FAIR OAKS INCOME LIMITED

(FORMERLY FAIR OAKS INCOME FUND LIMITED)

INTERIM REPORT AND UNAUDITED CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2017

Contents

Highlights

- In March 2017, Fair Oaks Income Fund Limited changed its name to Fair Oaks Income Limited.
- In April 2017, 84.7% of Ordinary Shares were re-designated as 2017 Shares which will participate in the newly created Master Fund II, thereby extending the life of their investment in the Company beyond the planned end date of the Master Fund. The remaining 15.3% of Ordinary Shares were re-designated as 2014 Shares.
- Also in April 2017, the First Placing and Offer for subscription of C Shares raised US$68.85 million. The C Shares were converted to 2017 Shares in June 2017 using the conversion ratio of 1.0082 2017 Shares for every one C Share held.
- The Investment Adviser believes that relatively low loan defaults and attractive CLO financing rates have the potential to generate attractive returns for the Master Fund and Master Fund II.

Financial Highlights	**30 June 2017 (unaudited)**	**31 December 2016 (audited)**
2017 Shares		
Total Net Assets	US$323,014,032	N/A
Net Asset Value per share	US$0.9702	N/A
Share price at period/year end	US$1.0550	N/A
Premium to Net Asset Value	8.74%	N/A
Ongoing charges figure*	0.67%	N/A
2014 Shares		
Total Net Assets	US$46,171,793	US$311,683,895
Net Asset Value per share	US$0.9735	US$1.0024
Share price at period/year end	US$1.0150	US$0.9700
Premium/(discount) to Net Asset Value	4.26%	(3.23%)
Ongoing charges figure*	0.62%	0.27%

*Total ongoing charges at the Company level only, for the period/year divided by the average NAV for the period/year.

Summary Information

Principal Activity

Fair Oaks Income Limited (formerly Fair Oaks Income Fund Limited) (the "Company" or "FOIL") was registered in Guernsey under the Companies (Guernsey) Law, 2008 on 7 March 2014. The Company's registration number is 58123 and it is regulated by the Guernsey Financial Services Commission as a registered closed ended collective investment scheme under The Registered Collective Investment Scheme Rules 2015. The Company is listed and began trading on the Specialist Fund Segment ("SFS") (previously Specialist Fund Market) of the London Stock Exchange ("LSE") on 12 June 2014. On 5 April 2017, 47,428,202 2014 Shares, 263,510,368 2017 Shares and 68,850,000 C Shares were admitted to trade on the SFS of the Main Market of the LSE.

The Company is a feeder fund and during the period under review pursued its investment objective and policy by investing in FOIF LP (the "Master Fund") and FOMC II LP (the "Master Fund II"), of which the Company is a limited partner. The Master Fund II was registered in Guernsey on 24 February 2017 under The Limited Partnerships (Guernsey) Law, 1995, as amended.

On 5 April 2017, the Company re-designated its ordinary shares into 47,428,202 2014 Shares and 263,510,368 2017 Shares. The 2014 Shares invest solely into the Master Fund and the 2017 Shares invest solely into Master Fund II. Consequently, the Company's investment objective and policy mirror those of the Master Fund and Master Fund II. At 30 June 2017, the Company had direct holdings of 11.31% (31 December 2016: 74.13%) holding in the Master Fund and 100% (31 December 2016: Nil) holding in Master Fund II, which in turn had a holding of 62.82% in the Master Fund. The general partner of the Master Fund and Master Fund II is Fair Oaks Income Fund GP Limited (the "General Partner or GP").

Also on 5 April 2017, 68,850,000 C Shares were issued at an issue price of 100 pence per C Share for cash consideration. On 27 June 2017, the C Shares were converted to 2017 Shares using the conversion ratio of 1.0082 2017 Shares for every one C Share held.

Fair Oaks Founder LP, a Guernsey limited partnership has been established to act as the Founder Limited Partner of the Master Fund and Fair Oaks Founder II LP, a Guernsey limited partnership has been established to act as the Founder Limited Partner of Master Fund II.

Investment Objective and Policy

The investment objective of the Company is to generate attractive, risk-adjusted returns, principally through income distributions.

The investment policy of the Company is to invest (either directly and/or indirectly through the Master Fund and/or Master Fund II) in US and European Collateralised Loan Obligations ("CLOs") or other vehicles and structures which provide exposure to portfolios consisting primarily of US and European floating-rate senior secured loans and which may include non-recourse financing.

If at any time the Company holds any uninvested cash, the Company may also invest, on a temporary basis, in the following Qualifying Short Term Investments:

- cash or cash equivalents;
- government or public securities (as defined in the Financial Conduct Authority ("FCA") Rules);
- money market instruments;
- bonds;
- commercial paper; or
- other debt obligations with banks or other counterparties having a "single A" (or equivalent) or higher credit rating as determined by any internationally recognised rating agency selected by the Board (which may or may not be registered in the EU).

The aggregate amount deposited or invested by the Company with any single bank or other non-government counterparty (including their associates) shall not exceed 20% of the Net Asset Value ("NAV") in aggregate, and also of the NAV of each share class, at the time of investment. The Company cannot make any other types of investments without shareholder consent to a change of investment policy by ordinary resolution at a general meeting of the Company.

Chairman's Statement

Introduction

The independent Board of the Company is pleased to present its Interim Report and Financial Statements for the first half of the financial year ended 30 June 2017. The first half of 2017 saw strong credit markets with the Credit Suisse US Leveraged Loan Index and the Credit Suisse US High Yield Index up 2.0% and 4.4% respectively in the period[1]. The Company's NAV and share price also enjoyed a strong performance, generating a total return in the first half of 2017 of 7.1% and 19.3% respectively.

The Company's 2017 share price closed at a mid-price of 105.5 US cents on 30 June 2017.

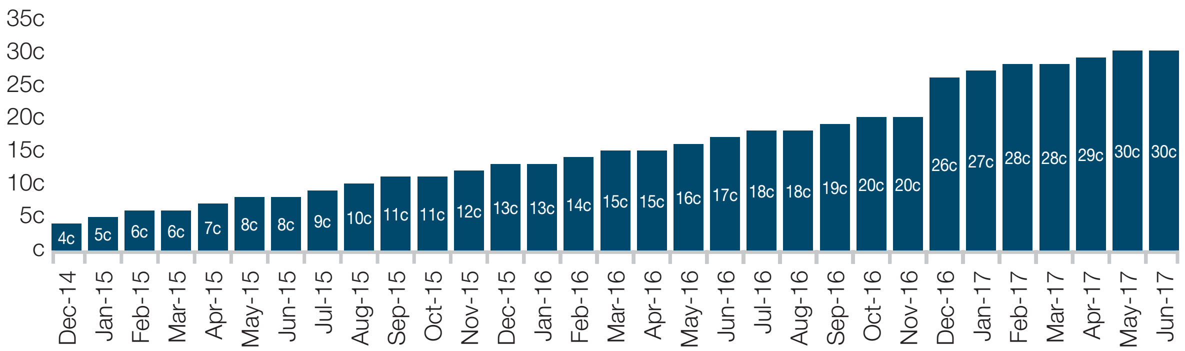
The Company's shares traded at an average premium to NAV of 2.8% in the first half of 2017[2].

Cash flow and dividends

The Company declared and paid a 0.70 US cents per ordinary share dividend monthly from January to June, totalling 4.2 US cents per ordinary share in dividends during the first half of 2017.

The Master Fund received US$31.7 million in distributions from its investments during the first half of 2017, above original expectations of US$30.5 million. Master Fund II received distributions (from the Master Fund) of US$19.9 million, ahead of original expectations of US$19.1 million[3].

Total Dividends per Share since Inception (US cents per share)



1 Source: Credit Suisse
2 Average premium of daily share mid-price from Bloomberg over published NAV as at each date
3 The Company's 2014 Share class is invested in FOIF LP ("Master Fund"). The Company's 2017 Share class is invested in Fair Oaks Master Credit II ("FOMC II" or Master Fund II")

Chairman's Statement (continued)

Material events

Further to the announcement dated 7 November 2016 where the Company announced it was considering proposals under which shareholders would be offered an option (but would not have an obligation) to extend the duration of their investment in the Company through a share class which would retain a pro-rata interest in the Master Fund and reinvest its capital distributions into a new Master Fund. Following consultations with shareholders, on 10 January 2017, the Company announced its intention to proceed with the proposals, and also with a further equity raise through a C Share.

On 9 March 2017, the Company announced proposals which included shareholders being offered an option (but not an obligation) to extend the duration of their investment in the Company and also a further equity raise. On 28 March 2017, the Company announced that 47,428,202 ordinary shares had been elected for re-designation as 2014 Shares at the effective date, representing 15.3% of the ordinary shares currently in issue and that 263,510,368 ordinary shares would be re-designated as 2017 Shares, representing the balance of 84.7% of the ordinary shares in issue.

On 29 March 2017, the Board of the Company announced that, at the Extraordinary General Meeting of the Company, the following proposed resolutions were approved by shareholders:

- that the articles of incorporation be approved and adopted.
- that on the effective date all ordinary shares of no par value each in the capital of the Company ("ordinary shares") be re-designated on a one-for-one basis as "2017 ordinary shares" of no par value each in the capital of the Company ("2017 Shares") pursuant to the proposals set out in the Circular, except that where and to the extent that a shareholder has made a valid election for the re-designation of some or all of their Ordinary shares as "2014 ordinary shares" of no par value each in the capital of the Company ("2014 Shares") pursuant to an election contemplated under the Circular and in the case of the ordinary shares held by an excluded shareholder (as defined in the Circular), such ordinary shares be instead re-designated on a one-for-one basis as 2014 Shares.
- that the Directors of the Company be empowered to issue shares in the Company or rights to subscribe for such shares in the Company for cash as if the pre-emption provisions contained under Article 6.2 did not apply to any such issues provided that this power shall be limited to the issue of the below-mentioned shares or of rights to subscribe for the below-mentioned shares:
  - up to a maximum number of 200 million C Shares of no par value in the capital of the Company ("C Shares") under the Issue;
  - up to a maximum number of 250 million C Shares under the Placing Programme; and
  - up to such number of 2017 Shares under the Placing Programme as represents 10 per cent. of the 2017 Shares then in issue following the effective date, and
- the name of the Company be changed to Fair Oaks Income Limited.

On 3 April 2017, the Company announced the completion of a US$68.85 million Placing and Offer for subscription of C Shares. Application was made for 68,850,000 C Shares to be admitted to the Specialist Fund Segment of the Main Market of the London Stock Exchange. Following Admission on 5 April 2017, the Company had 263,510,368 2017 Shares, 47,428,202 2014 Shares and 68,850,000 C Shares in issue.

On 26 April 2017, the Company announced the publication of a supplementary prospectus, reflecting events arising since the publication of the Prospectus on 9 March 2017 and following the publication of the annual report and audited financial statements for the financial year ended 31 December 2016 by each of the Company and the Master Fund.

On 6 June 2017, the Company announced that, at the third Annual General Meeting of the Company held on the same date, all proposed resolutions were approved by shareholders on a poll.

On 23 June 2017, the Company announced that the proceeds of the C Shares raised in April had been fully committed and its intent to convert the C Shares into 2017 Shares on 28 June 2017.

Subsequent events

On 14 July 2017, the Company announced that it would return US$910,994.49 (equivalent to 1.921 cents per 2014 Share) on 28 July 2017 by way of a compulsory partial redemption of 2014 Shares.

On 25 July 2017, the Company announced a monthly interim dividend of 0.7 US cents per 2017 and 2014 Share in respect of the month ended 31 July 2017 which was paid on 17 August 2017. The ex dividend date was 3 August 2017.

Professor Claudio Albanese
Chairman

4 September 2017

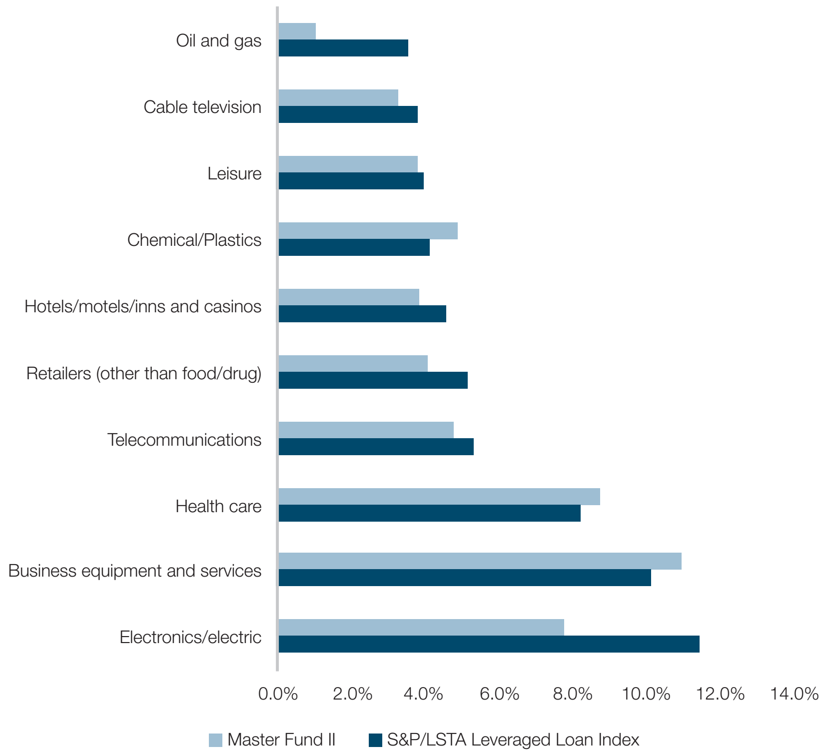
Investment Adviser's Report

During the course of the first half of 2017, the strength in broader capital markets, low loan market defaults and constructive technical factors continued to support a strong recovery in the CLO market, after the dislocation experienced in early 2016.

The fundamental performance of the Master Fund control equity positions continued to be strong with actual default losses in the underlying CLO portfolios well below original base case assumptions. The Master Fund and Master Fund II's CLO equity portfolio had experienced annualised defaults of 0.07%[4] as at 30 June 2017, significantly below the US loan market rolling twelve-month issuer-weighted default rate of 1.49% as at 30 June 2017.

Initial portfolio selection and ongoing monitoring ensures that the underlying loan exposure reflects the Investment Adviser's views, rather than the index. The most significant deviations from the index are the electronics/electric sector (Master Fund II's CLO equity positions exposure of 7.8% vs 11.5% for the S&P/LSTA Leveraged Loan Index) and the oil/gas sector (Master Fund II's CLO equity positions exposure of 1.0% vs 3.6% for the index)[5].

Top 10 Sector Exposures (S&P/LSTA Leveraged Loan Index and Master Fund II)

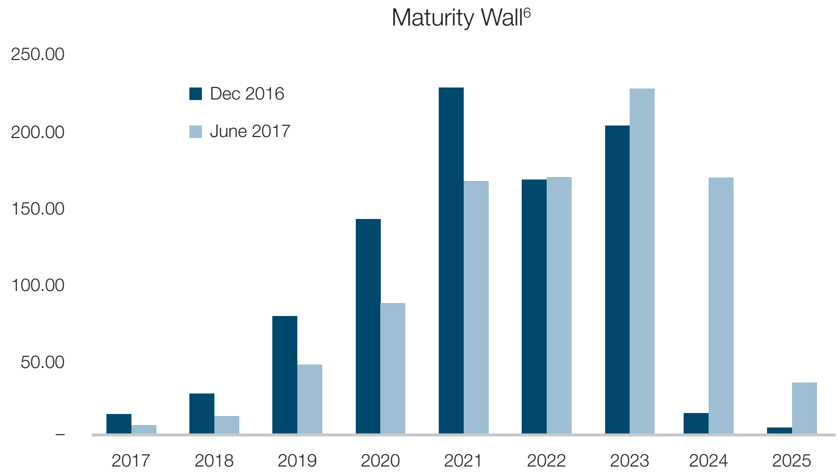


The average price for the loans in the Master Fund and Master Fund II's portfolio as at 30 June 2017 also reflects the higher quality of the underlying loan portfolios (98.9 US cents for the Master Fund and 99.1 US cents for Master Fund II compared with an average price of 97.2 US cents for the Credit Suisse Leveraged Loan Index).

According to S&P Global Market Intelligence's quarterly survey published at the end of June 2017, market participants expect the US leveraged loan default rate to finish June 2018 at 2.19%. This compares to a previous forecast of 2.27% for the 12-month rolling calculation ending March 2018, and 2.44% for the 12-month rolling calculation ending December 2017. According to the survey's respondents, lower default expectations were supported by the relatively small risk of recession in 2018, lack of short-term maturities, and issuer-friendly technical imbalances.

[4] Cumulative default rate defined as payment defaults on loans in CLOs in which the Master Fund or Master Fund II hold an equity interest, weighted by its percentage equity holding
[5] S&P/LSTA index as at 30 June 2017

Investment Adviser's Report (continued)



In addition to the positive fundamental performance of the underlying loan portfolios, the control CLO equity portfolio has benefited from the ability to refinance or to reset CLO liabilities after the typical two-year non-call period.

Refinancing a CLO does not change any of the terms of the transaction other than the CLO's cost of debt. A reset typically includes an extension of the reinvestment period and maturity, which will result in higher CLO debt spreads than a refinancing (due to the longer maturity) and higher arranger fees. A further benefit of a refinancing is that it can be more selective and does not need to include all debt tranches (excluding, for example, lower rated notes originally issued at a discount to par). A reset requires repaying all CLO notes at par. Although CLO managers and arrangers generally prefer resets (as they generate longer assets under management and fees), the General Partner reviews each investment to ensure that the decision maximises the ultimate expected return on the investment and, to date, refinancing has been the preferred option (five of the six modified CLOs).

The Master Fund has, to date, refinanced or reset six CLO equity investments representing 44.3% of the CLO equity portfolio. Five of these refinancings were completed in the first half of 2017:

Allegro CLO 2

The Master Fund completed the refinancing of Allegro CLO II in January 2017. The coupon of the AAA-rated financing for this investment was reduced from Libor+1.60% to Libor+1.31% while the coupon of AA rated, A and BBB rated financing was reduced from Libor+2.55% to Libor+1.65%, from Libor+3.40% to Libor+2.40% and from Libor+4.15% to Libor+3.85% respectively. The weighted average coupon of AAA-BBB financing decreased by an estimated 44 bps or US$1.54 million per year. The reduction in the cost of CLO liabilities (net of expenses) resulted in an estimated increase in the future IRR of 3.7%.

Harvest CLO VII

The Master Fund completed the reset of Harvest CLO VII in March 2017. The coupon of the AAA-rated financing for this investment was reduced from Libor+1.35% to Libor+0.85% while the coupon of AA rated, A, and BBB rated financing was reduced from Libor+1.75% to Libor+1.50%, from Libor+2.80% to Libor+2.25%, and from Libor+3.70% to Libor+3.40% respectively. The BB rated notes were refinanced at a coupon of Libor+5.45% and a new B rated note was issued. The weighted average AAA-BB coupon decreased by an estimated 46 bps or EUR1.24 million per year. As a result of the issuance of the B rated note, the Master Fund's CLO equity investment in this transaction received an upfront principal distribution equivalent to 19.8% of par (in addition to the cash flow distribution due in April). The reduction in the cost of CLO liabilities (net of expenses) resulted in an estimated increase in the future IRR of 3.0%.

[6] Source: S&P Global Market Intelligence

Investment Adviser's Report (continued)

Arrowpoint CLO 2014-3

The Master Fund completed the refinancing of Arrowpoint CLO 2014-3 in March 2017. The coupon of the AAA-rated financing for this investment was reduced from Libor+1.55% to Libor+1.18% while the coupon of the AA rated, A, BBB and BB rated financing was reduced from Libor+2.10% to Libor+1.65%, from Libor+3.00% to Libor+2.45%, from Libor+5.10% to Libor+3.65% and from Libor+7.35% to Libor+6.70% respectively. The weighted average coupon of the AAA-BB financing decreased by an estimated 47 bps or US$1.75 million per year. The reduction in the cost of CLO liabilities (net of expenses) resulted in an estimated increase in the future IRR of 6.5%.

Covenant Credit Partners CLO II

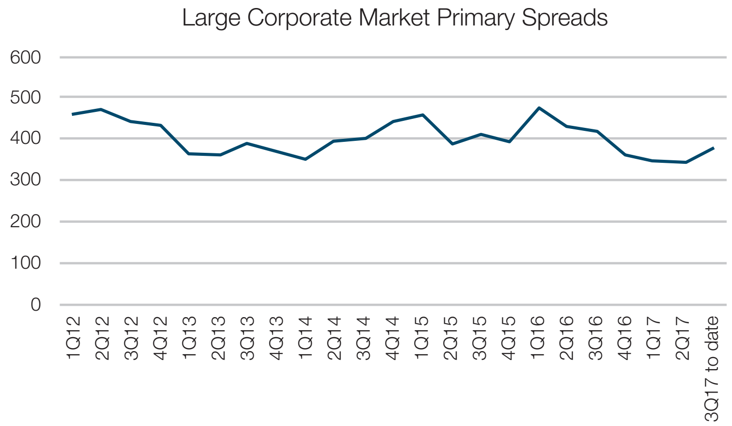
The Master Fund completed the refinancing of Covenant Credit Partners CLO II in March 2017. The coupon of the AAA-rated financing for this investment was reduced from Libor+1.47% to Libor+1.25% while the coupon of the AA rated financing was reduced from Libor+2.20% to Libor+1.70%. The weighted average coupon of the AAA-AA financing decreased by an estimated 26 bps or US$0.97 million per year. The reduction in the cost of CLO liabilities (net of expenses) resulted in an estimated increase in the future IRR of 3.0%.

Neuberger XIX

The Master Fund completed the refinancing of Neuberger XIX in June 2017. The coupon of the AAA-rated financing for this investment was reduced from Libor+1.42% to Libor+1.05% while the coupon of the AA rated, A and BBB rated financing was reduced from Libor+1.80% to Libor+1.55%, from Libor+2.60% to Libor+2.05% and from Libor+3.55% to Libor+3.20% respectively. The weighted average coupon of the AAA-BBB financing decreased by an estimated 36 bps or US$1.27 million per year. The reduction in the cost of CLO liabilities (net of expenses) resulted in an estimated increase in the future IRR of 3.2%.

We believe that the asymmetry of CLO liabilities is particularly attractive in the current market environment. It allows the control CLO equity investor to "lock" them for the duration of the CLO, should CLO liability spreads widen, and to refinance them, reducing the cost of financing, if they tighten (based on market movements or the shorter maturity).

The Company has disclosed target IRRs for new investments completed by Master Fund II which assume a flat reinvestment spread of Libor + 3.50% and no future refinancing of CLO liabilities. In the case of the latest new issue investment completed by Master Fund II (Elevation 2017-6), the target IRR was 15% to 17%.



Assuming future loan spreads follow the same cyclical pattern experienced by new issue spread for large corporate loans from the first quarter of 2014 (Libor + 3.50%) to the Libor + 3.45% (end of second quarter of 2017)[7], the target IRR for this investment will increase from 19% to 20%.

[7] Source: Thomson Reuters, "Leveraged Loan Monthly", June 2017

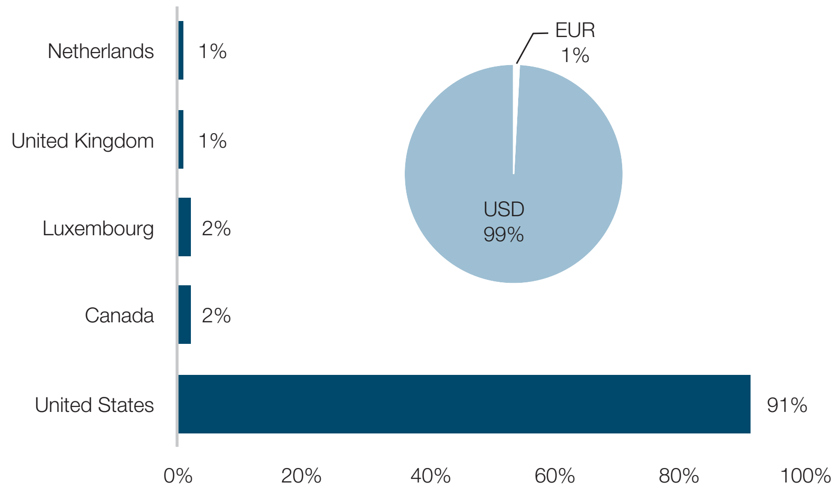
Investment Adviser's Report (continued)

Portfolio Update

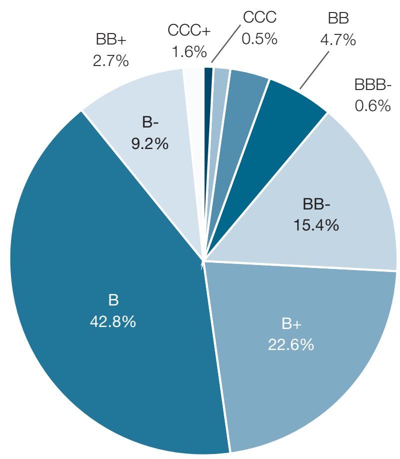
The 2017 Shares, as at 30 June 2017[8], via their investment in Master Fund II, had exposure to over 1,100 issuers across 42 CLOs managed by 22 managers. Control CLO equity positions represented 59.3% of the portfolio and non-control equity positions represented 1.0% of the portfolio. CLO mezzanine debt investments represented an additional 39.2%, composed of 8.1% mezzanine investments in CLOs in which the Master Fund owned a control equity position, and 31.1% where it did not.

The 2014 Shares, as at 30 June 2017[8], via their investment in the Master Fund, had exposure to 40 CLOs managed by 22 managers. Control CLO equity positions represented 51.7% of the portfolio and non-control equity positions represented 1.1% of the portfolio. CLO mezzanine debt investments represented an additional 46.6%, composed of 9.7% mezzanine investments in CLOs in which the Master Fund owned a control equity position, and 36.9% where it did not.

Geographical and Currency Breakdown
(based on par value of loans in gross portfolio)

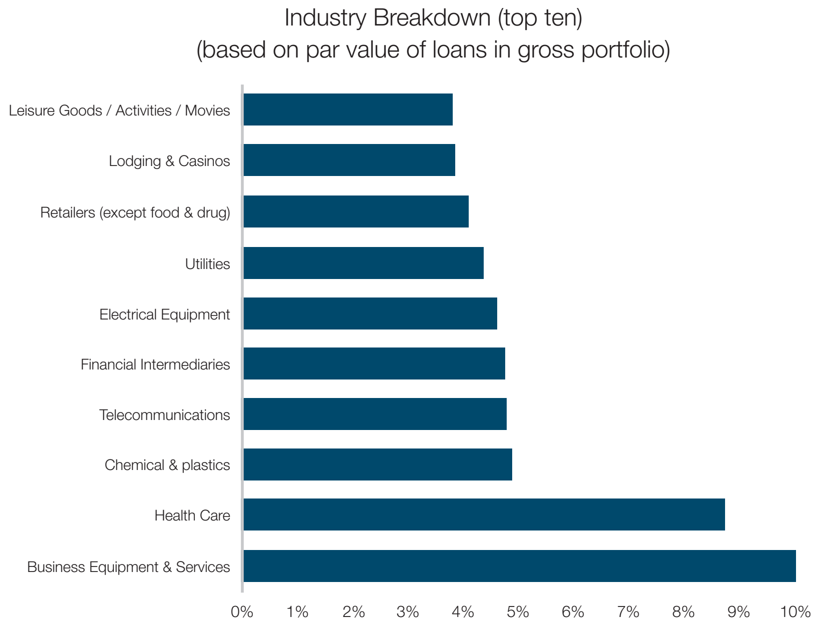


Rating Breakdown
(based on par value of loans in gross portfolio)



[8] Based on the underlying loans in CLOs in which the Master Fund holds equity

Investment Adviser's Report (continued)



Source: CLO trustee reports. Based on the Master Fund's equity positions and weighted by CLO size and Master Fund's equity ownership percentage

Bank Loan Market Overview

The Credit Suisse Leverage Loan Index returned 2.0% during the first half of 2017. As at 30 June 2017, the US loan market twelve month rolling default rate by number of issuers stood at 1.5%, down from 2.1% as at the end of 2016. The decline in early 2017 was due to several commodity-exposed issuers which defaulted in 2015 being removed from the relevant twelve-month period.

As discussed in the previous section, market participants expect the US leveraged loan default rate to finish June 2018 at 2.19%, down from a previous forecast of 2.27% for the 12-month rolling calculation ending March 2018. As at the end of July 2017, JP Morgan expects the year end 2017 loan default rate to close unchanged at 1.5%, followed by a loan default rate of 2.0% in 2018.

The Investment Adviser continues to believe that increased bank loan price volatility is now a structural feature of the market due primarily to technical factors such as reduced dealer inventories and the importance of retail funds as the marginal buyer or seller in the loan market. The loan market's reaction to political and other macro events can benefit CLOs, as their closed-ended nature and lack of mark-to-market requirements allow them to take advantage of dips in loan prices.

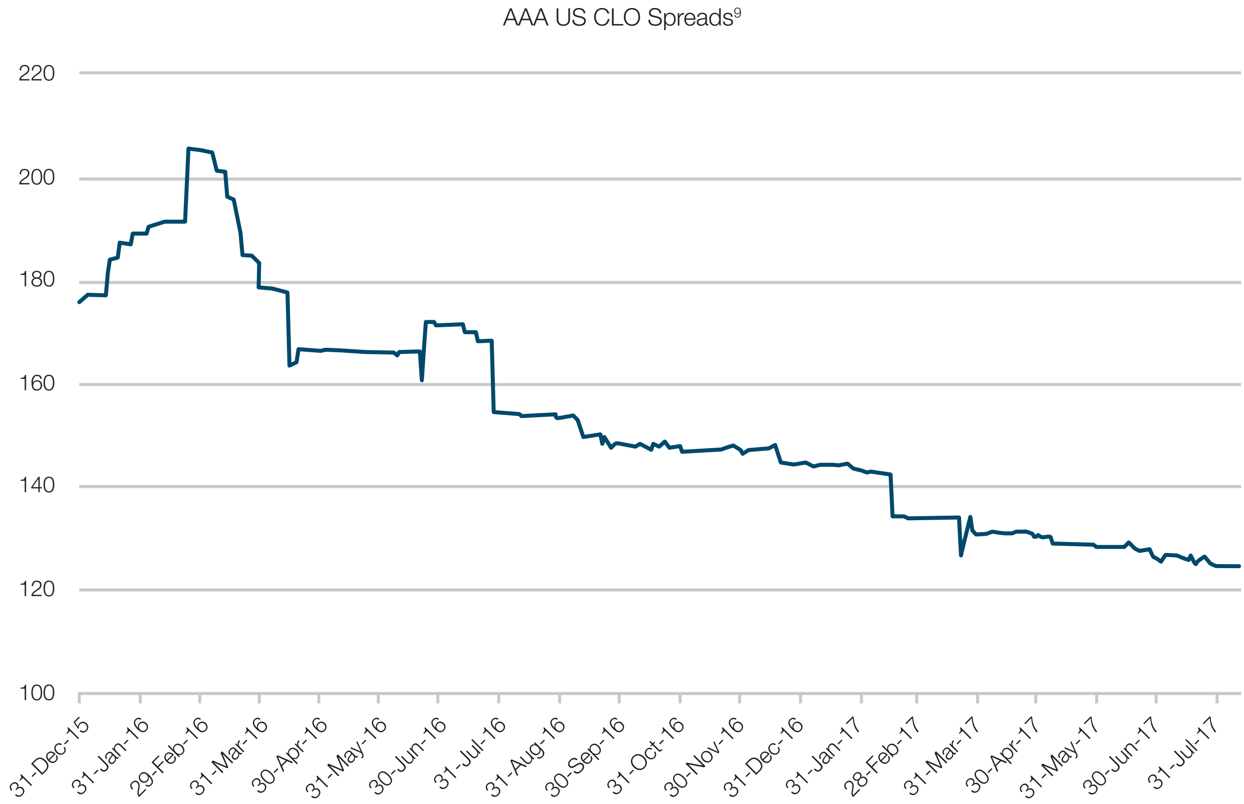
CLO Market Overview

There were 93 new issue CLOs in the US (US$39.1 billion) and 21 new issue CLOs in Europe (€8.7 billion) in the first half of 2017, compared with 63 new US CLOs (US$26.5 billion) and 18 new issue European CLOs (€7.2 billion) in the first half of 2016. In addition, there were 223 refinancings/resets (US$100.2 billion) in the US and 40 refinancings/resets in Europe (€13.8 billion) compared to 4 refinancings in the US (US$0.9 billion) in the first half of 2016.

Despite the increase in new issue volumes and refinancings/resets, CLO liability spreads continued to tighten. Strong relative value vs corporate bonds increased demand for mezzanine (BB/BBB rated) CLOs while press reports and market comments pointed at a significant increase in demand for AAA and AA CLO notes from Japan and non-Japanese Asia investors.

We believe that US CLO equity arbitrage currently offers one of the most attractive investment opportunities in the current credit markets as the long term fixed cost of liabilities supports an attractive initial arbitrage while offering very significant upside should loan price volatility increase.

Investment Adviser's Report (continued)



Risk management

The Master Funds continue to benefit from an experienced and dedicated team of research analysts who monitor the underlying portfolios of the CLO investments. Close relationships with the CLO managers help to monitor and forecast the performance of the underlying portfolios of the CLO investments, as well as serving as ongoing due diligence of the CLO managers.

Outlook

The Investment Adviser believes that the Company's current CLO investments, implemented via the Master Funds, are well positioned to continue to generate attractive returns, given the quality of the underlying portfolios and the continuous active monitoring and management of the underlying credit risk.

The Master Funds will also continue to benefit from the optionality inherent in the funding of its control CLO equity investments. We expect to refinance the CLO liabilities of additional CLO positions, increasing the future cash distributions to the CLO equity.

We further expect to continue to source new primary investment opportunities for Master Fund II, taking advantage of the current very attractive funding levels for new issue CLOs.

Fair Oaks Capital Limited
4 September 2017

[9] Source: JP Morgan CLOIE AAA post-crisis Index

Statement of Principal Risks and Uncertainities

The Company is a feeder fund investing its assets into the Master Fund and Master Fund II. Its principal risks include operational, investment and financial risks. These risks, and the way in which they are managed, are described in more detail under the heading 'Principal Risks and Uncertainties' within the Directors' Report of the Company's last Annual Report for the year ended 31 December 2016. The Company's principal risks and uncertainties have not changed materially since the date of that report and are not expected to change materially for the remainder of the Company's financial year. The Investment Adviser will also carry out extensive due diligence on Master Fund II's underlying investments before acquisition, along with the Master Fund and they will ensure adequate diversification of the underlying assets is achieved.

Directors' Statement of Responsibilities

We confirm that to the best of our knowledge:

- these Unaudited Condensed Financial Statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" as required by DTR 4.2.4R of the Disclosure Guidance and Transparency Rules ("DTR") of the UK's FCA; and
- the Chairman's Statement and the Investment Adviser's Report, together with the Unaudited Condensed Financial Statements, meet the requirements of an interim management report, and include a fair review of the information required by:

  (a) DTR 4.2.7R of the DTR of the UK's FCA, being an indication of important events that have occurred during the six month period ended 30 June 2017 and their impact on the Unaudited Condensed Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the DTR of the UK's FCA, being related party transactions that have taken place during the six month period ended 30 June 2017 and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The Directors are also responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom and Guernsey governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board by:

Jon Bridel
Director

4 September 2017

Independent Review Report to Fair Oaks Income Limited (formerly Fair Oaks Income Fund Limited)

Conclusion

We have been engaged by Fair Oaks Income Limited (formerly Fair Oaks Income Fund Limited) (the "Company") to review the Unaudited Condensed set of Financial Statements (the "Financial Statements") in the half-yearly financial report for the six months ended 30 June 2017 which comprises the Unaudited Condensed Statement of Comprehensive Income, the Unaudited Condensed Statement of Changes in Shareholders' Equity, the Unaudited Condensed Statement of Financial Position, the Unaudited Condensed Statement of Cash Flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the Financial Statements in the half-yearly financial report for the six months ended 30 June 2017 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as issued by the IASB and the Disclosure Guidance and Transparency Rules ("DTR") of the UK's Financial Conduct Authority ("UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of Financial Statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the Annual Financial Statements of the Company are prepared in accordance with International Financial Reporting Standards as issued by the IASB. The directors are responsible for preparing the condensed set of Financial Statements included in the half-yearly financial report in accordance with IAS 34 as issued by the IASB.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of Financial Statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Dermot A. Dempsey
for and on behalf of KPMG Channel Islands Limited
Chartered Accountants, Guernsey

4 September 2017

Unaudited Condensed Statement of Comprehensive Income

For the six month period ended 30 June 2017

	Note	1 January 2017 to 30 June 2017 (unaudited) US$	1 January 2016 to 30 June 2016 (unaudited) US$
Revenue			
Net gains/(losses) on financial assets at fair value through profit or loss	5	22,868,031	(793,093)
Investment income		1,322	16
Net foreign exchange gain/(loss)		186,156	(1,154)
Total revenue/(loss)		**23,055,509**	**(794,231)**
Expenses			
Investment adviser fees	6	93,908	57,070
Audit and non-audit fees		172,136	57,400
Administration fees	6	76,637	59,431
Directors' fees and expenses	6	108,004	78,327
Legal and professional fees		329,988	9,248
Other expenses		268,108	152,933
Re-designation costs		877,172	–
Total operating expenses		**1,925,953**	**414,409**
Profit/(loss) and total comprehensive income/(loss) for the period		**21,129,556**	**(1,208,640)**
Basic and diluted earnings per 2017 Share	9	**0.0671**	**N/A**
Basic and diluted earnings/(loss) per 2014 Share	9	**0.0712**	**(0.0040)**

All items in the above statement derive from continuing operations.

The accompanying notes on pages 16 to 32 form an integral part of these Unaudited Condensed Financial Statements.

Unaudited Condensed Statement of Changes in Shareholders' Equity

For the six month period ended 30 June 2017

	Note	Share capital (2017 Shares) US$	Share capital (2014 Shares) US$	Retained earnings (2017 Shares) US$	Retained earnings (2014 Shares) US$	Total equity US$
At 1 January 2017		–	299,112,959	–	12,570,936	311,683,895
Conversion of C Shares to 2017 Shares during the period, net of issue costs	8	67,989,374	–	–	–	67,989,374
Conversion of ordinary shares into 2017 Shares during the period, net of issue costs	8	253,488,546	(253,488,546)	–	–	–
Total comprehensive income for the period		–	–	17,750,934	3,378,622	21,129,556
Transfer brought forward retained earnings from 2014 Shares to 2017 Shares		–	–	10,653,868	(10,653,868)	–
Dividends declared during the period	4	–	–	(26,868,690)	(4,748,310)	(31,617,000)
At 30 June 2017		**321,477,920**	**45,624,413**	**1,536,112**	**547,380**	**369,185,825**

	Note	Share capital US$	Retained earnings US$	Total equity US$
At 1 January 2016		308,213,808	(30,621,835)	277,591,973
Issue of ordinary shares during the period	8	165,322	–	165,322
Total comprehensive loss for the period		–	(1,208,640)	(1,208,640)
Dividends declared during the period	4	–	(13,467,179)	(13,467,179)
At 30 June 2016		**308,379,130**	**(45,297,654)**	**263,081,476**

The accompanying notes on pages 16 to 32 form an integral part of these Unaudited Condensed Financial Statements.

Unaudited Condensed Statement of Financial Position

At 30 June 2017

	Note	30 June 2017 (unaudited) US$	31 December 2016 (audited) US$
Assets			
Cash and cash equivalents		20,585,443	12,200,459
Prepayments		57,149	77,057
Distribution receivable		2,260,702	7,826,914
Financial assets at fair value through profit or loss	5	349,010,263	291,682,780
Total assets		**371,913,557**	**311,787,210**
Liabilities			
Other payables		65,260	103,315
Dividends payable	4	2,662,472	–
Total liabilities		**2,727,732**	**103,315**
Net assets		**369,185,825**	**311,683,895**
Equity			
Retained earnings		2,083,492	12,570,936
Share capital	8	367,102,333	299,112,959
Total equity		**369,185,825**	**311,683,895**
Total Net Assets attributable to 2017 Shareholders	10	323,014,032	–
Number of 2017 Shares	8,10	332,924,938	–
Net asset value per 2017 Share	10	0.9702	–
Total Net Assets attributable to 2014 Shareholders	10	**46,171,793**	**311,683,895**
Number of 2014 Shares	8,10	**47,428,202**	**310,938,570**
Net asset value per 2014 Share	10	**0.9735**	**1.0024**

The Unaudited Condensed Financial Statements on pages 12 to 32 were approved and authorised for issue by the Board of Directors on 4 September 2017 and signed on its behalf by:

Jon Bridel
Director

The accompanying notes on pages 16 to 32 form an integral part of these Unaudited Condensed Financial Statements.

Unaudited Condensed Statement of Cash Flows

For the six month period ended 30 June 2017

	1 January 2017 to 30 June 2017 (unaudited) US$	1 January 2016 to 30 June 2016 (unaudited) US$
Cash flows from operating activities		
Profit/(loss) for the period	21,129,556	(1,208,640)
Adjustments for:		
Net (gains)/losses on financial assets at fair value through profit or loss	(22,868,031)	793,093
	(1,738,475)	**(415,547)**
Decrease in prepayments	19,908	37,170
Decrease in other payables	(38,055)	(17,117)
Income distributions received from Master Fund	11,711,963	26,048,922
Income distributions received from Master Fund II	7,146,403	–
Purchase of investments	(48,693,600)	(6,500,000)
Purchase of US Treasury Bills	(49,969,000)	–
Capital distributions received from Master Fund	910,994	–
Sale of US Treasury Bills	50,000,000	–
Net cash flow (used in)/from operating activities	**(30,649,862)**	**19,153,428**
Cash flows from financing activities		
Proceeds from C share issuance, net of costs	67,989,374	165,322
Dividends paid during the period	(28,954,528)	(18,339,241)
Net cash flow from/(used in) financing activities	**39,034,846**	**(18,173,919)**
Net increase in cash and cash equivalents	8,384,984	979,509
Cash and cash equivalents at beginning of period	12,200,459	5,401,130
Cash and cash equivalents at end of period	**20,585,443**	**6,380,639**

The accompanying notes on pages 16 to 32 form an integral part of these Unaudited Condensed Financial Statements.

Notes to the Unaudited Condensed Financial Statements

For the six month period ended 30 June 2017

1. GENERAL INFORMATION

Fair Oaks Income Limited (formerly Fair Oaks Income Fund Limited) (the "Company" or "FOIL") was incorporated and registered in Guernsey under the Companies (Guernsey) Law, 2008 on 7 March 2014. The Company's registration number is 58123 and it is regulated by the Guernsey Financial Services Commission as a registered closed ended collective investment scheme under The Registered Collective Investment Scheme Rules 2015. The Company is listed and began trading on the Specialist Fund Segment ("SFS") (previously Specialist Fund Market) of the London Stock Exchange ("LSE") on 12 June 2014. On 5 April 2017, 47,428,202 2014 Shares, 263,510,368 2017 Shares and 68,850,000 C Shares were admitted to trade on the SFS of the Main Market of the LSE.

The Company makes its investments through FOIF LP (the "Master Fund") and FOMC II LP (the "Master Fund II"), in which the Company is a limited partner. During prior periods, the only other limited partner in the Master Fund was Fair Oaks Founder LP (the "Founding Partner"). The Master Fund II was registered in Guernsey on 24 February 2017 under The Limited Partnerships (Guernsey) Law, 1995, as amended.

On 5 April 2017, the Company re-designated its ordinary shares into 47,428,202 2014 Shares and 263,510,368 2017 Shares. The 2014 Shares invest solely into the Master Fund and the 2017 Shares invest solely into Master Fund II. At 30 June 2017, the Company had direct holdings of 11.31% (31 December 2016: 74.13%) holding in the Master Fund and 100% (31 December 2016: Nil) holding in Master Fund II, which in turn had a holding of 62.82% in the Master Fund. The general partner of the Master Fund and Master Fund II is Fair Oaks Income Fund GP Limited (the "General Partner or GP"). The Master Fund and Master Fund II invests in portfolio's consisting primarily of Collateral Loan Obligations ("CLOs"). The Company may also invest in Qualifying Short Term Investments if at any time the Company holds any uninvested cash.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation and statement of compliance

These Unaudited Condensed Financial Statements ("Financial Statements") have been prepared in accordance with International Accounting Standard ("IAS") 34 'Interim Financial Reporting' as required by DTR 4.2.4R, the Listing Rules of the LSE and applicable legal and regulatory requirements. They do not include all the information and disclosures required in Annual Financial Statements and should be read in conjunction with the Company's last Annual Audited Financial Statements for the year ended 31 December 2016.

The accounting policies applied in these Financial Statements are consistent with those applied in the last Annual Audited Financial Statements for the year ended 31 December 2016, which were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB. Having reassessed the principal risks, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing these Financial Statements.

These Financial Statements were authorised for issue by the Company's Board of Directors on 4 September 2017.

Expenses and non-investment assets and liabilities are apportioned 84.75% to 2017 Shares and 15.25% to 2014 Shares and income is based on the share classes' respective ownership of the Master Fund and Master Fund II.

Significant judgements and estimates

There have been no changes to the significant accounting judgements, estimates and assumptions from those applied in the Company's Audited Annual Financial Statements for the year ended 31 December 2016.

New Accounting Standards effective and adopted

The IASB completed its Disclosure Initiative project in January 2016 and its Annual Improvements 2014-2016 Cycle project in December 2016. These projects have amended a number of existing standards and interpretations effective for accounting periods commencing on or after 1 January 2017.

The adoption of these amended standards has had no material impact on the Financial Statements of the Company.

Notes to the Unaudited Condensed Financial Statements

(continued)

For the six month period ended 30 June 2017

2. PRINCIPAL ACCOUNTING POLICIES continued

New Accounting Standards and interpretations applicable to future reporting periods

At the date of approval of these Financial Statements, the following standards and interpretations, which may be relevant to the Company but have not been applied in these Financial Statements, were in issue but not yet effective:

- IFRS 7 (amended), "Financial Instruments: Disclosures" (amendments relating to additional hedge accounting disclosures resulting from the introduction of the hedge accounting chapter in IFRS 9, effective for periods commencing on or after 1 January 2018, or on application of IFRS 9 if earlier);
- IFRS 9, 'Financial Instruments' (relating to the classification and measurement of financial assets and liabilities, effective for periods commencing on or after 1 January 2018). This standard specifies how an entity should classify and measure financial assets and liabilities, including some hybrid contracts. The standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39 'Financial Statements: Recognition and Measurement' ("IAS 39");
- IFRS 15, "Revenue from Contracts with Customers" (effective for periods commencing on or after 1 January 2018);
- IAS 39 (amended), "Financial Instruments: Recognition and Measurement" (amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception, effective for periods commencing on or after 1 January 2018, or on application of IFRS 9 if earlier).

The Board expects that the adoption of these standards in a future period will not have a material impact on the Financial Statements of the Company as the majority of the Company's financial assets are designated at fair value through profit or loss.

3. SEGMENTAL REPORTING

The Board has considered the requirements of IFRS 8 – "Operating Segments". The Company entered into an Investment Advisory Agreement with the Investment Adviser under which they are responsible for advising the Company in relation to the investment and reinvestment of the Company's portfolio, subject to the overall supervision of the Directors. Subject to its terms and conditions, the Investment Advisory Agreement requires the Investment Adviser to advise on the implementation of the Company's investment policy in accordance with the Company's investment guidelines as in effect from time to time, including the authority to purchase and sell securities and other investments and to carry out other actions as appropriate to give effect thereto. However, the Board retains full responsibility to ensure that the Investment Adviser adheres to its mandate. Moreover, the Board is fully responsible for the appointment and/or removal of the Investment Adviser. Accordingly, the Board is deemed to be the "Chief Operating Decision Maker" of the Company.

In the Board's opinion, the Company is engaged in a single segment of business, being the investment into the Master Fund and Master Fund II, both Guernsey registered Limited Partnerships.

Segment information is measured on the same basis as that used in the preparation of the Company's Annual Audited Financial Statements.

The Company receives no revenues from external customers, nor holds any non-current assets, in any geographical area other than Guernsey.

4. DIVIDENDS

The Company declares dividends payable to shareholders representing an amount in aggregate at least equal to the gross income from investments, which are received by the Company in the relevant financial period attributable to the Company's investment in the Master Fund, Master Fund II and Qualifying Short Term Investments less expenses of the Company.

The Company intends to declare eleven monthly dividends of a minimum of 0.7 US cents per 2017 and 2014 Share and a larger twelfth interim dividend such that, in the opinion of the Directors, substantially all net income generated by the Company in 2017 will be distributed to shareholders.

Notes to the Unaudited Condensed Financial Statements

(continued)

For the six month period ended 30 June 2017

4. DIVIDENDS continued

The Company declared the following dividends during the six month period ended 30 June 2017:

Period to	Payment date	Dividend rate per 2017 and 2014 share (cents)	Net dividend payable (US$)	Record date	Ex-dividend date
31 December 2016	2 February 2017	5.75	18,055,284	13 January 2017	12 January 2017
31 January 2017	28 February 2017	0.70	2,181,443	17 February 2017	16 February 2017
28 February 2017	30 March 2017	0.70	2,181,746	17 March 2017	16 March 2017
31 March 2017	28 April 2017	0.70	2,181,659	18 April 2017	13 April 2017
30 April 2017	18 May 2017	0.70	2,174,061	5 May 2017	4 May 2017
31 May 2017	22 June 2017	0.70	2,180,335	9 June 2017	8 June 2017
30 June 2017	20 July 2017	0.70	2,662,472*	7 July 2017	6 July 2017
		4.20	31,617,000		

* Announced on the LSE on 27 June 2017

The Company declared the following dividends during the six month period ended 30 June 2016:

Period to	Payment date	Dividend rate per share (cents)	Net dividend payable (US$)	Record date	Ex-dividend date
31 January 2016	26 February 2016	0.70	2,243,127	12 February 2016	11 February 2016
29 February 2016	24 March 2016	0.70	2,243,128	4 March 2016	3 March 2016
31 March 2016	21 April 2016	0.70	2,244,635	8 April 2016	7 April 2016
30 April 2016	19 May 2016	0.70	2,244,635	6 May 2016	5 May 2016
31 May 2016	23 June 2016	0.70	2,244,635	3 June 2016	2 June 2016
30 June 2016	21 July 2016	0.70	2,247,019	8 July 2016	7 July 2016
		4.20	13,467,179		

The default currency for dividend payments is US Dollars. However, with effect from 29 June 2016, shareholders have been able to elect to receive their dividends in Sterling by registering under the Company's Dividend Currency Election.

The rate per ordinary share to be used to pay shareholders who elected to receive their dividend in Sterling is announced on the London Stock Exchange each month prior to the payment date.

Under Guernsey law, companies can pay dividends in excess of accounting profit provided they satisfy the solvency test prescribed by the Companies (Guernsey) Law, 2008. The solvency test considers whether a company is able to pay its debts when they fall due, and whether the value of a company's assets is greater than its liabilities. The Company passed the solvency test for each dividend paid.

Total dividends payable as at 30 June 2017 were US$2,662,472 (31 December 2016: US$Nil).

Notes to the Unaudited Condensed Financial Statements

(continued)

For the six month period ended 30 June 2017

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company's financial risk management objectives and policies are consistent with those disclosed in the last Annual Financial Statements as at and for the year ended 31 December 2016.

	30 June 2017 (unaudited)		
	2017 Shares US$	**2014 Shares US$**	**Total Company US$**
Cost at the start of the period	–	297,061,633	297,061,633
Purchases of investments at cost during the period	48,693,600	–	48,693,600
Purchases of US Treasury Bills at cost during the period	49,969,000	–	49,969,000
Re-designation of investment cost to 2017 Shares	251,750,114	(251,750,114)	–
Proceeds from sale of US Treasury Bills during the period	(50,000,000)	–	(50,000,000)
Realised gain on sale of US Treasury Bills during the period	31,000	–	31,000
Capital distributions received from Master Fund during the period	–	(910,994)	(910,994)
Cost of financial assets at fair value through profit or loss at the end of the period	300,443,714	44,400,525	344,844,239
Net unrealised gains on financial assets at the end of the period	3,473,135	692,889	4,166,024
Financial assets at fair value through profit or loss at the end of the period	**303,916,849**	**45,093,414**	**349,010,263**
Realised gain on sales during the period	31,000	–	31,000
Movement in net unrealised gain during the period	8,031,131	1,513,746	9,544,877
Income distributions declared from the Master Fund during the period	2,198,797	1,992,924	4,191,721
Income distributions declared from Master Fund II during the period	9,100,433	–	9,100,433
Net gains on financial assets at fair value through profit or loss	**19,361,361**	**3,506,670**	**22,868,031**

	31 December 2016 (audited) US$	**30 June 2016 (unaudited) US$**
Cost at the start of the year/period	299,827,883	299,827,883
Purchases into the Master Fund at cost during the year/period	6,500,000	6,500,000
Capital distributions received from Master Fund	(9,266,250)	–
Cost of investment into the Master Fund at the end of the year/period	297,061,633	306,327,883
Net unrealised losses on investments at the end of the year/period	(5,378,853)	(54,349,854)
Financial assets at fair value through profit or loss at the end of the year/period	**291,682,780**	**251,978,029**
Movement in net unrealised gain/(loss) during the year/period	25,379,943	(23,591,058)
Income distributions declared by the Master Fund	43,124,599	22,797,965
Net gains/(losses) on financial assets at fair value through profit or loss	**68,504,542**	**(793,093)**

Notes to the Unaudited Condensed Financial Statements

(continued)

For the six month period ended 30 June 2017

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS continued

During the period ended 30 June 2017, the Master Fund accepted Master Fund II as a limited partner and during the year ended 31 December 2016, the Master Fund accepted a new limited partner. The new limited partner was drawn down during March 2016 and April 2016. At 30 June 2017, the Company's 2014 Shareholders had a 11.31% (31 December 2016: 74.13%) holding in the Master Fund and Master Fund II had a 62.82% holding in the Master Fund. During the period ended 30 June 2017, the 2017 Shareholders invested into Master Fund II, which they are the sole limited partner.

Look-through financial information

The following tables reconcile the Company's proportionate share of the Master Fund and Master Fund II's financial assets at fair value through profit or loss to the Company's financial assets at fair value through profit or loss:

	30 June 2017 (unaudited)		
	Master Fund II US$	**Master Fund US$**	**Total Company US$**
Financial assets at fair value through profit or loss	299,763,155	46,642,679	346,405,834
Add/(less): Net current assets/(liabilities)	4,153,694	(1,549,265)	2,604,429
Total financial assets at fair value through profit or loss	**303,916,849**	**45,093,414**	**349,010,263**

	31 December 2016 (audited) US$	**30 June 2016 (unaudited) US$**
Master Fund - Financial assets at fair value through profit or loss	305,272,020	257,741,610
Less: Master Fund's net current liabilities	(13,589,240)	(5,763,581)
Total financial assets at fair value through profit or loss	**291,682,780**	**251,978,029**

The Company's proportionate share of the unrealised gains/(losses) on investments in the period/year comprise the following movements within the underlying investments:

	30 June 2017 (unaudited)		
	Master Fund II US$	**Master Fund US$**	**Total Company US$**
Net unrealised losses on investments at the beginning of the period	–	(5,378,853)	(5,378,853)
Investment income	9,170,976	5,185,340	14,356,316
Unrealised gains on financial assets at fair value through profit or loss	124,175	11,641,840	11,766,015
Net losses on derivative financial instruments and foreign exchange	(2)	(76,626)	(76,628)
Other income	180	–	180
Expenses	(70,542)	(3,138,310)	(3,208,852)
Income distributions declared during the period	(9,100,433)	(4,191,721)	(13,292,154)
Unrealised losses attributable to 2017 shares	3,348,781	(3,348,781)	–
Net unrealised gains on investments at the end of the period	**3,473,135**	**692,889**	**4,166,024**

Notes to the Unaudited Condensed Financial Statements
(continued)

For the six month period ended 30 June 2017

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS continued

Master Fund	31 December 2016 (audited) US$	30 June 2016 (unaudited) US$
Net unrealised losses on investments at the beginning of the year/period	(30,758,796)	(30,758,796)
Investment income	46,378,238	24,381,870
Unrealised gains/(losses) on financial assets at fair value through profit or loss	30,753,925	(24,471,698)
Realised losses on financial assets at fair value	(315,693)	(315,693)
Net gains/(losses) on derivative financial instruments and foreign exchange	134,730	(106,102)
Expenses	(8,446,658)	(998,993)
Income distributions declared during the year/period	(43,124,599)	(22,080,442)
Net unrealised losses on investments at the end of the year/period	**(5,378,853)**	**(54,349,854)**

IFRS 13 requires that a fair value hierarchy be established that prioritises the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under IFRS 13 are set as follows:

– Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

– 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 that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement. Observable data is considered to be that market data that is readily available, regularly distributed or updated, reliable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Company's financial assets (by class, excluding cash and cash equivalents, prepayments, distribution receivable, dividends payable and other payables) measured at fair value:

	30 June 2017 (unaudited)			
	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Financial assets at fair value through profit or loss	–	–	349,010,263	349,010,263
Total	**–**	**–**	**349,010,263**	**349,010,263**

Notes to the Unaudited Condensed Financial Statements

(continued)

For the six month period ended 30 June 2017

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS continued

	31 December 2016 (audited)			
	Level 1 US$	**Level 2 US$**	**Level 3 US$**	**Total US$**
Financial assets at fair value through profit or loss	–	–	291,682,780	291,682,780
Total	**–**	**–**	**291,682,780**	**291,682,780**

The investments in the Master Fund and Master Fund II, which are fair valued at each reporting date, have been classified within Level 3 as they are not traded and contain unobservable inputs.

The following table presents the movement in level 3 instruments:

	30 June 2017 (unaudited) US$	**31 December 2016 (audited) US$**
Opening Balance	291,682,780	269,069,087
Purchases	48,693,600	6,500,000
Movement in net unrealised gain during the period/year	9,544,877	25,379,943
Capital distributions received from Master Fund during the period/year	(910,994)	(9,266,250)
Closing Balance	**349,010,263**	**291,682,780**

Transfers between Level 1, 2 and 3

There have been no transfers between levels during the six month period ended 30 June 2017 or for the year ended 31 December 2016. Transfers between levels of the fair value hierarchy are recognised as at the end of the reporting period during which the change has occurred.

Look-through financial information

On a look-through basis, the following table analyses within the fair value hierarchy the Company's proportionate share of the Master Fund and Master Fund II's financial assets and derivatives (by class, excluding cash and cash equivalents, other receivables and prepayments, distribution payable, carried interest payable and trade and other payables) measured at fair value:

	30 June 2017 (unaudited)			
Master Fund II	**Level 1 US$**	**Level 2 US$**	**Level 3 US$**	**Total US$**
Financial assets at fair value through profit or loss	–	–	299,763,155	299,763,155
Total	**–**	**–**	**299,763,155**	**299,763,155**

	30 June 2017 (unaudited)			
Master Fund	**Level 1 US$**	**Level 2 US$**	**Level 3 US$**	**Total US$**
Financial assets at fair value through profit or loss	–	21,726,770	24,915,909	46,642,679
Derivatives at fair value through profit or loss	–	(44,698)	–	(44,698)
Total	**–**	**21,682,072**	**24,915,909**	**46,597,981**

Notes to the Unaudited Condensed Financial Statements (continued)

For the six month period ended 30 June 2017

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS continued

	31 December 2016 (audited)			
	Level 1	Level 2	Level 3	Total
Master Fund	**US$**	**US$**	**US$**	**US$**
Financial assets at fair value through profit or loss	–	127,227,752	178,044,268	305,272,020
Derivatives at fair value through profit or loss	–	196,375	–	196,375
Total	**–**	**127,424,127**	**178,044,268**	**305,468,395**

The following table analyses within the fair value hierarchy the Company's assets and liabilities not measured at fair value but for which fair value is disclosed:

	30 June 2017 (unaudited)			
	Level 1	Level 2	Level 3	Total
	US$	**US$**	**US$**	**US$**
Assets:				
Cash and cash equivalents	–	20,585,443	–	20,585,443
Prepayments	–	57,149	–	57,149
Distribution receivable	–	2,260,702	–	2,260,702
Total	**–**	**22,903,294**	**–**	**22,903,294**
Liabilities:				
Other payables	–	65,260	–	65,260
Dividends payable	–	2,662,472	–	2,662,472
Total	**–**	**2,727,732**	**–**	**2,727,732**

	31 December 2016 (audited)			
	Level 1	Level 2	Level 3	Total
	US$	**US$**	**US$**	**US$**
Assets:				
Cash and cash equivalents	–	12,200,459	–	12,200,459
Prepayments	–	77,057	–	77,057
Distribution receivable	–	7,826,914	–	7,826,914
Total	**–**	**20,104,430**	**–**	**20,104,430**
Liabilities:				
Other payables	–	103,315	–	103,315
Total	**–**	**103,315**	**–**	**103,315**

The assets and liabilities included in the above tables are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

Cash and cash equivalents include deposits held with banks.

Notes to the Unaudited Condensed Financial Statements
(continued)

For the six month period ended 30 June 2017

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS continued

Other payables represent the contractual amounts and obligations due by the Company for settlement of trades and expenses.

The following table summarises the valuation methodologies used for the Company's investments categorised in level 3 as at 30 June 2017 (unaudited):

Security	Fair Value US$	Valuation methodology	Unobservable inputs	Ranges
Master Fund II	303,916,849	NAV	Zero % discount	N/A
Master Fund	45,093,414	NAV	Zero % discount	N/A
	349,010,263			

The following table summarises the valuation methodologies used for the Company's investments categorised in Level 3 as at 31 December 2016 (audited):

Security	Fair Value US$	Valuation methodology	Unobservable inputs	Ranges
Master Fund	291,682,780	NAV	Zero % discount	N/A

Look-through financial information

The Master Fund and Master Fund II have engaged an independent third party to provide valuations for its CLO investments. The following table summarises, in the Company's opinion, the valuation methodologies used by the independent third party to value the Master Fund and Master Fund II's investments categorised in level 3 as at 30 June 2017 (unaudited):

Asset Class	Fair Value US$	Unobservable inputs	Ranges	Average	Sensitivity to changes in significant unobservable inputs
Master Fund II					
CLO Income Notes					
United States of America	48,693,420	Prices provided by a third party agent	US$83.64 - US$0.8700	US$0.8523	1% increase/decrease will have a fair value impact of +/- US$486,934
Master Fund*	251,069,735	NAV	N/A	N/A	1% increase/decrease will have a fair value impact of +/- US$2,510,697
	299,763,155				

*Subject to the Master Fund's inputs detailed below.

Notes to the Unaudited Condensed Financial Statements (continued)

For the six month period ended 30 June 2017

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS continued

Asset Class	Fair Value US$	Unobservable inputs	Ranges	Average	Sensitivity to changes in significant unobservable inputs
Master Fund					
CLO Income Notes					
United States of America	24,091,119	Prices provided by a third party agent	US$0.5400 - US$0.8700	US$0.7270	1% increase/decrease will have a fair value impact of +/- US$240,911
Europe	528,222	Prices provided by a third party agent	€0.6700	€0.6700	1% increase/decrease will have a fair value impact of +/- US$5,282
Sub Fee Notes					
United States of America	296,568	Prices provided by a third party agent	US$0.0220 - US$0.5400	US$0.0618	1% increase/decrease will have a fair value impact of +/- US$2,966
	24,915,909				

The following table summarises, in the Company's opinion, the valuation methodologies used by the independent third party to value the Master Fund's investments categorised in Level 3 as at 31 December 2016 (audited):

Asset Class	Fair Value US$	Unobservable inputs	Ranges	Average	Sensitivity to changes in significant unobservable inputs
CLO Income Note					
United States of America	172,993,836	Prices provided by a third party agent	US$0.5800 - US$0.9000	US$0.7896	1% increase/decrease will have a fair value impact of +/- US$1,729,938
Europe	3,948,045	Prices provided by a third party agent	€0.8300	€0.8300	1% increase/decrease will have a fair value impact of +/- US$39,480
Sub Fee Notes					
United States of America	1,102,387	Prices provided by a third party agent	US$0.0260 - US$0.0480	US$0.0373	1% increase/decrease will have a fair value impact of +/- US$11,024
	178,044,268				

Notes to the Unaudited Condensed Financial Statements

(continued)

For the six month period ended 30 June 2017

6. RELATED PARTIES AND OTHER KEY CONTACTS

Transactions with Investment Adviser

Investment Adviser

Fair Oaks Capital Limited (the "Investment Adviser") is entitled to receive an investment advisory fee from the Company of 1% per annum of the NAV of the Company, in accordance with the Amended and Restated Investment Advisory Agreement dated 9 March 2017 (the "Investment Advisory Agreement"). The investment advisory fee is calculated and payable on the last business day of each month or on the date of termination of the agreement. The base management fee will be reduced to take into account any fees received by the Investment Adviser incurred by the Company in respect of its investment in the Master Fund and Master Fund II (taking into account any rebates of such Management Fees to the Company) in respect of the same relevant period.

The total amount of investment advisory fee is as follows:

	1 January 2017 to 30 June 2017 (unaudited) US$	1 January 2016 to 30 June 2016 (unaudited) US$
Company investment advisory fee	1,685,504	1,316,404
Less: Master fund II rebate	(59,812)	–
Less: Master fund rebate	(1,531,784)	(1,259,334)
Total investment advisory fee	**93,908**	**57,070**

In circumstances where, as at the date the Net Asset Value per share of the 2017 Shares with respect to the last calendar month of a calendar quarter (the "Quarter End 2017 NAV") is published, the price of the 2017 Shares, adjusted for any dividends declared if required, traded at close in the secondary market below their then-prevailing Quarter End 2017 NAV, the Investment Adviser agrees to reinvest and/or procure the reinvestment by an Associate of it of (a) 25% of the fees which it shall receive with respect to that quarter from the Company pursuant to the Investment Advisory Agreement which is attributable to the Net Asset Value of the 2017 Shares and (b) 25% of Master Fund II Management Fee which the General Partner shall receive with respect to that quarter from the Master Fund and Master Fund II which is attributable to the Net Asset Value of the 2017 Shares by, in each case, using its best endeavours to purchase or procure the purchase of 2017 Shares in the Company in the secondary market. The obligation to purchase or procure the purchase of such 2017 Shares shall be fulfilled by the Investment Adviser by no later than one month after the end of such calendar quarter. The Investment Adviser will have no obligation to reinvest and/or procure the reinvestment of fees it receives with respect to a calendar quarter in circumstances where: (i) the 2017 Shares did not trade at close in the secondary market at a discount to their then-prevailing Quarter End 2017 NAV; or (ii) where the 2017 Shares did trade at close in the secondary market at a discount to their then-prevailing Quarter End 2017 NAV and it is unable to purchase or procure the purchase of 2017 Shares in the secondary market at a discount to their then-prevailing Quarter End 2017 NAV despite having used its best endeavours to do so; or (iii) Master Fund II commitment period has already expired, and, in each case, the Investment Adviser shall retain all fees it receives for such quarter.

Notes to the Unaudited Condensed Financial Statements

(continued)

For the six month period ended 30 June 2017

6. RELATED PARTIES AND OTHER KEY CONTACTS continued

Transactions with Investment Adviser continued

Investment Adviser continued

In circumstances where, as at the date the Net Asset Value per share of the 2014 Shares with respect to the last calendar month of a calendar quarter (the "Quarter End 2014 NAV") is published, the price of the 2014 Shares, adjusted for any dividends declared if required, traded at close in the secondary market below their then-prevailing Quarter End 2014 NAV, the Investment Adviser agrees to reinvest and/or procure the reinvestment by an Associate of it if (a) 25% of the fees which is received with respect to that quarter from the Company pursuant to the Investment Advisory Agreement which is attributable to the Net Asset Value of the 2014 Shares and (b) 25% of the Management Fee which the General Partner shall receive with respect to that quarter from the Master Fund which is attributable to the Net Asset Value of the 2014 Shares by, in each case, using its best endeavours to purchase or procure the purchase of 2014 Shares in the secondary market. The obligation to purchase or procure the purchase of 2014 Shares shall be fulfilled by the Investment Adviser by no later than one month after the end of such calendar quarter. The Investment Adviser will have no obligation to reinvest and/or procure the reinvestment of fees it receives with respect to a calendar quarter in circumstances where either: (i) the 2014 Shares did not trade at close in the secondary market at a discount to their then-prevailing Quarter End 2014 NAV; or (ii) where the 2014 Shares did trade at close in the secondary market at a discount to their then-prevailing Quarter End 2014 NAV and it is unable to purchase or procure the purchase of 2014 Shares in the secondary market at a discount to their then-prevailing Quarter End 2014 NAV despite having used its best endeavours to do so and, in either case, the Investment Adviser shall retain all fees it receives for such quarter.

The Investment Advisory Agreement can be terminated by either party giving not less than 6 months written notice.

Founder Partner

The Master Fund also pays the Founder Partner a carried interest equal to 15 per cent of cash available to be distributed (after payment of expenses and management fees) after Limited Partners have received a Preferred Return. The calculation of the Preferred Return threshold will be based solely on distributions and not on NAV calculations so the Master Fund will not pay any carried interest until its investors have realised the amounts drawn down for investments and their Preferred Returns. At 30 June 2017, US$13,444,169 (31 December 2016: US$10,016,796) carried interest was accrued at the Master Fund level, to be apportioned to all limited partners. At 30 June 2017, no carried interest was accrued at Master Fund II level.

Other Material Contracts

Administrator

Praxis Fund Services Limited (the "Administrator") shall be entitled to receive a time based fee quarterly in arrears for all Company Secretarial services. With effect from 9 March 2017, the Administrator is also entitled to an annual fee of US$31,000 (31 December 2016: US$25,000), payable quarterly in arrears for Administration and Accounting services, plus an additional US$7,000 per annum for running the additional C Share class until it converted to 2017 Shares.

The Administrator is also entitled to an additional fee for assisting with reporting under Article 24 of the AIFM Directive. The fee will be £3,000 per return per jurisdiction until the C Share class converted to the 2017 Shares. Now the Company is a dual share class the reporting fee shall reduce to £2,500 per return per jurisdiction.

The Administrator is also entitled to an annual fee of £500 in relation to FATCA reporting and acting as Responsible Officer.

Custodian

BNP Paribas Securities Services S.C.A., Guernsey Branch (the "Custodian") waived all fees on the basis that all assets are invested into the Master Fund and Master Fund II.

Notes to the Unaudited Condensed Financial Statements
(continued)

For the six month period ended 30 June 2017

6. RELATED PARTIES AND OTHER KEY CONTACTS continued

Other Material Contracts continued

Directors' Fees

The Company's Directors are entitled to a fee in remuneration for their services as Directors at a rate payable of £37,000 each per annum (2016: £37,000). With affect from 1 April 2017, the annual fee paid to each Director of the Company increased to £43,000. In addition, a one-off payment of £5,000 was paid to each Director relating to the work performed in respect of the revised Prospectus with £2,500 due if additional raises total to US$100 million.

The overall charge for the above-mentioned fees for the Company and the amounts due are as follows:

	1 January 2017 to 30 June 2017 (unaudited) US$	1 January 2016 to 30 June 2016 (unaudited) US$
CHARGE FOR THE PERIOD		
Investment adviser fee	93,908	57,070
Administration fee	76,637	59,431
Directors' fees and expenses	108,004	78,327

	30 June 2017 (unaudited) US$	31 December 2016 (audited) US$
OUTSTANDING FEES		
Investment adviser fee	10,006	8,363
Administration fee	3,081	10,800
Directors' fee and expenses	(183)	–

Shares held by related parties

The shareholdings of the Directors' in the Company were as follows:

	30 June 2017 (unaudited)				31 December 2016 (audited)	
Name	**No. of 2017 Shares**	**Percentage**	**No. of 2014 Shares**	**Percentage**	**No. of 2014 Shares**	**Percentage**
Claudio Albanese (Chairman)	9,697	0.00%	–	–	9,697	0.01%
Jon Bridel	9,697	0.00%	–	–	9,697	0.01%
Nigel Ward	29,475	0.01%	–	–	19,393	0.01%

During the period ended 30 June 2017, Nigel Ward purchased 10,000 C Shares which were converted to 10,082 2017 Shares using the conversion ratio of 1.0082 2017 Shares for every one C Share held as at close on the conversion record date of 27 June 2017.

As at 30 June 2017, the Investment Adviser, the General Partner and principals of the Investment Adviser and General Partner held an aggregate of 1,370,344 2017 Shares (31 December 2016: 1,370,344 2014 Shares), which is 0.41% (31 December 2016: 0.44%) of the issued 2017 share capital.

Notes to the Unaudited Condensed Financial Statements

(continued)

For the six month period ended 30 June 2017

7. TAX STATUS

The Company is exempt from Guernsey income tax and is charged an annual exemption fee of £1,200 under The Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989.

8. SHARE CAPITAL

Following the EGM, on 29 March 2017, the Company announced 47,428,202 ordinary shares have been elected for re-designation as 2014 Shares at the effective date, representing 15.3% of the ordinary shares in issue on that date. Consequently, 263,510,368 ordinary shares were re-designated as 2017 Shares, representing the balance of 84.7% of the ordinary shares in issue on that date. Based on the above election results and the ordinary share price as at close of business on 27 March 2017, the 2017 Share class had an opening market capitalisation of approximately US$262.2 million.

On 5 April 2017, 47,428,202 2014 Shares, 263,510,368 2017 Shares and 68,850,000 C Shares were admitted to trade on the SFS of the Main Market of the LSE.

The Company's 2017 and 2014 Shares are classified as equity. Incremental costs directly attributable to the issue of shares are recognised as a deduction in equity and are charged to the share capital account, including the initial set up costs.

The authorised share capital of the Company is represented by an unlimited number of shares of no par value and have the following rights:

(a) Dividends: Shareholders of a particular class or tranche are entitled to receive, and participate in, any dividends or other distributions relating to the assets attributable to the relevant class or tranche which are resolved to be distributed in respect of any accounting period or other period, provided that no calls or other sums due by them to the Company are outstanding.

(b) Winding Up: On a winding up, the shareholders of a particular class or tranche shall be entitled to the surplus assets attributable to that class or tranche remaining after payment of all the creditors of the Company.

(c) Voting: Subject to any rights or restrictions attached to any class or tranche of shares, at a general meeting of the Company, on a show of hands, every holder of voting shares present in person or by proxy and entitled to vote shall have one vote, and on a poll every holder of voting shares present in person or by proxy shall have one vote for each share held by him, but this entitlement shall be subject to the conditions with respect to any special voting powers or restrictions for the time being attached to any class or tranche of shares which may be subject to special conditions. Refer to the Memorandum and Articles of Incorporation for further details.

(d) Buyback: The Company may acquire its own shares (including any redeemable shares). Any shares so acquired by the Company may be cancelled or held as treasury shares provided that the number of shares of any class held as treasury shares must not at any time exceed ten per cent. (or such other percentage as may be prescribed from time to time by the States of Guernsey Committee for Economic Development) of the total number of issued shares of that class. Any shares acquired in excess of this limit shall be treated as cancelled.

The C share capital of the Company was represented by 68.85 million C Shares of nil par value and had the following rights:

(a) Dividends: Holders of C Shares were entitled to receive, and participate in, any dividends declared only insofar as such dividend is attributed, at the sole discretion of the Directors, to the C Share surplus of that class. The holders of ordinary shares, which arose after conversion of the C Shares in issue, rank in full for all dividends and other distributions declared, made or paid after conversion and otherwise pari passu with the ordinary shares in issue at the time of conversion.

Notes to the Unaudited Condensed Financial Statements

(continued)

For the six month period ended 30 June 2017

8. SHARE CAPITAL continued

(b) Winding Up: On a winding up or return of capital prior to conversion, the capital and assets of the Company shall be applied as follows:

(i) the 2014 Share surplus shall be divided amongst the holders of 2014 Shares of the relevant class pro rata to their holdings of 2014 Shares in such class as if the 2014 Share surplus comprised the assets of the Company available for distribution;

(ii) the 2017 Share surplus shall be divided amongst the holders of 2017 Shares of the relevant class pro rata to their holdings of 2017 Shares in such class as if the 2017 Share surplus comprised the assets of the Company available for distribution; and

(iii) the C Share surplus attributable to each class or tranche of C Shares shall be divided amongst the C Shareholders of such class or tranche pro rata according to their holdings of C Shares of that class or tranche.

(c) Voting: The C Shares carried the right to receive notice of, and to attend or vote at, any general meeting of the Company in the same manner as the 2017 and 2014 Shares (notwithstanding any difference in the respective NAV of the C Shares and 2017 and 2014 Shares).

Issued Share Capital

2017 shares

	30 June 2017 (unaudited)		31 December 2016 (audited)	
	Shares	**US$**	**Shares**	**US$**
Share capital at the beginning of the period/year	–	–	–	–
Re-designation of 2014 Shares during the period/year*	263,510,368	253,488,546	–	–
Conversion of C Shares during the period/year	69,414,570	67,989,374	–	–
Share capital at the end of the period/year	**332,924,938**	**321,477,920**	**–**	**–**

2014 shares

	30 June 2017 (unaudited)		31 December 2016 (audited)	
	Shares	**US$**	**Shares**	**US$**
Share capital at the beginning of the period/year	310,938,570	299,112,959	212,426,903	207,940,808
Issue of shares	–	–	215,207	165,322
Re-designation to 2017 Shares during the period/year*	(263,510,368)	(253,488,546)	–	–
Conversion of C Shares during the period/year	–	–	108,019,980	100,273,000
Share redemptions	–	–	(9,723,520)	(9,266,171)
Share capital at the end of the period/year	**47,428,202**	**45,624,413**	**310,938,570**	**299,112,959**

* Includes non-cash conversion from 2014 Shares to 2017 Shares of US$253,488,546.

Notes to the Unaudited Condensed Financial Statements (continued)

For the six month period ended 30 June 2017

8. SHARE CAPITAL continued

Issued Share Capital continued

C shares

	30 June 2017 (unaudited)		31 December 2016 (audited)	
	Shares	**US$**	**Shares**	**US$**
Share capital at the beginning of the period/year	–	–	101,800,000	100,273,000
Issued share capital	68,850,000	68,850,000	–	–
Conversion of C Shares to 2017 Shares during the period/year	(68,850,000)	(67,989,374)	–	–
Conversion of C Shares to 2014 Shares during the period/year	–	–	(101,800,000)	(100,273,000)
Share issue costs	–	(860,626)	–	–
Total share capital at the end of the period/year	**–**	**–**	**–**	**–**

On 5 April 2017, 68,850,000 C Shares were issued at an issue price of 100 pence per C Share for cash consideration.

The conversion ratio was 1.0082 2017 Shares for every one C Share held as at close on the conversion record date of 27 June 2017. Entitlements to new 2017 Shares were rounded down to the nearest whole share.

9. EARNINGS/(LOSS) PER SHARE

	1 January 2017 to 30 June 2017 (unaudited)		1 January 2016 to 30 June 2016 (unaudited)
	2017 Shares US$	**2014 Shares US$**	**2014 Shares US$**
Weighted average number of shares	264,660,886	47,428,202	304,541,369
Total comprehensive profit/(loss) for the financial period	US$17,750,934	US$3,378,622	(US$1,208,640)
Basic and diluted earnings/(loss) per share	**US$0.0671**	**US$0.0712**	**(US$0.0040)**

The weighted average number of shares as at 30 June 2017 and 30 June 2016 is based on the number of 2017 and 2014 Shares in issue during the period under review, as detailed in Note 8.

10. RECONCILIATION OF ACCOUNTING NAV AND PUBLISHED NAV PER SHARE

30 June 2017	**2017 Shares NAV US$**	**Number of 2017 Shares No.**	**NAV per 2017 Share US$**
Published NAV	325,952,558	332,924,938	0.9791
Adjustment for dividends payable*	(2,330,475)	332,924,938	(0.0070)
Fair value adjustment	(608,051)	332,924,938	(0.0019)
Financial statements NAV	**323,014,032**	**332,924,938**	**0.9702**

Notes to the Unaudited Condensed Financial Statements

(continued)

For the six month period ended 30 June 2017

10. RECONCILIATION OF ACCOUNTING NAV AND PUBLISHED NAV PER SHARE continued

30 June 2017	2014 Shares NAV US$	Number of 2014 Shares No.	NAV per 2014 Share US$
Published NAV	46,613,203	47,428,202	0.9828
Adjustment for dividends payable*	(331,997)	47,428,202	(0.0070)
Fair value adjustment**	(109,413)	47,428,202	(0.0023)
Financial statements NAV	**46,171,793**	**47,428,202**	**0.9735**

*The adjustment for dividends payable is due to the published NAV including dividends per ex-dividend date and the Financial Statements NAV, including dividends per the declaration date.

31 December 2016	NAV US$	Number of ordinary shares No.	NAV per ordinary share US$
Published NAV	312,401,359	310,938,570	1.0047
Fair value adjustment**	(717,464)	310,938,570	(0.0023)
Financial statements NAV	**311,683,895**	**310,938,570**	**1.0024**

**The fair value adjustment is due to a difference in allocation of Master Fund NAV between Limited Partners.

11. CONTINGENT LIABILITIES AND COMMITMENTS

The Company entered into a Subscription Agreement with the Master Fund and agreed to become a Limited Partner and made a commitment to the Master Fund of US$306,327,883 (31 December 2016: US$306,327,883) which has been fully called. The Commitment Period ended on 12 June 2016.

The Company entered into a Subscription Agreement with Master Fund II and agreed to become a Limited Partner and made a commitment to Master Fund II of US$325,121,516 (31 December 2016: US$Nil), of which US$300,443,714 had been called.

At 30 June 2017 and 31 December 2016, the Company had no further outstanding commitments.

12. SUBSEQUENT EVENTS

On 14 July 2017, the Company announced that they will return US$910,994 (equivalent to 1.921 cents per 2014 Share) on 28 July 2017 by way of a compulsory partial redemption of 2014 Shares.

On 25 July 2017, the Company announced a monthly interim dividend of 0.7 US cents per 2017 and 2014 Share in respect of the month ended 31 July 2017 which was paid on 17 August 2017. The ex dividend date was 3 August 2017.

There were no other significant events since the period end which would require revision of the figures or disclosures in the Interim Unaudited Condensed Financial Statements.

Management and Administration

Directors
Claudio Albanese (Independent non-executive Chairman)
Jon Bridel (Independent non-executive Director)
Nigel Ward (Independent non-executive Director)

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