

Oaktree European CLO Capital (Lux.) S.à r. l.

FINANCIAL STATEMENTS AND REPORT OF THE REVISEUR D'ENTREPRISES AGREE

**As at and for the period 12 July 2018 (date of incorporation) to
31 December 2019**

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L-2411 Luxembourg
RCS Luxembourg: B226365

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Independent auditor's report

To the shareholder of
Oaktree European Capital CLO (Lux.) S.à r.l.

Opinion

We have audited the financial statements of Oaktree European Capital CLO (Lux.) S.à r.l. (the "Company") which comprise the abridged balance sheet as at 31 December 2019, and the abridged profit and loss account for the period from 12 July 2018 (date of incorporation) to 31 December 2019, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of the results of its operations for the period from 12 July 2018 (date of incorporation) to 31 December 2019 in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Managers for the financial statements

The Board of Managers is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Managers determines 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 Board of Managers is 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 Board of Managers either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the “réviseur d’entreprises agréé” 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 a report of the “réviseur d’entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

We also provide the Board of Managers with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Ernst & Young
Société anonyme
Cabinet de révision agréé



Nicolas Bannier

Luxembourg, 24 June 2020



RCSL Nr. : B226365

Matricule : 20182443345

Abridged Balance Sheet

Financial period from 12 July 2018 to 31 December 2019

ASSETS

	Reference(s)		Current Year		Previous Period	
A. Subscribed capital unpaid	1101	101	-	102	-	-
I. Subscribed capital not called	1103	103	-	104	-	-
II. Subscribed capital called but unpaid	1105	105	-	106	-	-
B. Formation expenses	1107	107	-	108	-	-
C. Fixed assets	1109	3	60,261,598	110	-	-
I. Intangible assets	1111	111	-	112	-	-
II. Tangible assets	1125	125	-	126	-	-
III. Financial assets	1135	135	60,261,598	136	-	-
D. Current assets	1151	151	1,397,213	152	-	-
I. Inventories	1153	153	-	154	-	-
II. Debtors	1163	4	1,119,448	164	-	-
a) becoming due and payable within one year	1203	203	1,119,448	204	-	-
b) becoming due and payable after more than one year	1205	205	-	206	-	-
III. Investments	1189	189	-	190	-	-
IV. Cash at bank and in hand	1197	197	277,765	198	-	-
E. Prepayments	1199	7	401	200	-	-
TOTAL (ASSETS)		201	61,659,212	202	-	-

The notes form an integral part of the financial statements



RCSL Nr. : B226365

Matricule : 20182443345

CAPITAL, RESERVES AND LIABILITIES

Financial period from 12 July 2018 to 31 December 2019

	Reference(s)		Current Year		Previous Period	
A. Capital and reserves	1301	301	12,000	302	-	
I. Subscribed capital	1303	303	12,000	304	-	
II. Share premium account	1305	305	-	306	-	
III. Revaluation reserve	1307	307	-	308	-	
IV. Reserves	1309	309	-	310	-	
V. Profit or loss brought forward	1319	319	-	320	-	
VI. Profit or loss for the financial year	1321	321	-	322	-	
VII. Interim dividends	1323	323	-	324	-	
VIII. Capital investment subsidies	1325	325	-	326	-	
B. Provisions	1331	331	14,992	332	-	
C. Creditors	1435	435	61,632,220	436	-	
a) becoming due and payable within one year	1453	453	1,370,622	454	-	
b) becoming due and payable after more than one year	1455	455	60,261,598	456	-	
D. Deferred income	1403	403	-	404	-	
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		405	61,659,212	406	-	

The notes form an integral part of the financial statements



RCSL Nr. : B226365

Matricule : 20182443345

Abridged Profit and Loss Account

Financial period from 12 July 2018 to 31 December 2019

	Reference(s)		Current Year		Previous Year	
1. to 5. Gross profit or loss	1651	651	-	652	-	
6. Staff costs	1605	605	-	606	-	
a) Wages and Salaries	1607	607	-	608	-	
b) Social security costs	1609	609	-	610	-	
i)relating to pensions	1653	653	-	654	-	
ii)other social security costs	1655	655	-	656	-	
c) Other staff costs	1613	613	-	614	-	
7. Value adjustments	1657	657	-	658	-	
a)In respect of formation expenses and of tangible and intangible fixed assets	1659	659	-	660	-	
b)in respect of current assets	1661	661	-	662	-	
8. Other operating expenses	1621	10	(344,868)	622	-	

The notes form an integral part of the financial statements



RCSL Nr. : B226365

Matricule : 20182443345

	Reference(s)	Current year	Previous year
9. Income from participating interest	1715 11, 12	715 4,206,869	716 -
a)derived from affiliated undertakings	1717	717 4,206,869	718 -
b)other income from participating interest	1719	719 -	720 -
10. Income from other investments and loans forming part of the fixed assets	1721	721 -	722 -
a)derived from affiliated undertakings	1723	723 -	724 -
b)other income not included under a)	1725	725 -	726 -
11. Other interest receivable and similar income	1727	727 4	728 -
a)derived from affiliated undertakings	1729	729 -	730 -
b)other interest and similar income	1731	731 4	732 -
12. Share of profit or loss of undertakings accounted for under the equity method	1663	663 -	664 -
13. Value adjustments in respect of financial assets and of investments held as current assets	1665	665 -	666 -
14. Interest payable and similar expenses	1627 13	627 (3,852,375)	628 -
a)concerning affiliated undertakings	1629	629 (3,852,375)	630 -
b)other interest and similar expenses	1631	631 -	632 -
15. Tax on profit or loss	1635	635 -	636 -
16. Profit or loss after taxation	1667	667 9,630	668 -
17. Other taxes not shown under items 1 to 16	1637 14	637 (9,630)	638 -
18. Profit or loss for the financial year	1669	669 -	670 -

The notes form an integral part of the financial statements

Notes to the Financial Statements as at 31 December 2019

1. General information

Oaktree European CLO Capital (Lux.) S.à r.l. (hereafter the "Company") was incorporated on 12 July 2018 as a private limited liability Company (Société à Responsabilité Limitée) for an unlimited period. The Company is governed by the laws of the Grand Duchy of Luxembourg, in particular, the law of 10 August 1915, as amended, on commercial companies (the "Commercial Law") and the act dated 22 March 2004, relating to securitisation, as amended (the "Securitisation Act 2004").

The registered office of the Company is established at 15, Boulevard F.W. Raiffeisen, L-2411 Luxembourg and is registered at the Luxembourg Commercial Register under the number R.C.S Luxembourg B226365.

The Company's financial year starts on January 1 and ends on 31 December of each year.

Exceptionally, this financial period started on 12 July 2018 and ended on 31 December 2019.

The corporate objects of the Company are to enter into, perform and serve as a vehicle for, any securitisation transactions as permitted under the Securitisation Act 2004. The company may, inter alia, acquire or assume, directly or through another entity or vehicle, the risks relating to the holding or ownership of claims, receivables and/or other goods or assets (including securities of any kind), either movable or immovable, tangible or intangible, and/or risks relating to liabilities or commitments of third parties or which are inherent to all or part of the activities undertaken by third parties, by issuing securities of any kind whose value or return is linked to these risks or, to the extent permitted by the Securitisation Act 2004, all other types of financial instruments whose value or return is linked to these risks. The Company may assume or acquire these risks by acquiring, by any means, claims, receivables and/or other goods and assets, structured products relating to commodities or assets, by guaranteeing the liabilities or commitments of third parties or by binding itself in any other way.

The Company may, within the limits of the Securitisation Act 2004, proceed, so far as they relate to securitisation transactions:

- a) Acquisition, holding and disposal, in any form, by any mean, whether directly or indirectly, of participations, rights and interests in, and obligation of Luxembourg and foreign companies.
- b) Acquisition by purchase, subscription, or in any other manner, as well as the transfer by sale, exchange or in any other manner of stock, bonds, debentures, notes and other securities or financial instruments of any kind, structured products relating to commodities or assets (including debt or equity securities of any kind), receivables, claims or loans or other credit facilities as well as all other type of assets.
- c) To facilitate the performance of its corporate objects, borrow in any form and enter into any type of loan agreement. It may issue notes, bonds, debentures, certificates, shares, warrants and any kind of debt or equity securities or to the extent permitted by the Securitisation Act 2004.
- d) May lend funds including the proceeds of any borrowings and/or issues of securities and provide such lending or such borrowing related to securitisation transactions, to its subsidiaries, affiliated companies or to any other company.

Notes to the Financial Statements as at 31 December 2019 (continued)

1. General information (continued)

The Company may to the extent that the same are directly related to and form part of the Company's acquisition, holding or disposal of one or more loan investments under a compartment of the Company, enter into, execute and deliver and perform any swaps, futures, forwards, derivatives, options, repurchase, stock lending and similar transactions for as long as such agreements and transactions are necessary to facilitate the performance of the Company's corporate objects.

In general, the Company may take any controlling and supervisory measures and carry out any operation or transaction which it considers necessary or useful in the accomplishment and development of its corporate objects to the largest extent permitted under the Securitisation Act 2004.

The Company is included in the consolidated accounts of Oaktree European CLO Capital Fund Limited (hereby '**Fund**'), forming the largest body of undertakings of which the Company forms a part as a subsidiary undertaking. Oaktree European CLO Capital Fund Limited is a Limited Partnership incorporated under the laws of Guernsey with registered office at First Floor, Albert House, South Esplanade, St. Peter Port, Guernsey and the consolidated accounts can be obtained at this registered office.

2. Summary of significant accounting policies and valuation methods

2.1 Basis of preparation

The financial statements are prepared in conformity with the Luxembourg legal and regulatory requirements and according to generally accepted accounting principles applicable in Luxembourg under the historical cost convention. The accounting policies and valuation principles are, apart from those enforced by the law, determined and implemented by the Board of Managers.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the Board of Managers to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period in which the assumptions changed. The Board of Managers believes that the underlying assumptions are appropriate and that the financial statements therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from estimates.

Notes to the Financial Statements as at 31 December 2019 (continued)

2. Summary of significant accounting policies and valuation methods (continued)

2.2 Significant accounting and valuation policies

The significant accounting and valuation policies of the Company can be summarised as follows:

2.2.1 Financial assets

Financial assets such as investments held as fixed assets and other loans are valued at acquisition cost including the expenses incidental thereto.

Value adjustments are made where in the opinion of the Board of Managers there is a permanent diminution of value. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

2.2.2 Debtors

Debtors are recorded at their nominal value. A value adjustment is made when their recovery is partly or completely in doubt. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

2.2.3 Foreign currency translation

The Company maintains its accounts in Euro ("EUR") and the financial statements are expressed in this currency.

All transactions expressed in currency other than EUR are translated into EUR at the exchange rate prevailing at the date of the transaction.

Assets and liabilities expressed in currencies other than EUR are translated into EUR at the exchange rates effective at the balance sheet date. All unrealised and realised exchange losses and realised exchange gains resulting from foreign currency translations are accounted for in the profit and loss account. Unrealised exchange gains are not accounted for.

The bank accounts are recorded at cost with exchange rate at the end of the financial year, any difference going to the profit and loss account.

The principal exchange rates applied at year end are:

1 EUR = 0.8508 GBP

In the case there is an economic link between an asset and a liability, they are translated in total and only the unrealised net exchange losses are accounted for in the profit and loss account.



Notes to the Financial Statements as at 31 December 2019 (continued)

2. Summary of significant accounting policies and valuation methods (continued)

2.2 Significant accounting and valuation policies (continued)

2.2.4 Provisions

The provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the balance sheet date, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

2.2.5 Debts

Debts are recorded at their reimbursement value.

Due to the limited recourse nature of the Notes issued, losses during the year as a result from Underlying Return (if any) may reduce the value of the Notes issued. Consequently, a provision for diminution in value will be made and deducted from the amount repayable of the Notes issued and booked in the profit and loss account as "Equalisation provision" under "Other operating income". Similarly, the amount repayable of a debt is increased if the reimbursement value is directly linked to the value of Net Underlying Return (if any). In this case, the Company has increased the book value of the debt and recognised an unrealised loss as "Equalisation provision" included under "Other operating expenses" in the profit and loss account.

2.2.6 Related Party Transactions

All transactions entered into with related parties which includes the amount, the nature of the relationship with the related party and any other information needed for an understanding of the financial position of the company have to be disclosed separately as per the Art. 65 (1), 7ter according to Luxembourg Law.

2.2.7 Creditors

Creditors are recorded at their nominal value.

2.2.8 Income and expenses

Income and expenses are accounted on an accrual basis of accounting.

2.2.9 Cash at Bank

Cash at bank is recorded at its nominal value.

Notes to the Financial Statements as at 31 December 2019 (continued)

3. Financial assets

Financial assets consist of investments in the affiliated undertaking Oaktree Capital Management (Europe) LLP (here by 'EUR LLP'):

	Loans
	€
Balance at the beginning of the period	-
Acquisitions during the period	71,305,033
Repayments during the period	(11,043,435)
Balance at the end of the period	60,261,598

4. Debtors becoming due and receivable within one year

Debtors are detailed as below:

	31 December 2019
	€
Short term loan receivable from Fund	12,000
Management fees receivable from EUR LLP	9,495
Interest Income receivable from EUR LLP	1,097,953
Total	1,119,448

5. Capital and reserves

As of 31 December 2019 the subscribed capital amounts to EUR 12,000 and is represented by 12,000 shares at a par value of EUR 1.00 each, and fully paid.



Notes to the Financial Statements as at 31 December 2019 (continued)

6. Creditors

6.1 Creditors becoming due and payable within one year

Creditors are detailed as below:

	31 December 2019
	€
Organisational fees	159,633
Professional fees	8,505
Administration fees	9,315
Audit fees	38,319
Fiscal fees	9,279
Intercompany payable to Fund	37,988
Interest Income payable to Fund	1,097,953
Net Worth Tax	9,630
Total	1,370,622

6.2 Creditors becoming due and payable after more than one year

The Company has issued notes of EUR 71,650,033. The total interest payable on the issued notes amounts to EUR 4,197,374 for the period. The accrued interest payable as at 31/12/2019 amounts to EUR 1,097,953.

	31 December 2019
	€
Balance at the beginning of the year	-
Notes issues	71,650,033
Notes Redeemed	(11,388,435)
Balance at the end of the year	60,261,598

7. Prepayments

Prepayments include expenditure incurred during the financial year but relating to a subsequent financial year.

Prepayments are composed of:

	31 December 2019
	€
Prepayment – Net Worth Tax	401
Total	401

Notes to the Financial Statements as at 31 December 2019 (continued)

8. Equalisation provision

Equalisation provision is composed of:

	31 December 2019
	€
Equalisation provision 2019	14,992
Total	14,992

9. Provision for taxation

The Company is fully taxable in the Grand Duchy of Luxembourg.

Provisions for taxation are composed of:

	31 December 2019
	€
Net worth tax 2018	4,815
Net worth tax 2019	4,815
Total	9,630

10. Other Operating Expenses

Operating expenses are detailed as below:

	31 December 2019
	€
Bank fees	(4,750)
Administration fees	(70,241)
Audit fees	(38,319)
Fiscal fees	(9,279)
Other fees	(43,805)
Organisational fees	(159,633)
Equalisation provision	(14,992)
Current account interest	(3,222)
Unrealised exchange loss	(627)
Total	(344,868)

Notes to the Financial Statements as at 31 December 2019 (continued)

11. Income from other investments and loans forming part of the fixed assets

Income from loans and other investments are detailed as below:

	31 December 2019
	€
Interest Income received from EUR LLP	4,197,374
Total	4,197,374

12. Management fees Income

Management fees income is detailed as below:

	31 December 2019
	€
Management fees receivable from EUR LLP	9,495
Total	9,495

13. Interest payable and similar expenses

Interest amounts payable are detailed as below:

	31 December 2019
	€
Interest Income paid to Fund	3,852,375
Total	3,852,375

14. Tax Expense

The Company is subject to the applicable general tax regulations in Luxembourg. Tax expenses are detailed as below:

	31 December 2019
	€
Net Worth Tax 2018	4,815
Net Worth Tax 2019	4,815
Total	9,630

Notes to the Financial Statements as at 31 December 2019 (continued)

15. Emoluments granted to the members of the management and supervisory bodies and commitments in respect of retirement pensions for former members of those bodies

During the financial period ended 31 December 2019, the managers of the Company received no remuneration.

16. Off-balance sheet commitments

There are no off-balance sheet commitments.

17. Staffing

During the year under review, the Company had zero employees.

18. Subsequent events

As part of Oaktree's global pandemic plans in response to COVID-19, on 14 March 2020 all Oaktree employees were asked to work remotely until the end of March 2020, with immediate effect.

This step was taken to ensure the health and safety of Oaktree employees while minimising impacts on Oaktree business interests. The management of the Company is continually assessing their response to this fluid situation, and at this time, do not believe COVID-19 has had a material impact on the Company's operations