CHURCHILL MMSL III DESIGNATED ACTIVITY COMPANY

Annual Report and Financial Statements

For the period from 2 March 2020 (date of incorporation) to 31 December 2020

Company number: 667579

CHURCHILL MMSL III DESIGNATED ACTIVITY COMPANY

Annual report and financial statements for the period from 2 March 2020 (date of incorporation) to 31 December 2020

CHURCHILL MMSL III DESIGNATED ACTIVITY COMPANY

Annual report and financial statements for the period from 2 March 2020 (date of incorporation) to 31 December 2020

Directors and other information

Directors
Eoin Redmond
Dennis Murray (resigned on 31 May 2021)
Sheila Rohan (appointed on 31 May 2021)

Registered Office
Churchill MMSL III Designated Activity Company
2nd Floor, Block E, Iveagh Court
Harcourt Road
Dublin D02 YT22

Investment Manager
Nuveen Alternatives Advisors LLC
730 Third Avenue
New York, New York, 10017

Depositary
US Bank N.A.
425 Walnut Street
Cincinnati, Ohio 45202

Administrator
U.S. Bank Global Fund Services (Ireland) Limited
24 – 26 City Quay
Dublin 2, Ireland

Irish Legal Advisors
Dechert
Second Floor
5 Earlsfort Terrace
Dublin 2, Ireland

Independent Auditors
PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

Company Secretary
Carne Global Financial Services Limited
2nd Floor, Block E, Iveagh Court
Harcourt Road
Co. Dublin 3

Company number
667579

Directors' Report

The Directors present their annual report, together with the audited financial statements of Churchill MMSL III Designated Activity Company (the "Company"), for the financial year ended 31 December 2020.

Principal Activities, Business Review and Future Developments

The Company is a qualifying company within the meaning of Section 110 of the Taxes Consolidation Act 1997 (as amended) and was incorporated on the 2 March 2020 in Ireland under the Companies Act 2014.

The Company's primary investment objective is to invest in Churchill MMSL III Investment Subsidiary, LP (the "Investment Subsidiary"), an exempted limited partnership formed under the laws of the Cayman Islands. The Investment Subsidiary invests in loans to middle market companies, primarily in the United States and Canada.

Asset purchases are funded through drawdowns on profit participation note agreements (the "Notes"). The Notes are limited recourse such that in the event of losses the amounts repayable to the lenders are limited to the value of the proceeds realized from the investment activities. Asset purchases are funded either through capital calls under the Notes or using proceeds from the resale of other assets or their income.

Detailed notes in respect of the Investments and Notes issued can be found in notes 3 and 8.

Key performance indicators

During the year the Company purchased investments in the amount of $64,975,000, disposed of investments in the amount of $20,113,955 with fair value movements in the amount of $439,025.

Principal Risks and Uncertainties

The Company, in the course of its business activities, is exposed to price risk, credit risk, liquidity risk, currency risk and interest rate risk. The Board of Directors ensures that risks are identified and managed in accordance with the objectives of the organisation. The financial risks are discussed in more detail in note 3 'Financial risk management' of the Company.

The Covid-19 pandemic has caused a general economic downturn, which may have adverse effects on the operating performance of the Company. The Company has included the estimated impact of the effects of the COVID-19 pandemic in the valuations of the Company's investments at 31 December 2020. The full extent of the impact of the COVID-19 pandemic on the financial performance of the Company's investments will depend on future developments, including the duration and spread of the outbreak, related advisories and restrictions and the impact on the financial markets and the overall economy.

On 31 December 2020, the United Kingdom left the European Union with a trade deal thereby avoiding the potential negative consequences of a no-deal Brexit. The long term impact of Brexit is unknown, therefore an element of uncertainty remains regarding the impact (if any) to the Company.

Results for the Financial Year and Dividends

The Statement of Comprehensive Income for the financial period from 2 March 2020 to 31 December 2020 and the Statement of Financial Position at that date are set out on pages 9 and 10. The profit on ordinary activities for the financial year before taxation amounted to $1,228 and after charging taxation amounted to $920.

The Directors did not declare any dividends during the financial year.

Directors' Report (continued)

Directors' Interests

The Directors during the financial year are set out below. In accordance with the Articles of Association the Directors are not required to retire by rotation. All of the current Directors are employees of Carne International Limited ("Carne").

- Eoin Redmond
- Dennis Murray (resigned on 31 May 2021)
- Sheila Rohan (appointed on 31 May 2021)

The Directors and the Company Secretary who held office at 31 December 2020 do not have any direct or beneficial interest in the shares of the Company at that date or during the financial year.

Audit committee

The Company has decided not to establish an audit committee as the activities of the Company have been delegated to a number of service providers and there is a robust due diligence procedure in place for these service providers.

Transactions involving Directors

There were no loans advanced to the Directors at any time during the financial year. As at 31 December 2020, two of the Directors of the Company, Eoin Redmond and Sheila Rohan were employees of Carne and therefore may be deemed to be interested in the Corporate Services Agreement. Carne receives an annual fee of approximately EUR 10,513 from the Company in respect of the provision of company secretarial services. This fee includes the provision of directorship services by its employees. The fee incurred for the director fees is EUR 777. As at 31 December 2020, nil remains outstanding to Carne. There were no other contracts or arrangements in relation to the business of the Company in which the Directors had any interest, as defined by the Companies Act 2014, at any time during the financial year.

Issue of Shares

Authorised share capital consists of 10,000,000 ordinary shares of € 1 each, with 1 Ordinary share issued at par. The shareholder is detailed in note 10 of the financial statements.

Going Concern

The Notes issued by the Company are of limited recourse and all the payments made in relation to the Notes and the running costs of the Company are made in accordance with the priority of payments as defined in the Offering Circular. Given that the Directors expect activity to continue at a level similar to the current financial year the Directors consider it appropriate to prepare the financial statements under the going concern assumption.

Events after the Financial Year

There were no significant events between the Balance Sheet date and the date of signing of the financial statements, affecting the Company, which require adjustment to or disclosure in the financial statements.

Accounting Records

The Directors are responsible for ensuring that proper books and accounting records, as outlined in Section 285 of the Companies Act 2014, are kept by the Company. To achieve this, the Directors have appointed U.S. Bank Global Fund Services (Ireland) Limited to provide accounting services, which report to the Board and ensure that the requirements of Section 202 of the Companies Act 2014, are complied with. The books of account of the Company are maintained at 24 – 26 City Quay Dublin 2, Ireland.

Directors' Report (continued)

Independent Auditors

PricewaterhouseCoopers Ireland, Chartered Accountants and Statutory Auditors, appointed, have expressed their willingness to continue in the office in accordance with Section 383(2) of the Companies Act 2014.

Political Donations

The Electoral Act, 1997 (as amended by the Electoral Amendment Political Funding Act, 2012) requires companies to disclose all political donations over EUR 200 in aggregate made during a financial year. The Directors, on enquiry, have satisfied themselves that no such donations in excess of this amount have been made by the Company during the year ended 31 December 2020.

Capital Structure

No individual person has a significant direct or indirect holding of securities in the Company. No person has any special rights of control over the Company's share capital.

There are no restrictions on voting rights.

With regard to the appointment and replacement of Directors, the Company is governed by its Constitution and the 2014 Act. The Constitution may be amended by special resolution of the shareholders.

Powers of Directors

The Directors are responsible for managing the business affairs of the Company in accordance with the Constitution. The Directors may delegate certain functions, subject to the supervision and direction by the Directors. The Directors have delegated the day-to-day administration of the Company to the Administrator and the Company Secretary.

Shareholders' meetings

The shareholder's rights and operations of shareholder meetings are defined in the Company's Constitution and company with the 2014 Act.

Related parties

Transactions with related parties are outlined in Note 9 to the financial statements.

Directors' Statement on Relevant Audit Information

As far as the Directors are aware, there is no relevant audit information of which the statutory auditors are unaware. The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and they have established that the statutory auditors are aware of that information.

Directors' Report (continued)

Directors' compliance statement

The Directors are responsible for securing the Company's compliance with its "relevant obligations" under section 225 of the Companies Act 2014 (as defined in section 225(1) thereof). It is noted however that the Company does not meet the financial criteria established in section 225(7) and as such have not prepared an official compliance statement. However, as required under section 225(3), the Directors confirm that:

(a) they are responsible for securing the company's compliance with its relevant obligations; and

(b) appropriate arrangements or structures have been put in place that are, in the Director's opinions, designed to secure material compliance with the Company's relevant obligations; and

(c) a review of the arrangements or structures referred to in paragraph (b) above has been carried out as of 31 December 2020.

In respect of subsection 225(3) (b) the directors of the company in their discretion so decide, to place reliance on the advice of one, or more than one, person retained by the Company under a contract for services, being a person who appears to the directors to have the requisite knowledge and experience to advise the company on compliance with its relevant obligations. To achieve this, the Directors have appointed U.S. Bank Global Fund Services (Ireland) Limited to provide accounting services, which report to the Board and ensure that the requirements of Section 202 of the Companies Act 2014, are complied with. The books of account of the Company are maintained at 24 – 26 City Quay Dublin 2, Ireland.

The financial statements were approved by the Board of Directors on 16 June 2021 and signed on its behalf by:

Sheila Rohan

(Director) (Director)

Eoin Redmond Sheila Rohan

Directors responsibilities statement

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with the Companies Act 2014.

Irish Company law requires the Directors to prepare financial statements for each financial year. Under the law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("relevant financial reporting framework"). 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 assets, liabilities and financial position of the Company as at the financial year end date and of the profit and loss of the Company for the financial year and otherwise comply with the Companies Act 2014.

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

- select suitable accounting policies for the Company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and reasons for any material departure from these standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' report comply with the Companies Act 2014, and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm they have complied with the above requirements throughout the year and subsequently.

Approved and authorised for issue on 16 June 2021:

(Director) Sheila Rohan (Director)

Eoin Redmond Sheila Rohan

Independent auditors report

CHURCHILL MMSL III DESIGNATED ACTIVITY COMPANY

Statement of Comprehensive Income
For the financial period from 2 March 2020 (date of incorporation) to 31 December 2020
(In U.S. Dollars)

	Note(s)	Period 2 March 2020 to 31 Dec 2020
Investment income		
Net gains on financial assets at fair value through profit or loss	2(i), 4	$ 439,025
Net movement on profit participating notes at fair value through profit or loss	2(o), 8	(337,902)
Net invesment income		101,123
Other income and other expenses		
Administration fees	12	(52,198)
Professional fees	2(h), 6	(17,365)
Other expenses		(30,332)
Total other income and other expenses		(99,895)
Net income before taxation		1,228
Tax on profit on ordinary activities	2(m), 5	(308)
Net income after taxation		920
Other comprehensive income		-
Total comprehensive income for the financial period		$ 920

There are no recognized gains and losses in the financial period other than those dealt with in the statement of comprehensive income. All results are from continuing operations.

The accompanying notes form an integral part of these statements.

CHURCHILL MMSL III DESIGNATED ACTIVITY COMPANY

Statement of Financial Position
As at 31 December 2020
(In U.S. Dollars)

	Note(s)		31 Dec 2020
Assets			
Cash	2(f)	$	13,602
Financial assets at fair value through profit or loss	2(i), 8		45,300,070
Total assets			45,313,672
Liabilities			
Accrued expenses and other liabilities	2(j)		71,333
Profit Participating Note at fair value through profit or loss	2(o), 8		45,241,418
Total liabilities			45,312,751
Shareholder's equity			
Share capital	10		1
Retained earnings			920
Total shareholder's equity			921
Total liabilities and shareholder's equity		$	45,313,672

On behalf of the Directors':

Sheila Rohan

Eoin Redmond
Director

Sheila Rohan
Director

Date: 16 June 2021

The accompanying notes form an integral part of these statements.

CHURCHILL MMSL III DESIGNATED ACTIVITY COMPANY

Statement of Changes in Equity
For the financial period from 2 March 2020 (date of incorporation) to 31 December 2020
(In U.S. Dollars)

	Share capital	Retained earnings	Total
Shareholder's equity, 2 March 2020 (date of incorporation)	$ -	$ -	$ -
Issuance of share capital	1	-	1
Total comprehesive income for the financial period from 2 March 2020 (date of incorporation) to 31 December 2020	-	920	920
Shareholder's equity, 31 December 2020	**$ 1**	**$ 920**	**$ 921**

The accompanying notes form an integral part of these statements.

CHURCHILL MMSL III DESIGNATED ACTIVITY COMPANY

STATEMENT OF CASH FLOWS
For the financial period from 2 March 2020 (date of incorporation) to 31 December 2020
(In U.S. Dollars)

		Period 2 March 2020 to 31 Dec 2020
Cash flows from operating activities		
Total comprehensive income for the financial period	$	920
Adjustments for:		
Net gains on financial assets at fair value through profit or loss		(439,025)
Net movement on profit participating notes at fair value through profit or loss		337,902
Payments for acquistion of financial assets		(64,975,000)
Proceeds from disposal of financial assets		20,113,955
Net movement in other liabilities		71,333
Net cash flows used in operating activities		(44,889,915)
Cash flows from financing activities		
Proceeds from share transactions		1
Proceeds from issuance of Profit Participating Note		64,985,000
Repayments of Profit Participating Note		(20,081,484)
Net cash provided by financing activities		44,903,517
Net increase in cash		13,602
Cash at beginning of the financial period		-
Cash at end of the financial period	$	13,602

The accompanying notes form an integral part of these statements.

1. General Information

Churchill MMSL III Designated Activity Company (the "Company"), an Irish designated activity company, is structured to be eligible for tax treatment under Section 110 of the Irish Taxes Consolidation Act 1997 and was incorporated on 2 March 2020, under the Companies Act 2014 (amended) with registration number 667579. The Company commenced operations on 9 June 2020, the date of the first capital call.

The Company's primary investment objective is to invest in Churchill MMSL III Investment Subsidiary, LP (the "Investment Subsidiary"), an exempted limited partnership formed under the laws of the Cayman Islands. The Investment Subsidiary invests in loans to middle market companies, primarily in the United States and Canada. The Investment Subsidiary will be primarily engaged in lending to and investing in first lien senior secured loans and unitranche loans to middle market companies. In addition, the Investment Subsidiary may invest a portion of its assets in "last out" positions of unitranche loans, second lien loans and subordinated loans made to middle market companies and may acquire the equity securities of such companies, as well as structured credit investments.

Churchill Middle Market Senior Loan Fund III (Delaware) LP ("Delaware Lender") and Churchill Middle Market Senior Loan Fund III (USTE) LP ("USTE Lender", and collectively with the Delaware Lender, the "Lenders") invest substantially all of their assets in the Company in exchange for profit participating notes issued by the Company (see Note 2).

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Statement of compliance

The financial statements are expressed in United States Dollars and have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and with the Companies Act 2014.

The financial statements have been prepared on a going concern basis as the Board of Directors is satisfied that the Company has resources to continue in business for a period of at least 12 months from approval of the financial statements.

Irish company law requires a parent company to prepare group financials for the group as well as preparing individual financial statements for the Company. As an investment entity , the Company is required under IFRS to measure its investments in subsidiaries at fair value through profit or loss, instead of consolidating those subsidiaries, where the subsidiaries are determined to be investment entities.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis except for the following, which have been classified at fair value through profit or loss under IFRS 9:

- Financial assets at fair value through profit or loss ("FVTPL"); and
- Financial liabilities designated at FVTPL

2. Significant accounting policies (continued)

(c) Significant estimates

Preparing financial statements in accordance with IFRS requires management to make estimates and assumptions in determining the reported amounts of assets and liabilities, including the fair value of investments, and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Significant judgments
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 recognized prospectively.

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 31 December 2020 is included in Note 8: Fair value measurements and relates to the determination of fair value of financial instruments with significant unobservable inputs.

(d) Investment Entity

The Company has been deemed to meet the definition of an investment entity as per IFRS 10 as the following conditions exist:

- The Company's business purpose is to invest solely for returns from capital appreciation, investment income or both; and
- The Company measures and evaluates the performance of substantially all of its financial assets on a fair value basis.

Each company funded by the Company has also been deemed to meet the definition of an investment entity and as a result the Company accounts for the below company at fair value through profit or loss:

- Churchill MMSL III Investment Subsidiary, LP (the "Investment Subsidiary")

The business activity of the Investment Subsidiary is to invest in loans to middle market companies, primarily in the United States and Canada. The Investment Subsidiary's registered place of business is Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company has deemed the above investment to be structed entity as the following conditions exist:

- The relevant activities of the entity are directed by means of contractual arrangements and are restricted;
- The entity has narrow and well defined objectives; and
- There is insufficient equity to permit the structured entity to financial its activities without subordinate financial support.

The transactions with above entities are disclosed in Note 9 of the financial statements.

(e) Functional & presentation currency

The financial statements are presented in United States Dollars, which is the currency of the primary economic environment in which the Company operates (the "functional currency"). It is also the Company's presentation currency.

(f) Cash

Cash represents cash deposits held at financial institutions and, at times, may exceed U.S. federally insured limits.

2. Significant accounting policies (continued)

(g) Investment Transactions and Related Investment Income

Investment transactions are recorded on trade date. Any amounts related to purchases and sales that have traded, but not settled, are reflected as either a principal receivable or payable for unsettled trades on the statement of financial position. Realized gains and losses on investment transactions are determined on a specific identification basis.

(h) Professional fees and other expenses

Expenses are accounted for on an accrual basis of accounting. Professional fees mainly comprise of audit and tax fees, professional fees, administration fees and other miscellaneous fees incurred in the day to day operations of the Company.

(i) Financial instruments

As per IFRS 9, for the period ended 31 December 2020 the Company classifies its financial instruments as:
- Financial asset at FVTPL
- Profit participating notes at FVTPL

Classification
IFRS 9 establishes specific categories into which all financial assets and liabilities must be classified. The classification of financial instruments determines how these financial assets or liabilities are subsequently measured in the financial statements. The Company classifies its investments based on both the Company's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

The classification and measurement of the Company's financial assets are as follows:

The Company's financial assets at fair value through profit and loss consists of an investment in a company that has been deemed to meet the definition of an investment entity and as a result the Company accounts for the investment at fair value through profit or loss.

Recognition
The Company initially recognises all financial assets and liabilities on the trade date at which the Company becomes a party to the contractual provisions of the instruments. Purchases and sales of financial assets and financial liabilities are recognized using trade date accounting. From trade date, any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded in the statement of comprehensive income.

Derecognition
The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

2. Significant accounting policies (continued)

Initial measurement

Financial assets and financial liabilities at FVTPL are initially recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognized directly in comprehensive income. Financial assets and liabilities (other than those classified as at FVTPL) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

Investments held by an investment entity are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

Subsequent measurement

Subsequent to initial recognition, all financial assets and liabilities classified as at fair value through profit or loss, are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income. 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 measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent ordinary transactions between market participants, reference to other instruments that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

The fair value of the Company's investment in the investment entity listed in Note 2(d) is determined based on the excess value of the assets of the Investment Subsidiary, excluding accumulated retained profits, over the value of its other liabilities. The relevant disclosures required under IFRS 12, in relation to these structured entities, are included in Notes 2(d) and 8 to the financial statements. Management considers the valuation of the underlying investments, the debt and the net assets calculation and that the basis of accounting is fair value for all cases.

Investments held by an investment entity are valued at fair value on a quarterly basis. Generally, there is no comparable public market for such investments which include term loans. To determine fair value, the investment manager of the investment entity determines fair value using models that consider credit risk, liquidity, market spreads and other applicable factors for similar transactions. Inputs used to measure the fair value of an investment reflect the best estimate of assumptions that would be used by market participants in pricing such investment in a hypothetical transaction.

Financial liabilities

The Company includes in this category financial liabilities which are designated at FVTPL at initial recognition to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. This category includes profit participating notes ("PPNs") issued by the Company.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

2. Significant accounting policies (continued)

(j) Other liabilities

Other liabilities are accounted for on an accrual basis of accounting and the carrying amounts are considered to be the same as their fair values, due to their short term nature.

The fair value of financial liabilities designated at fair value through profit or loss is determined by reference to the fair value of the associated financial assets at fair value through profit or loss and the sundry receivables and payables held by the Company.

(k) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

For the financial year ended 31 December 2020, there were no financial assets or liabilities subject to enforceable, master netting arrangements or similar agreements which would require disclosure.

Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL.

(l) Fees and expenses

Fees and expenses are recognised in the statement of comprehensive income on an accrual basis.

(m) Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax comprises the expected tax payable on the taxable income for the period, using the tax rates applicable to the Company's activities enacted or substantially enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred taxation is accounted for, without discounting, in respect of all temporary differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date except as otherwise required by International Accounting Standard (“IAS”) 12 'Income Tax'. Provision is made at the tax rates which are expected to apply in the periods in which the timing differences reverse.

Deferred tax assets are recognised only to the extent that it is considered more likely than not that they will be recovered. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that related tax benefit will be realised.

(n) Share capital

Ordinary Shares are not redeemable and do not participate in the profit of the Company and are classified as equity per the Company's Articles of Association. Share Capital is issued in United States Dollars.

2. Significant accounting policies (continued)

(o) Profit participating note agreements

The Company finances its investment activities through drawdowns on profit participation note agreements (the "Notes"). Under the terms of these agreements the return payable on the loans are equal to the profits of the Company less a profit of EUR1,000 per annum reserved to the Company. The Notes are limited recourse such that in the event of losses the amounts repayable to the lenders are limited to the value of the proceeds realized from the investment activities.

The Notes are financial liabilities held at fair value. A liability may be designated at fair value when it eliminates or significantly reduces a measurement or recognition inconsistency, "an accounting mismatch" that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on a different basis. Where an accounting mismatch would otherwise exist, financial liabilities are measured at fair value. The carrying values of the Notes approximate their fair value and are categorized as Level 3 within the hierarchy.

(p) New Accounting Pronouncements

Standards and amendments to existing standards effective 1 January 2020:
There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2020 that have a material effect on the financial statements of the Fund.

New standards, amendments and interpretations effective after 1 January 2020 and have not been early adopted:
A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

3. Financial risk management

The Company's activities expose it to a variety of financial risks; credit risk, concentration risk, liquidity risk and market risk. The Company's overall risk management programme seeks to maximise the returns derived for the level of risk to which it is exposed and seeks to minimise potential adverse effects on the Company's performance. The management of these risks is carried out by the Company under policies approved by the Board of Directors. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital and further quantitative disclosures are included throughout these financial statements.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge a financial obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk mainly through its investment in financial assets. The table below analyses the Company's maximum exposure to credit risk in relation to the components of the statement of financial position.

Cash	$	13,602
Financial assets at FVTPL		45,300,070
Total assets	$	45,313,672

(In U.S. Dollars)

3. Financial risk management (continued)

The credit characteristics of the financial assets in the portfolio are measured, updated and analysed every quarter, and in some cases every month, to determine the current credit status of each financial asset. Underlying investments which may include debt investments are subject to credit risk which includes risk of early payment and default by the issuer. Lack of controlling equity interests and the leveraged nature of portfolio companies imposes risk of loss on the Company as well.

At 31 December 2020, the cash of the Company are held by U.S. Bancorp which has a Moody's credit rating of A1.

At 31 December 2020, the financial assets at FVTPL are not rated.

(b) Concentration risk

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

The Investment Manager monitors the exposure of the Company to various risks including country/geographical, industry categories/segments and asset type. The geographical locations for the investments are shown in the table below.

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

Location	Fair value	% of total assets
Cayman Islands	$ 45,300,070	99.97%

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The ability of the Company to meet its ongoing obligations towards the Noteholders is dependent on the receipt of interest and principal from the portfolio of financial assets. The obligations of the Company are limited recourse to the financial assets, hence any shortfall in receipt will have an equal effect on the repayment obligations on the Notes. The Company has the ability to periodically draw down on the Notes to fund investment purchases. The Notes constitute unsecured, direct and subordinated obligations of the Company which shall be redeemed on the twelfth anniversary of the effective date of the Notes.

The table below represents the cash flows payable by the Company under financial liabilities by remaining contractual maturities at the end of the financial reporting year. The amounts shown are the contractual undiscounted cash flows whereas the Company manages the inherent liquidity risk based on expected undiscounted cash inflows.

	Up to one year	One to two years	Two to five years	Over five years	Gross contractual cash flow total	Carrying value
Liabilities						
Financial liabilities designated at fair value through profit or loss	$ -	$ -	$ -	$ 45,241,418	$ 45,241,418	$ 45,241,418
Other payables and accrued expenses	71,333	-	-	-	71,333	71,333
Total Liabilities	$ 71,333	$ -	$ -	$ 45,241,418	$ 45,312,751	$ 45,312,751

Contractual cash flows are comprised of projected future interest payments on the financial liabilities issued and other payables. Contractual cash flows owed to the Noteholders are only contractually due if monies are received from the investment securities.

(In U.S. Dollars)

3. Financial risk management (continued)

The Company's underlying portfolio investments include illiquid, non-publicly traded securities. Since these investments are illiquid, the investments can be subject to a variety of restrictions on resale, and there can be no assurance that the Company will be able to realize the value of such investments in a timely manner. Risks affecting these portfolio companies include, but are not limited to increasing competition, rapid changes in technology and changes in market and economic conditions. These factors could have a negative effect on the ultimate realizable value of the Company's investments.

(d) Market risk

Market risk is the potential adverse change in value caused by unfavourable movements in interest rates, foreign exchange rates or market prices of financial instruments. The Company's main investment through the Investment Subsidiary is a portfolio of senior secured floating rate loans and first lien senior secured floating rate notes. The market risks associated with these activities are outlined below.

(e) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company monitors the interest rate risk as an integral art of the daily oversight process on all positions. The table below summarises the Company's exposure to interest rate risk.

	Floating rate	Fixed rate	Non-Interest Bearing	Total
Assets				
Cash and cash equivalents	$ -	$ 13,602	$ -	$ 13,602
Financial assets at FVTPL	-	-	45,300,070	45,300,070
Total assets	$ -	$ 13,602	$ 45,300,070	$ 45,313,672
Liabilities				
Accrued expenses and other liabilities	$ -	$ -	$ 71,333	$ 71,333
Financial liabilities designated at FVTPL	45,241,418	-	-	45,241,418
Total liabilities	$ 45,241,418	$ -	$ 71,333	$ 45,312,751
Total interest sensitivity gap	$ (45,241,418)	$ 13,602	$ 45,228,737	$ 921

At 31 December 2020, had interest rates increased or decreased by 0.50% with all other variables held constant, the income and net assets would have increased or decreased accordingly by approximately 0.50%.

The sensitivity analysis above has been determined based on the Company's exposure to interest rates for interest bearing assets and liabilities (included in the interest rate exposure tables above) at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting financial period in the case of instruments that have floating rates. For variable instruments, this analysis assumes that all other variables, in particular foreign currency rates, remain constant.

The interest rates applicable to underlying financial assets held by the Investment Subsidiary, are based on a minimum floor all in rate of the LIBOR and the initial interest rate risk.

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 the results of the Company.

3. Financial risk management (continued)

(f) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. Price risk is a significant risk to the Company, however the risk of fluctuation in the value of the investments held by the Company will be borne by the Noteholders due to the limited recourse nature of the Notes.

The Notes issued by the Company are limited recourse obligations and the future cash flows for the Notes depends on the future cash flows of the investment securities at FVTPL after deducting the cash outflows and other liabilities.

Any changes in the prices of the financial assets at fair value through profit or loss would not have any effect on the equity or comprehensive income of the Company as any fair value fluctuations in prices are ultimately borne by the noteholders. The impact of a 5% movement in the market prices of the financial assets with all other variables held constant at the reporting date on the statement of comprehensive income is shown as follows:

AT 31 DECEMBER 2020	**Change in market price %**	**Effect on net assets attributable to holders of redeemable participating shares and total comprehensive income for the year**
Financial assets at FVTPL	5%	$ 2,265,004

A decrease of 5% would result in an equal but opposite effect on net assets and comprehensive income for the year to the figures shown above, on the basis that all other variables remain constant.

As the Company has limited recourse Notes issued, all gains and losses are passed on to the Noteholders with no residual risk remaining. The sensitivity analysis has been determined based on the Company's exposure to variable interest rates for interest bearing assets (included in the interest rate exposure tables above) at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting financial year in the case of instruments that have floating rates.

(g) Capital risk management

The capital managed by the Company is comprised of the notes issued and outstanding at the financial period end. The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to the Noteholders through optimisation of the Notes issued balance. The Company is not subject to externally imposed capital requirements.

(h) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company’s processes, and from external factors other than credit, markets and liquidity issues such as those arising from legal and regulatory requirements.

Operational risks arise from all of the Company’s operations. The Company was incorporated with the purpose of engaging in those activities outlined in the preceding paragraphs. All management and administration functions are outsourced to the Administrator. The Company’s financial return from realising the disposal of investment securities is subject to market conditions. The Directors have outsourced the management of the portfolio to the Investment Manager.

(In U.S. Dollars)

3. Financial risk management (continued)

The Covid-19 pandemic has caused a general economic downturn, which may have adverse effects on the operating performance of the Company. The Investment Manager has included the estimated impact of the effects of the COVID-19 pandemic in the valuations of the Company's investments at 31 December 2020. The full extent of the impact of the COVID-19 pandemic on the financial performance of the Company's investments will depend on future developments, including the duration and spread of the outbreak, related advisories and restrictions and the impact on the financial markets and the overall economy.

4. Net gain on financial assets at FVTPL

Realized gain on financial assets at FVTPL	$	207,500
Unrealized gain on financial assets at FVTPL		231,525
	$	439,025

5. Taxation

The Company is a qualifying company within the meaning of Section 110 of the Taxes Consolidation Act, 1997. As such the profits are chargeable to corporation tax under Case III of Schedule D at a rate of 25% and are computed in accordance with the provisions applicable to Case I of Schedule D.

Factors affecting tax charge for the year/period		
Profit on ordinary activities before tax	$	1,228
Profit on ordinary activities multiplied by standard rate of Irish corporation tax (12.5%)		154
Effect of 25% rate applicable to Section 110 companies		154
Taxation charge	$	308

6. Professional fees and other expenses

Tax Preparation Fees	$	17,365
Professional fees	$	17,365

7. Financial assets at FVTPL

Maturity profile of financial assets at FVTPL		
Amounts due within 1 year	$	-
Amounts due after more than 1 year		-
Amounts due within 2-5 years		-
Greater than 5 years		45,300,070
Balance at the end of the financial period	$	45,300,070

(In U.S. Dollars)

8. Fair value measurements

Fair Value - Definition and Hierarchy

All of the Company's financial asset and financial liabilities at the Statement of financial position date are carried at the fair value as described in accounting policies.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on degree to which the fair value is observable.

Level 1 - Valuations are based on unadjusted, quoted or published prices in active markets for identical assets that the Investment Manager has the ability to access at the measurement date.

Level 2 - Valuations are based on quoted or published prices for similar items in active markets or markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Financial assets are categorized in Level 1 or Level 2 of the fair value hierarchy, except in instances where significant inputs are unobservable in which case, they are categorized in Level 3 of the fair value hierarchy. At 31 December 2020 the Company had financial assets amounting to $45,300,070 in Level 3.

Financial liabilities are measure at fair value and are classified as level 3. These liabilities are classified as level 3 as the value is determined by reference to the fair value to the associated financial assets designated at fair value through profit or loss.

Financial assets at fair value through profit or loss, measured at fair value based on Level 3:

Balance at the beginning of the financial period	$	-
Purchases of financial assets at FVTPL in period		64,975,000
Disposal of financial assets at FVTPL in period		(20,113,955)
Total net gains or losses recognised in the period		439,025
Balance at the end of the financial period	$	45,300,070
Realized gain on financial assets at FVTPL	$	207,500
Unrealized gain on financial assets at FVTPL		231,525
Total net gains for level 3 financial assets	$	439,025

Profit participating notes at fair value through profit or loss, measure at fair value based on Level 3:

Profit participating notes at fair value through profit or loss at beginning of period		
Drawdowns	$	64,985,000
Repayments		(20,081,484)
Change in fair value		337,902
	$	45,241,418

Valuation techniques and inputs for Level 3

Financial assets classified within Level 3 have significant unobservable inputs, as they trade infrequently. As observable prices

(In U.S. Dollars)

8. Fair value measurements (continued)

are not available for these securities, the Fund has used valuation techniques to derive the fair value. Level 3 valuations are reviewed on a quarterly basis. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognised as standard within the industry. In selecting the most appropriate valuation model for underlying investments held by an investment entity, the Company considers which model's results have historically aligned most closely to actual market transactions. The inputs into the determination of fair value are based upon the best available information in the circumstances and may require significant management judgment. Financial assets valued using market transaction have been included in level 3 due to its unobservable nature.

Financial liabilities are measured at fair value and are classified as Level 3. These liabilities are classified as level 3 as the value is determined by reference to the fair value of the associated financial assets designated at fair value through profit or loss. The financial liabilities of the Company are made up of profit participating notes. The fair value of the profit participating notes is determined by reference to the value of the Company's total assets other than amounts of share capital and accumulated retained profit less the value of the total liabilities of the Company.

The following table presents information about the Company's assets and liabilities measured at fair value as of 31 December 2020:

	Level 1	Level 2	Level 3	Total
Finanical assets				
Cash	$ 13,602	$ -	$ -	$ 13,602
Finanical assets at FVTPL	-	-	45,300,070	45,300,070
Total finanical assets	$ 13,602	$ -	$ 45,300,070	$ 45,313,672

	Level 1	Level 2	Level 3	Total
Finanical liabilities				
Accrued expenses and other liabilities	$ -	$ 71,333	$ -	$ 71,333
Profit Participating Note	-	-	45,241,418	45,241,418
Total finanical liabilities	$ -	$ 71,333	$ 45,241,418	$ 45,312,751

The investment in the Investment Subsidiary is valued based on the net asset value of the Investment Subsidiary as described in Note 2(i). The underlying investments are classified within Level 3 as a result of having significant unobservable inputs, as they trade infrequently. As observable prices are not available for the underlying securities held by the Investment Subsidiary, the Company has used valuation techniques to derive the fair value including pricing models that consider credit risk, liquidity, market spreads and other applicable factors for similar transactions.

The impact of a 5% increase or decrease in the prices of the level 3 assets with all other variables held constant at the reporting date on the statement of comprehensive income is shown as follows:

AT 31 DECEMBER 2020	Change in market price %	Effect on net assets and total comprehensive income for the year
Financial assets at FVTPL	+5% / -5%	$2,265,004/ $(2,265,004)

9. Related Party Transactions

The Company has identified the following which are required to be disclosed under the terms of IAS 24.

Transactions with structured entity
As discussed in Note 2, these financial statements reflect the results, financial positions and cash flows of the Company and the below paragraph discloses details of transactions between the Company and the structured entity during the reporting period. All transactions between the company and the structured entity have been made in furtherance of the Company's strategy.

As at 31 December 2020, the Company's investment in Churchill MMSL III Investment Subsidiary, LP amounted to $45,300,070. The drawdowns and repayments made in relation to the investment amounted to $64,975,000 and $20,113,955, respectively. The Company and Churchill MMSL III Investment Subsidiary, LP have the same Investment Manager and Directors.

As at 31 December 2020, the profit participating notes issued by the Company to the Lenders amounted to $45,241,418. The drawdowns and repayments made by the Company in relation to the profit participating notes held by the Lenders amounted to $64,985,000 and $20,081,484, respectively.

Transactions with Directors
There were no loans advanced to the Directors at any time during the financial year. As at 31 December 2020, two of the Directors of the Company, Eoin Redmond and Sheila Rohan were employees of Carne and therefore may be deemed to be interested in the Corporate Services Agreement. Carne receives an annual fee of approximately EUR 10,513 from the Company in respect of the provision of company secretarial services. This fee includes the provision of directorship services by its employees. The fee incurred for the director fees is EUR 777. As at 31 December 2020, nil remains outstanding to Carne. There were no other contracts or arrangements in relation to the business of the Company in which the Directors had any interest, as defined by the Companies Act 2014, at any time during the financial year.

10. Shareholder's Equity, Allocations and Distributions

Shareholder's Equity
The Company is authorized to issue 10,000,000 ordinary shares at €1.00 each. Upon incorporation, one ordinary share was issued by the Company to one shareholder, Carne International Limited (the "Shareholder"). The Company is an orphan company, as such the Shareholder shall hold its ordinary share in the Company on trust for the benefit of one or more "Qualified Beneficiaries" (being any Irish person, purpose, activity, or object of which is considered charitable under the laws of Ireland) pursuant to a declaration of trust made by the Shareholder on 24 February 2020.

Allocation of Profits and Losses
Amounts of income, gain, loss, deduction or credit are allocated among the noteholders, as holders of the Notes, as described in Note 2.

11. Contingent liabilities

There were no contingent liabilities as at 31 December 2020. Contingent liabilities are assessed continually to determine whether transfers of economic benefits have become probable. Where future transfers of economic benefits change from previously disclosed contingent liabilities, provisions are recognised in the period in which the changes in probability occur.

12. Administrators

U.S. Bank Global Fund Services (Cayman) Limited, and U.S. Bank National Association (the "Administrators") has been appointed to act as administrator to the Company. For the financial period from 2 March 2020 (date of incorporation) to 31 December 2020, the administrators earned fees in accordance with the administration agreement for services provided to the Company of $52,198 which are included in the administration fees on the statement of comprehensive income.

13. Subsequent Events

Management has evaluated the impact of all subsequent events through 16 June, 2021, the date the financial statements were available to be issued, and has determined, there are no material events that would require disclosure or recognition in the Company's financial statements.

14. Approval of financial statements

The Board of Directors approved these financial statements on 16 June 2021.