. As at 31 December 2019 there is no evidence of impairment within these warehouses and hence their fair value has been measured at cost.

The Profit Participating Notes ("the Notes") issued by the Company are categorised as Level 3, as they are valued using a model which is based on the fair value of the underlying assets and liabilities of the Company.

The following tables provide an analysis of the basis of measurement used by the Company to fair value its financial instruments carried at fair value, categorised by the fair value hierarchy:

31 December 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
	EUR	**EUR**	**EUR**	**EUR**
Financial assets measured at fair value through profit or loss ("FVTPL")				
Investments in Senior secured loans	-	9,869,593	-	9,869,593
Investments in Subordinated CLO notes and CLO warehouse notes		-	39,336,742	39,336,742
	-	**9,869,593**	**39,336,742**	**49,206,335**
Financial liabilities measured at fair value through profit or loss				
Profit Participating Notes (the "Notes")			(50,171,476)	(50,171,476)
			(50,171,476)	**(50,171,476)**

There were no transfers between levels for the period ended 31 December 2019.

4. Valuation of financial instruments (continued)

The following tables provides a reconciliation of the opening and closing balance of assets and liabilities categorised as level 3:

Level 3 reconciliation – financial assets at FVTPL	31 December 2019 EUR
Balance at the beginning of the period	-
Purchases of financial assets at FVTPL	39,403,622
Unrealised gain in financial assets at FVTPL	171,643
Unrealised foreign exchange loss on financial assets at FVTPL	(238,523)
Closing Balance	**39,336,742**

Level 3 reconciliation – financial liabilities at FVTPL	31 December 2019 EUR
Balance at the beginning of the period	-
Issuance of Notes at FVTPL	(51,374,959)
Unrealised gain in issued Notes at FVTPL	1,203,483
Closing Balance	**(50,171,476)**

Sensitivity of Level 3 assets and liabilities to unobservable inputs

The subordinated CLO notes are valued based on a discounted cash flow modelling technique incorporating significant unobservable inputs. The valuation is performed independently and includes consideration of several factors including; default rates, recovery rates, prepayment rates, loan reinvestment prices and spreads, and forward interest rates. These factors are highly sensitive, and variations may materially affect the fair value of the asset.

If the price of the holdings classified as Level 3 increased or decreased by 3% it would result in an increase or decrease in the value of the financial assets of EUR 1,180,102. There would also be an equal and opposite change in the fair value of the financial liabilities resulting in the net assets of the Company remaining unchanged.

5. Segment analysis

IFRS 8 “Operating Segments” requires an entity to disclose information about its segments which enable users to evaluate the nature and financial effects of its business activities and the economic environments in which it operates. 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.

6. Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, and restricted cash held for deposits.

	31 December 2019 EUR
Cash at bank	1,472,048

7. Other payables

	31 December 2019 EUR
Accrued interest on financial liabilities at FVTPL	(662,466)
Establishment expenses payable	(356,702)
Administration fees payable	(18,465)
Audit fees payable	(42,444)
Directors fees payable	(55,000)
Management fees payable	(12,371)
Corporation tax	(897)
Other payables	(6,291)
	(1,154,636)

8. Administrative expenses

	Period ended 31 December 2019 EUR
Administration fees	(20,612)
Audit fees	(42,000)
Professional fees	(9,046)
Custodian fees	(2,417)
Directors fees	(42,133)
Management fees	(12,371)
Establishment expenses	(1,058,446)
Other expenses	(10,165)
	(1,197,190)

The Company incurred EUR 42,000 in audit fees payable to the independent auditor during the period of which EUR 42,000 was outstanding at the period end.

The Company incurred EUR 2,350 in non-audit fees payable to the independent auditor during the period of which EUR 2,350 was outstanding at the period end. The non-audit fees relate to Corporation Tax compliance services.

9. Financial assets at fair value through profit or loss

	31 December 2019 EUR
Balance at the beginning of the period	-
Purchase of financial assets at cost	49,354,722
Unrealised gain in financial assets	90,136
Unrealised foreign exchange loss on financial assets	(238,523)
Closing Balance	**49,206,335**

10. Financial liabilities at fair value through profit or loss

	Period ended 31 December 2019 EUR
Balance at the beginning of the period	-
Issue of Notes	(51,374,959)
Unrealised gain in fair value of Notes issued	1,203,483
	(50,171,476)

On the 30 September 2019 the Company issued Series 1 Notes in Euros and USD totalling €195,500,000 and $11,000,000 respectively. As at 31 December 2019, 25% of these Notes (representing €51,374,959) were called and funded by Noteholders.

11. Net foreign currency gains / (losses)

	Period ended 31 December 2019 EUR
Unrealised foreign exchange loss on financial assets	(238,523)
Unrealised foreign exchange gain on cash and cash equivalents	344
Realised foreign exchange gain on cash and cash equivalents	12,227
Other foreign exchange losses	(728)
	(226,680)

12. Other receivables

	31 December 2019 EUR
Accrued interest and similar income	646,016
Prepayments and other receivables	19,729
	665,745

13. Interest and similar income

	31 December 2019 EUR
Interest income on financial assets at FVTPL	602,529
Other income	204,952
	807,481

14. Interest expense

	31 December 2019 EUR
Interest expense on Notes issued	(662,466)
Other interest expenses	(10,043)
	(672,509)

The interest expense on Notes issued represents fixed interest and variable interest payable to Series 1 EUR and USD Noteholders. The fixed interest rate is 0.01% per annum with the remainder of the interest payable representing variable interest. The first interest payment is expected to be paid in July 2020.

15. Directors' fees and interests

The Directors were remunerated for their services per the table below (excluding applicable VAT):

	31 December 2019 EUR
Michael Clancy	15,000
Heine Debel	10,000
Sam Ellis	20,767
Jan-Ole Hansen	-
Niels Larsen	15,000
Charles Leahy	19,589
Pramal Patel	15,000
	95,356

The Directors were all entitled to remuneration at a rate of €20,000 per annum. Jan-Ole Hansen has waived his remuneration for the year ended 31 December 2019. All Directors fees incurred prior to the issue of the first capital call to Noteholders in September 2019 have been classified as establishment expenses.

The Company has no employees. The Company incurred €95,356 in Directors' fees (consisting exclusively of short-term benefits) during the period of which €55,000 was outstanding at the year end.

No pension contributions were payable in respect of any of the Directors.

The Directors did not hold any shares in the Company as at 31 December 2019.

16. Reconciliation of Published NAV to IFRS NAV per the financial statements

	NAV (EUR)	31 December 2019 NAV per EUR Note (EUR)
Published NAV attributable to Noteholders	**51,889,375**	**1.01**
Adjustment for establishment expenses written off under IFRS	(1,050,712)	0.02
Retained profit not accrued for in the Published Noteholder NAV	(4,721)	-
Fair value (NAV) attributable to Noteholders per the financial statements	**50,833,942**	**0.99**

As explained in Note 2.14 there is a difference between the Published NAV attributable to Noteholders per the terms of the Offering Circular dated 21 June 2019 and the IFRS NAV per the financial statements, mainly because of the different accounting treatment of establishment expenses. The above table provides a reconciliation of the difference.

17. Taxation on profit / (loss) on ordinary activities

	31 December 2019 EUR
(a) Analysis of tax charge for the period	
United Kingdom Corporation Tax charge for the current period	897
Current tax charge	**897**
Effective tax rate	19.0%
(b) Factors affecting current tax charge for the period	
Profit on ordinary activities before tax	4,721
Tax on profit on ordinary activities at the standard UK corporation tax rate of 19%	897
Effects of:	
Accounting profit not subject to taxation	(897)
Tax on profits under SI 2006/3296	897
Corporation tax payable	**897**

For the accounting period ended 31 December 2019, the UK corporation tax rate was 19%.

Under the powers conferred by the Finance Act 2005, secondary legislation was enacted in 2006 which ensures that, subject to certain conditions being met, for periods commencing on or after 1 January 2007, corporation tax for a ‘securitisation company’ will be calculated by reference to the profit of the securitisation company required to be retained in accordance with the relevant capital market arrangement. For UK corporation tax purposes, the Company has been considered as a Securitisation Company under the “Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296)”. Therefore, the Company is not required to pay corporation tax on its tax adjusted profit or loss. Instead, the Company is required to pay tax on its retained profits as specified in the transaction documents and as defined by the “Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296)”. The annual retained profit is set at £4,000 under the terms of the securitisation documentation.

The Directors are satisfied that this Company meets the definition of a ‘securitisation company’ as defined by the Taxation of Securitisation Companies Regulations 2006.

18. Share capital

	Period ended 31 December 2019
Authorised and issued share capital	
50,000 ordinary shares of £1 each	
One fully paid-up share and 49,999 shares quarter paid up	£12,501
EUR equivalent of issued share capital	**€14,192**

The only shareholder of the Company is Maples Fiduciary Services (UK) Limited, who holds the shares under a declaration of trust for charitable purposes.

19. Related party transactions

Five Arrows Managers LLP, the Portfolio Adviser, has entered into a Portfolio Advisory and Management Deed with the Company on 2 April 2019. In addition, Pramal Patel and Michael Clancy (two Directors of the Company) are also employees of Five Arrows Managers LLP but have contracted directly with the Company to provide Director services and are remunerated directly by the Company for their services.

Under the terms of the Portfolio Advisory and Management Deed, Five Arrows Mangers LLP earns a management fee of 0.50 per cent. per annum on the proportionate amount of the total investment amounts invested in the Company’s secondary strategy, being the Company’s General Credit Business Investments only.

19. Related party transactions (continued)

The amount of fees incurred and payable to Five Arrows Managers LLP for the period ended 31 December 2019 was €12,371. As at the period end, there were fees of €12,371 outstanding to Five Arrows Managers LLP.

Five Arrows Managers LLP is also the Collateral Manager to Contego CLO VII DAC, one of the CLO investments owned by the Company. Five Arrows Managers LLP earns a management fee directly from Contego CLO VII DAC for its collateral management services. The Company has negotiated an arm's length commercial agreement with Five Arrows Managers LLP to earn additional economics in the form of lower CLO Management Fees.

The Company is a self-managed company and the Directors are the key management personnel of the Company as they are the persons who have authority and responsibility for planning, directing and controlling the activities of the Company including all decisions related to the Company's Core CLO investment strategy. The Directors are entitled to remuneration for their services as disclosed in Note 15.

Maples Fiduciary Services (UK) Limited provides registered office, company secretarial and administrative services to the Company. Charles Leahy and Sam Ellis (two Directors of the Company) are also employees of Maples Fiduciary Services (UK) Limited. Maples Fiduciary Services (UK) Limited were paid €40,356 during the year for the provision of Directors services by Sam Ellis and Charles Leahy. In addition, Maples Fiduciary Services (UK) Limited were paid €24,174 for registered office, company secretarial, onboarding, and administrative services to the Company. No amounts were outstanding as at the year end.

20. Commitments and contingent liabilities

As at 31 December 2019 the Company had made commitments to invest upto €56m in the subordinated notes issued by three CLO warehouses managed by the Rothschild & Co Group's credit management business (two in the U.S. and one in Europe). The Company has sufficient uncalled commitments from Noteholders to meet its commitments to the CLO warehouses.

21. Subsequent Events

On 22 January 2020 the Company held its second close accepting commitments of €24,750,000 from noteholders. These noteholders were called for 25% of their commitments on the 27 January 2020 (€6,187,500).

On 13 February 2020 the Company called a further 3% of commitments from all Noteholders (€6,912,914).

On 31 January 2020 the United Kingdom (the "UK") formally withdrew and ceased being a member of the European Union (the "EU"). The UK and the EU have now entered into a transition period until 31 December 2020 (the "Transition Period"). During the Transition Period, the UK will be subject to applicable EU laws and regulations.

The negotiation and implementation of the political, economic and legal framework may extend beyond the Transition Period, and lead to continued uncertainty and periods of volatility in both the UK and wider European markets throughout the Transition Period and beyond. The terms of the future relationship may cause continued uncertainty in the global financial markets, and adversely affect the performance of the Company.

Volatility resulting from this uncertainty may mean that the returns of the Company's investments are adversely affected by market movements, potential decline in the value of Sterling and/or Euro, and any downgrading of UK sovereign credit rating.

A recent outbreak of a respiratory disease caused by the Covid-19 virus was first detected in China in December 2019 and has now been detected internationally. This coronavirus has resulted in closing borders, enhanced health screenings, healthcare service preparation and delivery, quarantines, cancellations, disruptions to supply chains and customer activity, as well as general concern and uncertainty. The impact of this coronavirus, and other epidemics and pandemics that may arise in the future, could affect the economies of many nations, individual companies and the market in general in ways that cannot necessarily be foreseen at the present time. In addition, the impact of infectious diseases in emerging developing or emerging market countries may be greater due to less established health care systems. Health crises caused by the recent coronavirus outbreak may exacerbate other pre-existing political, social and economic risks in certain countries. The impact of the outbreak may last for an extended period of time.

21. Subsequent Events (continued)

The economic and broader impacts of COVID-19 are likely to have an effect on the Company's financial statements and operations in the future, though it is not possible to quantify likely impacts at this stage. After reviewing the Company's forecasts and projections, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

22. Approval of Financial Statements

The financial statements were approved by the Board of Directors of the Company and authorised for issue on 24 June 2020.