Company registered number: 554399

GLG EURO CLO I DAC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD FROM 15 DECEMBER 2014 (DATE OF INCORPORATION)

TO 31 DECEMBER 2015

GLG EURO CLO I DAC

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COMPANY INFORMATION

DIRECTORS	Kevin Butler (appointed 15 December 2014) John Fisher (appointed 12 May 2016; resigned 20 November 2016) Sam Sengupta (British) (appointed 20 November 2016) John Hackett (alternate director to Kevin Butler)(appointed 1 November 2016) Ciaran Connolly (appointed 15 December 2014, resigned 18 September 2015) Anne Mayden (appointed 18 September 2015, resigned 12 May 2016)
COMPANY SECRETARY AND REGISTERED OFFICE	TMF Administration Services Limited 3rd Floor Kilmore House Park Lane Spencer Dock Dublin 1 Ireland
INDEPENDENT AUDITOR	Ernst & Young, Chartered Accountants, Harcourt Centre, Harcourt Street, Dublin 2, Ireland.
COLLATERAL ADMINISTRATOR, CALCULATION AGENT, PRINCIPAL PAYING AGENT, ACCOUNT BANK CUSTODIAN AND INFORMATION AGENT	Elavon Financial Services Limited, Fifth Floor, 125 Old Broad Street, London EC2N 2AR, United Kingdom.
TRUSTEE	U.S. Bank, National Association, One Federal Street, 3rd Floor, Boston MA 02110, U.S.A.
INVESTMENT MANAGER	GLG Partners LP 1 Curzon Street, London W1J 5HB, United Kingdom.
LISTING AGENT	Matheson 70 Sir John Rogerson's Quay, Dublin 2, Ireland .
LEGAL ADVISERS	Arthur Cox Earlsfort Centre, Earlsfort Terrace, Dublin 2, Ireland.

DIRECTORS' REPORT

The directors submit their first report together with the audited financial statements of GLG Euro CLO I DAC (the "Company") for the financial period from 15 December 2014 (date of incorporation) to 31 December 2015.

PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Company is a bankruptcy-remote special purpose vehicle with limited liability, which was incorporated on 15 December 2014 under the laws of Ireland. The sole purpose of the Company is to acquire a portfolio (the "Portfolio) of Collateralised Loan Obligations (the "CLOs") financed through the issuance of limited recourse listed debt obligations (the "Notes") to investors (the "Noteholders"). The CLOs that the Company has, or may acquire, consist of secured senior loans, secured senior bonds, unsecured senior obligations, mezzanine obligations, high yield bonds and other similar obligations or securities. As at 29 April 2015, the Company issued Notes of €309,200,000 and acquired secured senior loans, secured senior bonds, unsecured senior obligations, mezzanine obligations, high yield bonds and similar obligations or securities. The Notes are listed on the Irish Stock Exchange (the "ISE"). The reinvestment period ends on 15 April 2019.

On 29 April 2015, the board of the ISE approved the admission of the Company's Notes to list on the official list and trading on the Main Securities Market of the ISE. The details of Notes issued are as follows:

Class	Initial credit rating at date of issue	Credit rating at 31 December 2015	Par value (€)	Initial stated interest rate	Alternative stated interest rate	Final maturity	Initial offer price
Class A-1	AAA	AAA	181,000,000	3 month Euribor + 1.35%	6 month Euribor + 1.35%	17/04/2028	99.74%
Class A-2	AAA	AAA	5,000,000	1.59% per annum	1.59% per annum	17/04/2028	100.00%
Class B-1	AA	AA	18,100,000	3 month Euribor + 2.20%	6 month Euribor + 2.20%	17/04/2028	100.00%
Class B-2	AA	AA	12,000,000	2.50% per annum	2.50% per annum	17/04/2028	100.00%
Class C	A	A	19,000,000	3 month Euribor + 3.10%	6 month Euribor + 3.10%	17/04/2028	99.67%
Class D	BBB	BBB	14,800,000	3 month Euribor + 4.15%	6 month Euribor + 4.15%	17/04/2028	100.00%
Class E	BB	BB	19,200,000	3 month Euribor + 5.50%	6 month Euribor + 5.50%	17/04/2028	95.78%
Class F	B-	B-	7,000,000	3 month Euribor + 6.60%	6 month Euribor + 6.60%	17/04/2028	90.33%
Subordinated notes	NR	NR	33,100,000	N/A*	N/A*	17/04/2028	100.00%
Total			309,200,000				

* Interest on the Subordinated Notes is determined based on income and gains of the Company generated from the underlying assets less losses, operating expenses, interest expense on the other Notes and any holdback amount as noted in the prospectus.

The directors expect the current level of business activity to continue in the future.

PORTFOLIO MONITORING

The Company's compliance with the covenants, including the portfolio profile tests, coverage tests and collateral quality tests, is reported on a monthly basis to the Noteholders. These monthly reports provide details of the credit quality of the CLOs, interest and principal coverage of the Notes and details about significant credit events. At the period-end and during previous months, the Company passed all tests.

Due to fluctuations in the fair value of the CLOs in the Portfolio, there is a risk that certain Notes issued by the Company will not be repaid in full. The Notes are limited recourse obligations of the Company which are payable solely out of the amounts received in respect of the financial assets held by the Company.

If the net proceeds from the realisation of the financial assets and other realisable assets following an event of default or at the maturity date are insufficient to pay all the amounts due to the Noteholders, the Noteholders will have no further claim against the Company in respect of any such unpaid amounts. The Company's financial assets and liabilities are carried at fair value through profit or loss ("FVTPL").

DIRECTORS' REPORT – CONTINUED

RESULTS AND DIVIDENDS

The results for the period and the Company's financial position at the end of the period are disclosed on pages 10 and 11, respectively. The profit for the period after taxation is €188. The directors do not recommend the payment of a dividend.

The key performance indicators with regard to the portfolio of CLOs are as follows:

Key performance indicators	Period ended 31 December 2015 €
(a) Defaults during the period – par amount	-
(b) Interest and similar income	7,938,526
(c) Interest expense	(7,933,675)
(d) Net realised gain on disposal of financial assets at FVTPL	56,643
(e) Net unrealised loss on fair value of financial assets at FVTPL	(5,021,407)
(f) Net unrealised gain on fair value of Notes at FVTPL	11,011,851

(a) Defaults during the period

No security defaulted during the period.

(b) Interest and similar income

The interest income earned by the Company through its financial assets in the portfolio was primarily based on 1, 2, 3 or 6 month EURIBOR and LIBOR. The Company was incorporated on 15 December 2014 and started trading on 27 April 2015.

(c) Interest expense

The interest expense incurred by the Notes is primarily based on the 3 and 6 month EURIBOR.

(d) Net realised gain on disposal of the financial assets at FVTPL

The Company recognised realised gain on disposal of financial assets as part of the Company's strategy to reduce risk of certain financial assets, decrease larger holdings and generate cash for potential reinvestment.

(e) Net unrealised loss on fair value of financial assets at FVTPL

The fair value of the financial assets has decreased due to the increased credit spread in the portfolio.

(f) Net unrealised gain on fair value of Notes at FVTPL

Due to the unrealised loss on the fair value of the financial assets at FVTPL during the financial period, there has been a reduction in the fair value available to Noteholders at the financial period end.

INTERESTS OF DIRECTORS AND COMPANY SECRETARY

The directors and company secretary of the Company are listed on page 1 and, except where indicated, have served for the entire period and they had no material interest in any contract of significance in relation to the business of the Company. The directors and company secretary who held office on 31 December 2015 did not hold any shares, share options, deferred shares or loan stock of the Company or any group company on that date or during the period, requiring disclosure in the directors' report pursuant to Section 329 of the Companies Act 2014.

SIGNIFICANT SUBSEQUENT EVENTS

On 12 May 2016, Anne Mayden resigned as a director of the Company and John Fisher was appointed as a new director of the Company on that same date. On 20 November 2016, John Fisher resigned as a director and Sam Sengupta was appointed as a director on the same date.

On 30 August 2016, the Company was converted from a private limited company to a designated activity company in accordance with the Companies Act 2014.

On 1 November 2016 John Hackett was appointed as an alternate director to Kevin Butler.

There were no other significant subsequent events after the end of the reporting period until the date of approval of the financial statements.

FINANCIAL RISK MANAGEMENT

The disclosures in relation to the Company's policies for financial risk management including market risk (including foreign exchange risk, interest rate risk and price risk), credit risk (including concentration risk), liquidity risk and the policies and procedures in place to manage these risks are disclosed in Note 16.

RELATED PARTY TRANSACTIONS

TMF Administration Services Limited (the "Administrator") provides corporate administration services to the Company at commercial rates. There were no contracts of any significance in relation to the business of the Company in which the directors had any interest, as defined in the Companies Act 2014, at any time during the period or at the end of the financial period.

The Company has issued 1 share, which is held by TMF Management (Ireland) Limited on behalf of a charitable trust.

The Investment Manager, GLG Partners LP, is involved directly in directing the operations in relation to the purchase and sale of the portfolio. Although the Investment Manager and the Company has entered into an Investment Management Agreement, the Investment Manager is still considered to have the authority and responsibility for planning and directing the activities of the Company being the purchase and sale of the portfolio. The amount of fees payable to the Investment Manager during the financial period amounted to €986,292. As at period end there were fees of €320,939 outstanding to the Investment Manager. In addition, incentive fees are payable if IRR is above 12%. No incentive fees are paid during the financial period. In order to satisfy the risk retention requirements, the Investment Manager is a holder of Subordinated Notes of €1,655,000, representing 5% of the total subordinated Notes.

ANNUAL CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the "Board") is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has taken steps regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing the Administrator to maintain the accounting records of the Company independently of GLG Partners LP (the "Investment Manager"), U.S. Bank, National Association (the "Trustee") and Elavon Financial Services Limited (the "Collateral Administrator"). The Administrator is contractually obliged to maintain proper accounting records and to that end performs reconciliations of its records to those of the Collateral Manager and the Trustee. The Administrator is also contractually obliged to prepare the financial statements for review and approval by the Board.

The Board evaluates and discusses significant accounting and reporting issues as the need arises. From time to time, the Board examines and evaluates the Administrator's financial accounting and reporting routines. The Board also monitors and evaluates the independent auditor's performance, qualifications and independence. The Administrator has operating responsibility for internal control in relation to the financial reporting process. The Administrator reports to the Board. The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting. The Board is also responsible for ensuring that the processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The Board has taken steps to identify changes in accounting rules and recommendations to ensure they are accurately reflected in the Company's financial statements by appointing suitably qualified third parties.

The Board has delegated the asset valuation function to the Investment Manager who operates a sophisticated system of controls to ensure appropriate valuation. The Investment Manager is incorporated in the United Kingdom and is authorised and regulated by the Financial Conduct Authority as an investment management firm. The Board is satisfied that the amounts as stated in the Company's financial statements represent a reasonable approximation of those values.

The Company's policies and the Board's instructions with regard to financial reporting are updated and communicated via appropriate channels, such as e-mail, correspondence, and meetings to ensure that all financial reporting information requirements are met in a complete and accurate manner. The Board has an annual process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditor. No director has a significant direct or indirect holding of securities in the Company or has any special rights of control over the Company's share capital. There are no restrictions on voting rights. Given the contractual obligations on the Administrator, the Board has concluded that there is currently no need for the Company to have a separate audit committee or internal audit function in order for the Board to perform effective monitoring and oversight of the internal control and risk management systems of the Company in relation to the financial reporting process.

The Administrator is contractually obliged to design and maintain control structures to manage the risks which the Board judges to be significant for internal control over financial reporting. These control structures include appropriate segregation of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account and the related notes in the Company's financial statements. The principal duties of the audit committee are completed by the Administrator as part of the current service agreement. Therefore the Company has taken the exemption available for Section 110 Companies set out under Statutory instruments No. 220 of 2010 Part 9 S. 91 SS. 9 (d) not to have a separate audit committee.

With regard to the appointment and replacement of directors, the Company is governed by its Constitution and Irish Statute comprising the Companies Act 2014. The Constitution itself may be amended by special resolution of the shareholders.

DIRECTORS' REPORT – CONTINUED

POWERS OF DIRECTORS

The Board is responsible for managing the business affairs of the Company in accordance with the Company's Constitution. The directors may delegate certain functions to the Administrator and other parties, subject to the supervision and direction by the directors. The Board consists of two directors.

SHAREHOLDER MEETINGS

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

ACCOUNTING RECORDS

The directors are responsible for ensuring that adequate accounting records, as outlined in Section 281 to 285 of the Companies Act 2014, are kept by the Company. The measures taken by directors to ensure compliance with the Company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and by ensuring that a competent service provider is responsible for the preparation and maintenance of the accounting records. The accounting records are kept at 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland.

INDEPENDENT AUDITOR

Ernst & Young, Chartered Accountants, were appointed as first auditors of the Company and have indicated their willingness to continue in office in accordance with section 383 (2) of the Companies Act 2014.

This report was approved by the Board on 14 February 2017 and signed on its behalf by:

Kevin Butler
Director

Sam Sengupta
Director

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Irish company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as at the financial period end and of the profit or loss of the company for the financial period and otherwise comply with Companies Act 2014.

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

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

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

On behalf of the Board

Kevin Butler
Director

Sam Sengupta
Director

Date: 14 February 2017

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF GLG EURO CLO I LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 15 DECEMBER 2014 (DATE OF INCORPORATION) TO 31 DECEMBER 2015

	Notes	Period from 15 December 2014 to 31 December 2015 €
Net interest expense		
Interest and similar income	3	7,938,526
Interest expense	4	(7,933,675)
		4,851
Other income and expenses		
Net unrealised foreign exchange loss on cash and cash equivalents		(22)
Net realised gain on disposal of financial assets at FVTPL	5	56,643
Net unrealised loss on fair value of financial assets at FVTPL	9	(5,021,407)
Net unrealised gain on fair value of Notes at FVTPL	11	11,011,851
Other income		250
Portfolio fees		1,068,643
		7,120,809
Operating expenses		
Administrative expenses	6	(7,120,559)
Operating profit before taxation		250
Corporation tax charge	7	(62)
Profit for the period after taxation		188
Other comprehensive income		-
Total comprehensive income		188

The accompanying notes on pages 13 to 27 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Notes	As at 31 December 2015 €
Assets		
Cash and cash equivalents	8	15,290,369
Trade and other receivables	10	1,557,837
Unsettled trades	13	2,089,000
Financial assets at FVTPL	9	284,517,026
Total assets		303,454,232
Liabilities		
Trade and other payables	12	361,339
Unsettled trades	13	4,733,750
Interest accrued on Notes	14	2,373,295
Notes issued at FVTPL	11	295,985,659
Total liabilities		303,454,043
Equity		
Called up share capital	15	1
Retained earnings		188
Total equity		189
Total equity and liabilities		303,454,232

The accompanying notes on pages 13 to 27 form an integral part of these financial statements.

The financial statements were approved by the Board on 14 February 2017 and signed on its behalf by:

Kevin Butler
Director

Sam Sengupta
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 15 DECEMBER 2014 (DATE OF INCORPORATION) TO 31 DECEMBER 2015

	Share capital €	Retained earnings €	Total €
Issued share capital during the period	1	-	1
Total comprehensive income	-	188	188
As at 31 December 2015	1	188	189

The accompanying notes on pages 13 to 27 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 15 DECEMBER 2014 (DATE OF CORPORATION) TO 31 DECEMBER 2015

	Notes	Period from 15 December 2014 to 31 December 2015 €
Cash flows from operating activities		
Interest received		6,380,940
Interest on Notes paid		(4,812,284)
Interest on other credit facilities paid		(748,096)
Portfolio fees received		1,068,643
Payments made for administrative expenses		(6,759,283)
Purchase of financial assets at FVTPL		(313,097,485)
Proceeds from disposal of financial assets at FVTPL		26,260,445
Net cash flows used in operating activities		(291,707,120)
Cash flows from financing activities		
Issuance of share capital		1
Proceeds from issuance of Notes at FVTPL		306,997,510
Net cash flows from financing activities		306,997,511
Net increase in cash and cash equivalents		15,290,391
Cash and cash equivalents at the beginning of the period		-
Net unrealised foreign exchange loss on cash and cash equivalents		(22)
Cash and cash equivalents at the end of the period	8	15,290,369

The accompanying notes on pages 13 to 27 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Background to the Company

The Company was incorporated on 15 December 2014 with a registration number 554399.

The Company is a special purpose company with limited liability and qualifies for the regime contained in Section 110 of the Irish Taxes Consolidation Act, 1997 (the "TCA"). This provides that a qualifying company will be liable to corporation tax at the rate of 25% under Case III of Schedule D of the TCA in respect of taxable profits.

2. Accounting policies

2.1 Statement of compliance

The financial statements have been prepared under the historical cost basis except for financial instruments classified at FVTPL which have been measured at fair value. The financial statements have been prepared in accordance with IFRS as adopted by the EU and those parts of Companies Act 2014 applicable to companies reporting under IFRS. The accounting policies adopted by the Company have been applied consistently. These financial statements are prepared on a going concern basis. The figures for the Statement of Comprehensive Income items are for the period from 15 December 2014 (date of incorporation) to 31 December 2015.

2.2 New and amended standards and interpretations

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt the following applicable standards, when they become effective.

- IFRS 9, Financial instruments: In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Company will quantify the effect of the new standard, when they become effective, subject to EU endorsement.

- Amendments to IAS 1, Disclosure Initiative: The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change to existing IAS 1 requirements. The amendments clarify:
  - The materiality requirements in IAS 1
  - That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
  - That entities have flexibility as to the order in which they present the notes to financial statements
  - That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

  Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company.

- IFRS 15, Revenue from Contracts with Customers: IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Company will quantify the effect of the new standard, when they become effective, subject to EU endorsement. The Company plans to adopt the new standard on the required effective date.

The Company has not adopted any new standards or interpretations above that are not mandatory. The directors anticipate that the adoption of those standards or interpretations will have no material impact on the financial statements of the Company in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. Accounting policies – continued

2.3 Use of estimates and judgments

The preparation of the financial statements requires the directors to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis by the directors. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The key area of estimate and judgment for the Company is determining the fair value of financial assets and liabilities.

The fair value of financial assets and financial liabilities at FVTPL that are actively traded in organised financial markets is determined by reference to quoted market prices at the close of business on the Statement of Financial Position date. For financial assets at FVTPL and derivative financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models. The financial liabilities at fair value or loss are linked to the fair value movement of the financial assets and the fair value of the derivative financial instruments and any other assets and liabilities in accordance with the terms and conditions of the Notes as documented in the prospectus.

2.4 Foreign currency translation

Monetary assets and liabilities denominated in foreign currency included in the Company's financial statements are measured in Euro denoted by the symbol "€" which is the Company's functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-translation at the period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income as part of other income and expenses.

Non-monetary assets and liabilities denominated in foreign-currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

2.5 Interest income and expense

Interest income and expense is recognised in the Statement of Comprehensive Income on an accrual basis.

2.6 Portfolio fees

Portfolio fees include delayed compensation and upfront fee. Delayed compensation relates to cost of carry between trade date and settlement date on a trade while upfront fee relates to income receivable as reimbursement of costs incurred on a trade. All other income is recognised on earned basis in accordance with the amount stated in a trade contract.

2.7 Taxation

The tax expense represents the sum of the tax currently payable. The tax currently payable is based on taxable profit for the period as calculated in accordance with Irish tax laws. Taxable profit differs from profit before tax as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are not taxable or deductible and those items of income and expenses that have timing differences. The Company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted at the end of reporting period date. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less.

2.9 Other receivables and payables

The trade and other receivables and payables are initially measured at fair value. They are subsequently remeasured to amortised cost.

2. Accounting policies – continued

2.10 Unsettled trades

Unsettled trades include amounts payable for securities purchased and receivables for securities sold (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date. They are initially measured at fair value plus any directly attributable incremental costs and subsequently measured at amortised cost.

2.11 Financial assets at FVTPL

The Company has designated its financial assets at FVTPL. The financial assets are recognised initially at fair value, and are subsequently measured at FVTPL to eliminate or significantly reduce a measurement or recognition inconsistency i.e., "an accounting mismatch" that would otherwise arise from measuring assets or liabilities or recognising gains and losses on them on a different basis. Purchases and sales are recognised on a trade date basis which is, the date on which the Company commits to purchase or sell the financial asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all the risks and rewards of ownership. Gains and losses are included in the Statement of Comprehensive Income in the period in which they arise. The fair value of quoted investments in active markets is based on the exit price. If the market for a financial asset is not active the Company establishes its fair value by using valuation techniques, including the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Valuation of financial instruments

The Company measures fair values using the following hierarchy of methods:

- Level 1: Quoted (unadjusted) market price in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

2.12 Notes issued

Notes issued are recognised initially at fair value, and are subsequently measured at FVTPL. A liability may be designated at FVTPL when it eliminates or significantly reduces a measurement or recognition inconsistency i.e., "an accounting mismatch" that would otherwise arise from measuring assets or liabilities or recognising gains and losses on them on a different basis. The Company derecognises a financial liability (or a part of the financial liability) from its Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired.

2.13 Offsetting financial instruments

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

2.14 Share Capital

Ordinary shares are classified as equity as per Company's Constitution.

2.15 Limited recourse and receivable/payable from/to Noteholders

If the net proceeds of realisation of the financial assets secured as collateral against the Notes are less than the aggregate amount payable by the Company to the Noteholders, the obligations of the Company will be limited to such net proceeds, which shall be applied in accordance with the prospectus. In such circumstances, the other assets (if any) of the Company will not be available for payment of such shortfall which shall be borne by the senior Noteholders, the subordinated Noteholders and the other secured parties in accordance with the prospectus applied at the time of final settlement. Interest expense payable to the Noteholders is calculated by the calculation agent based on the applicable rate as defined in the prospectus. As the obligations of the Company are limited recourse in nature, the return of interest and principal to the Noteholders is contingent on the realisable value of the assets. The returns made to the Noteholders over the life of the Company would include the effect of capital gain/loss as well as interest. At each reporting date, when the results of operations are computed, this gain or loss is recognised in the Statement of Comprehensive Income and added to or set off against the principal amounts.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. Interest and similar income

	Period ended 31 December 2015 €
Interest income on financial assets at FVTPL	7,938,526
	7,938,526

4. Interest expense

	Period ended 31 December 2015 €
Interest expense on Notes issued at FVTPL	(7,185,579)
Interest expense on other credit facilities	(748,096)
	(7,933,675)

Included in interest expense on Notes issued at FVPTL for the period ended 31 December 2015 is €3,060,965 attributable to the subordinated Notes. Other credit facilities relate to financing obtained during the warehousing period.

5. Net realised gain/(loss) on disposal of financial assets at FVTPL

	Period ended 31 December 2015 €
Gain on disposal of assets at FVTPL	111,885
Loss on disposal of assets at FVTPL	(55,242)
	56,643

6. Administrative expenses

	Period ended 31 December 2015 €
Legal and professional fees	(1,246,528)
Auditor's fees	(20,000)
Tax compliance fees	(5,228)
Rating agency fees	(410,015)
Note issuance costs	(4,254,450)
Senior investment management fees	(295,888)
Subordinated investment management fees	(690,404)
Other expenses	(198,046)
	(7,120,559)

6. Administrative expenses – continued

The Company has no employees. Accounting and corporate secretarial services have been outsourced to the Administrator. No fees were paid to the directors during the period.

	Period ended 31 December 2015
Fees payable to the auditors (inclusive of VAT)	**€**
Audit of individual accounts	20,000
Tax advisory services	5,228
Agreed-upon procedures	37,136
	62,364

There are no other assurance or non-audit services provided by the independent auditor.

7. Corporation tax charge

	Period ended 31 December 2015
	€
Corporation tax for the period	62

The current tax charge for the period is higher than the current charge that would result from applying the standard rate of Irish corporation tax to profits on ordinary activities. The differences are explained below:

	Period ended 31 December 2015
	€
Profit on ordinary activities before taxation	250
Profit on ordinary activities at standard rate of Irish corporation tax for the period of 12.5%	31
Effects of:	
Higher rate of tax applicable under Section 110 TCA, 1997	31
Current tax charge for the period	62

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

8. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly-liquid investments with original maturities of three months or less. The total amount of cash and cash equivalents held at 31 December 2015 was €15,290,369.

9. Financial assets at FVTPL

	As at 31 December 2015
	€
Balance at the beginning of the period	-
Purchases of financial assets at FVTPL	317,831,235
Disposals of financial assets at FVTPL	(28,292,802)
Unrealised fair value loss on financial assets at FVTPL	(5,021,407)
Balance at the end of the period	284,517,026

The portfolio of CLO's primarily consists of senior secured loans and high yield securities in EUR. The assets held by the Company are pledged as security for the Notes issued. As at 31 December 2015, there is an unfunded obligations of €2.5 million.

10. Trade and other receivables

	As at 31 December 2015 €
Accrued interest on financial assets at FVTPL	1,557,586
Other receivables	251
	1,557,837

11. Notes issued at FVTPL

Class	Initial Stated interest rate	Alternative stated interest rate**	Credit rating at 31 December 2015	Issued during the period €	Fair value movement €	As at 31 December 2015 €
Class A-1	3 month Euribor + 1.35%	6 month Euribor + 1.35%	AAA	181,000,000	-	181,000,000
Class A-2	1.59% per annum	1.59% per annum	AAA	5,000,000	-	5,000,000
Class B-1	3 month Euribor + 2.20%	6 month Euribor + 2.20%	AA	18,100,000	-	18,100,000
Class B-2	2.50% per annum	2.50% per annum	AA	12,000,000	-	12,000,000
Class C	3 month Euribor + 3.10%	6 month Euribor + 3.10%	A	19,000,000	-	19,000,000
Class D	3 month Euribor + 4.15%	6 month Euribor + 4.15%	BBB	14,800,000	-	14,800,000
Class E	3 month Euribor + 5.50%	6 month Euribor + 5.50%	BB	19,200,000	-	19,200,000
Class F	3 month Euribor + 6.60%	6 month Euribor + 6.60%	B-	7,000,000	-	7,000,000
Subordinated notes	N/A*	N/A*	NR	33,100,000	-	33,100,000
Discount on notes				(2,202,490)	-	(2,202,490)
Unrealised fair value loss on Notes issued				-	(11,011,851)	(11,011,851)
				306,997,510	(11,011,851)	(295,985,659)

* Interest on the Subordinated Notes is determined in accordance with the interest proceeds priority of payments as set out in the prospectus. Payment of interest on the Subordinated Notes will only be made to the extent of the funds available after payments of expenses and interest on class A to F Notes, as set out in this priority of payments, regardless of the amount accrued during an accounting period.

** The alternative stated interest rate is applicable to each six month accrual period, upon the occurrence of frequency switch event.

The final maturity date of the Notes is 17 April 2028. The Notes may be redeemed before their final legal maturity, in whole or in part, on any payment date if the relevant coverage tests are not satisfied. The Company may redeem the Notes sequentially in order of seniority according to payment priority, using available principal, interest and sale proceeds. The Class A Notes are in priority to all other Notes followed by the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Subordinated Notes. The Notes will be subject to optional redemption, mandatory redemption and special redemption. An optional redemption can occur in whole or in part based on the terms and conditions per prospectus. Mandatory redemption can occur if subordinated Noteholders vote in favour of such in accordance with the terms and conditions of the Notes. Special redemption on the Notes may occur at the sole and absolute discretion of the Investment Manager.

The Notes are secured by a pledge over the principal amount of assets. Any reduction in the realised value of the assets will have a corresponding and equal effect on the repayment obligation of the Notes issued by the Company. In accordance with the Trust Deed, redemption of the Subordinated Notes in full or at their principal amount outstanding shall be deemed to be amended to the extent required to ensure that a minimum of €1 principal amount of each such Class of Notes remains outstanding at all times

12. Trades and other payables

	As at 31 December 2015 €
Other accruals	(361,277)
Corporation tax payable	(62)
	(361,339)

All accrued payables are due within one year.

13. Unsettled trades

	As at 31 December 2015 €
Unsettled trades for loans sold	2,089,000
Unsettled trades for loans purchased	(4,733,750)
	(2,644,750)

14. Interest accrued on Notes

	As at 31 December 2015 €
Interest accrued on Notes	(2,373,295)
	(2,373,295)

There was €1,103,336 interest accrued on the subordinated Notes as at 31 December 2015. Interest in respect of Class C Notes, Class D Notes, Class E Notes or Class F Notes shall only become payable to the extent that interest proceeds are available to make such payment in accordance with the priorities of payment as set out in the prospectus. There is no interest that has been deferred due to insufficiency of proceeds during the period ended.

Interest is accrued for date of issue up to period-end based on the coupon as disclosed in Note 12 to the financial statements. Interest on the Notes is payable quarterly in arrears on 18 February, 15 January, 15 April, 15 July and 15 October each year. The commencement of the interest payment dates will occur on 15 October 2015.

15. Share capital

The share capital for the Company as at 31 December 2015 can be summarised as follows:

Authorised share capital	€
100 ordinary shares of €1 each	100

Allotted, called up and paid	€
1 ordinary share of €1 each	1

The Company's capital as at the period-end is best represented by the ordinary shares outstanding.

The Company has issued 1 share, which is held by TMF Management (Ireland) Limited on behalf of a charitable trust.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

16. Financial risk management

The Company's financial instruments include cash at bank, derivatives and financial assets at FVTPL, Notes issued at FVTPL and other accruals that arise directly from its operations.

The Company is exposed to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk (including concentration risk) and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

As a condition to receiving credit in coverage tests when purchasing a non-euro-denominated obligation, the Investment Manager must, on behalf of the Company, enter into an asset swap transaction.

Capital risk management

The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances.

The capital managed by the Company comprises of ordinary shares outstanding and the Notes issued and outstanding as at the period-end. The Company also uses derivatives for risk management purposes. The Company is not subject to externally imposed capital requirements.

There were no changes to the policies and procedures during the period with respect to the Company's approach to its capital management program.

(a) Market risk

Market risk is the potential change in the value caused by the movements in the foreign exchange rates, interest rates or market prices of the financial instruments. The Noteholders are exposed to the market risk of the asset portfolio.

(i) Foreign exchange risk

The Notes issued by the Company are denominated in Euro. The proceeds of the Notes were used to buy assets in various currencies.

The table below show the Company's exposure to foreign currency as at 31 December 2015:

31 December 2015	EUR €	USD €	GBP €	Total €
Financial assets				
Cash and cash equivalents	15,287,380	1,286	1,703	15,290,369
Trade and other receivables	1,557,837	-	-	1,557,837
Unsettled trades	2,089,000	-	-	2,089,000
Financial assets at FVTPL	284,517,026	-	-	284,517,026
	303,451,243	1,286	1,703	303,454,232
Financial liabilities				
Trade and other payables	(361,339)	-	-	(361,339)
Unsettled trades	(4,733,750)	-	-	(4,733,750)
Interest accrued on Notes	(2,373,295)	-	-	(2,373,295)
Notes issued at FVTPL	(295,985,659)	-	-	(295,985,659)
	(303,454,043)	-	-	(303,454,043)

Foreign exchange sensitivity

The impact of a 5% movement in currency exchange rate is shown as follows:

Description	2015 €
5% movement in foreign exchange on net foreign currency assets	149
Unrealised gain / (loss) on fair value of Notes at FVTPL	(149)
Changes in profit for the period	-

As the Notes are limited recourse, all profits and losses are passed on to the Noteholders, and there is no residual risk remaining.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

16. Financial risk management – continued

(ii) Interest rate risk

The table below summarises the Company's exposure to interest rate risk. The interest rates applicable to financial liabilities are based on EURIBOR. The interest rate risk profile of the financial assets and financial liabilities is disclosed below:

31 December 2015	Interest bearing fixed	Interest bearing variable	Non-interest bearing	Total
	€	€	€	€
Financial assets				
Cash and cash equivalents	-	-	15,290,369	15,290,369
Trade and other receivables	-	-	1,557,837	1,557,837
Unsettled trades	-	-	2,089,000	2,089,000
Financial assets at FVTPL	-	284,517,026	-	284,517,026
	-	284,517,026	18,937,206	303,454,232
Financial liabilities				
Trade and other payables	-	-	(361,339)	(361,339)
Unsettled trades	-	-	(4,733,750)	(4,733,750)
Interest accrued on Notes	-	-	(2,373,295)	(2,373,295)
Notes issued at FVTPL	-	(295,985,659)	-	(295,985,659)
	-	(295,985,659)	(7,468,384)	(303,454,043)

Interest rate sensitivity

The impact of a 5% movement in the interest rate recognised on financial assets in the Comprehensive Income is shown as follows:

Description	€
5% net movement in interest rates	396,926
Adjustment on Notes issued at FVTPL	(396,926)
Changes in profit for the period	-

The above sensitivity disclosure does not include the impact from interest in the subordinated notes as it depends on the available interest proceeds.

As the Company has limited recourse Notes issued, all profits and losses are passed on to the Noteholders with no residual risk remaining.

(b) Credit risk

Credit risk arises from the possibility of counterparties failing to meet their obligations to the Company and represents the most significant category of risk. The Company manages the credit risk by engaging in full analysis of possible investments and limiting investments to high credit quality institutions. The overcollateralisation tests monitor the quality of the assets used by the Company to meet its obligations to Noteholders.

The table below represents the maximum exposure to credit risk:

Credit risk exposures relating to financial instruments		As at 31 December 2015 €
(i)	Financial assets at FVTPL	284,517,026
(ii)	Trade and other receivables	1,557,837
(iii)	Unsettled trades	2,089,000
(iv)	Cash and cash equivalents	15,290,369
		303,454,232

16. Financial risk management – continued

(b) Credit risk – continued

The risk management systems in place do not facilitate splitting the overall fair value movement into its individual components, specifically credit risk and market risk. The directors rely on the overall fair value movement to assess the performance of the financial assets - Portfolio and as such do not require the individual components of the risk. In their opinion the credit ratings assigned to each financial asset in the Portfolio along with the ongoing monitoring of its performance are reasonable assessments of the credit risk. The Investment Manager monitors the credit status of all of the financial assets held by the Company and compares this against the market values that could be derived by selling the securities. The credit characteristics of the financial assets in the Portfolio are measured, updated and analysed every quarter, and in some cases every month, to determine the current credit status of each financial asset. In most cases, this includes re-running updated delinquency, loss, and prepayment stress projections through the individual asset liability waterfalls in order to determine loss coverage for the tranche in question. The Investment Manager tracks the credit ratings for the financial assets in the Portfolio.

(i) Financial assets at FVTPL

The Fitch's credit rating profile of the financial assets at FVTPL is as follows:

Credit rating	As at 31 December 2015
	€
B1	23.95%
B2	38.51%
B3	6.27%
Ba1	0.98%
Ba2	3.43%
Ba3	5.48%
NR	21.38%
	100.0%

The trustee, U.S Bank, National Association and the Account Bank and Custodian, Elavon Financial Services Limited, have credit ratings of A1 and Aa2 respectively from Moody's rating profile. In addition to the credit ratings above, the Portfolio Manager also considers other factors to minimise credit risk, such as general risk of the industry of the CLO, historical performance of the industry and the CLO. The industry analysis is included in Note 17(e).

(ii) Trade and other receivables

The credit rating profile of the trade and other receivables would be in line with that of the financial assets disclosed above as they mainly relate to accrued interest income.

(iii) Unsettled trades include purchases or sales which are normally settled with two months after trade date. The counterparties for these financial assets are not rated.

(iv) Cash and cash equivalents

The Moody's credit rating profile of the Elavon Financial Services Limited is Aa2.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. Prudent liquidity risk management means that the Company maintains sufficient cash and liquid investments. The ability of the Company to meet its ongoing obligations towards the Noteholders is dependent on the receipt of interest and principal from the Portfolio of financial assets. The interest rate coverage test is an indicator of funds available and interest payments and cash outflow to Noteholders is adjusted based on this coverage test. The table on the following page represents the cashflows payable by the Company under non-derivative financial liabilities by remaining contractual maturities at the end of reporting period.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

16. Financial risk management – continued

(c) Liquidity risk – continued

The amounts disclosed in the table are the contractual undiscounted cashflows whereas the Company manages the inherent liquidity risk based on expected undiscounted cash inflows.

Financial liabilities	Up to 1 year €	1-2 years €	2-5 years €	Over 5 years €
Trade and other payables	361,339	-	-	-
Unsettled trades	4,733,750	-	-	-
Interest accrued on Notes	6,066,488	6,066,488	18,199,464	44,858,308
Notes issued at FVTPL	-	-	-	295,985,659
	11,161,577	6,066,488	18,199,464	340,843,967

Interest payable on Notes has been calculated using the assumption that the period-end EURIBOR rate would remain unchanged in the future. Interest on Subordinated Notes was not included since it will be determinated in accordance with the interest proceeds priority per prospectus.

(d) Price risk

Price risk is the risk that the value of the financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

Valuation methodologies

When price quotations are not available from unaffiliated market makers or other financial institutions that regularly trade similar investments, independent valuation agents determine the fair value of assets using valuation models. The fair value established pursuant to such methodologies may never be realised, which could result in losses.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

1. Quoted (unadjusted) prices in active markets for identical assets or liabilities;
2. Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly;
3. Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The tables below provide an analysis of the basis of measurement used by the Company for its financial instruments that are carried at fair value as per the above hierarchy.

31 December 2015	Level 1 €	Level 2 €	Level 3 €	Total €
Financial assets at FVTPL				
Financial assets at FVTPL	-	284,517,026	-	284,517,026
	-	284,517,026	-	284,517,026
Financial liabilities at FVTPL				
Notes issued at FVTPL	-	-	(295,985,659)	(295,985,659)
	-	-	(295,985,659)	(295,985,659)

16. Financial risk management – continued

(d) Price risk – continued

Level 3 reconciliation - Notes issued at FVTPL	Period ended 31 December 2015 €
Balance at the beginning of the period	-
Issuance of Notes at FVTPL	(306,997,510)
Total gain recognised in Statement of Comprehensive Income due to fair value	11,011,851
Balance at the end of the period	(295,985,659)

The fair values of financial assets classified under Level 2 are determined by quoted prices and latest prices executed for a similar asset.

As the Notes issued by the Company are limited recourse obligations and the future cash flows for the Notes depends on the future cash flows of the financial assets at FVTPL and after deducting the cash outflows for derivative financial liabilities and other liabilities. Therefore, the fair value of Notes issued at FVTPL is the residual value of the fair value of financial assets at FVTPL and net current assets or liabilities. Gain arising due to movement in fair value amounting to €11,011,851 relates to Notes outstanding at the period-end.

The carrying value of all other financial assets and liabilities (that are not at fair value through profit or loss) closely approximate fair value due to short term maturity.

Sensitivity analysis

The impact of a 5% movement in the market price on the Statement of Comprehensive Income is shown as follows:

Description	€
5% net movement in fair value of assets	14,225,851
Adjustment on financial liabilities issued at FVTPL	(14,225,851)
Changes in profit for the period	-

As the Company has limited recourse Notes issued, all profits and losses are passed on to the Noteholders with no residual risk remaining.

(e) Concentration risk

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

The Investment Manager monitors the exposure of the Company to various risks including country/geographical, single obligor/counter-party, industry categories/segments and asset type. Please refer to table in note 17 (ii) for geographical breakdown. The exposure by single obligors is maintained at a low level and in each case is below 5% of the total investment. The Portfolio has exposure across 23 Standard & Poor's ("S&P") industry categories.

16. Financial risk management – continued

(e) Concentration risk – continued

The largest industry exposures are shown below:

	% Exposure 31 December 2015
Automotive	4.12%
Banking, Finance, Insurance & Real Estate	4.23%
Beverage, Food & Tobacco	7.36%
Capital Equipment	9.01%
Chemicals, Plastics, & Rubber	5.98%
Construction & Building	3.82%
Consumer goods: Durable	1.24%
Containers, Packaging & Glass	7.04%
Energy: Oil & Gas	1.90%
Environmental Industries	1.03%
Healthcare & Pharmaceuticals	13.98%
High Tech Industries	2.00%
Hotel, Gaming & Leisure	1.55%
Media: Advertising, Printing & Publishing	5.68%
Media: Broadcasting & Subscription	8.71%
Media: Diversified & Production	0.74%
Metals & Mining	1.03%
Retail	4.19%
Services: Business	5.52%
Telecommunications	6.36%
Transportation: Cargo	0.77%
Utilities: Water	2.07%
Wholesale	1.67%
Total	100.00%

(f) Offsetting financial assets and financial liabilities

The financial assets and liabilities of the Company are subject to offsetting, enforceable master netting arrangements and similar agreements. In accordance with the master netting arrangement, amounts are netting if amounts are in the same currency and in respect of the same transaction. As at 31 December 2015, there is no offsetting transaction.

17. Segment risk and reporting

IFRS 8 "Operating Segments" requires an entity to disclose information about its segments which enables users to evaluate the nature and financial effects of its business activities and the economic environments in which it operates. The Company is structured in a way that the assets and liabilities are managed as a whole and there are no distinct identifiable segments. The reporting, risk management and administration are performed on a collective basis rather than based on segments.

(i) Revenue from major products and services

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

17. Segment risk and reporting – continued

(ii) Geographical information

The Company's investments by geographical location is detailed below.

Segment risk and reporting	Period ended 31 December 2015 €
Austria	1.03%
Belgium	2.92%
Denmark	0.69%
France	9.85%
Germany	24.09%
Ireland	3.79%
Italy	1.55%
Luxembourg	1.55%
Netherlands	8.75%
Norway	2.07%
Portugal	1.37%
Spain	6.72%
Sweden	2.36%
Switzerland	2.36%
United Kingdom	4.82%
United States	13.77%
Others	14.67%
	100.00%

18. Contingent liabilities and commitments

There were no contingent liabilities or commitments as of 31 December 2015. Contingent liabilities are assessed continually to determine whether transfers of economic benefits have become probable. Where future transfers of economic benefits change from previously disclosed contingent liabilities, provisions are recognised in the period in which the changes in probability occur.

19. Related party transactions

TMF Administration Services Limited (the "Administrator") provides corporate administration services to the Company at arm's length commercial rates. Kevin Butler, a director of the Company, was also a director of the Administrator during the period and in that capacity had a material interest in the fees paid to the Administrator.

The Company has issued 1 share, which is held by TMF Management (Ireland) Limited on behalf of a charitable trust.

The Investment Manager, GLG Partners LP, is involved directly in directing the operations in relation to the purchase and sale of the portfolio. Although the Investment Manager and the Company has entered into a Investment Management Agreement, the Investment Manager is still considered to have the authority and responsibility for planning and directing the activities of the Company being the purchase and sale of the portfolio. The amount of fees payable to the Investment Manager during the financial period amounted to €986,292. As at period end there were fees of €320,939 outstanding to the Investment Manager. In addition, incentive fees are payable if IRR is above 12%. No incentive fees are paid during the financial period. In order to satisfy the risk retention requirements, the Investment Manager is a holder of Subordinated Notes of €1,655,000, representing 5% of the total subordinated Notes.

There were no other contracts of any significance in relation to the business of the Company in which the directors had any interest, as defined in the Companies Act 2014 at any time during the period.

20. Charges

The Notes are secured in favour of the Trustee for the benefit of the Noteholders by security over the Portfolio of CLOs. The Notes are also secured by an assignment by way of security of various of the Company's other rights, including its rights under the agreements entered by the Company.

21. Subsequent events

On 12 May 2016, Anne Mayden resigned as a director of the Company and John Fisher was appointed as a new director of the Company on that same date. On 20 November 2016, John Fisher resigned as a director and Sam Sengupta was appointed as a director on the same date.

On 30 August 2016, the Company was converted from a private limited company to a designated activity company in accordance with the Companies Act 2014.

On 1 November 2016 John Hackett was appointed as a director of the Company.

There were no other significant subsequent events after the reporting period until the approval of the financial statements.

22. Approval of financial statements

The Board approved these financial statements on 14 February 2017.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLG EURO CLO I DAC

We have audited the financial statements of GLG Euro CLO I DAC for the period from 15 December 2014 to 31 December 2015 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2014.

This report is made solely to the company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish 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.

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 company'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 Directors' 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.

Continued /...

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLG EURO CLO I DAC (Continued)

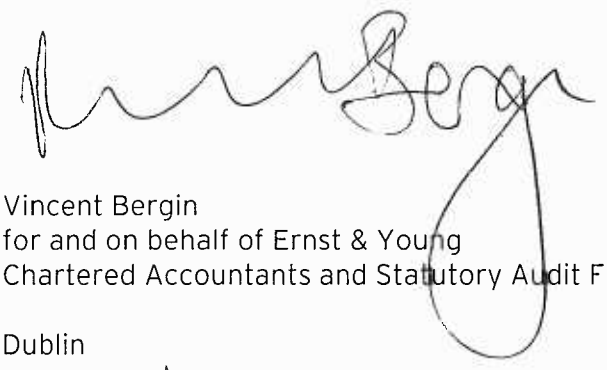
Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Matters on which we are required to report by the Companies Act 2014

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion, the information given in the directors' report is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of sections 305 to 312 of the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.



Vincent Bergin
for and on behalf of Ernst & Young
Chartered Accountants and Statutory Audit Firm

Dublin

Date: 14/7/2017