

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

## **FINANCIAL STATEMENTS AND REPORT OF THE REVISEUR D'ENTREPRISES AGREE**

**As at and for the year ended 31 December 2020**

15, Boulevard F.W. Raiffeisen

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 2020, and the abridged profit and loss account for the year then ended, 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 2020, and of the results of its operations for the year then ended 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 as adopted for Luxembourg by the CSSF 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 Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for 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.

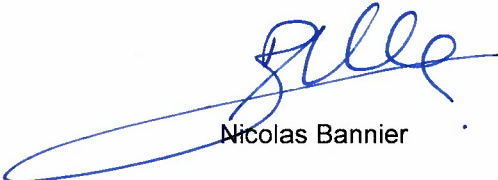
As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 those charged with governance 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, actions taken to eliminate threats or safeguards applied.

Ernst & Young  
Société anonyme  
Cabinet de révision agréé



Nicolas Bannier

Luxembourg, 26 April 2021



RCSL Nr. : B226365

Matricule : 20182443345

## Abridged Balance Sheet

Financial year from 01 January 2020 to 31 December 2020

### ASSETS

	Reference(s)		Current Year		Previous Period	
<b>A. Subscribed capital unpaid</b>	1101	101	-	102	-	
I. Subscribed capital not called	1103	103	-	104	-	
II. Subscribed capital called but unpaid	1105	105	-	106	-	
			-			
<b>B. Formation expenses</b>	1107	107	-	108	-	
<b>C. Fixed assets</b>	1109	3	70,500,988	110	60,261,598	
I. Intangible assets	1111	111	-	112	-	
II. Tangible assets	1125	125		126	-	
III. Financial assets	1135	135	70,500,988	136	60,261,598	
<b>D. Current assets</b>	1151	151	2,025,943	152	1,397,213	
I. Inventories	1153	153		154	-	
II. Debtors	1163	4	2,025,943	164	1,119,448	
a) becoming due and payable within one year	1203	203	2,025,943	204	1,119,448	
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	209,474	198	277,765	
<b>E. Prepayments</b>	1199	7	-	200	401	
<b>TOTAL (ASSETS)</b>		201	72,736,405	202	61,659,212	

The notes form an integral part of the financial statements



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**CAPITAL, RESERVES AND LIABILITIES**

Financial year from 01 January 2020 to 31 December 2020

	Reference(s)	Current Year	Previous Period
<b>A. Capital and reserves</b>	1301	<b>12,000</b>	<b>12,000</b>
I. Subscribed capital	1303 5	12,000	12,000
II. Share premium account	1305	-	-
III. Revaluation reserve	1307	-	-
IV. Reserves	1309	-	-
V. Profit or loss brought forward	1319	-	-
VI. Profit or loss for the financial year	1321	-	-
VII. Interim dividends	1323	-	-
VIII. Capital investment subsidies	1325	-	-
<b>B. Provisions</b>	1331	-	-
<b>C. Creditors</b>	1435 6	<b>72,724,405</b>	<b>61,647,212</b>
a) becoming due and payable within one Year	1453 6.1	2,119,864	1,370,622
b) becoming due and payable after more than one year	1455 6.2	70,604,541	60,276,590
<b>D. Deferred income</b>	1403	-	-
<b>TOTAL (CAPITAL, RESERVES AND LIABILITIES)</b>	405	<b>72,736,405</b>	<b>61,659,212</b>

The notes form an integral part of the financial statements



RCSL Nr. : B226365

Matricule : 20182443345

## Abridged Profit and Loss Account

Financial year from 01 January 2020 to 31 December 2020

	Reference(s)		Current Year		Previous Year	
<b>1. to 5. Gross profit or loss</b>	1651	<u>8</u>	651	<u>80,545</u>	652	<u>(329,876)</u>
<b>6. Staff costs</b>	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	-
<b>7. Value adjustments</b>	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	-
<b>8. Other operating expenses</b>	1621	<u>9</u>	621	<u>(88,561)</u>	622	<u>(14,992)</u>

The notes form an integral part of the financial statements





RCSL Nr. : B226365

Matricule : 20182443345

	Reference(s)		Current year		Previous year	
<b>9. Income from participating interest</b>	1715	<b>10</b>	715	<b>8,047,909</b>	716	<b>4,197,374</b>
a) derived from affiliated undertakings	1717		717	8,047,909	718	4,197,374
b) other income from participating interest	1719		719	-	720	-
<b>10. Income from other investments and loans forming part of the fixed assets</b>	1721	<b>11</b>	721	<b>15,082</b>	722	<b>9,495</b>
a) derived from affiliated undertakings	1723		723	-	724	-
b) other income not included under a)	1725		725	15,082	726	9,495
<b>11. Other interest receivable and similar income</b>	1727		727	-	728	4
a) derived from affiliated undertakings	1729		729	-	730	-
b) other interest and similar income	1731		731	-	732	4
<b>12. Share of profit or loss of undertakings accounted for under the equity method</b>	1663		663	-	664	-
<b>13. Value adjustments in respect of financial assets and of investments held as current assets</b>	1665		665	-	666	-
<b>14. Interest payable and similar expenses</b>	1627	<b>12</b>	627	<b>(8,059,255)</b>	628	<b>(3,852,375)</b>
a) concerning affiliated undertakings	1629		629	(8,059,255)	630	(3,852,375)
b) other interest and similar expenses	1631		631	-	632	-
<b>15. Tax on profit or loss</b>	1635		635	-	636	-
<b>16. Profit or loss after taxation</b>	1667		667	<b>(4,280)</b>	668	<b>9,630</b>
<b>17. Other taxes not shown under items 1 to 16</b>	1637	<b>13</b>	637	<b>4,280</b>	638	<b>(9,630)</b>
<b>18. Profit or loss for the financial year</b>	1669		669	-	670	-

The notes form an integral part of the financial statements

## Notes to the Financial Statements as at 31 December 2020

### 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 December 31 of each year.

The corporate objectives 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 objectives, 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 2020 (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 objectives.

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 objectives 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 the "**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 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 2020 (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 = 0.8990 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 2020 (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 "Gross profit or loss". 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 2020 (continued)

### 3. Fixed assets

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

	31 December 2020	31 December 2019
	€	€
Balance at the beginning of the year/period	60,261,598	-
Acquisitions during the year/period	31,339,415	71,305,033
Repayments during the year/period	(21,100,025)	(11,043,435)
<b>Balance at the end of the year/period</b>	<b>70,500,988</b>	<b>60,261,598</b>

### 4. Debtors becoming due and payable within one year

Debtors are detailed as below:

	31 December 2020	31 December 2019
	€	€
Distributions receivable from EUR LLP	2,011,385	1,097,953
Management fees receivable from EUR LLP	2,558	9,495
Short term loan receivable from Fund	12,000	12,000
<b>Total</b>	<b>2,025,943</b>	<b>1,119,448</b>

### 5. Capital and reserves

As of 31 December 2020 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 2020 (continued)

### 6. Creditors

#### 6.1 Creditors becoming due and payable within one year

Creditors are detailed as below:

	31 December 2020	31 December 2019
	€	€
Interest accrued under the notes	2,015,137	1,097,953
Amounts payable to the Fund	37,989	37,988
Audit fees	21,000	38,319
Fiscal fees	16,425	9,279
Organisational fees	15,000	159,633
Administration fees	9,364	9,315
Net Worth Tax	4,949	9,630
Professional fees	-	8,505
<b>Total</b>	<b>2,119,864</b>	<b>1,370,622</b>

#### 6.2 Creditors becoming due and payable after more than one year

The Company has issued new notes of EUR 31,339,415 during the year ended 31 December 2020 (2019: EUR 71,650,033). The accrued interest payable as at 31 December 2020 amounts to EUR 2,015,137 (2019: EUR 1,097,953).

	31 December 2020	31 December 2019
	€	€
Balance at the beginning of the year/period	60,276,590	-
Notes issues	31,339,415	71,650,033
Notes Redeemed	(21,100,025)	(11,388,435)
Equalisation provision	88,561	14,992
<b>Balance at the end of the year/period</b>	<b>70,604,541</b>	<b>60,276,590</b>

### 7. Prepayments

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

Prepayments are composed of:

	31 December 2020	31 December 2019
	€	€
Prepayment – Net Worth Tax	-	401
<b>Total</b>	<b>-</b>	<b>401</b>

## Notes to the Financial Statements as at 31 December 2020 (continued)

### 8. Gross profit or loss

The Gross profit or loss amount are detailed as below:

	31 December 2020	31 December 2019
	€	€
Reversal of provision for organisational fees	144,633	-
Administration fees	(37,231)	(70,241)
Audit fees	(13,393)	(38,319)
Fiscal fees	(7,147)	(9,279)
Bank fees	(4,071)	(4,750)
Other fees	(2,246)	(43,805)
Current account interest	-	(3,222)
Organisational fees	-	(159,633)
Unrealised loss	-	(627)
<b>Total</b>	<b>80,545</b>	<b>(329,876)</b>

### 9. Other Operating Expenses

Operating expenses are detailed as below:

	31 December 2020	31 December 2019
	€	€
Equalisation provision	(88,561)	(14,992)
<b>Total</b>	<b>(88,561)</b>	<b>(14,992)</b>

### 10. Income from participating interest

Income from investments are detailed as below:

	31 December 2020	31 December 2019
	€	€
Distribution income from EUR LLP	8,047,909	4,197,374
<b>Total</b>	<b>8,047,909</b>	<b>4,197,374</b>



## Notes to the Financial Statements as at 31 December 2020 (continued)

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

Management fees income is detailed as below:

	31 December 2020	31 December 2019
	€	€
Management fees receivable from EUR LLP	15,082	9,495
<b>Total</b>	<b>15,082</b>	<b>9,495</b>

### 12. Interest payable and similar expenses

Interest amounts paid and payable are detailed as below:

	31 December 2020	31 December 2019
	€	€
Interest expense under the notes	(8,059,255)	(3,852,375)
<b>Total</b>	<b>(8,059,255)</b>	<b>(3,852,375)</b>

### 13. Other taxes

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

	31 December 2020	31 December 2019
	€	€
Net Worth Tax 2018	(4,815)	4,815
Net Worth Tax 2019	-	4,815
Net Worth Tax 2020	535	-
<b>Total</b>	<b>(4,280)</b>	<b>9,630</b>

### 14. 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 year ended 31 December 2020, the managers of the Company received no remuneration (2019: No remuneration).

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## Notes to the Financial Statements as at 31 December 2020 (continued)

### 15. Related party transactions

Oaktree European CLO Capital Fund Limited (the “Fund”) is a related party of the Company. The Company issued new notes to the Fund of EUR 31,339,415 during the year ending 31 December 2020 (2019: EUR 71,650,033). Interest paid to the Fund under the notes amounted to EUR 6,044,118 (2019: EUR 2,754,422). The accrued interest payable as at 31 December 2020 amounts to EUR 2,015,137 (2019: EUR 1,097,953).

### 16. Reclassification

The Grand-Ducal Regulation of 12 September 2019 determining the content of the standard chart of accounts as per Article 12 of the Commercial code revised the Luxembourg Standard Chart of Accounts (PCN) dated 10 June 2009. This new PCN applies to annual accounts with financial year beginning on or after 1 January 2020. Previous year balances relating to 31 December 2019 have been modified following the application of the updated Luxembourg chart of accounts.

### 17. Off-balance sheet commitments

There are no off-balance sheet commitments.

### 18. Staffing

During the year under review, the Company had no employees.

### 19. Subsequent events

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.