ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE PERIOD FROM 30 APRIL 2014 (DATE OF INCORPORATION) TO 31 DECEMBER 2014

Blackstone / GSO Loan Financing Limited: Investment objective

The investment objective of Blackstone / GSO Loan Financing Limited (the "Company") is to provide shareholders with stable and growing income returns and to grow the capital value of the investment portfolio by exposure predominantly to floating rate senior secured loans directly and indirectly through Collateralized Loan Obligations ("CLO") income notes. The Company will seek to achieve its investment objective solely through exposure to Blackstone / GSO Corporate Funding Limited (the "Originator").

The Company's shares have a listing on the Specialist Fund Market (the "SFM") of the London Stock Exchange (the "LSE") and from 17 April 2015 were also admitted to the Channel Islands Securities Exchange (the "CISE").

CHAIR'S REPORT

I am pleased to present the Annual Report and Accounts for the Company for the financial period ended 31 December 2014.

Performance
Since launch on 23 July 2014, ("Admission") the Company has made strong progress with EUR260.5m originally being raised. An over-allotment option was exercised in August 2014 which raised an additional EUR40.7m. The cumulative capital raise of EUR301.2m was 50% ahead of target.

The financial performance of the Company since Admission has been determined principally by the progress that the Originator has made in deploying the funds invested by the Company. As at the period-end date, the Originator was 32% invested in CLO income notes across three CLOs which, at the time of writing this report, had increased to 51% across 5 CLO income notes. The Company has generated an absolute return on funds invested of -0.73% for the Euro class ordinary shares with which your Board is satisfied and is broadly in line with expectations at this stage of the Company's life.

At the time of writing this report, the Originator is approximately 11 months ahead of target on its investment progress. Approximately EUR153m has been invested in CLO income notes at expected IRRs of 12% to 15% and the Originator has issued its first U.S. Loan CLO, Dorchester Park to take advantage of strong relative value in the U.S. loan market.

Market performance in 2014 will be remembered for a few key themes; strengthening of the USD, a sell-off in oil, and a surprise rally in core government bonds. The prospect of quantitative easing from the European Central Bank (the "ECB") certainly helped to support the broader fixed income market, with investment grade and core government bonds clearly benefiting. The sell-off in energy credits had a material impact on US high yield returns, with some contagion being felt in global credit markets, particularly in U.S. loans. Volatility was more subdued in the European loan market, due to a lack of energy exposure and insulation from retail fund flows. In contrast, the European high yield market, which is exposed to retail fund flows, experienced periods of price volatility over the course of 2014.

Date	Start NAV	End NAV	Share Price	Dividend	Monthly Return	Return Since Inception
31/08/2014	1.0000	1.0078	1.0230	N/A	+0.78%	+0.78%
30/09/2014	1.0078	1.0100	1.0250	N/A	+0.21%	+0.99%
31/10/2014	1.0100	1.0126	1.0230	N/A	+0.26%	+1.26%
28/11/2014	1.0126	1.0239	1.0190	N/A	+1.12%	+2.39%
31/12/2014	1.0239	0.9927	1.0150	2.65c	-3.05%	-0.73%

Dividends
As announced on 22 of January 2015 the Board approved a maiden dividend from net income, for the period from Admission to 31 December 2014, of 2.65c per share, which equates to 6% annualized of the Company's launch price. The Company will continue to target a 2 per cent quarterly dividend, with the expectation of progressive growth in the dividend yield over time. As the Company declared the dividend after the end of the reporting period, in accordance with accounting requirements, the dividend has not been accrued in these financial statements.

Material Events
On 30 July 2014, the Originator issued profit participating notes ("PPNs") with a maturity date of 1 June 2044 to the value of EUR245,250,000, and on 9 September 2014, a further EUR40,700,000 were issued. All PPNs are limited recourse and were admitted to the Official List of the Irish Stock Exchange (the "ISE") and to trading on its Global Exchange Market (the "GEM").

There were no other significant events during the period.

Alternative Investment Fund Managers Directive ("AIFMD" or the "Directive")
The final regulations for AIFMD have now been published by the Jersey Financial Services Commission. As stated in the prospectus for the issue of the placing shares (the "Prospectus"), the Company has classified itself as a self-managed Alternative Investment Fund ("AIF"), and will seek to maintain the necessary features and activities consistent with that determination.

On 2 October 2014 it was agreed by the Board that the Company be registered as an AIF in the United Kingdom (the "UK") and marketed in the UK under the National Private Placement Regime.

Following the entry into force of the Alternative Investment Funds (Amendment) (Jersey) Order 2015 and the Financial Services (Amendment No.8) (Jersey) Order 2015 on 27 March 2015, investors no longer require consent to trade through 10% thresholds.

The Board
The Board works closely with its advisers to monitor the Originator and achieve a high standard of governance, which is a key priority. The Company is a member of the Association of Investment Companies (the "AIC") and adheres to the AIC Code of Corporate Governance (the "AIC Code") as used again later and not defined, which is endorsed by the Financial Reporting Council (the "FRC"), and meets the Company's obligations in relation to the UK Corporate Governance Code 2012 (the "UK Code").

Outlook
As I look to the coming year there are some macro-events that may lead to continued volatility in the global credit markets: U.S. credit markets facing the dual headwinds of potential rate increases and pressure on the energy sector; geo-political instability in Russia/Ukraine and the Middle East; the effectiveness of European quantitative easing; and a broader slowdown in global growth. Technical factors in credit markets: CLO issuance, fund flows, prepayment rates; and the level of new-issuance will also play a significant role in asset price volatility. There are likely to be other, as yet unforeseen events, which may add to price volatility in the Company's investment portfolio. Notwithstanding potential market volatility, I believe the Company's portfolio is well positioned to generate attractive cash flows throughout 2015.

The Board wishes to express its thanks for the support of the Company's shareholders.

Charlotte Valeur
Chair
30 April 2015

ADVISER'S REVIEW

Investment Adviser's Report
For the period from Admission to 31 December 2014

We are pleased to present our review of 2014 and outlook for 2015. Some Highlights include:

i The Company was launched on 23 July 2014, raising EUR260.5m.
ii The Company raised an additional EUR40.7m on 22 August 2014.
iii Capital deployment into CLO income notes is 11 months ahead of target.
iv EUR103.75m has been invested in European CLO income notes.
v On 2 January 2015, a maiden dividend of EUR2.65c, 6% annualised, announced for the period from Admission to 31 December 2014.

European Bank Loan Market Overview
The European leveraged finance market generated EUR150.4bn of new issuance for 2014 making it the most active year in the primary leveraged finance market since 2007. The portion of senior only deals remained steady at 40%, while mezzanine tranches only contributed EUR386m of the overall total. Specifically to loans, new-issuance totalled EUR78bn for 2014, up 17% year on year. The increase in mergers and acquisitions related financing was a key driver of the new-issue market, posting EUR41.2bn in transactional volume.

The trend in so-called 'Cross-Border' loans, i.e. syndications of loans both in European and U.S. market, continued during 2014 and reached a record high of EUR28bn, more than double the 2013 total of EUR13.3bn. Also correlated to the increase in Cross-Border issuance was the uptick in Cov-lite volume, which represented 36% of the overall institutional volume. Investor's incentive for supporting Cov-lite deals is stronger when the high yield market is buoyant, allowing companies to weigh up competing attractions of issuing bonds.

New-issue loan spreads closed the year at an average of EURIBOR+4.64%, up almost 1% from February's low. Global macro volatility and benign repayment rates ensured that some control remained in lenders hands. The secondary market is providing some attractive investment opportunities with average spreads closing at 2014 wides of EURIBOR+ 5.41%. We believe that the widening of loan spreads should have a positive impact on the cash flows that CLO income notes will generate over the medium term. CLO managers are able to increase portfolios weighted average spreads, whilst benefiting from the fixed spread on the CLOs liabilities.

Credit Suisse Western European Leveraged Loan Index – Key Statistics

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Return	0.48%	0.37%	0.31%	0.13%	0.57%	0.49%	0.16%	0.23%	-0.15%	0.23%	0.43%	-0.61%	1.96%
3 Yr DM	5.13%	4.90%	4.82%	4.78%	4.57%	4.62%	4.68%	4.84%	5.05%	5.03%	5.05%	5.41%	
Current Yield	4.50%	4.49%	4.45%	4.52%	4.52%	4.53%	4.57%	4.63%	4.63%	4.64%	4.66%	4.73%	

CLO Market Overview
The European CLO 2.0 market re-established itself as a key part of the overall investor base, with institutional buyers also stepping up their appetite for the product. In total 35 deals printed in 2014, with a volume of EUR15bn. Keen to take advantage of fourth quarter new-issue volume, CLO managers opened new warehouses in December, getting a head start on 2015 transactions. The backdrop of ramping CLO's helped to create a healthy bid for the primary market and support levels in the secondary.

AAA spreads have ranged from an October tight print of EURIBOR+123bps to a May wide of EURIBOR+145bps, while closing the year at EURIBOR+132bps. In general European CLO liability spreads have benefited from demand for Article 122a of the Capital Requirements Directive-compliant paper.

Portfolio Update
Since launch EUR1.56bn has been invested through the Originator's loan portfolio. The successful ramp of the direct loan portfolio has enabled the Originator to establish three new European CLO's and invest EUR103.75m in CLO income notes. The investments made have been consistent with our strategy of principal preservation and minimising credit related losses, while generating stable returns through income and capital appreciation.

Investment Adviser's Report
For the period from Admission to 31 December 2014 (continued)

Portfolio Update (continued)
As at 31 December 2014, the portfolio was invested in line with the Originator's investment policy and was diversified through 145 issuers held through the direct loan portfolio, 131 issuers through the CLO portfolio and across 18 countries and 24 different industries. No individual borrower represented more than 3 per cent of the overall portfolio.

Key Portfolio Statistics

	Originator Direct Loan Portfolio	Originator Indirect Loans CLO Portfolio
Originator Net Assets:	EUR203.45m	EUR95.55m
% of the Company's NAV:	68.04%	31.96%
Number of Issuers:	145	131
Senior Secured Loans/Notes:	99.9%	99.9%
Floating Rate:	100.0%	100.0%
Weighted Average Spread (including impact of Floors):	4.63%	4.54%
Weighted Average Loan MTM:	98.88%	98.73%

Top 10 Holdings

Asset	% of Portfolio
Eircom	2.81%
Delek Europe Group	2.16%
Amaya	2.02%
Chryso	1.92%
Springer	1.82%
Materis Paints	1.74%
IDC Salud	1.69%
Lock AS	1.65%
Capsugel	1.65%
Deutsche Raststatten	1.53%

Top 10 Industries

Industries	% of Portfolio
Healthcare and Pharma	16.63%
Business Services	8.10%
Chemical, Plastic and Rubber	7.94%
Capital Equipment	7.75%
Construction and Building	7.67%
Broadcast and Subscription	6.00%
Retail	5.57%
Beverage, Food and Tobacco	5.55%
Hotel, Gaming and Leisure	5.46%
Banking and Finance	5.38%

Top 10 Countries

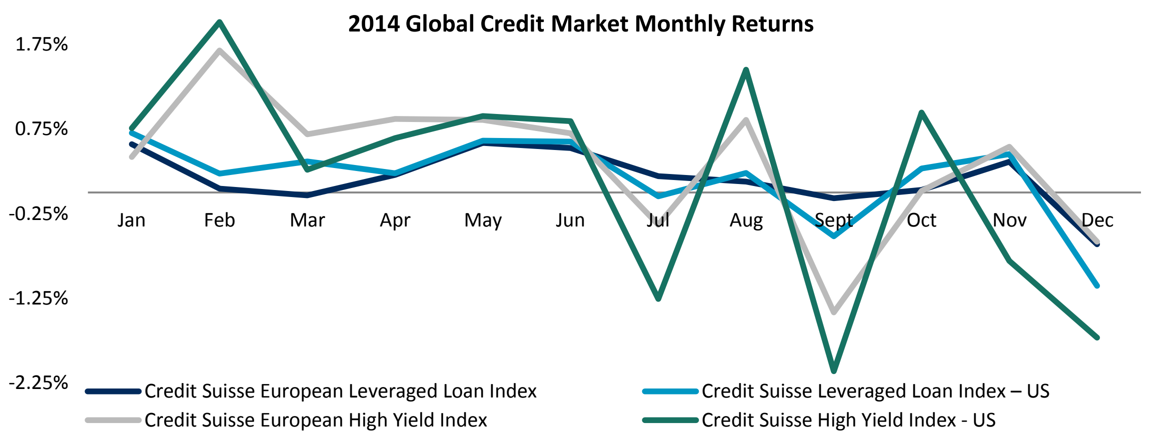
Countries	% of Portfolio
USA	23.47%
France	17.71%
Germany	15.37%
Great Britain	11.42%
Netherlands	8.96%
Luxembourg	6.08%
Spain	4.38%
Ireland	4.09%
Norway	1.65%
Italy	1.52%

Investment Adviser's Report
For the period from Admission to 31 December 2014 (continued)

Portfolio Update (continued)
In the short to medium term, we expect that the U.S. loan market will continue to offer strong relative value opportunities. Despite a better base of stronger macroeconomic fundamentals, U.S. credit markets have experienced more mark to market and return volatility as shown in the table below. We believe the primary drivers of this volatility are turbulent retail fund flows, as mutual funds and ETF's sell to meet redemptions and continued pressure in the energy sector due to materially lower oil prices. This presents an attractive opportunity for the Company. We continue to take advantage of this technical situation in the US secondary market and have invested approximately EUR178m of USD denominated loans during the course of 2014. In addition, the Originator completed its first CLO of U.S. loans in February 2015.

Differing supply/demand dynamics can mean that spreads and mark to market pricing can vary on non-euro denominated tranches, despite having the same credit risk. As one of the largest global loan managers, we believe that we have the ability to access markets where supply and demand for credit may differ, offering opportunities to increase return, without increasing credit risk. In the first quarter of 2015 we have invested approximately EUR179m notional in non-euro denominated tranches and we continue to view this segment of the market as an important driver of overall portfolio returns.

Countries	1 Year Volatility	3 Year Volatility	5 Year Volatility
Credit Suisse European Leveraged Loan Index	1.17%	1.98%	3.84%
Credit Suisse Leveraged Loan Index – US	1.80%	1.95%	3.39%
Credit Suisse European High Yield Index	2.86%	4.75%	7.01%
Credit Suisse High Yield Index - US	4.55%	4.45%	5.82%



Outlook
The CLO outlook for 2015 is good with forecasts for CLO issuance ranging from EUR15bn to EUR25bn. Although CLOs are not included in the ECB asset backed security programme, we anticipate that they should benefit from a general spread tightening across fixed income markets. We believe financing costs in the CLO market will continue to remain attractive to CLO income note investors and support demand for the asset class.

We expect loan market technicals to remain strong in the short-term and ramping CLO's should support secondary levels. 2015 forecasts for new-issue loan supply range from EUR65bn to EUR110bn, which bodes well for balancing technical and maintaining attractive yield levels. We believe that ECB policy will remain ultra-accommodative, continuing to support credit and providing a liquidity injection that supports risk premiums. Defaults should remain low in the near-term as low borrowing costs should continue to support earnings. European growth rates are likely to remain low, with some upside provided by a weaker euro and lower oil prices helping to boost consumption.

Credit quality in the new issue loan market remains strong relative to the 2006/2007 peak, as measured by several commonly measured ratios reported by Standard & Poors Leveraged Commentary & Data on a rolling 12 month basis. Senior secured leverage, as measured by Senior Debt / EBITDA is 4.2x, with total leverage on average of 5.0x in 2014. The prior peak total leverage was 5.95x in 2007. For new issue loans to support leveraged buyouts, the total equity contributed by a private equity sponsor is 46% of capitalisation in the 12 months ended December 2014. This compares with just 33% in 2007. Despite the relatively benign credit environment we consider it is important to maintain discipline and continue to decline c.50% of the new issue loan market.

Investment Adviser's Report
For the period from Admission to 31 December 2014 (continued)

Risk Management
The Originator's portfolio of Loans and CLO income notes is managed to minimise default risk and credit related losses, achieved through in-depth fundamental credit analysis performed by an experienced credit research team. Given the natural asymmetry of fixed income, our experienced credit team focuses on truncating downside risk and avoiding principal impairment. We believe in constructing solid credit portfolios that will produce consistent returns over different market cycles. Diversity is an integral part of the Originator's investment objective, broadly diversifying the portfolio avoids the risk that any one issuer or industry adversely impacts overall Company returns.

As outlined in the portfolio update section, the Originator is broadly diversified across issuers, industries and countries. We believe the Company's investment strategy will be successful in the future as a result of our emphasis on risk management, capital preservation and fundamental credit research. We believe the best way to control and mitigate risk is by remaining disciplined in market cycles and by making careful credit decisions, while maintaining adequate diversification.

The Company may invest in both Euro and non-Euro denominated assets. However, as the base currency of the Company is Euro the Company may have exposure to exchange rate changes which, if unhedged, have the potential to significantly impact returns. The Originator has entered into currency hedging arrangements to mitigate the impact of currency movements on returns.

Blackstone / GSO Debt Funds Management Europe Limited

April 2015

PRINCIPAL ACTIVITIES

The Company was incorporated on 30 April 2014 as a closed-ended investment company limited by shares under the laws of Jersey and is authorised as a listed fund under the Collective Investment Funds (Jersey) Law 1988. The Company continues to be registered and domiciled in Jersey and the Company's Euro shares are listed on the SFM of the LSE and from 17 April 2015 on the CISE.

The Company has a wholly owned subsidiary, Blackstone / GSO Loan Financing 2 Limited (the "Subsidiary" and together the "Group") which is a private Jersey limited liability company. The Subsidiary holds non-voting shares in the Originator, a limited liability company incorporated in Ireland.

INVESTMENT OBJECTIVE

The Company's investment objective is to provide shareholders with stable and growing income returns, and to grow the capital value of the investment portfolio by exposure predominantly to floating rate senior secured loans directly and indirectly through CLO income notes. The Company will seek to achieve its investment objective solely through exposure to the Originator.

INVESTMENT POLICY

The Company's investment policy is to invest predominantly in a diverse portfolio of senior secured loans and in CLO income notes and generate attractive risk-adjusted returns from such portfolios. The Company intends to pursue its investment policy by investing the net placing proceeds in PPNs issued by the Originator and the acquisition of 15 Class B2 Shares in the Originator, which are non-voting and are held by the Subsidiary.

The Originator uses the proceeds from the issue of the PPNs and the equity investment to invest predominantly in senior secured loans. The Originator periodically securitises these loans into Originator CLOs managed by Blackstone / GSO Debt Funds Management Europe Limited ("DFME" and the "Adviser") or any affiliate in its capacity as the CLO manager of the Originator. Pursuant to the Portfolio Service Support Agreement, DFME also acts as service support provider to the Originator. The Originator retains CLO income notes equal to between 51 percent and 100 percent of the CLO income notes in the Originator CLOs. The Originator will retain CLO income notes in no less than four CLOs and will also directly hold floating rate senior secured loans.

The Originator's investments are focused predominantly in European senior secured loans, but the Originator may also invest in U.S. senior secured loans. As such, there is no limit on the maximum U.S. or European exposure.

REVIEW OF DEVELOPMENT OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Company and the Originator entered into a note purchase agreement (the "NPA") with an initial term of 5 years, which, subject to a longstop redemption date of 1 June 2044, will be extended for a further 5 year term every 2 years unless the Company gives notice to the Originator at least 12 months prior to such renewal date that it does not wish to extend the term. The NPA was ratified by the Board on 1 July 2014. Pursuant to the NPA, the issued PPNs will be listed on GEM or, with the agreement of the Company and the Originator, on another appropriate exchange which achieves the benefit of the Eurobond exemption (an "Appropriate Exchange"), and that the PPNs will remain listed on either GEM or an Appropriate Exchange, as applicable. The NPA further requires that the Originator and the PPNs comply with applicable law, including applicable U.S. securities provisions. The PPNs are unsecured obligations of the Originator. The Originator may issue additional PPNs, subject to the first refusal of existing holders.

On 18 July 2014, the Board approved the allotment of 260,499,998 shares to be issued to the applicants in the proportions set out in the placing list subject to the shares being admitted to the SFM of the LSE. Application was made to the LSE for 260,500,000 shares to be admitted to trading on the SFM with effect from 23 July 2014.

On 22 August 2014, a further 40,700,000 shares were allotted pursuant to the over-allotment option subject the shares being admitted to the SFM of the LSE. Application was made to the LSE for 40,700,000 shares to be admitted to trading on the SFM with effect from 28 August 2014.

A detailed review of the business and future developments of the Company is included in the Adviser's review.

RESULTS FOR THE PERIOD AND STATE OF AFFAIRS

The financial position and results for the period are set out in the Statement of Financial Position on page 25 and in the Statement of Comprehensive Income on page 26.

The loss for the period amounted to EUR2,248,440.

The Company's dividend policy, whilst not forming part of the investment objective or policy of the Company is:

For dividends to be payable in respect of each calendar quarter, payable in the month following the end of such quarter. In February 2015, the Company paid a dividend in respect of the period from Admission to 31 December 2014, equating to a 6 per cent annualised return and, thereafter, is targeting 2 per cent a quarter equating to an 8 per cent annualised return (the "Target Dividend"), in each case, based on the placing price with the expectation of progressive growth.

The Board declared a dividend of EUR0.0265 per euro share in respect of the period from Admission to 31 December 2014 with an ex-dividend date of 29 January 2015. A total payment of EUR7,981,800 was processed on 20 February 2015.

The Directors consider the key performance indicators for the Company to be the net asset value (the "NAV"), NAV per share and the quarterly dividends.

Please see note 17 for all other important events related to the Originator during the period.

TRANSACTIONS INVOLVING DIRECTORS

Please refer to note 4 and note 10 for details of transactions involving Directors.

EVENTS SINCE PERIOD END

Please refer to note 18 "Subsequent Events" for details of the important events occurring after the Statement of Financial Position date.

DIRECTORS

On 13 June 2014, Mr. Stephen Langan and Ms. Cheryl Anne Heslop resigned as Directors of the Company.

On 13 June 2014, Ms. Charlotte Valeur, Mr. Philip Austin, Mr. Gary Clark and Ms. Joanna Dentskevich were appointed as Directors of the Company.

The names of the persons who were Directors at any time during the period are set out above. As at 31 December 2014, all four Directors are non-executive each of whom, apart from Mr. Philip Austin, are independent of the Adviser. Mr. Philip Austin is a director of a company, Blackstone / GSO Debt Funds Limited, which is an affiliate of the Adviser. However, in all other regards the remaining Directors of the Company regard Mr. Philip Austin to be independent. No Director has a service contract with the Company. The Directors have each entered into a letter of engagement with the Company setting out the terms of their appointment, copies of which are available for review by shareholders and will be available at the Annual General Meeting (the "AGM").

DIRECTORS' AND COMPANY SECRETARY'S INTERESTS

With the exception of Mr. Gary Clark none of the Directors, including family interests, nor the Company Secretary, State Street Fund Services (Jersey) Limited (the "Company Secretary"), have any shareholdings in the Company as at 31 December 2014. Please see note 10 "Related Party Transactions and Key Management Personnel" for details of Mr. Clark's holding in the Company.

MANAGEMENT ARRANGEMENTS

The Company is a self-managed company. DFME acts as Adviser to the Company and, pursuant to the Advisory Agreement, provides advice and assistance to the Company in connection with its subscriptions in the PPNs.

Pursuant to the Portfolio Service Support Agreement, DFME is responsible for ensuring the Originator has the required human resources and credit research available to it in order to make necessary business decisions and carry on the day-to-day management of the Originator's business and to implement its investment objective policy, reviewing prospective CLOs to which assets may be transferred by the Originator and monitoring the performance for the Originator CLOs.

MANAGEMENT ARRANGEMENTS (continued)

In addition, DFME, or one of its affiliates, also manages the Originator CLOs pursuant to the CLO management agreements entered into by the Originator from time to time.

DFME receives:

i out of pocket expenses in relation to the services performed pursuant to the Advisory Agreement;
ii in consideration for its services pursuant to the Portfolio Service Support Agreement, DFME receives a fee which will vary from time to time to reflect allocated costs but will not exceed 50 per cent of the annual CLO management fee rebate, as set out below, paid to the Originator by DFME;
iii in consideration for its services as the CLO manager, DFME receives a CLO management fee of 50bps pursuant to the CLO management agreements entered into in respect of each Originator CLO. In addition, DFME receives a CLO performance fee equal to 10bps per annum of aggregate principal balance of collateral obligations in the relevant CLO, accruing in arrears on each payment date of the CLO from its issue date. The performance fee is not payable until the first CLO payment date on which the IRR threshold of 12 per cent (the "IRR Threshold") has been met or surpassed in respect of the CLO income notes and, on such payment date and each subsequent CLO payment date, up to 30 per cent of any interest proceeds and principal proceeds, after any payment required to satisfy the IRR Threshold that would otherwise be available to distribute to the holders of the CLOs subordinated notes, will be applied to pay the accrued and unpaid performance fee as of such CLO payment date.
iv DFME will also rebate up to 20 per cent of the CLO management fee it earns in its capacity as CLO manager of the Originator CLOs, excluding any incentive/performance management fee received pro rata to CLO income notes held by the Originator in each such CLO. After the deduction of all costs attributable to the Originator, and once the net placing proceeds are substantially invested by the Originator in CLO income notes, it is expected that the net rebate after such costs will be at least 10 per cent of the CLO management fee, excluding any incentive/performance management fee received pro rata to the CLO income notes held by the Originator in such CLOs.

BOOKS OF ACCOUNT

The Directors are responsible for ensuring that proper books of account, as outlined in the Companies (Jersey) Law 1991, are kept by the Company. To achieve this, the Directors have employed a service organisation, State Street Fund Services (Jersey) Limited (the "Administrator").

PRINCIPAL RISKS, UNCERTAINTIES, RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's investment objective is to provide shareholders with stable and growing income returns and to grow the capital value of the investment portfolio by exposure predominately to floating rate senior secured loans directly and indirectly through CLO income notes. The Company will seek to achieve its investment objective solely through exposure to the Originator. The Company is primarily exposed to credit risk through the direct loans and CLO income notes in which the Originator invests and are rated below investment grade. This risk is magnified by the use of leverage, after the variable funding notes, by the Originator.

Investment in the Company carries with it a degree of risk including, but not limited to, business risks and the risks associated with financial instruments, referred to in note 12 of these financial statements and the Adviser's review of the portfolio position, risk management and market outlook from the Originator perspective as issuer of the PPNs on pages 4 to 7. The primary business risk is the risk that the Company may not achieve its investment objective. Meeting that objective is a target but the existence of such an objective should not be considered as an assurance or guarantee that it can or will be met.

A summary of the primary risks relating to the Company are:

i In calculating its NAV, the Company may be required to rely on estimates of the value of securities in which the Company invests which are unaudited or subject to little verification or other due diligence.

ii There are risks related to CLO securities, including leveraged credit risk, the potential for interruption and deferral of cash flow, asset/liability mismatch risk, currency risk, volatility risk, liquidity risk, prepayment risk, reinvestment risk and risks associated with collateral.

PRINCIPAL RISKS, UNCERTAINTIES, RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

iii The success of the Company is significantly dependent on the expertise of the CLO manager of the Originator and their ability to source CLOs which are suitable to be held.

iv There can be no assurance that DFME will be able accurately to predict the future course of price movements and performance of securities.

v The market price of the shares can fluctuate and there is no guarantee that the market prices of shares will reflect fully their underlying NAV.

vi The Board monitors these risk exposures through on going due diligence and in regular meetings with the Adviser. As part of this process the Board reviews reports provided by the Adviser on a quarterly basis.

COMPANY CORPORATE GOVERNANCE

Introduction

The Company is subject to and complies with Jersey statute comprising the Companies (Jersey) Law 1991, as amended, with the Listing Rules of the UK Listing Authority (the "Listing Rules"), and voluntarily with the UK Code.

Statement of compliance with Corporate Governance

The Board recognise the importance of sound corporate governance. Currently, the UK Listing Authority requires all overseas companies with a "Premium Listing" to "comply or explain" against the UK Code. The Company does not have a Premium Listing but, as stated in the Prospectus, will comply or explain against the UK Code.

The Board has considered the principles and recommendations of the AIC Code by reference to the AIC Corporate Governance Guide for Investment Companies for Jersey domiciled member companies (the "AIC Guide") issued in February 2013.

The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide, which incorporates the UK Code, will provide better information to shareholders.

Throughout the period ended 31 December 2014, the Company has complied with the recommendations of the AIC Code and also the relevant provisions of the UK Code, except as set out below.

The UK Code and AIC Code include provisions relating to:

i the role of the Chief Executive;
ii Executive Directors' remuneration; and
iii the need for an internal audit function.

However, for the reasons set out in the AIC Guide and given the size and nature of operations of the Company, that it is a self-managed investment fund with no executive employees and that the providers of outsourced services have their own internal audit functions, the Board considers these provisions not to be relevant and therefore has not reported further on them. The Company will provide details if it is going to consider them in the future.

The obligations under the EU Accounting Directive implemented by the Disclosure and Transparency Rule 7.2, apply to all issuers of equities from 6 April 2010. Under this rule, a company must:

i make a corporate governance statement in its annual report and accounts based on the code to which it is subject, or with which it voluntarily complies; and
ii describe its internal control and risk management arrangements.

Details of compliance or explanation of non-compliance are noted below.

The Board
The Directors details are listed below.

The Board meets at least four times a year and in addition is in regular contact with the Adviser, the Administrator and the Company Secretary. Furthermore, the Board requires to be supplied with information in a timely manner from the Adviser, the Company Secretary and other advisers in a form and of a quality appropriate for it to be able to discharge its duties.

Duties and Responsibilities
The Board has overall responsibility for maximising the Company's success by directing and supervising the affairs of the business and meeting the appropriate interests of shareholders and relevant stakeholders, while enhancing the value of the Company and also ensuring the protection of investors. A summary of the Board's responsibilities is as follows:

i statutory obligations and public disclosure;
ii strategic matters and financial reporting;
iii risk assessment and management including reporting, compliance, governance, monitoring and control; and
iv other matters having a material effect on the Company.

The Board is responsible to shareholders for the overall management of the Company. The Board has delegated the day to day operational activities of the Company to the Administrator and Company Secretary. The Board reserves the powers of decisions relating to the determination of investment policy, the approval of changes in strategy, capital structure, statutory obligations, public disclosure and the entering into any material contracts by the Company.

The Board's responsibilities for the Annual Report are set out in the Directors' Responsibilities Statement on pages 15 to 16. The Board is also responsible for issuing appropriate half-yearly financial reports, and other price-sensitive public reports.

The following table shows the number of regularly scheduled meetings held by the Board and each committee for the period ended 31 December 2014 as well as the number of attendances at each meeting.

Board of Directors	Scheduled Board Meetings	Risk Committee Meeting Attendance	Audit Committee Meeting Attendance	NAV Review Committee
Ms. Charlotte Valeur	6	1	1	1
Mr. Philip Austin	9	0	0	1
Mr. Gary Clark	6	1	1	1
Ms. Joanna Dentskevich	8	1	1	1

There were three unscheduled committee meetings during the period to discuss various ad hoc business issues.

Since this initial reporting period was not a full financial year, there were no meetings of the Management Engagement Committee or the Nomination and Remuneration Committee during the period. These Committees will convene at least once a year into the future.

Chair
The Chair, Ms. Charlotte Valeur, is responsible for leadership of the Board, ensuring its effectiveness on all aspects of its role and setting its agenda. The Chair is also responsible for ensuring that the Directors receive accurate, timely and clear information and for effective communication with shareholders.

Directors Remuneration
Each of the Directors has signed a letter of appointment with the Company setting out the terms of their appointment, which are available for inspection at the Company's registered office.

During the period ended 31 December 2014, the Chair in entitled to receive an annual fee of £50,000, Mr. Philip Austin, Mr. Gary Clark and Ms. Joanna Dentskevich each received an annual fee of £35,000 and Mr. Gary Clark and Ms. Joanna Dentskevich each received an annual fee of £5,000 for chairing the Audit and Risk Committees respectively, in each case payable quarterly in equal instalments in arrears.

Directors Remuneration (continued)
The Company has also established a Nomination and Remuneration Committee with Ms. Charlotte Valeur, Mr. Gary Clark and Ms. Joanna Dentskevich as members. The Directors' remuneration for the period is as follows:

	Period ended 31 December 2014 EUR
Ms. Charlotte Valeur	27,070
Mr. Philip Austin	18,950
Mr. Gary Clark	21,657
Ms. Joanna Dentskevich	21,657
Total Directors' emoluments	**89,334**

Board Independence
For the purposes of assessing compliance with principle 1 and 2 of the AIC Code, the Board considers all of the current Directors as independent of the Adviser, apart from Mr. Philip Austin, who sits on an affiliate company of the Adviser, Blackstone / GSO Debt Funds Europe Limited. In all other respects, though, the Board considers Mr. Austin to be independent.

Committees of the Board
In accordance with the AIC Code, the Board has established an Audit Committee, a Risk Committee, a Management Engagement Committee and a Nomination and Remuneration Committee, in each case with formally delegated duties and responsibilities within written terms of reference.

Audit Committee
The Audit Committee is chaired by Mr. Gary Clark and its other members are Ms. Charlotte Valeur and Ms. Joanna Dentskevich. Only independent Directors serve on the Audit Committee and members of the Audit Committee have no links with the external auditors ("Deloitte") and are independent of the Adviser. The terms of reference state that the Audit Committee will meet not less than three times a year and will meet Deloitte at least once a year. The report of the role and activities of this committee and its relationship with Deloitte is contained in the Audit Committee Report on pages 17 to 20.

Risk Committee
The Risk Committee is chaired by Ms. Joanna Dentskevich and its other members are Mr. Gary Clark and Ms. Charlotte Valeur.

Management Engagement Committee
The Management Engagement Committee is chaired by Ms. Charlotte Valeur and its other members are Mr. Gary Clark, Ms. Joanna Dentskevich and Mr.Philip Austin.

NAV Review Committee
The NAV Review Committee is chaired by Mr. Gary Clark and its other members are Ms. Charlotte Valeur, Ms. Joanna Dentskevich and Mr. Philip Austin.

Nomination and Remuneration Committee
The Nomination Committee is chaired by Ms. Charlotte Valeur and its other members are Mr. Gary Clark and Ms. Joanna Dentskevich. The members of the Nomination Committee are and will be independent Directors. The terms of reference state that the Nomination Committee will meet not less than once a year, will have responsibility for considering the size, structure and composition of the Board, and retirements and appointments of additional and replacement Directors and that the Nomination Committee will make appropriate recommendations to the Board.

The Board aims to have a balance of skills, experience, diversity, including gender, and length of service and knowledge of the Company. The Board undertakes an evaluation of its performance on an annual basis. The performance of each Director is considered as part of a formal review by the Nomination Committee.

The holders of the position of the Chair of the committees referred to above will be reviewed on an annual basis by the Nomination Committee. The membership of these committees and their terms of reference will be kept under review.

The performance of the Chair of the Board will be assessed by another of the independent Directors through discussions with the other Directors.

Director Re-Election & Tenure and Induction

The Nomination Committee has considered the question of a policy on Board tenure. It is strongly committed to striking the correct balance between the benefits of continuity and those that come from the introduction of new perspectives to the Board. As provided for in the AIC Code and in order to phase future retirements and appointments, as all the Directors were appointed at the same time, the Board has not at this stage adopted any specific limits to terms, but expects to rotate Board members over the coming years. The Board regards all Directors as being fully independent.

However, as the Board has adopted a policy whereby all Directors will be put up for re-election every year, all Directors will be put forward for re-election at the forthcoming AGM.

Internal Controls

The Board has applied principle 15 of the AIC Code by establishing a continuous process for identifying, evaluating and managing the significant risks that the Company faces and as such regularly reviews the process, put in place from the start of the financial period to the date of approval of this report. The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

In compliance with principle 15 of the AIC Code, the Board regularly reviews the effectiveness of the Group's system of internal control. The Board's monitoring covers all controls, including financial, operational and compliance controls and risk management. It is based principally on reviewing reports from the Adviser and the Originator to consider whether significant risks are identified, evaluated, managed and controlled and whether any significant weaknesses are promptly remedied and indicate a need for more extensive monitoring. The Board has also performed a specific assessment for the purpose of this report. This assessment considers all significant aspects of internal control arising during the period covered by the report. The Audit Committee assists the Board in discharging its review responsibilities.

During the course of its review of the system of internal control, the Board has not identified nor been advised of any failings or weaknesses which it has determined to be significant. Therefore, a confirmation in respect of necessary actions has not been considered appropriate.

The Board is responsible for setting the overall investment policy and monitors the services provided by the Adviser at regular Board meetings. The Board receives regular compliance reports from the Adviser, the Administrator and the Company Secretary.

Custody of assets is undertaken by State Street Custodial Services (Jersey) Limited (the "Custodian").

The Directors of the Group clearly define the duties and responsibilities of their agents and advisers, whose appointments they make after due consideration. The Board monitors the on-going performance of such agents and advisers. Each of the above agents and advisers maintain their own systems of internal control on which they report to the Board. The systems are designed to ensure effectiveness and efficient operation, internal control and compliance with laws and regulations. In establishing the systems of internal control, regard is paid to the materiality of relevant risks, the likelihood of costs being incurred and costs of control. It follows, therefore, that the systems of internal control can only provide reasonable but not absolute assurance against the risk of material misstatement or loss.

While no formal committee has been appointed to consider the continuation of engagement of the relevant service providers, the whole Board reviews their performance. The Directors are satisfied that the continued appointment of the relevant service providers is in the best interests of the Shareholders.

The Board has reviewed the need for an internal audit function and has decided that the systems and procedures employed by the Administrator and Adviser, including their own internal controls and procedures, provide sufficient assurance that a sound system of risk management and internal control, to safeguard the shareholders' investment and the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary. Full details are set out in the Audit Committee Report on pages 17 to 20.

Going Concern
The financial statements have been prepared on a going concern basis. The Directors consider that this is the appropriate basis as they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In considering this, the Directors took into account the Company's investment objective as stated on page 8, risk management policies and capital management policies, see note 7, its assets, the expected income from investments and the ability of the Company to meet its liabilities and ongoing expenses.

Communication with Shareholders
The Company has appointed Dexion Capital plc and Nplus 1 Singer Advisory LLP (the "Joint Bookrunners") as its corporate brokers. Together with these parties, the Adviser assists the Board in communicating with the Company's major shareholders.

Principal Risk and Uncertainties
Each Director is aware of the risk inherent in the Company's business and understands the importance of identifying, evaluating and monitoring these risks. The Board has adopted procedures and controls to enable it to manage these risks within acceptable limits and to meet all of its legal and regulatory obligations.

The Board considers the process for identifying, evaluating and managing any significant risks faced by the Company on an on-going basis and these risks are reported and discussed at Board meetings. It ensures that effective controls are in place to mitigate these risks and that a satisfactory compliance regime exists to ensure all applicable local and international laws and regulations are upheld.

The Company's risk factors are fully discussed in the Prospectus and should be reviewed by shareholders.

Changes in Regulation
The Board monitors and responds to changes in regulation as it impacts the Company and its policies.

RESPONSIBILITY STATEMENT
The Directors are responsible for preparing the Directors' report and the Company's financial statements, in accordance with Jersey law and all applicable regulations.

Company law requires directors to prepare financial statements for each financial year in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union (the "EU"), that fairly present the financial position and performance of the Company. The Companies (Jersey) Law 1991, as amended, provides in relation to such financial statements, that references in the relevant parts of these Acts for financial statements giving a true and fair view, are references to their achieving of a fair presentation.

The Directors have elected to prepare the Company financial statements in accordance with IFRS as adopted by the EU.

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

i select suitable accounting policies and then apply them consistently;

ii make judgements and estimates that are reasonable and prudent;

iii state that the financial statements comply with IFRS as adopted by the EU as applied in accordance with the Companies (Jersey) Law 1991, as amended; and

iv prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Under applicable law and the requirements of the UK Code and the Listing Rules the Directors are also responsible for preparing a Directors' report and reports relating to Directors' remuneration and corporate governance that comply with that law and those rules. In particular, in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 (the "Transparency Regulations") as amended, the Directors are required to include in their report a fair review of the business and a description of the principal risks and uncertainties facing the Company and a responsibility statement relating to these and other matters, included below.

RESPONSIBILITY STATEMENT (continued)

The Directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Company, and enable them to ensure that its financial statements are prepared in accordance with applicable IFRS as adopted by the EU and comply with the Companies (Jersey) Law 1991, as amended. They are also responsible for safeguarding the assets of the Company. They have general responsibility for taking such steps as are reasonably open to them to prevent and detect fraud and other irregularities. Legislation in Jersey concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement, in accordance with the Transparency Regulations

Each of the Directors, whose names and functions are listed on page 12 confirm that, to the best of that Director's knowledge and belief:

i the financial statements, prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities and financial positions of the Company as at 31 December 2014, and its profits for the period then ended;

ii the Directors' report contained in the annual report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties it faces; and

iii the annual report and financial statements, taken as a whole, provides the information necessary to assess the Company's performance, business model and strategy and is fair, balanced and understandable.

AUDITOR

Deloitte LLP ("Deloitte") has been appointed the Company's external auditor since the Company's incorporation. This is its first period of audit. A resolution for the re-appointment of Deloitte will be provided at the next general meeting.

The Audit Committee will periodically review the appointment of Deloitte and the Board will recommend the reappointment. Further information on the work of the auditor is set out in the Audit Committee Report on pages 17 to 20.

On behalf of the Board of Directors:

Gary Clark and Joanna Dentskevich
30 April 2015

AUDIT COMMITTEE REPORT

I am pleased to report to you on the activities of the Audit Committee for the period ended 31 December 2014.

ROLE OF THE AUDIT COMMITTEE
The Board has established terms of reference (the "Terms of Reference") in respect of the composition of the Audit Committee, its role, responsibilities, authority and evidence of the delegated authorities given to its members.

The Audit Committee's main roles and responsibilities include, but are not limited to, the following:

i monitoring the financial reporting process of the Company, the integrity of the financial statements and any formal announcements relating to the Company's financial performance;

ii assessing any significant financial reporting judgements;

iii reviewing and monitoring the effectiveness of the Company's risk management and internal control arrangements;

iv monitoring the statutory audit of the annual accounts of the Company and its effectiveness;

v reviewing the external auditor's performance, independence and objectivity;

vi making recommendations to the Board in relation to the appointment, re-appointment and/or removal of the external auditor, the approval of the external auditor's remuneration and the terms of the engagement;

vii implementing policies surrounding the engagement of the external auditor to supply non-audit services, where appropriate;

viii contributing to a climate of discipline and control which is aimed at reducing the opportunity for fraud; and

ix reporting to the Board on how it has discharged its responsibilities.

In regard to the above responsibilities, I confirm, on behalf of the Audit Committee, that, to the best of our knowledge and belief, we have fulfilled our responsibilities in line with our Terms of Reference and in accordance with the UK Code.

DELEGATION OF DUTIES
The Company has no employees as all functions, including preparation of the financial statements, have been outsourced to various service providers. The daily operational activities have been outsourced to the Administrator, the Company Secretary, the Custodian and Capita Registrars (Jersey) Limited (the "Registrar") (together the "Outsourced Service Providers").

MEMBERSHIP OF THE COMMITTEE
The Audit Committee was established on 13 June 2014 and consists of Ms. Charlotte Valeur, Ms. Joanna Dentskevich and myself Mr. Gary Clark, as Chair.

All the members of the Audit Committee are independent non-executive Directors and the Audit Committee has concluded that its membership meets the requirements of principle 5 of the AIC Code pursuant to section C.3.1 of the UK Code. Each Committee member is expected to be financially literate and to have knowledge of the following key areas:

i financial reporting principles and accounting standards;

ii the regulatory framework within which the Company operates;

iii the Company's internal control and risk management environment; and

iv factors impacting the Company's financial statements.

MEMBERSHIP OF THE COMMITTEE (continued)
As an Audit Committee we meet at least three times a year. Personnel from the Company's Outsourced Service Providers along with representatives of Deloitte, attend the Committee meetings when appropriate.

In their role as a member of the Audit Committee, each member is available to discuss any particular matter with his fellow Board members and in addition the Audit Committee has the opportunity to meet with Deloitte without the presence of Outsourced Service Providers. In order to ensure that all Directors are kept up to date and informed of the Audit Committee's work, I provide a verbal report to the Board at board meetings on key matters discussed at the Audit Committee meeting. In addition, the minutes of all Audit Committee meetings are available to the Board.

HOW THE AUDIT COMMITTEE HAS DISCHARGED ITS RESPONSIBILITIES
In the period under review, the Audit Committee has met once, attendance at which is set out on page 12. The Committee meeting focused on the following key areas:

Monitoring the integrity of the Financial Statements including significant judgements

i We reviewed the appropriateness of the Company's accounting principles and policies, and monitored changes to, and compliance with, accounting standards on an ongoing basis;

After the period end we had further meetings; and

ii We reviewed, prior to making any recommendations to the Board, the Annual Report and Audited Financial Statements (the "Annual Report") for the period ended 31 December 2014. In undertaking this review, we discussed with Outsourced Service Providers and Deloitte the critical accounting policies and judgements that have been applied.

Deloitte reported to the Committee on any misstatements that they had found during the course of their work and confirmed that under ISA (UK and Ireland) no material amounts remained unadjusted.

As requested by the Board, we also reviewed the Annual Report and were able to confirm to the Board that, in our view, the Annual Report, taken as a whole, was fair, balanced and understandable and provided the information necessary for shareholders to assess the Company's performance, business model and strategy.

SIGNIFICANT ACCOUNTING MATTERS
During the period the Committee considered key accounting issues, matters and judgements regarding the Company's financial statements and disclosures including those relating to:

SIGNIFICANT AREA	HOW ADDRESSED
Assessment of consolidation requirements	The Audit Committee has considered non-compliance of the accounting treatment of investments and the consolidation requirements for the Company and its investee entities and the related disclosures in accordance with the provisions of IFRS 10 and IFRS 12. The Audit Committee critically reviewed reports from the Adviser and Administrator, as well as evaluating and consulting with them and with the auditors, and have concluded that the Company is not required to consolidate the Originator as it does not have control of the entity either through the non-voting, non-profit participating B2 shares or the PPNs. Accordingly investments are recognised at fair value through profit or loss. Please see further details provided in note 2 to the financial statements.

SIGNIFICANT ACCOUNTING MATTERS (continued)

SIGNIFICANT AREA	HOW ADDRESSED
Valuation of investments	Valuation of financial assets is considered a significant matter and is monitored by the Adviser, the Administrator, the Custodian, the Audit Committee and the Board. The Audit Committee receives and reviews reports on the processes for the valuation of assets. Following discussion, we were satisfied that the judgements made and methodologies applied were prudent and appropriate and that an appropriate accounting treatment has been adopted in accordance with IFRS 13. Please see further details outlined in notes 2, 3 and 12 to the financial statements.

Assessment of Risks and Uncertainties
The risks associated with the Company's financial instruments, as disclosed in the financial statements, particularly in note 12, represent a key accounting disclosure. The Committee critically reviews, on the basis of input from the Outsourced Service Providers, the process of ongoing identification and measurement of these risks disclosures.

Other Accounting Matters
During the period, the Committee received communications from the Outsourced Service Providers and from Deloitte on other accounting matters including tax, audit fees, anti-money laundering procedures and a representation letter.

RISK MANAGEMENT AND INTERNAL CONTROLS
The Board as a whole is responsible for the Company's system of internal control; however, the Audit Committee and the Risk Committee assist the Board in meeting its obligations in this regard. The daily operational activities of the Company were delegated to the Outsourced Service Providers and as a result the Company has no direct internal audit function and instead places reliance on the external and internal audit controls applicable to the Outsourced Service Providers as regulated entities. However, the Committee receives confirmations from the Outsourced Service Providers that no material issues have arisen in respect of the system of internal controls and risk management operated within the Company's Outsourced Service Providers. The Committee confirms that this is an ongoing process in order to manage the significant risks faced by the Company. We deem that, to date, there are no significant issues in this area which need to be brought to your attention.

EXTERNAL AUDIT
It is the responsibility of the Audit Committee to monitor the performance, independence, objectivity and re-appointment of Deloitte. The Audit Committee met with Deloitte to consider the audit strategy and plan for the audit. The audit plan for the period was reviewed including consideration of the key financial statement and audit risks, to seek to ensure that the audit was appropriately focused.

Deloitte attends the Audit Committee meetings throughout the period, which allows the opportunity to discuss any matters the auditor may wish to raise without the Adviser or other Outsourced Service Providers being present. Deloitte provides feedback at each Audit Committee meeting on topics such as the key accounting matters, mandatory communications and the control environment.

Deloitte was formally appointed as the Company's auditor for the 2014 period end audit following a competitive tender process during 2014. The lead audit partner is rotated every five years to ensure continued independence and objectivity.

The Audit Committee continues to be satisfied with the performance of Deloitte. We have therefore recommended to the Board that Deloitte, in accordance with agreed terms of engagement and remuneration, should continue as the Company's auditor at the forthcoming Annual General Meeting.

In advance of the commencement of the annual audit, the Audit Committee reviewed a statement provided by Deloitte confirming their independence within the meaning of the regulations and professional standards. In addition, in order to satisfy itself as to Deloitte's independence, the Audit Committee undertook a review of the auditor compensation and the balance between audit and non-audit fees.

EXTERNAL AUDIT (continued)
The Audit Committee has agreed the types of permitted and non-permitted ongoing non-audit services and those which require explicit prior approval. During the period the value of non-audit services provided by Deloitte amounted to approximately EUR8,000. On the initial listing of the share of the Company Deloitte provide services as reporting accountants and tax advisors and received one-off fees for this work of EUR320,000. The on-going non-audit services as a proportion of audit services amount to approximately 10%, the overall quantum of non-audit services is not considered to be material and the one-off fees incurred for the work of reporting accountants and tax advisor related to the listing has been considered including the role of the respective engagement teams and the independence of individuals from the audit engagement team.

A member of the Audit Committee will be available to shareholders at the forthcoming AGM of the Company to answer any questions relating to the role of the Audit Committee.

Yours sincerely

Mr. Gary Clark
On behalf of the Audit Committee
30 April 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLACKSTONE / GSO LOAN FINANCING LIMITED

Opinion on financial statements of Blackstone/ GSO Loan Financing Limited

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of the Company's loss for the period then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been properly prepared in accordance with the Companies (Jersey) Law, 1991.

The financial statements comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flow and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Going concern

We have reviewed the directors' statement on page 15 that the Company is a going concern. We confirm that:

- we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk	How the scope of our audit responded to the risk
Compliance with consolidation requirements Compliance of accounting treatment of investments relating to consolidation requirements for the Company and the Originator as its investee entity and related disclosures in accordance with the provisions of IFRS 10 *Consolidated Financial Statements* and IFRS 12 *Disclosure of Interests in Other Entities* is essential for the presentation of the financial statements to give a true and fair view of the financial position and results of the Company and management is required to make significant judgements in this area.	• We inquired of management on regulatory matters and reviewed the legal framework, contractual terms, transactions and overall relationship between the Company, either directly or indirectly through its subsidiary and the Originator. • We assessed the review performed by management on the ability for the Company or its subsidiary to control the Originator. This considered the legal agreements and the activities of the Company in the period. • We assessed the adequacy and quality of the IFRS 12 disclosures against best practice using our technical compliance tools and experience in other listed entities
Valuation of Investments and recognition of gains and losses Investments in the Originator are illiquid investments, not traded on an active market and are valued using valuation techniques determined by the Directors and classified as level III under IFRS 13 *Fair Value Measurement.* Valuation is therefore a key area of judgement and has a significant impact on the Net Assets Value which is the most significant Key Performance Indicator of the Company and has a direct effect on the recognition of gains and losses on investments**.**	• We assessed the valuation methodology for the financial instruments issued by the Originator against industry standards and IFRS 13. • As the financial information used to determine the fair value of the investments is that of the Originator, we have reviewed the 2014 audited financial statements of the Originator and related audit procedures performed by the auditor of the Originator. We instructed the Originator’s auditor to report to us on a full audit scope after we reviewed their audit plan for the period ended 31 December 2014. We also physically met with the Originator’s auditor to review and discuss their working papers. • We involved a member of our specialist complex financial instruments team to review the valuation of investments and related disclosures in the financial statements. • We tested the valuation by comparing information and assumptions used by management to information available from external independent sources such as Bloomberg or Intex. • We reviewed the calculation of the loss on investments for the period and recognition in the profit or loss.

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on pages 18 and 19.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Company to be EUR6,000,000, which is below 2% of issued equity.

We agreed with the Audit Committee that we would report to that committee all audit differences in excess of EUR120,000 as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

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

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

We have nothing to report in respect of these matters.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLACKSTONE / GSO LOAN FINANCING LIMITED (continued)

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibility Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

This 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/or those further matters we have expressly agreed to report to them on in our engagement letter and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Andrew Isham
for and on behalf of Deloitte LLP
Chartered Accountants
St Helier, Jersey
Channel Islands
30 April 2015

STATEMENT OF FINANCIAL POSITION
As at 31 December 2014

	Notes	EUR
ASSETS		
Cash and cash equivalents	5 &12	86,944
Other receivables		21,223
Financial assets at fair value through profit or loss	3 &12	299,277,149
TOTAL ASSETS		**299,385,316**
LIABILITIES		
Expenses payable	4	(433,756)
TOTAL LIABILITIES		**(433,756)**
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS		**298,951,560**
NET ASSET VALUE PER EURO SHARE		**0.99**

These financial statements were authorised and approved for issue by the Directors on 30 April 2015 and signed on their behalf by:

Director: Gary Clark **Director: Joanna Dentskevich**

The accompanying notes form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME
For the period from 30 April 2014 (date of incorporation) to 31 December 2014

	Notes	EUR
Realised gain on foreign exchange		248
Unrealised loss on financial assets at fair value through profit or loss		(1,672,851)
TOTAL REVENUE		**(1,672,603)**
Custodian fee	4	(32,962)
Administration fee	4	(109,841)
Directors' fees	4	(89,334)
Legal fees		(44,110)
Audit fee	4	(80,000)
Operating expenses		(219,590)
TOTAL OPERATING EXPENSES		**(575,837)**
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ALL ATTRIBUTABLE TO SHAREHOLDERS		**(2,248,440)**
EARNINGS PER SHARE	13	
Loss per Euro share		(0.01)

These financial statements were authorised and approved for issue by the Directors on 30 April 2015 and signed on their behalf by:

Director: Gary Clark **Director: Joanna Dentskevich**

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
For the period from 30 April 2014 (date of incorporation) to 31 December 2014

	Notes	EUR
AT 30 APRIL 2014		**-**
TRANSACTIONS WITH SHAREHOLDERS		
Issue of shares	7	301,200,000
Redemption of shares	7	-
TOTAL TRANSACTIONS WITH SHAREHOLDERS		**301,200,000**
Profit for the period all attributable to shareholders		
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ALL ATTRIBUTABLE TO SHAREHOLDERS		**(2,248,440)**
AT 31 DECEMBER 2014		**298,951,560**

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CASH FLOW
For the period from 30 April 2014 (date of incorporation) to 31 December 2014

	EUR
STATEMENT OF CASH FLOWS	
Total comprehensive loss attributable to shareholders	(2,248,440)
Adjustments for	
Movement in financial assets at fair value through profit or loss	1,672,851
OPERATING CASH FLOWS BEFORE MOVEMENTS IN WORKING CAPITAL	
Movement in receivables	(21,223)
Movement in payables	433,756
Cash inflow from movements in working capital	412,533
NET CASH USED IN OPERATING ACTIVITIES	**(163,056)**
Investing activities	
Purchase of investments	(300,950,000)
NET CASH USED IN INVESTING ACTIVITIES	**(300,950,000)**
Financing activities	
Proceeds from subscriptions	301,200,000
NET CASH GENERATED BY FINANCING ACTIVITIES	**301,200,000**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**86,944**
Cash and cash equivalents at the start of the period	-
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	**86,944**

The accompanying notes form an integral part of the financial statements.

1 GENERAL

The Company is a closed-ended limited liability investment company domiciled and incorporated under the laws of Jersey with variable capital pursuant to the Collective Investment Funds (Jersey) Law 1988. It was incorporated on 30 April 2014 under registration number 115628. The Company's Euro shares were admitted to the SFM of the LSE and from 17 April 2015 the CISE.

The Company's investment objective is to produce shareholders with stable and growing income returns, and to grow the capital value of the investment portfolio by exposure predominately to floating rate senior secured loans directly and indirectly through CLO income notes. The Company seeks to achieve its investment objective solely through exposure to the Originator.

At 31 December 2014, all shares in issue were Euro shares. The Company may issue one or more additional classes of shares in accordance with the Prospectus.

2 SIGNIFICANT ACCOUNTING POLICIES

2A STATEMENT OF COMPLIANCE

The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and also in accordance with Jersey company law.

The Company qualifies as an investment entity under IFRS 10, therefore it is not required to prepare consolidated financial statements. Instead in accordance with IFRS 10, it prepares individual financial statements only, with its investment in its Subsidiary measured at fair value through profit or loss.

Further details of consolidation and non consolidation judgements are provided in note 2L.

2B BASIS OF PREPARATION

The Company's financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value through profit or loss.

The functional currency of the Company is Euro, as its financing and investment activities are primarily denominated in Euro. The presentation currency of the financial statements is also the Euro.

The financial statements comprise the Company's Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows together with the related notes.

The financial statements have been prepared on a going concern basis. The disclosures with respect to the Directors assessment on going concern are provided on page 15 in the Directors' Report.

2C INTEREST INCOME AND INTEREST EXPENSE ON CASH AND CASH EQUIVALENTS

Income receivable on cash and cash equivalents is recognised separately through profit or loss in the Statement of Comprehensive Income, on an effective interest rate yield basis.

2D SHARES IN ISSUE

The shares of the Company are classified as equity based on the substance of the contractual arrangements and in accordance with the definition of equity instruments under IAS 32.

The proceeds from the issue of shares are recognised in the Statement of Changes in Equity, net of the incremental issuance costs.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2E FEES AND CHARGES

Expenses are charged through profit or loss in the Statement of Comprehensive Income on an accruals basis.

2F CASH AND CASH EQUIVALENTS

Cash comprises current deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investments or other purposes. Cash equivalents are revalued at period end using market rates and any increases/decreases are recognised in the Statement of Comprehensive Income. There were no such holdings during the period ended 31 December 2014.

2G FINANCIAL INSTRUMENTS

i Classification

The Company classifies its financial assets and financial liabilities into categories in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

The category of financial assets and financial liabilities at fair value through profit or loss comprises:

Financial assets at fair value through profit and loss

Financial assets classified in this category are designated by management on initial recognition as part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented investment strategy. The term “financial assets designated at fair value through profit or loss” includes investments in the Subsidiary and in the PPNs. The Company’s investment in its Subsidiary is presented on an aggregate basis in the financial statements with the “designated at fair value” financial assets, as all are managed together on a fair value basis.

The PPNs are listed on the ISE and are recorded in the financial statements at fair value in accordance with IAS 39. The fair value of the PPNs is based on the cost of the PPNs plus or minus the profit or loss generated by the Originator, less an immaterial amount, which is retained by the Originator as profit, in accordance with the underlying NPA.

Financial assets at amortised cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and they are carried at amortised cost. The Company includes in this category amounts receivable from brokers and other receivables. The amortised cost of a financial asset is the amount at which the instrument is measured at initial recognition, its fair value, adjusted for initial direct costs, minus principal repayments, plus or minus the cumulative amortisation, using effective interest rate method, of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

Financial liabilities at amortised cost

The Company includes in this category expenses payable, borrowings and payable for investments purchased.

ii Recognition and initial measurement

Financial assets and financial liabilities are measured initially at fair value, being the transaction price, including transaction costs for items that will subsequently be measured at amortised cost on the trade date. Transaction costs on financial assets at fair value through profit or loss are expensed immediately.

iii Subsequent measurement

After initial measurement, the Company measures financial instruments classified at fair value through profit or loss at their fair values. Changes in fair value are recorded within “Unrealised gain on financial assets at fair value through profit or loss” in the Statement of Comprehensive Income.

The following sources have been used to obtain fair value for the financial assets and liabilities of the Company:

Level 3. Where the fair value cannot be determined by reference to observable market quotes or broker quotes, the entity estimates fair value through the use of a discounted cash flow model valuation technique. There are a number of assumptions applied in determining the fair values of the financial assets and liabilities whose fair value is estimated through the use of the discounted cash flow model, including certain non-observable inputs in some instances.

There are no financial assets or liabilities at fair value through profit or loss using level 1 or level 2 sources.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2G FINANCIAL INSTRUMENTS (continued)

iv Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position where 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 assets and settle the liability simultaneously. For the period ended 31 December 2014, there were no financial assets or liabilities subject to enforceable, master netting arrangements or similar agreements which require disclosure.

v Derecognition
The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39. The Company derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

2H FOREIGN CURRENCY
Transactions in foreign currencies are translated at the foreign currency exchange rate to the functional currency at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Euro at the foreign currency closing exchange rate ruling at the Statement of Financial Position date. Foreign currency exchange differences relating to investments at fair value through profit or loss are included in “unrealised gain on financial assets at fair value through profit or loss” in the Statement of Comprehensive Income. All other foreign currency exchange differences relating to monetary items, including cash, are presented in “unrealised (loss)/gain foreign exchange” in the Statement of Comprehensive Income.

2I TAXATION
Income tax expense is recognised through profit or loss in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

The Company is subject to Jersey tax at a rate of 0%.

2J DISTRIBUTIONS
Distributions to the holders of shares are recorded through the statement of changes in equity when they are declared to shareholders.

2K OPERATING SEGMENTS
The Company only engages in one business activity from which it may earn revenues and incur expenses and whose operating results are regularly reviewed by the Company’s chief operating decision-makers and for which discrete financial information is available. The chief operating decision-makers for the Company are the Directors and the only segment is the investment by the Company into the Originator.

2L SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

i Fair value
For the fair value of all financial instruments held, the Company determines fair values using valuation techniques.

For the period ended 31 December 2014, there were internal valuation techniques used. The investments are recorded at fair value and are designated as assets at fair value through profit or loss. The fair value of the investments is based on their cost plus or minus the profit or loss generated by the Originator, in accordance with the underlying NPA. Accordingly the Directors have classified these securities as level 3.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2L SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

ii Non-consolidation of the Originator
To determine control, there has to be a linkage between power and the exposure to risks and rewards. The main link from ownership would allow a company to control the payments of returns and operating policies and decisions of a subsidiary. To meet the definition of a subsidiary under the single control model of IFRS 10, the investor has to control the investee.

Control involves power, exposure to variability of returns and a linkage between the two:

- i The investor has existing rights that give it the ability to direct the relevant activities that significantly affect the investee’s returns;
- ii The investor has exposure or rights to variable returns from its involvement with the investee; and
- iii The investor has the ability to use its power over the investee to affect the amount of the investor’s returns.

In the case of the Originator, the relevant activities are the investment decisions made by it. However, in the Company’s case the power to influence or direct the relevant activities is not attributable to the Company. The Company does not have the ability to direct or stop investments by the Originator therefore it does not have the ability to control the variability of returns.

Accordingly, the Originator has been determined not to be a subsidiary undertaking as defined under IFRS 10 and the Company's investment in the PPNs issued by the Originator are accounted for at fair value through profit or loss. The Board has also considered the non-voting B2 shares held by its Subsidiary which also do not give that entity the right to control the operations and activities of the Originator.

iii Non-consolidation of the Subsidiary undertaking
At 31 December 2014, the Company had one subsidiary undertaking as defined under IFRS 10, Blackstone / GSO Loan Financing 2 Limited.

In the case of the Subsidiary, the relevant activities are the investment decisions which are made by it. Power over its relevant activities is attributed to the Company through its 100% ownership. The impact of this ownership is that it gives the Company the ability to direct or stop investments by the Subsidiary and hence the decision making power.

To adopt IFRS 10 and to be exempt from preparing consolidated financial statements, the Company must meet the definition of an investment entity. The Company is satisfied that it meets both the required criteria and typical characteristics of an investment entity:

a It has met the required criteria as follows:

- i It has obtained funds from one or more investors for the purpose of providing those investors with investment management services;
- ii It has committed to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- iii It measures and evaluates the performance of its investments on a fair value basis.

b In addition, the Company has concluded that it has all the following typical characteristics of an investment entity, namely:

- i It has exposure to more than one investment;
- ii It has multiple investors;
- iii The majority of its investors are not related parties; and
- iv It has ownership interests in the form of equity.

Accordingly, the Subsidiary has not been consolidated under IFRS 10 and is accounted for at fair value through profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2M NEW STANDARDS AND INTERPRETATIONS APPLICABLE TO FUTURE REPORTING PERIODS

New standards, amendments and interpretations issued but not effective in 2014 and not early adopted.
IAS 24 “Related Party Disclosures”, amendment adds an entity to the definition of key management personnel when that entity or any member of a group of which it is a part provides key management personnel services to the reporting entity or to the parent of the reporting entity and is effective for annual periods beginning on or after 1 July 2014. Amounts incurred by the Company for the provision of key management personnel services by a separate management entity shall be disclosed. The amendment is not expected to have any impact on the Company’s financial position or performance but will require additional disclosures.

IFRS 9 “Financial Instruments”, addressed the classification, measurement and recognition of financial assets and financial liabilities and will become effective for the periods beginning on or after 1 January 2018. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, IFRS 9 retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact.

IFRS 14 “Regulatory Deferred Accounts” was issued in January 2014 and will become effective for the periods beginning on or after 1 January 2016. The new standard is not expected to have any impact on the Company's financial position, performance or disclosures in its financial statements.

IFRS 15 “Revenue from Contracts with Customers” was issued in May 2014 and will become effective for periods beginning on or after 1 January 2017. The new standard is not expected to have any impact on the Company's financial position, performance or disclosures in its financial statements.

3 FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

As described in the accounting policies note, the Company has financial assets at fair value through profit or loss. The financial instruments recognised at fair value are analysed between those whose fair value is based on:

– Level 1: quoted prices, unadjusted, in active markets for identical assets or liabilities;

– Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly, as prices, or indirectly, derived from prices. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For the period ended 31 December 2014 all financial instruments were classified as level 3 within the fair value hierarchy.

For investments that have been categorised as level 3, fair value has been determined as the cost plus accumulated gain or loss attributable to the Company. The fair value of the ordinary shares held in the Subsidiary are deemed to approximate the cost.

The following table shows the movement in level 3 of the fair value hierarchy for the period ended 31 December 2014:

	Financial assets at fair value through profit or loss EUR
Opening balance	-
Purchases	300,950,000
Total unrealised gains or losses in comprehensive income	(1,672,851)
Closing balance	299,277,149

3 FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

For each class of assets and liabilities not measured at fair value in the statement of financial position but for which fair value is disclosed, the Company is required to disclose the level within the fair value hierarchy which the fair value measurement would be categorised and a description of the valuation technique and inputs used in the technique.

For the period ended 31 December 2014 cash and cash equivalents, other receivable and expenses payable whose carrying amounts approximate to fair value, were classified as level 2 within the fair value hierarchy.

Transfers between level 1, 2 and 3

There were no transfers between level 1, level 2 and level 3 during the period.

To provide information to shareholders the following is a summary of the inputs used as at 31 December 2014 in valuing the financial instruments carried at fair value by the Originator:

Originator	**Level 1 EUR**	**Level 2 EUR**	**Level 3 EUR**	**Total Fair Value EUR**
Financial assets at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- Investments	-	451,627,773	135,541,185	587,168,958
Held for trading				
Derivative financial assets	-	33,785	-	33,785
Total financial assets	**-**	**451,661,558**	**135,541,185**	**587,202,743**
Financial liabilities at fair value through profit or loss:				
Designated at fair value through profit or loss:				
PPNs	-	-	(284,277,149)	(284,277,149)
Held for trading				
Forward purchase agreements	-	(288,660)	-	(288,660)
Total financial liabilities	**-**	**(288,660)**	**(284,277,149)**	**(284,565,809)**

There were no transfers between level 1 and level 2 of the fair value hierarchy during the period.

The following table shows the movement in level 3 of the Originator's fair value hierarchy for the period ended 31 December 2014:

Originator	**Financial assets at fair value through profit or loss EUR**	**Financial liabilities at fair value through profit or loss EUR**
Opening balance	-	-
Total unrealised gains or losses in comprehensive income	(10,381,597)	1,672,851
Purchases	193,911,717	-
Issuances		(285,950,000)
Sales	(48,406,664)	-
Realised loss	417,729	-
Closing balance	135,541,185	(284,277,149)

The Originator's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the last day of the accounting period.

3 FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Sensitivity of level 3 holdings to unobservable inputs

A number of holdings in the Originator's portfolio as at 31 December 2014 were priced through Markit. Where the input into the Markit price was 2 or less prices so they were classified as level 3. These loan assets are not modelled on analysts' prices but are from dealers' runs therefore there are no unobservable inputs into the prices. The CLO income notes were priced by Thompson Reuters and were classified as level 3 as this is a single pricing source.

The assets classified as level 3 represented 23.1% of the Originator's total financial assets. If the price of the holdings classified as level 3 increased or decreased by 5% it would result in an increase or decrease in the value of the Originator's financial assets of EUR6,777,059 (1.15% of the total financial assets). There also would be an equal and opposite effect on the valuation of the PPNs and the debt issued by the Originator's subsidiaries (2.38%). The CLO income notes are valued by Thompson Reuters using discounted cash flow models. The key model input assumptions are the loan prepayment rates, loan default rates, loan recovery given default rates and reinvestment rates. These metrics are accumulated from various independent market sources. Additionally, Thompson Reuters review each CLO Indenture and the latest underlying CLO loan portfolio forming various projections based on the quality of the collateral, the collateral manager capabilities and general macroeconomic conditions.

The financial liabilities of the Originator at fair value through profit or loss consist of the PPNs. In the financial statements of the Originator the PPNs are valued using a model based on the fair value of the underlying assets and liabilities. The amortised cost of the variable fund notes and cash and cash equivalents and receivables and payables included in the underlying assets and liabilities equate to their fair value due to the floating interest rates and short term nature of the balances. If the value of the underlying assets or liabilities changes then there would be an equal and opposite effect on the valuation of the PPNs – as discussed in the previous paragraph.

If the valuation of the element of debt issued by the subsidiaries of the Originator and then purchased by the Originator had increased or decreased by 5% the value of the CLO income notes would move by EUR4,743,259.

4 FEES

ADVISER
Under the Advisory Agreement, the Adviser is entitled to receive out of pocket expenses, all reasonable third party costs, and other expenses incurred in the performance of its obligations.

ADMINISTRATOR
The Administrator is entitled to receive fees of up to 0.08% per annum of the NAV of the Company for the provision, respectively, of administration, accounting and trustee services to the Company. The overall charge for the above-mentioned fees for the Company for the period ended 31 December 2014 was EUR109,841 and the amount due at 31 December 2014 was EUR109,841.

CUSTODIAN
The Custodian is entitled to receive transaction charges and sub-custodian charges will be recovered by the Custodian from the Company as they are incurred by the relevant sub-custodian. All such charges are charged at normal commercial rates. The overall charge for the above mentioned fees for the Company for the period ended 31 December 2014 was EUR32,962 and the amount due at 31 December 2014 was EUR32,962.

DIRECTORS' FEES
The Company's Directors are entitled to a fee in remuneration for their services as Directors at a rate to be determined from time to time by Remuneration Committee of the Board. During the period ended 31 December 2014, the Company paid Directors' fees of EUR89,334 of which EUR26,132 was outstanding at the period end.

AUDIT FEES
The Company incurred the following audit, assurance and tax fees during the period of which EUR80,000 was outstanding at the period end.

	Period ended 31 December 2014 EUR
Audit of individual accounts	80,000
Tax advisory services	8,000
	88,000

5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents balances are held with the Custodian.

6 BORROWING

The Company will not utilise borrowings for investment purposes. However, the Directors are permitted to borrow up to 10 per cent of the NAV for day to day administration and cash management purposes. The Company did not borrow during the period ended 31 December 2014.

7 SHARES

EURO
The authorised share capital of the Company is represented by two subscriber shares at no par value and the maximum issued share capital is unlimited. As at 31 December 2014, the issued share capital consists of 301,200,000 Euro shares and the subscriber shares referenced to below.

Voting rights
The Company has issued two subscriber shares of no par value. These shares do not participate in the profits of the Company. Holders of Euro shares participate in the profits of the Company and have voting rights with shareholders having one vote in respect of each whole share held.

EURO SHARES
Rights as to capital
On a winding up, the Company may, with the sanction of a special resolution and any other sanction required by the Companies Law, divide the whole or any part of the assets of the Company among the shareholders in specie provided that no holder shall be compelled to accept any assets upon which there is a liability. On return of assets on liquidation or capital reduction or otherwise, the assets of the Company remaining after payments of its liabilities shall subject to the rights of the holders of other classes of shares, be applied to the holders of shares equally pro rata to their holdings of shares.

Voting and transfer
Shareholders have the right to attend, speak and vote at any general meetings of the Company in accordance with the provisions of the Articles of Association.

ISSUED SHARES

	Euro shares* EUR
ISSUED SHARES (NO. OF SHARES)	
Opening balance	-
Issue during the period	301,200,000
Balance at 31 December 2014	**301,200,000**

EQUITY

	Euro shares* EUR
Opening Balance	-
Loss for the period all attributable to shareholders	(2,248,440)
Issue of shares	301,200,000
Balance at 31 December 2014	**298,951,560**

* 260,500,000 Euro shares were issued and admitted to the SFM on 23 July 2014. A further 40,700,000 Euro shares were issued and admitted to the SFM on 28 August 2014.

7 SHARES (continued)

CAPITAL MANAGEMENT

The Company is closed ended and has no externally imposed capital requirements, except for the initial subscriber share capital.

The Company's objectives for managing capital are:

i to invest the capital in investments meeting the description, risk exposure and expected return indicated in its ` Prospectus;
ii to achieve consistent returns while safeguarding capital by investing in the Originator;
iii to maintain sufficient liquidity to meet the expenses of the Company and to meet distribution commitments; and
iv to maintain sufficient size to make the operation of the Company cost-efficient.

Please refer to note 12 (c) Liquidity Risk for further discussion on capital management, particularly on how the distribution policy is managed.

8 SOFT COMMISSIONS

There are no agreements for the provision of any services by means of soft commission.

9 INTERESTS IN OTHER ENTITIES

INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

IFRS 12 defines a structured entity as an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to the administrative tasks only and the relevant activities are directed by means of contractual agreements. A structured entity often has some of the following features or attributes:

i restricted activities;
ii a narrow and well defined objective;
iii insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and
iv financing in the form of multiple contractually linked instruments that create concentrations of credit or other risks.

Involvement with unconsolidated structured entities

The Company has concluded that the PPNs and non-voting shares of the Originator which it invests, but that it does not consolidate, meet the definition of a structured entity.

Interests in subsidiaries

As at 31 December 2014, the Company has a 100% notional holding of the entire outstanding notional balance of its Subsidiary.

During the period ended 31 December 2014, the Company made purchases of investments in the Subsidiary holding amounting to EUR15,000,000. There were no sales of investments in the Subsidiary during the period ended 31 December 2014.

For the period ended 31 December 2014, the Company made investments into the unconsolidated structured entity and did not provide any other financial support and has no intention of providing financial or other support.

10 RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL

TRANSACTIONS WITH ENTITIES WITH SIGNIFICANT INFLUENCE

In accordance with IAS 24 "Related Party Disclosures" the related parties and related party transactions during the period comprised an affiliate of DFME. Blackstone Asia Treasury Pty holds 50,000,000 shares in the Company and has entered into a Lock-Up Agreement with the Company and Joint Bookrunners pursuant to which Blackstone Asia Treasury Pty undertakes not to dispose of the placing shares it acquired in the Company pursuant to the placing for a period of 12 months from Admission.

10 RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL (continued)

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The Directors of the Company are the key management personnel as they are the persons who have the authority and responsibility for planning, directing and controlling the activities of the Company for the period ended 31 December 2014.

During the period ended 31 December 2014, the Company incurred Directors' fees for services as Directors and out-of-pocket expenses of EUR89,334 of which EUR26,132 was outstanding at the period end. The listing of the members of the Board is shown on page 12.

No Director except Mr. Gary Clark had any beneficial interest in the shares of the Company during the period ended 31 December 2014. Mr. Gary Clark purchased 20,000 Euro Shares in the Company pursuant to the placing. Mr. Clark did not sell any shares during the period and continues to hold 20,000 shares as at 31 December 2014. The Company Secretary had no beneficial interest in the shares of the Company during the period ended 31 December 2014.

Mr. Philip Austin is also a Director of Blackstone / GSO Debt Funds Europe Limited.

The following Directors' fees were paid during the period:

	Period ended 31 December 2014 EUR
Ms. Charlotte Valeur	27,070
Mr. Philip Austin	18,950
Mr. Garry Clark	21,657
Ms. Joanna Dentskevich	21,657
	89,334

TRANSACTIONS WITH OTHER RELATED PARTIES

At 31 December 2014, current employees and accounts managed or advised by the Adviser and its affiliates hold 1,222,322 Euro shares which represents approximately 0.41% of the issued shares of the Company.

The Company invests in PPNs of the Originator. The Adviser is also appointed as a service support provider and CLO manager to the Originator.

TRANSACTION WITH SUBSIDIARY

As at 31 December 2014, the Company had one subsidiary for financial reporting purposes, Blackstone / GSO Loan Financing 2 Limited, a private company incorporated in Jersey. The Company's investment in this private company vehicle is detailed in note 9.

During the period ended 31 December 2014, the Company made purchases of investments in the Subsidiary amounting to EUR15,000,000 There were no sales of investments in the Subsidiary during the period ended 31 December 2014.

The value of the Subsidiary holding at 31 December 2014 was EUR15,000,000.

11 DERIVATIVE FINANCIAL INSTRUMENTS

The Company does not hold any derivative financial instruments. It has limited direct exposure to currency risk therefore it had no currency hedges in place at 31 December 2014.

12 RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The main risks arising from the Company's financial instruments are market risk, which comprises: interest rate risk, valuation risk and foreign currency risk, credit risk and liquidity risk.

12 RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

(A) MARKET RISK

Market risk is the risk that the Company's performance will be adversely affected by changes in the markets in which it invests. The Company holds two investments, one in the form of PPNs in the Originator which is the main driver of the Company's performance and the second is the investment in the Originator by its Subsidiary.

The performance of the PPNs is driven by the underlying portfolio of the Originator and therefore consideration of the market risks to which that company is exposed have also been made. The Originator invests predominantly in below investment grade senior secured loans domiciled in Western Europe or North America. As such, the Company and the Originator could be particularly exposed to any deterioration in the current European or American economic climate.

The Originator is subject to investment limits when it holds senior secured loans directly on its portfolio. The Originator also invests in CLOs with each CLO being subject to investment limits. These investment limits amongst others relate to the number of positions held by obligor, industry sector, credit rating and weighted average life and rating of the portfolio.

Financial market disruptions may have a negative effect on the valuations of the Originator's investments and, by extension, on the NAV and/or the market price of the Company's ordinary shares, and on liquidity events involving the Originator's investments. Any non-performing assets in the Originator's portfolio may cause the value of the Originator's portfolio to decrease and, by extension, the NAV of the Company. Adverse economic conditions may also decrease the value of any security obtained in relation to any of the Originator's investments.

A sensitivity analysis is shown below disclosing the impact on the NAV of the Company, if the fair value of the Company's investment in the Originator at the period end increased or decreased by 5%:

Current Value	Period ended 31 December 2014 Total EUR	Increase by 5%	Decrease by 5%
Investments held at fair value through profit or loss			
PPNs	284,277,149	298,491,006	270,063,292
Investment in Subsidiary	15,000,000	15,750,000	14,250,000

The calculations are based on the investment valuation at the Statement of Financial Position date and are not representative of the period as a whole, and may not be reflective of future market conditions.

(i) Interest rate risk

Interest rate movements affect the fair value of investments in fixed interest rate securities and floating rate loans and on the level of income receivable on cash deposits.

The majority of the Company's interest rate exposure arises in the fair value of the underlying Originator portfolio which is largely invested in below investment grade senior secured loans of companies predominantly in Western Europe or North America. Most of the investments in senior secured loans carry variable interest rates and various maturity dates.

12 RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

The following table details the Originator's direct exposure in all direct holdings to interest rate risk. It includes the Originator's assets and trading liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity date measured by the carrying value of the assets and liabilities at 31 December 2014:

Originator	Within one year EUR	Non-Interest Bearing EUR	Total EUR
Financial assets at fair value through profit or loss:			
Designated at fair value through profit or loss:			
- Investments	587,168,958	-	587,168,958
Held for trading			
- Derivative financial asset		33,785	33,785
Receivable for investments sold	-	472,771,051	472,771,051
Other receivables	-	5,501,703	5,501,703
Cash and cash equivalents	91,601,158	-	91,601,158
Total assets	**678,770,116**	**478,306,539**	**1,157,076,655**
Financial liabilities at fair value through profit or loss:			
Designated at fair value through profit or loss:			
- Notes and credit facilities	(686,600,398)	-	(686,600,398)
Held for trading			
- Derivative financial liability	-	(288,660)	(288,660)
Payable for investments purchased	-	(447,523,872)	(447,523,872)
Other payables and accrued expenses	-	(7,662,865)	(7,662,865)
Total liabilities	**(686,600,398)**	**(455,475,397)**	**(1,142,075,795)**
Total interest sensitivity gap	**(7,830,282)**		

Sensitivity analysis

At 31 December 2014, had the base interest rates strengthened/weakened by 2% in relation to all holdings subject to interest with all other variables held constant, this would increase/decrease the Originator's performance by EUR156,606 which would subsequently impact the amount available for distribution to the Company. The interest rate sensitivity information is a relative estimate of risk and is not intended to be a precise and accurate number. The calculations are based on historic data. Future price movements and correlations between securities and its NAV could vary significantly from those experienced in the current financial period.

As detailed in the following table, the Company has a negligible direct exposure to interest rate risk as at 31 December 2014. No sensitivity analysis for interest rate risk has been presented.

	Interest bearing* EUR	Non-interest bearing EUR	Total EUR
Assets			
Investments held at fair value through profit or loss	-	299,277,149	299,277,149
Cash and cash equivalents	86,944	-	86,944
Other receivables and prepayments	-	21,223	21,223
Total assets	**86,944**	**299,298,372**	**299,385,316**
Liabilities			
Payables	-	(433,756)	(433,756)
Total liabilities	**-**	**(433,756)**	**(433,756)**

* Floating rate

12 RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

(ii) Currency risk

Foreign currency risk is the risk that the values of the Company's assets and liabilities are adversely affected by changes in the values of foreign currencies by reference to the Company's base currency.

The functional currency of the Company and the Originator is the Euro. Certain of the Originator's assets are typically invested in securities and other investments which are denominated in other currencies. Accordingly, the Originator is subject to foreign currency exchange risks and the value of its assets may be affected by fluctuations in foreign currency exchange rates. The Originator may utilise financial instruments to hedge against declines in the value of such assets as a result of changes in currency exchange rates.

In addition, there can be no assurance that any attempt to hedge against a particular change or event would be successful, and any such hedging failure could materially and adversely affect the performance of the Originator and, by extension, the Company's business, financial condition, results of operations NAV. The Originator manages its foreign currency exposure through utilising variable funding notes in the same currency as the holdings the notes are financing.

The Company is not subject to significant foreign currency risk since it's investments are denominated in Euro and its share capital is also denominated in Euro.

(iii) Other price risk

Other price risk is the risk that the valuation of the Company's investments in the Originator, and accordingly the periodic calculation of the NAV of the Company's ordinary shares, does not reflect the true value of the Originator's underlying investment portfolio.

The Originator's portfolio may at any given time include securities or other financial instruments or obligations which are very thinly traded, for which a limited market exists or which are restricted as to their transferability under applicable securities laws. These investments may be extremely difficult to value accurately.

Further, because of overall size or concentration in particular markets of positions held by the Originator, the value of its investments which can be liquidated may differ, sometimes significantly, from their valuations. Third party pricing information may not be available for certain positions held by the Originator. Investments held by the Originator may trade with significant bid-ask spreads. The Originator is entitled to rely, without independent investigation, upon pricing information and valuations furnished to the Originator by third parties, including pricing services and valuation sources. Absent bad faith or manifest error, valuation determinations in accordance with the Originator's valuation policy are conclusive and binding. In light of the foregoing, there is a risk that the Company, in redeeming all or part of its investment while the Originator holds such investments, could be paid an amount less than it would otherwise be paid if the actual value of the Originator's investment was higher than the value designated for that investment by the Originator. Similarly, there is a risk that a redeeming Originator interest holder might, in effect, be overpaid at the time of the applicable redemption if the actual value of the Originator's investment was lower than the value designated for that Investment by the Originator, in which case the value of the Originator interests to the remaining Originator interest holders would be reduced.

The Board monitors and reviews the Company's NAV production process on an ongoing basis.

(B) CREDIT RISK

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Board has in place monitoring procedures in respect of counterparty risk which is reviewed on an ongoing basis.

The Company's credit risk is attributable to its investments at fair value through profit or loss, cash and cash equivalents and other receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

12 RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

(B) CREDIT RISK (continued)

The carrying amounts of financial assets best represent the maximum credit risk exposure at the statement of financial position date. At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

	2014 EUR
Investments at fair value through profit or loss	299,277,149
Cash and cash equivalents	86,944
Other receivables	21,223
Total assets	**299,385,316**

The Company is exposed to a potential material singular credit risk in the event that it requests a repayment of the PPNs from the Originator and receives an acceptance of that repayment request. The Board is aware of this risk and the concentration risk to the Originator.

Leveraged loan sub-investment grade senior secured obligations held by the Originator are subject to unique risks, including the possible invalidation of an investment as a fraudulent conveyance under relevant creditors' rights laws. Further, where exposure to leveraged loans is gained by purchase of sub-participations there is the additional credit and bankruptcy risk of the direct participant and its failure for whatever reason to account to the Originator for monies received in respect of leveraged loans directly held by it. In analysing each leveraged loan or sub-participation, the Adviser compares the relative significance of the risks against the expected benefits of the investment.

In purchasing sub-participations, the Originator generally will not have the right to enforce compliance by the obligor with the terms of the applicable debt agreement nor directly benefit from the supporting collateral for the debt in respect of which it has purchased a sub-participation. As a result, the Originator will assume the credit risk of both the obligor and the institution selling the sub-participation. There were no sub-participations in the portfolio as at 31 December 2014.

The Originator's credit risk concentration is spread between a number of counterparties. The top ten largest holdings represented 33.9% of the Originator's assets.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the period end date.

The Adviser, through its investment strategy for the Originator endeavors to avoid losses relating to defaults on the underlying assets. In-house research is used to identify asset allocation opportunities amongst potential borrowers and industry segments and to take advantage of episodes of market mis-pricing. Segments and themes that are likely to be profitable are subjected to rigorous analysis and risk is allocated to these opportunities consistent with investment objectives. All transactions involve credit research analysis having relevant sector experience.

The analysis involves developing a full understanding of the business and associated risk of the issuer and a full analysis of the financial risk, which leads to an overall assessment of credit risk. The Adviser analyses credit concentration based on the counterparty and industry of the financial assets that the Originator holds.

All cash is placed with the Custodian. The ultimate parent of State Street Custodial Services (Jersey) Limited is State Street Corporation which is publicly traded with a long standing credit rating of A+ from Standard & Poor's.

The credit risk associated with debtors is limited to other receivables. Credit risk is mitigated by the Company's policy to only undertake significant transactions with leading commercial counterparties. It is the opinion of the Board that the carrying amounts of these financial assets represent the maximum credit risk exposure as at the reporting date.

The Board continues to monitor the Company's exposure to credit risk.

12 RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

(C) LIQUIDITY RISK

Liquidity risk is the risk that the Company will encounter difficulties in realising assets or otherwise raising funds to meet financial commitments.

The Company has been established as a closed-ended vehicle. Accordingly, there is no right or entitlement attaching to the Company’s shares that allows them to be redeemed or repurchased by the Company at the option of the shareholder. This significantly reduces the liquidity risk of the Company.

Under the terms of the unsecured PPNs, the Originator is contractually obliged to ensure that its portfolio is managed in accordance with the Company’s investment objective and policy. In the event that the Originator fails to comply with these contractual obligations, the Company could elect for the unsecured PPNs to become immediately due and repayable to it from the Originator, subject to any applicable legal, contractual and regulatory restrictions. There is no guarantee that the applicable legal, contractual and regulatory restrictions would permit the Originator to immediately repay the unsecured PPNs on the Company making such an election. If the Company were to elect for the unsecured PPNs to be repaid, the Originator’s failure to fully comply with its contractual obligations to do so or the Originator being restricted from doing so by law, regulation or contract could have a significant adverse effect on the Company’s business, financial condition and results of operations.

The PPNs are unsecured obligations of the Originator and amounts payable on the PPNs will be made solely from amounts received in respect of the assets of the Originator available for distribution to its unsecured creditors. The Originator is permitted to incur leverage in the form of secured debt by way of one or more revolving credit facilities. Such secured debt will rank ahead of the PPNs in respect of any distributions or payments by the Originator. In an enforcement scenario under any revolving credit facility, the provider(s) of such facilities will have the ability to enforce their security over the assets of the Originator and to dispose of or liquidate, on their own behalf or through a security trustee or receiver, the assets of the Originator in a manner which is beyond the control of the Company. In such an enforcement scenario, there is no guarantee that there will be sufficient proceeds from the disposal or liquidation of the Originator's assets to repay any amounts due and payable on the PPNs and this may adversely affect the performance of the Company’s business, financial condition, results of operations and NAV.

Consequently, in the event of a materially adverse event occurring in relation to the Originator or the market generally, the ability of the Company to realise its investment and prevent the possibility of further losses could, therefore, be limited by its restricted ability to realise its investment in the Originator. This delay could materially affect the value of the PPNs and the timing of when the Originator is able to realise its investments, which may adversely affect the Company’s business, financial condition, results of operations, NAV and/or the market price of the Shares.

The liquidity risk of the Originator as at 31 December 2014 is as follows:

	Within 6 months EUR	Greater than 6 months EUR	Total EUR
Payable for investments purchased	(447,523,872)	-	(447,523,872)
Financial liabilities at fair value	-	(284,277,149)	(284,277,149)
Variable funding notes	-	(402,323,249)	(402,323,249)
Derivative financial liabilities	(288,660)	-	(288,660)
Other payables and accrued expenses	(7,662,865)	-	(7,662,865)
	(455,475,397)	(686,600,398)	(1,142,075,795)

To meet the Company's Target Dividend, the Company will require sufficient payments from the PPNs held and in the event these are not received, the Board has the discretion to determine the amount of dividends paid to shareholders.

13 EARNINGS PER SHARE

The Earnings per Share (the "EPS") is calculated by dividing the profit or loss for the period attributable to the participating shareholders by the weighted average number of shares outstanding in the period.

PERIOD ENDED 31 DECEMBER 2014

	Euro Share Class EUR
Loss for the period attributable to the shareholders	(2,248,440)
Number of ordinary shares on a weighted average basis	292,155,556
Loss Per Share	(0.01)

For the period ended 31 December 2014, there are no potential ordinary shares in existence at the period end, hence no diluted EPS is shown.

14 SEGMENTAL REPORTING

As required by IFRS 8, Operating Segments, the information provided to the Board, who are the chief operating decision makers, can be classified into one segment for the period ended 31 December 2014. The only share class in issue during the period ended 31 December 2014 is the Euro share class.

For the period ended 31 December 2014, the Company's primary exposure was to Europe.

15 TAXATION

The Company is subject to Jersey tax at a rate of 0%.

16 DISTRIBUTIONS

The Company may, by ordinary resolution, declare dividends in accordance with the respective rights of the shareholders, but no such dividend shall exceed the amount recommended by the Directors. The Directors may pay fixed rate and interim dividends.

A general meeting declaring a dividend may, upon the recommendation of the Directors, direct that payment of a dividend shall be satisfied wholly or partly by the issue of shares or the distribution of assets and the Directors shall give effect to such resolution.

Except as otherwise provided by the rights attaching to or terms of issue of any shares, all dividends shall be apportioned and paid pro rata according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No dividend or other moneys payable in respect of a share shall bear interest against the Company.

The Directors may deduct from any dividend or other moneys payable to a shareholder all sums of money (if any) presently payable by the holder to the Company on account of calls or otherwise in relation to such shares.

Any dividend unclaimed after a period of 10 years from the date on which it became payable shall, if the Directors so resolve, be forfeited and cease to remain owing by the Company.

The Board declared no distributions during the period. Please refer to note 18 for distributions made after the period end.

17 OTHER EVENTS OF THE ORIGINATOR

On 8 August 2014, the Originator entered into a Variable Funding Note Issuing and Purchasing Agreement with Citibank N.A., BNP Paribas, London Branch, Deutsche Bank AG, London Branch and Bank of America, N.A., London Branch (together, the "Noteholders") whereby the Noteholders agreed to provide funding amounts to the Originator to the maximum of EUR475,000,000.

The Originator entered into a Forward Purchase Agreement with Phoenix Park CLO Limited. This matured on 24 July 2014 when Phoenix Park CLO Limited closed and the Company purchased 51.38% of its Subordinated Notes in conjunction with the purchase of the underlying assets by Phoenix Park CLO Limited.

The Originator entered into a Forward Purchase Agreement with Sorrento Park CLO Limited. This matured on 16 October 2014 when Sorrento Park CLO Limited closed and the Company purchased 60.53% of its Subordinated Notes in conjunction with the purchase of the underlying assets by Sorrento Park CLO Limited.

The Originator entered into a Forward Purchase Agreement with Castle Park CLO Limited. This matured on 18 December 2014 when Castle Park CLO Limited closed and the Company purchased 100% of its Subordinated Notes in conjunction with the purchase of the underlying assets by Castle Park CLO Limited.

18 SUBSEQUENT EVENTS

The Board declared a dividend of EUR0.0265 per Euro share in respect of the period from Admission to 31 December 2014 with an ex-dividend date of 29 January 2015. A total payment of EUR7,981,800 was processed on 20 February 2015.

The existing Euro shares were admitted to the Official List of the Channel Islands Securities Exchange Authority Limited on 17 April 2015. Accordingly, the Euro shares are now "excluded securities" and therefore will not be subject to the marketing restrictions of the Financial Conduct Authority's rules on the promotion of Non-Mainstream Pooled Investments.

The Board declared a dividend of EUR0.02 per Euro share in respect of the period from 1 January 2015 to 31 March 2015 with an ex-dividend date of 30 April 2015. The dividend is payable on 22 May 2015 to shareholders on the register as at the close of business on 1 May 2015.

The Company has issued 30,119,700 new ordinary shares at an issue price of EUR1.02 per share raising a further EUR30.7m, before costs. The shares were admitted to the official list of CISE and to trading on the SFM on 29 April 2015.

There were no other significant events affecting the Company since the period end which required adjustment to or disclosure in the financial statements.

19 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Directors on 30 April 2015.

SUMMARY OF KEY FINANCIAL INFORMATION

NAV HISTORY

	Period ended 31 December 2014
NAV	298,951,560
NAV per share	
Euro class	0.99
Shares at period end	
Euro class	301,200,000
Income per Prospectus (inclusive of interest income on cash and cash equivalents)	-
Value of investments	299,277,149
Number of investments	2

SCHEDULE OF INVESTMENTS
As at 31 December 2014

	Nominal holdings	Market value of EUR	% of net asset value
PPNs due 01/06/2044	285,950,000	284,277,149	95.09
Investment in Subsidiary	15,000,000	15,000,000	5.02
Other Net Liabilities	-	(325,589)	(0.11)
Net Assets Attributable to Shareholders	**-**	**298,951,560**	**100.00**

PORTFOLIO CHANGES – MATERIAL ACQUISITIONS AND DISPOSALS/PAYDOWNS
For the period from 30 April 2014 (date of incorporation) to 31 December 2014

Acquisitions	Quantity purchased	EUR costs
PPNs	285,950,000	285,950,000
Investment in Subsidiary	15,000,000	15,000,000
Disposals/Paydowns*	**-**	**-**

* There were no disposals/paydowns during the period.

MANAGEMENT AND ADMINISTRATORS

DIRECTORS*
Mr. Stephen Langan (appointed 30 April 2014, resigned 13 June 2014)
Ms. Cheryl Anne Heslop (appointed 30 April 2014, resigned 13 June 2014)
Ms. Charlotte Valeur (Chair) (appointed 13 June 2014)**
Mr. Philip Austin (appointed 13 June 2014)
Mr. Gary Clark (appointed 13 June 2014)**
Ms. Joanna Dentskevich (appointed 13 June 2014)**

All c/o the Company's registered office

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** Independent Directors.

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