NEUBERGER BERMAN LOAN ADVISERS III LIMITED

Annual Report and Audited Financial Statements

For the period from August 6, 2020 (date of incorporation) to December 31, 2020

NEUBERGER BERMAN LOAN ADVISERS III LIMITED

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NEUBERGER BERMAN LOAN ADVISERS III LIMITED

COMPANY INFORMATION

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Sam Ellis*
Charles Leahy*
Kenneth M. deRegt

* Independent, non-executive

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Jersey

NEUBERGER BERMAN LOAN ADVISERS III LIMITED

Report of the Directors

The Directors submit their annual report and financial statements for the period from 6 August 2020 (date of incorporation) to 31 December 2020.

The Company

Neuberger Berman Loan Advisers III Limited (the "Company") is a company incorporated under the laws of Jersey as a limited company and registered with the companies Registrar at the Jersey Financial Services Commission on 6 August 2020.

The Company has been established with a view to satisfying the UK Tax Securitisation Rules and whose investment strategy is to provide Note Holders with exposure to a loan origination and investment business. The investment objective of the Company is to generate attractive risk-adjusted returns by investing collateralised loan obligations transactions, including related short-term or long-term warehouse or repurchase agreement facilities (collectively, "CLOs").

The Company is initially seeking to raise up to €250 million in aggregate commitments through the issuance by the Company of profit participating notes ("Notes") either directly or by way of the issuance of limited partnership interests (the "LPIs" and together with Notes the "Interests") by Neuberger Berman Loan Advisers Holdings III (Cayman) LP (the "Cayman Feeder Fund") and Neuberger Berman Loan Advisers Holdings III LP (the "Cayman Master Fund"). The Notes are denominated solely in Euro and the LPIs solely in US$. The Notes are direct, secured and limited recourse obligations solely of the Company.

The Notes of the Company are listed on The International Stock Exchange in the Channel Islands.

Investment objective and policies

On November 18, 2020, the Company opened its inaugural CLO warehouse with Morgan Stanley to start accumulating loans for the Company's inaugural CLO investment, Neuberger Berman Loan Advisers Euro CLO 1 DAC ("NBLA Euro CLO 1"). On December 3, 2020, the Company made an initial equity investment in the warehouse of €5 million to fund the first settlements. As of December 31, 2020, the Portfolio Adviser had accumulated €96 million of assets in the warehouse at a weighted average cost 70bps below the market offer prices at that time. In early January 2021, in order to double the warehouse capacity to €200 million, the Portfolio Adviser partnered with an unaffiliated investor who committed to 50% of the warehouse equity alongside the Company.

On February 1, 2021, the Portfolio Adviser successfully priced NBLA Euro CLO 1, with Morgan Stanley as arranger. NBLA Euro CLO 1 is a €300 million CLO with a 4-year reinvestment period and a 1.25-year non-call. Execution was very strong across the capital structure as NBLA Euro CLO 1 priced with a weighted average cost of capital of Euribor +169, the second-tightest post-COVID print in the European CLO market. The AAA tranche priced at Euribor +88. Based on the pricing date model provided by Morgan Stanley, the hypothetical equity returns modelled out to 18.9% net IRR (including the fee share to the Company's first close investors).

The Company invested €15.1 million to purchase 58% of the equity in NBLA Euro CLO 1. The Company's investment meets the minimum required investment under the European Securitisation Regulation (also known as the European Risk Retention Rules). The remaining 42% of equity was sold to three unaffiliated investors.

Report of the Directors (continued)

Investment objective and policies (continued)
As of February 1, 2021, the Portfolio Adviser had accumulated €242 million of assets in the NBLA Euro CLO 1 warehouse, ramped at a weighted average cost of 57bps below the market offer price on that date. The portfolio will be 100% ramped well ahead of the settlement date for NBLA Euro CLO 1. NBLA Euro CLO 1 settled on March 29, 2021, at which time the associated CLO warehouse terminated. The Company made a first distribution to its investors on 31 March, 2021 primarily from the proceeds of the warehouse equity investment. NBLA Euro CLO 1 is expected to make its first equity distribution in October 2021.

The Porfolio Adviser opened a warehouse for Neuberger Berman Loan Advisers Euro CLO 2 DAC ("NBLA Euro CLO 2") on 29 March, 2021 in an effort to take advantage of the European loan new issue market over the coming months. Currently, the Portfolio Adviser believes it can issue NBLA Euro CLO 2 sometime over the summer of 2021.

With respect to the Company's general credit business, on December 17, 2020, it purchased €1 million notional of equity in Crosthwaite Park CLO in the secondary market at a price of 73.875. This is a CLO that is managed by GSO Blackstone with a reinvestment period ending in September 2023. The investment analysis resulted in a base case modelled hypothetical IRR of 17% for the investment. The investment made its first quarterly payment on March 15, 2021.

The Company finances its investment activities through drawdowns of the Profit Participating Notes in registered form. The risks and cash flows on the Notes will reflect an aggregate investment in the Company and its investment portfolios, so economically reflecting an equity investment in the Company. The Cayman Master will invest directly and indirectly, as applicable, solely in the Notes and issue LPIs to Investors that wish to hold their Interests in US$. Notes will be issued in denomination of €1 and LPIs will be issued in US$.

Assessment in respect of COVID-19
During 2020, the World Health Organization declared a global health pandemic due to the spread of the "COVID-19" virus. The economic and broader impacts of COVID-19 will have an effect on the financial statements and operations in the future, though it is not possible to quantify likely impacts at this stage.

Going Concern
The financial statements for the Company have been prepared on a going concern basis. The period considered for the assessment of going concern was 12 months from the date of issuance of these financial statements.

Cash reserves are sufficient to finance ongoing operational costs of the Company. The holders of the Notes ("Noteholders") do not have the option to call back their capital in the next 12 months.

Results and dividends
The results for the period are set out in the Statement of Profit or Loss and Other Comprehensive Income on page 12. No dividends have been declared as of December 31, 2020.

Share capital
As at December 31, 2020 1 Participating Share was in issue.

NEUBERGER BERMAN LOAN ADVISERS III LIMITED

Report of the Directors (continued)

Directors
The Directors of the Company are stated on page 2.

Directors' responsibilities
The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards and applicable law.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with Companies (Jersey) Law, 1991. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Sam Ellis

Sam Ellis
Non-Executive Director
For and on behalf of the Board
31 March 2021

KPMG
Audit
1 Harbourmaster Place
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Independent Auditors' Report

To the Members of Neuberger Berman Loan Advisers III Limited

1) Report on the audit of the financial statements

Opinion

Introduction

We have audited the financial statements of Neuberger Berman Loan Advisers III Limited ("the Company") for the period from 6 August 2020 (date of incorporation) to 31 December 2020, which comprise the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and related notes, including the summary of significant accounting policies set out in note 2.

Opinion under International Standards on Auditing (UK) (ISAs (UK))

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the period then ended;
- have been prepared in accordance with International Financial Reporting Standards (IFRS); and
- have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Opinion under generally accepted auditing standards in the United States of America ('US GAAS')

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position, of the Company as of 31 December 2020 and the results of its operations and its cash flows for period then ended in accordance with IFRS as adopted by the European Union and applicable law.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law and in accordance with US GAAS. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Jersey, including the Financial Reporting Council (FRC)'s Ethical Standard as applied to a listed entity, together with the American Institute of Certified Public Accountants (AICPA) Code of Professional Conduct 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.

1) Report on the audit of the financial statements (continued)

Conclusions relating to going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease their operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included our knowledge of the Company and the securitisation industry to identify the inherent risks to the Company's business model and analysing how those risks might affect the Company's financial resources or ability to continue as a going concern over the twelve months from the date of when the financial statements are authorised for issue. The risk that we considered most likely to adversely affect the Company's available financial resources over this period was the availability of funding to meet operating costs and the valuation of investments at fair value.

We considered other factors that could impact the Company, including the current performance of the asset class in which the Company invests, the Portfolio Adviser's intention to continue to advise on and manage the portfolio and the Directors assessment of the operational resilience of the Company.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included:

- Inquiring with the directors as to the Company's policies and procedures regarding compliance with laws and regulations, identifying, evaluating and accounting for litigation and claims, as well as whether they have knowledge of non-compliance or instances of litigation or claims.

1) Report on the audit of the financial statements (continued)

Detecting irregularities including fraud (continued)

- Inquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.

- Inquiring of directors regarding their assessment of the risk that the financial statements may be materially misstated due to irregularities, including fraud.

- Reading Board minutes.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: certain aspects of company legislation recognising the nature of the Company's activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls. On this audit we do not believe there is a fraud risk related to revenue recognition. We did not identify any additional fraud risks.

In response to the fraud risks, we also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation.

- Assessing significant accounting estimates for bias.

- Assessing the disclosures in the financial statements.

1) Report on the audit of the financial statements (continued)

Detecting irregularities including fraud (continued)

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above, the key audit matter was as follows:

Valuation and ownership of Financial Assets at Fair Value through Profit or Loss ("FVTPL") €5,964,691

Refer to note 2 (accounting policy), note 3 (financial risk management) and note 4 (fair value information)

The key audit matter

Valuation of Financial assets at FVTPL is considered to be a key audit matter. The Company's Financial Assets at FVTPL make up 49% of total assets (by value). Due to their materiality in the context of the financial statements as a whole, valuation is one of the audit areas considered of most significance to the audit of the financial statements.

The Company's investment portfolio comprises of a collateralized loan obligation (CLO) equity position and a CLO warehouse comprising of both quoted investments and investments valued by reference to unobservable inputs.

How the matter was addressed in our audit

Our audit procedures over the valuation of the Company's Financial assets at FVTPL included but not limited to:

- Obtaining an understanding of and documenting the investment valuation process;
- Gaining an understanding of the methods, assumptions and data used in valuing investments;
- Identifying the risks of material misstatement at the level of methods, assumptions and data and thereafter determining the level of audit risk associated with each relevant method, assumption and data applicable to valuation of investments;

1) Report on the audit of the financial statements (continued)

Key audit matters (continued)

The key audit matter	How the matter was addressed in our audit
We do not consider these investments to be at a high risk of material misstatement or to be subject to a significant level of judgement. However, due to their materiality in the context of the financial statements as a whole, they are considered of most significance to the audit of the financial statements.	• With the assistance of our valuation specialists, independently revaluing the CLO equity position and a sample of the positions held by the CLO warehouse and determined that the prices were within a reasonable range.
Ownership of Financial assets at FVTPL is considered to be a key audit matter. Due to the fact that the Financial assets at FVTPL are the main asset owned by the Company, ownership is considered a key audit matter as the financial assets within the portfolio may not exist or be owned by the Company at period end.	Our audit procedures over the ownership of the Company's Financial assets at FVTPL included but not limited to: • Confirming the ownership of Financial assets at FVTPL at period end by obtaining an independent third-party confirmation and agreeing it to the investments held at period end. No material exceptions were noted as part of our testing.

Our application of materiality and an overview of the scope of our audit

Materiality for the Company's financial statements as a whole was set at €121,753 determined with reference to a benchmark of the Company's total assets, of which it represents 1% as at 31 December 2020. We consider total assets to be one of the principal considerations for members of the Company in assessing the financial performance of the Company.

We agreed to report to the Directors any corrected or uncorrected identified misstatements exceeding €6,088, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was all performed by one engagement team in Dublin.

We have nothing to report on the other information in the annual report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the Company Information, Directors' Report, and Statement of Directors' Responsibilities, but does not include the financial statements and our auditors' report thereon.

Independent Auditors' Report
To the Members of Neuberger Berman Loan Advisers III Limited

1) Report on the audit of the financial statements (continued)

We have nothing to report on the other information in the annual report (continued)

The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

We have nothing to report in respect of matters on which we are required to report by exception

Under the Companies (Jersey) Law 1991, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the company; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of the above responsibilities.

2) Respective responsibilities and restrictions on use

Responsibilities of Management and Those Charged with Governance for the Financial* Statements *in accordance with ISAs (UK)

As explained more fully in their statement set out on page 3, the Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of Management and Those Charged with Governance for the Financial Statements in accordance with US GAAS

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework, this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

KPMG

Independent Auditors' Report

To the Members of Neuberger Berman Loan Advisers III Limited

2) Respective responsibilities and restrictions on use (continued)

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, other irregularities or error, and to issue an opinion in an auditor's report. 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, other irregularities 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 fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Auditor's responsibilities for the audit of the financial statements in accordance with US GAAS

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit performed in accordance with U.S. GAAS involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 Article 113A of the Companies (Jersey) Law 1991. 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, as a body, for our audit work, for this report, or for the opinions we have formed.

James Casey
Senior Statutory Auditor
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place, International Finance Service Centre, Dublin 1

31 March 2021

NEUBERGER BERMAN LOAN ADVISERS III LIMITED

Statement of Financial Position
As at December 31, 2020

	Notes	December 31, 2020 EUR
Assets		
Cash and cash equivalents	2f	6,210,638
Financial assets at fair value through profit or loss	3,4,5	5,964,691
Total assets		**12,175,329**
Equity		
Share capital		1
Retained earnings		4,525
Total equity		**4,526**
Liabilities		
Financial liabilities designated at fair value through profit or loss	3,4,5,12	11,876,980
Accrued expenses and other payables	9	292,762
Tax payable	7	1,061
Total		**12,170,803**
Total equity and liabilities		**12,175,329**

The financial statements on pages 13 to 42 were approved by the Board of Directors on 31 March 2021 and were signed on its behalf by:

Sam Ellis

Signature

Sam Ellis
Director

See accompanying notes to the financial statements

NEUBERGER BERMAN LOAN ADVISERS III LIMITED

Statement of Profit or Loss and Other Comprehensive Income
From 6 August, 2020 (date of incorporation) to December 31, 2020

	Notes	For the period from August 6, 2020 (date of incorporation) to December 31, 2020 EUR
Net income		
Net gain on financial assets at fair value through profit or loss	6	225,941
Net gain on financial liabilities designated at fair value through profit or loss	6	675,709
Total net income		**901,650**
Operating expenses		
Administration fees	9	(4,801)
Audit fees	9	(44,688)
Organizational expenses	19	(818,961)
Custody fees	9	(8,000)
Other expenses		(19,614)
Total operating expenses		**(896,064)**
Operating profit		**5,586**
Profit before tax		**5,586**
Tax on profit	7	(1,061)
Profit or loss and total comprehensive income		**4,525**

See accompanying notes to the financial statements

NEUBERGER BERMAN LOAN ADVISERS III LIMITED

Statement of Changes in Equity
From August 6, 2020 (date of incorporation) to December 31, 2020

	Share Capital EUR	Retained Earnings EUR	Total EUR
On incorporation at August 6, 2020	-	-	-
Proceeds from issue of shares	1	-	1
Net increase from share transactions	1	-	1
Profit or loss and total comprehensive income	-	4,525	4,525
At December 31, 2020	**1**	**4,525**	**4,526**

See accompanying notes to the financial statements

NEUBERGER BERMAN LOAN ADVISERS III LIMITED

Statement of Cash Flows
From August 6, 2020 (date of incorporation) to December 31, 2020

	For the period from August 6, 2020 (date of incorporation) to December 31, 2020
	EUR
Cash flows from operating activities	
Profit after tax	4,525
Adjustments to reconcile profit for the period from operating activities to net cash used by operating activities	
Purchase of financial assets	(5,738,750)
Net movement in unrealised gain on financial assets at fair value through profit and loss	(225,941)
Net movement in unrealised gain on financial liabilities designated at fair value through profit and loss	(675,709)
Increase in accrued expenses and other payables	292,762
Increase in tax payable	1,061
Net cash used by operating activities	**(6,342,052)**
Cash flows from financing activities	
Proceeds from ordinary shares	1
Issues under profit participating notes	12,552,689
Net cash from financing activities	**12,552,690**
Net increase in cash and cash equivalents	6,210,638
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	**6,210,638**

See accompanying notes to the financial statements

NEUBERGER BERMAN LOAN ADVISERS III LIMITED

Schedule of Investments
As at December 31, 2020

	Cost	Fair Value	% of Total Assets
Financial assets at fair value through profit or loss			
Collateralised loan obligations			
CRWPK 1X SUB 03/15/2032	738,750	675,739	5.55%
Total collateralised loan obligations	**738,750**	**675,739**	**5.55%**
Collateralised loan obligations warehouse			
Neuberger Berman Loan Advisers Euro CLO 1 DAC 2020	5,000,000	5,288,952	43.44%
Total collateralised loan obligations warehouse	**5,000,000**	**5,288,952**	**43.44%**
Total financial assets at fair value through profit or loss	**5,738,750**	**5,964,691**	**48.99%**
Financial liabilities at fair value through profit or loss			
Profit participating note	(12,552,689)	(11,876,980)	(97.55%)
Total financial liabilities at fair value through profit or loss	**(12,552,689)**	**(11,876,980)**	**(97.55%)**

(1) Organization and Description of Business

Neuberger Berman Loan Advisers III Limited (the "Company"), is a company incorporated, under the Companies (Jersey) Law, 1991 (the "Companies Law") on August 6, 2020 as a private par value company limited by shares. The Company commenced operations on November 18, 2020. The Company aims to satisfy the conditions for a "note-issuing company" as set out in the UK Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296). The Company is initially seeking to raise up to €250 million in aggregate commitments through the issuance by the Company of profit participating notes ("PPN") either directly or by way of the issuance of limited partnership interests (the "LPIs" and together with Notes the "Interests") by Neuberger Berman Loan Advisers Holdings III (Cayman) LP (the "Cayman Feeder Fund") and Neuberger Berman Loan Advisers Holdings III LP (the "Cayman Master Fund"). The Notes will be denominated solely in Euro and the LPIs solely in US$.

Neuberger Berman Europe Limited ("the Portfolio Advisor") will act as the portfolio advisor to the Company in accordance with the terms of a portfolio advisory agreement. The investment objective of the Company is to generate attractive risk-adjusted returns by investing the proceeds of the Interests in (i) Euro denominated collateralised loan obligations transactions, including related short-term or long-term warehouse or repurchase agreement facilities (collectively, "CLOs"), which are managed by Neuberger Berman Europe Limited or its affiliates, and other related investments and (ii) a further and separate portfolio of assets (potentially including, but not limited to, CLO tranches of debt and equity from other CLOs).

Neuberger Berman (Europe) Limited is a registered Investment Advisor with the U.S. Securities and Exchange Commission (SEC) under the Investment Advisors Act of 1940, as amended.. The Portfolio Adviser has discretionary investment authority over the assets of the Company, subject to the governance of the Board of Directors.

(2) Significant Accounting Policies

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

(a) Basis of Accounting

The financial statements of the Company have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS) and the Companies Law. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

Use of Estimates

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could be materially different from those estimates.

(2) Significant Accounting Policies (continued)

(a) Basis of Accounting (continued)

Use of Estimates (continued)
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the period ending December 31, 2020 is included in Note 4 and relates to the determination of fair value of financial instruments with significant unobservable inputs.

Significant judgements
In preparing these financial statements, management has made judgement and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

A. Judgements
Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in Note 15: *Involvement in unconsolidated structured entities*.

B. Assumptions and estimate uncertainties
Information about assumptions and estimate uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the period ending December 31, 2021 is included in Note 4: *Fair value information* and relates to the determination of fair value of financial instruments with significant unobservable inputs.

(b) New standards and interpretations adopted

New standards, amendments and interpretations effective after January 1, 2021 and have not been early adopted

A number of new standards and amendments to standards are effective for annual periods beginning after the current period and earlier application is permitted. The following new standards, amendments to standards and interpretations have not been early adopted in preparing these financial statements. They are not expected to have a significant impact on the Company's financial statements.

- *COVID-19-Related Rent Concessions (Amendment to IFRS 16)*
- *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37).*
- *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).*
- *Reference to the Conceptual Framework (Amendments to IFRS 3).*
- *IFRS 17 Insurance Contracts.*
- *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1).*

(2) Significant Accounting Policies (continued)

(c) Foreign currency translation

Functional and presentation currency
The presentation and functional currency of the Company is the Euro as the Directors have determined that this reflects the Company's primary economic environment.

Transactions and balances
Foreign currency transactions are translated into the functional currency of Company using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income. Translation differences on non-monetary financial assets and liabilities at fair value through profit or loss are recognised in the Statement of Comprehensive Income within net gain on financial assets at fair value through profit or loss.

(d) Financial assets and financial liabilities

(i) Financial instruments

In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

Financial assets

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at Fair Value through Profit and Loss ("FVTPL"):

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company includes in this category cash and cash equivalents.

2) Significant Accounting Policies (continued)

(d) Financial assets and financial liabilities (continued)

Financial assets measured at FVTPL

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL. This category includes investments in CLOs and CLO Warehouses.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL.

Financial liabilities measured at FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Financial liabilities measured at FVTPL include PPNs issued by the Company.

The Company finances its investment activities through drawdowns of the Notes in registered form. The risks and cash flows on the Notes will reflect an aggregate investment in the Company and its investment portfolios, so economically reflecting an equity investment in the Company. The Cayman Master will invest directly and indirectly, as applicable, solely in the Notes and issue LPIs to Investors that wish to hold their Interests in US$. Notes will be issued in denomination of €1 and LPIs will be issued in US$.

(2) Significant Accounting Policies (continued)

(d) Financial assets and financial liabilities (continued)

Financial liabilities measured at FVTPL (continued)

The Notes are a financial liability at fair value through profit or loss. A liability may be designated at fair value through profit or loss when it eliminates or significantly reduces a measurement or recognition inconsistency, "an accounting mismatch" that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on a different basis. Where an accounting mismatch would otherwise exist, financial liabilities are measured at fair value through profit or loss.

Financial liabilities measured at amortised cost

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Company includes in this category accrued expenses and other payables.

Recognition/derecognition

Regular-way purchases and sales of investments are recognised on the trade date - the date on which the Company commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company have transferred substantially all risks and rewards of ownership.

Measurement

Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the Statement of Comprehensive Income. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the Statement of Comprehensive Income in the period in which they arise.

Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets traded in active markets is based on quoted market prices at the close of trading on the reporting date. The Company's portfolio as at December 31, 2020 consists of one collateralized loan obligation ("CLO") and one CLO Warehouse.

Net gain on financial assets at fair value through profit or loss includes all realised and unrealised fair value changes.

(2) Significant Accounting Policies (continued)

(e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. There are no assets and liabilities subject to offsetting at December 31, 2020.

(f) Cash and cash equivalents

Cash and cash equivalents represent cash in hand and demand deposits with original maturities of three months or less. While cash and cash equivalents are subject to the impairment provisions of IFRS 9, the identified impairment loss was immaterial.

(g) Accrued expenses

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

(h) Receivables/payables on investments sold/purchased

Receivables/payables on investments sold/purchased represents receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date, respectively.

(i) Share capital

Shares are classified as equity.

(j) Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method. Income receivable on cash and cash equivalents is recognised separately through profit or loss in the Statement of Comprehensive Income.

(k) Taxation

Notwithstanding that the Company is incorporated in Jersey, the Board intends to exercise management and control of the Company from within the UK such that the Company is resident for tax purposes in the UK. Consequently, the Company will aim to satisfy the conditions for a "note issuing company" set out in the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) (the "UK Tax Securitisation Rules").

Where the UK Tax Securitisation Rules apply to a company, then, broadly, it will be subject to corporation tax on the cash profit retained by it for each accounting period at a rate of 19%
.

(2) Significant Accounting Policies (continued)

(k) Taxation (continued)

The Company is exempt from Jersey taxation on income derived outside of Jersey and bank interest earned in Jersey. No charge to Jersey taxation arises on capital gains.

The Company has no uncertain tax positions at December 31, 2020.

(l) Net gain on financial assets at FVTPL

Net gain on financial assets at FVTPL relates to investments in securities and includes realized and unrealized fair value changes and coupon income.

(m) Net loss on financial assets at FVTPL

Net loss on financial liabilities at FVTPL comprises of coupon payments, realized and unrealized fair value changes arising on the financial liabilties.

(3) Financial risk management

Strategy in using financial instruments
Investments are valued using the policies and procedures of the Portfolio Advisor's valuation policy. Investments held by the Company are generally valued by reference to observable market prices. CLO Equity held by the Company are valued based on a "mark-to-model" or "discounted cash flow" basis.

The Company may enter into one or more bridge facilities or other financing instruments (including "repo" transactions) on a short-term basis to pay fees, expenses and other liabilities, to make investments pending receipt of Note drawdowns, to cover any shortfall in such receipts, and for hedging for efficient portfolio management purposes.

The main risks arising from the Company financial instruments are market price, foreign currency, credit and counterparty risk, interest rate and liquidity risks. The Board reviews and agrees with the Portfolio Advisor's policies for managing each of these risks and they are summarised below.

(a) Market price risk
Market price arises mainly from uncertainty about future prices of financial instruments and credit ratings of debt issuers used in the Company's business. It represents the potential loss the Company may suffer through price, exchange rate and credit rating movements on its investments. The Company's investments include certain illiquid, non-publicly traded securities. Since certain of these investments are illiquid, there can be no assurance that the Company will be able to realize the value of such investments upon sale.

(3) Financial risk management (continued)

(a) Market price risk (continued)

The Company exposure to market price risk comprises mainly movements on the value of its CLO investments. Any increase or decrease in the market price of investments would alter the Company equity to the extent that it was invested at the time.

At December 31, 2020, a +/-10% change in the market value of the portfolio would have a +/- €596,469 impact on the total assets of the Company. The impact on total assets would be matched by an equal and opposite impact on the total liabilities as the performance risk is borne by the PPN holders. Management believes that percentage rate offers a reasonable variation for sensitivity.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate risk is managed by ensuring that the interest rates applicable to both the asset and the corresponding liability are aligned. The interest rate risk of the financial assets is borne by the Noteholders and thus changes in interest rates have no net impact on the equity or results of the Company.

The table below summarises the Company's exposure to interest rate risk. It shows the carrying amounts of assets and liabilities categorised between variable, fixed and non-interest-bearing.

	Fixed rate interest	**Floating rate interest**	**Non interest bearing**
	€	**€**	**€**
Cash and cash equivalents	-	6,210,638	-
Financial assets at fair value through profit or loss	-	5,964,691	-
Financial liabilities designated at fair value through profit or loss	-	(11,876,980)	-
Accrued expenses	-	-	(292,762)
Tax payable			(1,061)
	-	**298,349**	**(293,823)**

As at December 31, 2020 a +/-1% change in the interest rate on the assets of the company would have had a +/- €121,753 impact on the total assets of the Company. The impact on the assets would be matched by an equal and opposite impact on the total liabilities as the interest risk is borne by the Noteholders.

(c) Currency risk

As at December 31, 2020 all the assets and liabilities of the Company were held in EUR, as such the Company was not exposed to foreign currency risk

.

(3) Financial risk management (continued)

(d) Credit risk

The Company is exposed to credit risk due to the potential failure of the Noteholders to meet capital commitments for any future obligations. Although there are remedies under the Noteholder agreement to address such defaults, a default could result in the Company not being able to meet its investment commitments. This failure could adversely impact the valuation of the Company's investments.

The Company is also subject to counterparty risk to the extent any financial institution with which it conducts business is unable to fulfill its contracted obligations. The Company monitors the financial condition of those financial institutions and does not anticipate any losses from these counterparties.

The Company is exposed to the risk that a borrower will fail to fulfil its obligation to pay (principal and interest) the amounts it has committed to under the loan arrangement as a result of the borrower failing to discharge an obligation or commitment, or filing for bankruptcy. To reduce the risk of borrowers defaulting on their commitments the Company places restrictions on the proportion of its investments it can invest in issuers of particular credit ratings. The Portfolio Advisor tracks the credit ratios for the financial assets in the portfolio. At December 31, 2020 the S&P credit rating of the loans in the CLO Warehouse was as follows:

Credit Rating	% Exposure as at December 31, 2020
B	54.93%
B-	26.85%
B+	7.81%
BB	2.08%
BB-	2.60%
NR	5.73%
	100.00%

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

The Portfolio Adviser monitors the exposure of the Company to various risks including Country/Geographical, Single Obligor/Counter-party, Industry categories/segments and asset type. The geographical locations for the Investments are shown in the table below. The exposure by single obligors is maintained at a low level and in each case is below 5% of the total Investment.

(3) Financial risk management (continued)

(d) Credit risk (continued)

The Company's exposure to geographical locations is detailed below.

Geographic location	% Exposure as at December 31, 2020
Austria	2.08%
Belgium	2.08%
Bermuda	1.04%
Denmark	2.08%
France	18.80%
Germany	6.62%
Italy	0.78%
Luxembourg	7.81%
Netherlands	7.81%
Portugal	1.04%
Spain	2.60%
Sweden	2.60%
Switzerland	2.08%
United Kingdom	15.26%
United States	27.30%
	100.00%

(3) Financial risk management (continued)

(d) Credit risk (continued)

The Portfolio has exposure across 22 S&P's industry categories detailed below

S&P Industry	**% Exposure as at December 31, 2020**
Automotive	0.94%
Beverage & Tobacco	1.41%
Building & Development	1.88%
Business equipment & services	23.25%
Cable & satellite television	3.09%
Chemicals & plastics	11.42%
Containers & glass products	5.57%
Cosmetics/toiletries	1.89%
Drugs	1.87%
Ecological services & equipment	1.39%
Electronics/electrical	4.58%
Equipment leasing	0.95%
Financial intermediaries	1.89%
Food products	0.93%
Food/drug retailers	0.94%
Health care	18.11%
Industrial equipment	8.59%
Leisure goods/activities/movies	2.38%
Radio & Television	1.88%
Retailers (except food & drug)	1.87%
Surface transport	1.41%
Telecommunications	3.75%
	100.00%

The Company does not engage in any swaps or any other synthetic investments where it takes counterparty risk.

The carrying amount of financial assets best represents the maximum counterparty risk exposure at the Statement of Financial Position date.

(3) Financial risk management (continued)

(d) Credit risk (continued)

Amounts arising from expected credit losses

The Company's financial assets subject to the expected credit loss model within IFRS 9 are receivables and cash and cash equivalents. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Company.

No assets are considered impaired and no amounts have been written off in the period.

The table below shows the S&P long term credit rating of the custodian:

	December 31, 2020
U.S. Bank (Elavon Financial Services DAC)	A+

(e) Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting obligations associated with its financial liabilities.

Maturity analysis for financial liabilities is reflected in the following table as at December 31, 2020:

	Less than 3 months	3 to 12 months	1 to 5 years	Greater than 5 years	Total
	€	€	€	€	€
Financial liabilities designated at fair value through profit or loss*	-	-	-	(20,931,297)	(20,931,297)
Accrued expenses	(292,762)	-	-	-	(292,762)
Tax payable	-	(1,061)	-	-	(1,061)
	(292,762)	**(1,061)**	**-**	**(20,931,297)**	**(21,225,120)**

* The actual future cash flow to Noteholders is dependent on the underlying returns, which cannot be determined at this point. The Company has used the expected internal rate of return to gross up the financial liabilities designated at fair value through profit or loss over a period of 5 years.

The main liability of the Company is associated with the repayment of the PPNs but it is subordinate to the claims of all other creditors of the Company and is of limited recourse. The Company may invest in illiquid assets for which there is no established resale market. The Company might only be able to liquidate these assets at disadvantageous prices, should it become necessary. Illiquidity in certain assets could make it difficult for the Company to liquidate assets in favourable terms, thereby resulting in losses or a decrease in the total assets of the Company.

(f) Operational risk

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

(4) Fair value information

The Company has an established control framework with respect to the measurement of fair values. This framework includes a portfolio valuation function, which is independent of front office management and reports to the board of directors, who have overall responsibility for fair value measurements. Specific controls include:

- verification of observable pricing inputs;
- re-performance of model valuations;
- a review and approval process for new models and changes to such models;
- analysis and investigation of significant daily valuation movements; and
- review of unobservable inputs and valuation adjustments.

When third party information, such as broker quotes or pricing services, is used to measure fair value, the portfolio valuation function assesses and documents the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS Standards, including the level in the fair value hierarchy in which the valuations should be classified. This includes:

- verifying that the broker or pricing service is approved by the Company for use in pricing the relevant type of financial instrument;
- understanding how the fair value has been arrived at and the extent to which it represents actual market transactions and whether it represents a quoted price in an active market for an identical instrument;
- when prices for similar instruments are used to measure fair value how these prices have been adjusted to reflect the characteristic of the instrument subject to measurement; and
- if a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes.

IFRS 13, ‘Fair value measurement’ requires the Company to price its financial assets and liabilities using the price in the bid-ask spread that is most representative of fair value for both financial assets and financial liabilities. The use of bid prices for assets positions and ask prices for liability positions is also permitted, but is not required under IFRS 13. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the period end date.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of financial assets and liabilities that are not traded in an active market is determined by using various methods including alternative price sources sourced from a reputable broker/counterparty, validated and periodically reviewed by the Portfolio Adviser, independently of the party that calculated them, using market standard models.

(4) Fair value information (continued)

The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1: Quoted price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques for which all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. The inputs into the determination of fair value require significant management judgment. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these investments existed. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The following tables analyses within the fair value hierarchy the Company's assets and liabilities measured at fair value, as defined by IFRS 13:

	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Financial assets at fair value through profit or loss				
CLOs	-	675,739	-	675,739
CLO Warehouse	-	-	5,288,952	5,288,952
Total financial assets at fair value through profit or loss	**-**	**675,739**	**5,288,952**	**5,964,691**
Financial Liabilities designated at fair value through profit or loss				
PPNs	-	-	(11,876,980)	(11,876,980)
Total liabilities designated at fair value through profit or loss	**-**	**-**	**(11,876,980)**	**(11,876,980)**

(4) Fair value information (continued)

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2, these include loans. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

CLOs– The fair value of CLO Vehicles' corporate loans is generally determined on the basis of prices provided by independent pricing services, based on an average of bid price quotations obtained from reputable brokers who provide a market for such loans. These values, in the judgment of management, are deemed to be reflective of fair value and are included in Level 2 of the valuation hierarchy.

CLO Warehouse Vehicles- where little market activity or quotations exist, are included in Level 3 of the valuation hierarchy. As at December 31, 2020 the value of these assets included in level 3 was €5,288,952.

Profit Participating Notes- the value of the Note is affected by the CLO and CLO Warehouse entities held by the Company. Where these have little market activity then the implication is that the Notes are included in level 3 of the valuation hierarchy. As at December 31, 2020 the value of this liability included in level 3 was €11,876,980.

Level 3 reconciliation
A financial instrument's level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Portfolio Adviser of the Company. The Portfolio Adviser considers observable data to be market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

(4) Fair value information (continued)

For the period ended December 31, 2020, there was 1 new Level 3 investments purchased with a total cost of €5,000,000. The following table presents additional information about valuation techniques and inputs used for investments that are measured at fair value and categorized within Level 3 as of December 31, 2020.

Asset Class	Fair Value at December 31,2020	Valuation techniques	Unobservable input	Amount or range per unit	Sensitivity to changes in significant unobservable inputs
CLO Warehouse	€5,288,952	Recent Transaction Price	Discount for lack of marketability	0%	A significant increase in discount would result in a lower fair value
Profit Participating Notes	€11,876,980	Residual value in the Company	Discount for lack of marketability	0%	A significant increase in discount would result in a lower fair value

Significant unobservable inputs are developed as follows:
-Discount for lack of marketability for the CLO Warehouse and PPNs: represents the discount applied to the net asset value of the investee to reflect the restriction of redemptions. Management determines this discount based on its judgement after considering the period of restrictions and the nature of the Company's investments.

Although management believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects on net assets attributable to holders of redeemable shares. A +/- 5% change in the carrying value of the CLO Warehouse would have had a +/- €264,448 impact on the financial assets of the Company. The impact on total assets would be matched by an equal and opposite impact on the total liabilities as the performance risk is borne by the Noteholders.

The fair value of the level 3 investments have been estimated in good faith by the Company's Portfolio Adviser and approved by the valuation committee. Fair value is determined taking into account the cost of securities, prices of relevant third party transactions, subsequent developments concerning the companies to which the securities relate, any financial data and projections of such companies provided to the Portfolio Adviser and such factors as the Portfolio Adviser may deem relevant.

(4) Fair value information (continued)

Because of the inherent uncertainty of valuations, the value of the Company's investment estimated by the Portfolio Adviser may differ significantly from the values that would have been used had a ready market for these investments existed and such differences could be material to the financial statements. Actual results could differ from those estimates and such differences could be material.

The following table shows a reconciliation of all movements in the fair value of financial assets categorised within Level 3 between the beginning and the end of the reporting period:

Financial assets at fair value through profit or loss	**EUR**
Fair value through profit or loss as at 6 August, 2020	-
Realised gains	-
Movement in unrealised gains at fair value through profit or loss	288,952
Purchases	5,000,000
Sales	-
Financial assets at fair value through profit or loss as at December 31, 2020	**5,288,952**

The following table shows a reconciliation of all movements in the fair value of financial liabilities designated at fair value through profit or loss categorised at Level 3 between the beginning and end of the reporting period:

Financial Liabilities designated at fair value through profit or loss	**EUR**
Fair value through profit or loss as at 6 August, 2020	-
Accrued return on Profit Participating Note	(675,709)
Issues under Profit Participating Note	12,552,689
Repayments of Profit Participating Note	-
Financial liabilities designated at fair value through profit or loss as at December 31, 2020	**11,876,980**

(5) Financial assets and financial liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss	**EUR**
- CLOs	675,739
- CLO Warehouse	5,288,952
Total financial assets at fair value through profit or loss	**5,964,691**
Financial liabilities designated at fair value through profit or loss	
- PPNs	(11,876,980)
Total financial liabilities designated at fair value through profit or loss	**(11,876,980)**

(6) Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss

Movement in unrealised gain/(loss) on financial assets at fair value through profit or loss	**EUR**
- CLOs	(63,011)
- CLO Warehouse	288,952
Net movement in unrealised gain on financial assets at fair value through profit or loss	**225,941**
Net gain on financial assets at fair value through profit or loss	**225,941**

Movement in unrealised gain/(loss) on financial liabilities designated at fair value through profit or loss	**EUR**
- PPNs	675,709
Net movement in unrealised gain on financial liabilities designated at fair value through profit or loss	**675,709**
Net gain on financial liabilities at fair value through profit or loss	**675,709**

(7) Tax

	EUR
Profit before tax	5,586
Current tax at standard rate of 19%	(1,061)
Profit after tax	**4,525**

The Company is resident for tax purposes in the UK. The current rate of tax applicable to the Company is 19%.

(8) Share capital

The authorised share capital of the Company is €10,000 divided into 10,000 shares of a par value of €1.00 each. There was one share in issue at December 31, 2020 which is held by Maples Trust (Jersey) Limited.

(9) Fees and expenses

The balance of Accrued expenses and other payables on the Statement of Financial Position of $292,762 is comprised of the following: **$**

	$
Administration fees	4,800
Audit fees	44,688
Custodian fees	8,000
Financial statement preparation fees	9,807
Tax preparation fees	9,807
Portfolio Advisor fee	1
Organization costs	215,109
C-Note subscriptions received in advance	550
Total	**292,762**

Portfolio Advisor Fee
Pursuant to the Portfolio Advisory and Management Agreement the Company have agreed that the Portfolio Adviser shall act:

- as portfolio adviser in relation to its CLO Business and any Capital Call Facilities, and
- as portfolio manager in relation to the General Credit Business with full authority to invest the company interests that form part of this business in accordance with the Company's investment strategy as described in the section of this Offering Circular entitled "Investment Strategy" and any investment restrictions that the Company may stipulate from time to time.

The Portfolio Advisor is entitled to a fee of €1 per annum. As at December 31, 2020 €1 remains payable.

Custodian fees
Elavon Financial Services DAC was appointed to act as Custodian to the Company. Under the provisions of the Custodian Agreement between the Custodian and the Company, total Custodian fees for the period amounted to €8,000 of which €8,000 remains payable as at December 31, 2020.

Administration fees
U.S. Bank Global Fund Services (Cayman) Limited (the "Administrator") has been appointed to act as administrator to the Company. Under the provisions of the Administration Agreement between the Company and the Administrator, total Administration fees for the period amounted to €4,801 of which €4,800 remains payable as at December 31, 2020.

Audit Fees
KPMG Ireland has been appointed as statutory auditors (the "Auditor") of the Company. Under the provisions of the Audit Agreement between the Company and the Auditor, the total Audit fees for the period amounted to €44,688 and all of which was payable at December 31, 2020. There were no other tax or other assurance services provided by the statutory auditors.

(10) Distribution policy

The Company intends to make a quarterly distribution of all distributions received on the underlying investments, net of any Company expenses.

(11) Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The related parties of the Company include Neuberger Berman Europe Limited in its capacity as Portfolio Advisor and the Directors of the Company.

The Company is initially seeking to raise up to €250 million in aggregate commitments through the issuance by the Company of Notes either directly or by way of the issuance of LPIs by the Cayman Feeder and the Cayman Master. The Cayman Master, the Cayman Feeder and the Noteholders are all considered related parties.

The Company shall, issue a "carry" note (the "C Note"). The C Note is owned by an affiliate of the Portfolio Adviser and acts as a mechanism for the allocation of the carried interest of the Company. The C Note shall be entitled to a return equal to 20 per cent of any amount that exceeds the amount that would, when applied in relation to the amount of interest payable to Noteholders and when combined with all prior payments made in respect of the Notes, result in an internal rate of return of 12 per cent per annum, on such Notes. The C-Note is considered a related party.

Portfolio Advisor fees
The Portfolio Advisor is entitled to a fee of €1 per annum.

The Portfolio Advisor has committed to giving the Company rebates on CLO management fees from the CLO Warehouse's underlying investments. There were no rebates earned during the period.

Directors' fees
The Articles of Association authorise the Directors to charge a fee for their services at a rate determined by the Directors and they may be entitled to special remuneration if called upon to perform any special or extra services to the Company. There were no fees charged for the period.

C Note
Further details on the Carry Note are included in Note 13.

Noteholders
Further details of the Noteholders are included in Note 12.

Key Management Personnel
The Board is considered the key management personnel of the Company for the period ended 31 December, 2020. Although the Portfolio Advisor and the Company has entered into the Portfolio Advisory and Management Agreement, the Board is considered to have authority and responsibility for planning and directing of the activities of the Company being the purchase and sales of the portfolio.

(12) Profit participating notes

The Company finances its investment activities through drawdowns of the Notes. The Notes are direct secured and limited recourse obligations solely of the Company. The Notes will benefit from a security interest, established by way of a deed of charge, over the assets of the Company. Notes will be issued in denomination of €1 and LPIs will be issued in US$. The legal maturity of the Notes is 2045 though the Notes are expected to redeem following the redemption of the last CLO in which the Company holds a retention interest. Each Noteholder is required to execute a note subscription agreement pursuant to which each Noteholder will be obliged to fund their capital commitments and the Company will be able to draw on each of the Noteholders up to the applicable capital commitment. The minimum commitment by each investor will be €5,000,000 for an investment in Notes denominated in EUR and $5,000,000 for any LPIs denominated in US$ although the Company reserves the right (subject to applicable law and regulation) to accept a Commitment of a lower amount. The risks and cash flows on the Notes will reflect an aggregate investment in the Company and its Portfolio and are therefore considered an equity investment in the Company. The Company intends to make a quarterly distribution to the Noteholders of all distributions received on the underlying investments, net of any Company expenses.

The following table presents the movement of profit participating notes for the period:

	EUR
Opening balance as at August 6, 2020	-
Issues under Profit Participating Note	12,552,689
Repayments of Profit Participating Note	-
Net gain on financial liabilities designated at fair value through profit or loss	(675,709)
Closing balance as at December 31, 2020	**11,876,980**

(13) Carry note

The Company shall, issue a C Note. The C Note is owned by an affiliate of the Portfolio Adviser and acts as a mechanism for the allocation of the carried interest of the Company. The C Note shall be entitled to a return equal to 20 per cent of any amount that exceeds the amount that would, when applied in relation to the amount of interest payable to Noteholders and when combined with all prior payments made in respect of the Notes, result in an internal rate of return of 12 per cent per annum, on such Notes. There was no accrued return on the C Note as at December 31, 2020.

(14) Contingent liabilities

As at December 31, 2020, the Company has no contingent liabilities.

(15) Operating Segments

As required by IFRS 8 Operating Segments ("IFRS 8"), the information provided to the Board and the Portfolio Adviser, who are the Chief Operating Decision Makers, can be classified into one segment as at December 31, 2020.

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

(16) Involvement with unconsolidated structured entities

The Company has concluded that the CLO Warehouse in which it invests, but that it does not consolidate, meets the definition of a structured entity because:

- The voting rights in the CLO Warehouse are not dominant rights in deciding who controls the CLO Warehouse because the rights relate to administrative tasks only;
- The CLO Warehouse activities are restricted by its governing documents;
- The CLO Warehouse has a narrow and well-defined objective to provide investment opportunities to investors.

The table below sets out interests held by the Company in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the financials assets held.

Type of structure entity	**Nature and purpose**	**Interest held by the Company**
Collateralised Loan Obligaitons (CLOs)	To manage assets on behalf of third party investors and generate returns for the investors via interest collected on loans These vehicles are financed through rounds of investing (tranches)	Investment in the leftover equity tranche of the CLO

Investment in CLOs	**Number of underlying CLOs**	**Total net assets EUR**	**Carrying amount included in financial assets at FVTPL EUR**
Residual equity tranche holder	1	96,009,406	5,288,952
Investment in CLO equity	1	516,292,298	675,739

During the period ended December 31, 2020 the Company did not provide financial support to the CLO Warehouse and has no intention of providing financial or other support.

(17) Significant events during the period

The Company commenced operations on November 18, 2020 with an initial call of capital under the terms of the Notes for €12,552,689 on November 18, 2020.

On November 18, 2020, the Company opened its inaugural CLO warehouse with Morgan Stanley to start accumulating loans for the Company's inaugural CLO investment, Neuberger Berman Loan Advisers Euro CLO 1 DAC ("NBLA Euro CLO 1"). On December 3, 2020, the Company made an initial equity investment in the warehouse of €5 million to fund the first settlements.

There were no other material events during the period ending December 31, 2020.

(18) Subsequent events after the period

On February 1, 2021, the Company successfully priced NBLA Euro CLO 1 with Morgan Stanley as arranger and closed NBLA Euro CLO 1 on 29 March, 2021. On 26 March, 2021, the Company successfully completed a second Note closing and related capital call. On 29 March, 2021, the Company also successfully opened a second CLO warehouse facility with Barclays Bank PLC.

There were no additional subsequent events requiring adjustment to or disclosure in the financial statements.

(19) Adjustments to amounts due to Noteholders

Under IFRS as adopted by the International Accounting Standards Board ("IASB") the Company is required to account for organizational expenses in the period in which they are incurred however the Company has elected to amortise this amount over a five year period for NAV calculation purposes. To comply with IFRS as adopted by the IASB, the assets in the financial statements of the Company have been adjusted to write off for the organizational expenses.

This has no material impact on the on-going valuation of financial assets and liabilities of the Company.

	EUR
Amount due to Noteholders as at December 31, 2020	12,677,143
Unamortised set up cost	(800,163)
Amount due to Noteholders under financial statements as at December 31, 2020	**11,876,980**

There was no other material difference as at 31 December 31, 2020 between the reported Shareholder equity and the amount payable to Noteholders of the Company.

(20) Reconciliation to U.S. Generally Accepted Accounting Principles

As detailed in note 1, the Portfolio Adviser of the Company is registered with the SEC as an Investment Adviser under the Investment Advisers Act of 1940, as amended. Section 203(b)(3) of the Investment Advisers Act of 1940, as amended, provides for an exemption from a “surprise examination”, a requirement for the Investment Adviser to engage an independent public accountant to examine the books and records of the Company, subject to an annual Financial Statement audit by an independent public accountant (the “exemption”).

As part of the requirements for this exemption, the Company may: a) present their annual audited Financial Statements prepared under U.S. Generally Accepted Accounting Principles (“U.S. GAAP”); or b) non-U.S. pools may have their annual audited Financial Statements prepared in accordance with accounting standards other than U.S. GAAP so long as they contain information substantially similar to statements prepared in accordance with U.S. GAAP, with any material differences reconciled to U.S. GAAP.

As detailed in note 2, these Financial Statements have been prepared in accordance with IFRS and interpretations as issued by the IASB. The Company is of the opinion that the information presented in the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows has been presented in a manner that, with the exception of presentation, would not be materially different had these Financial Statements been prepared in accordance with U.S. GAAP.

The following tables provide reconciliation between IFRS and U.S. GAAP for the Financial Statements for the period ended December 31 2020:

Statement of financial position as at December 31, 2020	**IFRS EUR**	**Adjustment EUR**	**U.S. GAAP EUR**
Total assets	12,175,329	-	12,175,329
Total liabilities	(12,170,803)	-	(12,170,803)
Total equity	**4,526**	**-**	**4,526**

Statement of profit or loss and other comprehensive income for the period ended December 31, 2020	**IFRS EUR**	**Adjustment EUR**	**U.S. GAAP EUR**
Total income	901,650	-	901,650
Total operating expenses	(896,064)	-	(896,064)
Operating profit	**5,586**	**-**	**5,586**
Tax on profit	**(1,061)**	**-**	**(1,061)**
Profit or loss and total comprehensive income	**4,525**	**-**	**4,525**

(20) Reconciliation to U.S. Generally Accepted Accounting Principles (continued)

This note presents additional information that would have been provided had these Financial Statements been prepared in accordance with U.S. GAAP.

Financial highlights for the period ended December 31, 2020 are as follows:

	Period ended December 31, 2020
Total expenses	(14.28%)
Net investment loss	(0.09%)
Internal rate of Return ("IRR”)	(5.38%)

*The value of the Notes designated at fair value through profit or loss at 31 December, 2020 has been used as a proxy for the average net assets of the Company to present a more meaningful disclosure.

No uncertain taxes, interest expense or penalties have been recognised for the period ended and as at December 31, 2020. The Company does not expect that its assessment regarding unrecognized tax benefits will materially change over the next 12 months. However, the Company’s conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof as well as other factors.

(21) Approval of financial statements

The audited financial statements were authorised for issue by the Board of Directors on March 31, 2021.