Financial Statements of

EDAM FUNDING ONE LIMITED

December 31, 2014 and 2013

EDAM FUNDING ONE LIMITED

Table of Contents

KPMG
PO Box 493
Century Yard
Grand Cayman KY1-1106
CAYMAN ISLANDS

Telephone: +1 345 949-4800
Fax: +1 345 949-7164
Internet: www.kpmg.ky

Independent Auditors' Report to the Directors

We have audited the accompanying financial statements of Edam Funding One Limited (the "Company"), which comprise the statements of financial position as at December 31, 2014 and 2013, the statements of comprehensive income, changes in shareholder's equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audits to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(continued)

Independent Auditors' Report to the Directors (continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2014 and 2013, its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to Notes 4(d) and Note 5 to the financial statements. The financial statements include limited recourse notes valued at €1,139,484 (2013: €981,138) and derivative financial instruments valued at €2,606 (2013: €2,520) whose values are estimated using the valuation method discussed in Notes 2(d)(iv) and Note 11, in the absence of readily ascertainable market values. However, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for these financial instruments existed or another valuation method been adopted, and the differences could be material. Our opinion is not modified with respect to this matter.

KPMG

April 23, 2015

EDAM FUNDING ONE LIMITED

Statements of Financial Position

December 31, 2014 and 2013
(stated in Euro)

	Note		2014	2013
Assets				
Loans and receivables				
Cash and cash equivalents	3		17,813	15,681
Fair value through profit or loss				
Derivative financial instruments	4(d),9,11		2,606	2,520
Investments	4(d),11		1,136,878	978,618
Total assets		€	1,157,297	996,819
Liabilities and shareholder's equity				
Liabilities				
Fair value through profit or loss				
Limited recourse notes	4(d),5,11		1,139,484	981,138
			1,139,484	981,138
Shareholder's equity				
Share capital	10		962	962
Retained earnings			16,851	14,719
			17,813	15,681
Total liabilities and shareholder's equity		€	1,157,297	996,819

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors on April 23, 2015

JARLADTH TRAVERS
____________________________Director

EDAM FUNDING ONE LIMITED

Statements of Comprehensive Income

Years ended December 31, 2014 and 2013
(stated in Euro)

	Note		2014	2013
Income				
Interest income	4(d),7		214,818	393,102
Foreign exchange			2,132	(655)
			216,950	392,447
Expenses				
Interest expense	5(c),7		214,818	393,102
			214,818	393,102
Net gain/(loss) on financial instruments				
Net gain on derivative financial instruments	8,9		86	13
Net loss on limited recourse notes	8		(158,346)	(530,748)
Net gain on investments	8		158,260	530,735
			-	-
Comprehensive Income/(loss) for year		€	2,132	(655)

See accompanying notes to financial statements.

EDAM FUNDING ONE LIMITED

Statements of Changes in Shareholder's Equity

Years ended December 31, 2014 and 2013
(stated in Euro)

		Share capital	Retained earnings	Total
Balance at January 1, 2013		962	15,374	16,336
Comprehensive loss for year		-	(655)	(655)
Balance at December 31, 2013	€	962	14,719	15,681
Comprehensive gain for year		-	2,132	2,132
Balance at December 31, 2014	€	962	16,851	17,813

See accompanying notes to financial statements.

EDAM FUNDING ONE LIMITED

Statements of Cash Flows

Years ended December 31, 2014 and 2013
(stated in Euro)

	Note		2014	2013
Cash provided by/ (applied in):				
Operating activities				
Comprehensive Income/(loss) for year			2,132	(655)
Add/ (deduct) items not involving cash:				
Net movement on unrealised (gain) on derivative financial instruments	8		(86)	(13)
Net loss on limited recourse notes			158,346	530,748
Net (gain) on investments			(158,260)	(530,735)
			2,132	(655)
Increase/(Decrease) in cash and cash equivalents during year			**2,132**	**(655)**
Cash and cash equivalents at beginning of year			15,681	16,336
Cash and cash equivalents at end of year		€	17,813	15,681
Supplementary information on cash flows from operating activities:				
Interest received			214,818	393,102
Interest paid		€	214,818	393,102

See accompanying notes to financial statements.

1. Incorporation and background information

Edam Funding One Limited ("the Company") was incorporated on April 30, 1999 as an exempted company with limited liability under the laws of the Cayman Islands. The Ordinary Shares were issued to MaplesFS Limited under the terms of a Declaration of Trust on June 3, 1999.

The objectives for which the Company has been established are unlimited as set out in its Memorandum of Association. At December 31, 2014 and 2013 the principal activity of the Company is limited to the issuance of limited recourse instruments and the investment of the proceeds thereof as described below.

The Company issues various types of limited recourse notes (the "Notes") in accordance with the terms of a US$10,000,000,000 Limited Recourse Secured Note Programme (the "Programme"). The Programme involves substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. The Programme permits the Company and any other company which accedes to the Programme as an "Additional Issuer" to issue Notes denominated in any currency subject to a maximum aggregate principal amount of all Notes outstanding to the value of US$10,000,000,000 (or its equivalent in other currencies at the time of agreement to issue).

Whilst the Programme is not rated, the Notes may or may not be rated, with respect to principal and coupon by rating agencies such as Standard & Poors Rating Services ("S&P").

The performance of each series of Notes outstanding at December 31, 2014 and 2013 is linked to a reference portfolio by way of the Company entering into credit derivative transactions (usually credit default swaps). The reference portfolio usually comprises a basket of reference corporate names, asset backed securities or collateralised debt obligations, synthetically created collateralised debt obligations or a combination of such instruments.

The amount of principal and coupon that holders of any Notes outstanding at December 31, 2014 and 2013 shall receive on the maturity date (throughout the term of the Note) depends in part on whether credit events occur in relation to a reference portfolio. The Notes are not principal protected. Noteholders may lose, in part or in whole, amounts invested in the Notes as the result of a credit event occurring with respect to one or more reference entities/obligations within the reference portfolio.

(stated in Euro)

1. Incorporation and background information (continued)

During the year ended December 31, 2014 the following notes were outstanding:

Notes	ISIN	Issued	Listed	S&P Rating*	S&P Rating December 31, 2014
EUR 18,554,000 Limited Recourse Secured Instalment Notes due 2017 [1] (the "Series 05-01 Notes")	XS0216053875	March 31, 2005	Euronext	AAA	A+
EUR 5,938,000 Limited Recourse Secured Instalment Notes due 2022 [2] (the "Series 06-07 Notes")	XS0272209163	October 27, 2006	Euronext	AAA	A+

During the year ended December 31, 2013 the following notes were outstanding:

Notes	ISIN	Issued	Listed	S&P Rating*	S&P Rating December 31, 2013
EUR 18,554,000 Limited Recourse Secured Instalment Notes due 2017 [1] (the "Series 05-01 Notes")	XS0216053875	March 31, 2005	Euronext	AAA	AA-
EUR 5,938,000 Limited Recourse Secured Instalment Notes due 2022 [2] (the "Series 06-07 Notes")	XS0272209163	October 27, 2006	Euronext	AAA	AA-

1) Linked to subordinated notes issued by Prospero CLO I B.V.
2) Linked to subordinated notes issued by Prospero CLO II B.V.
* This rating reflects that assigned on the issuance date based among other factors on the credit quality of the reference portfolio at the time of issue.

The proceeds from the issuance of Series 05-01 Notes were utilised by the Company to acquire Subordinated Notes of Prospero CLO I B.V. as a charged asset.

1. Incorporation and background information (continued)

The proceeds from the issuance of Series 06-07 Notes were utilised by the Company to acquire Subordinated Notes of Prospero CLO II B.V. as a charged asset.

The Company has the capacity to issue new series of Notes for which the Charged Asset may be a financial instrument other than a GIC or a CLD and the Charged Agreements may be agreements other than Credit Default Swaps. As referred to above, in order to gain exposure to a reference portfolio, the Company enters into portfolio credit default swaps (the "CDSs") with Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A. (the "Swap Counterparty") in an amount equal to the notional amount of the Notes. Pursuant to the CDSs, the Company effectively sells to the Swap Counterparty protection on a reference portfolio. The ultimate repayment of principal of the Notes and returns on investment in the form of interest payments to the Noteholders are linked to the credit worthiness of the reference entities/obligations within the reference portfolio specified in the Swap Agreements. The occurrence of credit events in the reference portfolio may ultimately lead to a reduction in both the principal amount of the Notes and scheduled interest payments on the Notes. See note 4(a) for additional information regarding credit risk.

Although the secured creditors of each series of Notes are in general secured pursuant to a Supplemental Trust Deed to certain assets and rights of the Company including Charged Assets and Swap Agreements, the secured creditors of all series of Notes issued by the Company are also secured pursuant to the Master Trust Deed by a floating charge over the assets of the Company not otherwise charged by any other Charging Document.

As at December 31, 2014 and 2013, the Company has no employees. The administration of the Company is delegated to MaplesFS Limited. The Company's registered office is located at Queensgate House, P.O. Box 1093, South Church Street, Grand Cayman KY1-1102, Cayman Islands.

The operations of the Company are conducted primarily in Euro. Consequently the functional and presentation currency of the financial statements is Euro and not the local currency of the Cayman Islands.

2. Significant accounting policies

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous years, except for changes resulting from amendments to IFRS.

Significant accounting policies and their effect on the financial statements are as follows:

(a) Basis of preparation

These financial statements are prepared on a fair value basis for financial assets and liabilities at fair value through profit or loss. Other financial assets and liabilities are stated at amortised cost.

(b) Use of estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the application of accounting policies, the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the year. Actual results could differ from those estimates. Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 11.

(c) Foreign exchange

Assets and liabilities denominated in foreign currencies are translated to Euro at rates of exchange prevailing at the reporting dates. Issued share capital is translated to Euro using historical exchange rates. Income and expense items are translated at exchange rates prevailing on the transaction date. Exchange differences arising from such transactions are included in the statements of comprehensive income.

(d) Financial instruments

(i) Classification

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset, or to exchange financial instruments with another enterprise under conditions that are potentially favourable or an equity instrument of another enterprise. Financial assets comprise cash and cash equivalents, investments and derivative financial instruments.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Financial liabilities comprise limited recourse notes.

2. Significant accounting policies (continued)

(d) Financial instruments (continued)

(i) Classification (continued)

The Company classifies all derivative financial instruments, investments in the Subordinated Notes of Prospero CLO I B.V. and Prospero CLO II B.V., ("Prospero Notes") and limited recourse notes as financial assets and financial liabilities at fair value through profit or loss.

The Company classifies cash and cash equivalents as loans and receivables.

The Company's investments include investments in Prospero Notes (note 4(d)(i)). Prospero Notes comprise a host debt instrument and an embedded credit derivative in the form of a CDS. The combined instrument is valued at fair value through profit or loss.

(ii) Recognition

The Company recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

(iii) Measurement

Financial instruments are measured initially at cost, being the fair value of the consideration given for assets and consideration received for liabilities.

Subsequent to initial recognition all financial assets classified as loans and receivables are measured at their amortised cost less impairment losses, if any.

Subsequent to initial recognition, all financial instruments at fair value through profit or loss are measured at fair value. Realised and unrealised gains and losses arising from a change in the fair value of the financial instruments at fair value through profit or loss are recognised in the statements of comprehensive income.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost.

(iv) Fair value measurement principles

The fair value of the Prospero Notes is estimated using quotes obtained from the Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A. (the "Bank") , which in turn models the pricing taking into account market credit and revaluation spreads, a review of instruments with similar characteristics and consideration of the credit quality of the reference portfolios.

The fair value of derivatives that are not traded on an exchange are available from the Swap Counterparty and are estimated as the amount that the Company would have to receive or pay to terminate the contract at the reporting dates taking into account current market conditions and the current credit worthiness of the counterparties.

2. Significant accounting policies (continued)

(d) Financial instruments (continued)

(iv) Fair value measurement principles (continued)

The fair value of stand-alone CDSs is estimated as a value implied from the fair value of the Notes. The Notes are limited recourse hybrid instruments comprising a host debt instrument and embedded derivatives, whereby the cash flows on the Notes are replicated by the cash flows on the stand-alone CDSs and the investments.

Standard pricing models are not available for such CDSs, a component of the CDO squared market; in addition an active secondary market does not exist for these CDSs. As such, the fair value of the stand-alone CDSs was estimated as the difference between the fair values of the Notes and the investments.

The fair value of the Notes is estimated using quotes obtained from the Swap Counterparty. The quotes are based on reference to over-the-counter transaction prices, market credit and revaluation spreads, a review of instruments with similar characteristics and a review and consideration of the credit quality of the relevant reference portfolios.

(v) Specific instruments

Cash and cash equivalents

Cash and cash equivalents include balances held on a current account which is considered to be highly liquid with maturities of three months or less.

Investments

Investments comprise investments in Prospero Notes. Prospero Notes comprise a host debt instrument and an embedded credit derivative in the form of a CDS. The combined instrument is valued at fair value through profit or loss.

Derivative financial instruments

As part of the Company's investment objective which includes gaining an exposure to credit risks on reference portfolios (see note 4), the Company enters into CDSs, which are recognised on the statements of financial position at fair value. At December 31, 2014 and 2013, there were no derivatives that qualified for hedge accounting.

For each of the Series 05-01 and 06-07 Notes, the Company entered into a Swap agreement with the Swap Counterparty.

2. Significant accounting policies (continued)

(d) Financial instruments (continued)

Specific instruments (continued)

Derivative financial instruments (continued)

The Swap Agreements comprise of two components:

(1) Swap of initial exchange amount provided by the Company on the effective date for a final exchange amount provided by the Swap Counterparty on the maturity/termination date;

(2) If applicable, the swap of distributions received from the Prospero Notes and installment amounts calculated in the currency of the investment into the Prospero Notes for the equivalent amounts in the currency denomination of the relevant Notes issued by the Company.

The first component of the Swap Agreements relating to exchange amounts is designed to provide an element of principal protection to the Company's Noteholders on the basis that the Notes and Prospero Notes are held to maturity.

The Swap Agreements are recorded at fair value through profit or loss.

Limited recourse notes

The Notes are recorded at fair value through profit or loss in the statements of financial position. Interest on the Notes is recognised as interest expense in the statements of comprehensive income.

(e) Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, are transferred or are surrendered.

A financial liability, including derivatives, is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(f) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when the Company has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis.

2. Significant accounting policies (continued)

(g) Impairment

Financial assets are reviewed at each reporting date to determine whether there is objective evidence of impairment. Given the specific nature of the Company's principal activities, objective evidence of impairment would typically comprise the occurrence of one or more credit events which would lead to a reduction in the carrying value of the investment. Such credit events are recognised in the financial statements as the Cash Settlement Amounts or the Deposit Amount Reductions if (i) a credit event notice is delivered to the Company by the Determination Agent, and (ii) an estimated loss arising from a credit event is higher than various threshold amounts.

(h) Interest income and expense

Interest income and expense is recognised in the statements of comprehensive income as it accrues.

(i) New accounting pronouncements

Standards and amendments to existing standards effective from January 1, 2014

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The Company has considered the Amendments to IFRS 10, IFRS 12 and IAS 27 with a date of initial application of 1 January 2014. The amendments relate to the consolidation of subsidiaries, as the Company has no subsidiaries the amendments did not have an impact on these financial statements.

Amendment to IAS 36 Impairment of assets

This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. This amendment has no impact on the Company.

There were no other standards, interpretations or amendments to existing standards that are effective during 2014 that have a significant impact on the Company.

2. Significant accounting policies (continued)

(i) New accounting pronouncements (continued)

New standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2014 and not early adopted

IFRS 9 ‘Financial Instruments: Classification and Measurement’ deals with recognition, derecognition, classification and measurement of financial assets and financial liabilities. Its requirements represent a significant change from the existing requirements in IAS 39 Financial Instruments, ‘Recognition and Measurement’. The standard introduces new requirements of classification and measurement, impairment, and hedge accounting. The standard is effective for annual periods beginning on or after 1 January 2018, with earlier application permitted. Retrospective application is required but comparative information is not compulsory. The Company does not plan to adopt this standard early.

The standard is not expected to have a significant impact on the Company’s financial position or performance as it is expected that the Company will continue to classify its financial assets and financial liabilities at fair value through profit or loss.

Amendment to IAS 24 Annual Improvements to IFRSs 2010 2012 Cycle, issued December 2013, extends the definition of a related party to include a management entity that provides key personnel services to the reporting entity. The amendment specifies that if key management personnel services are provided by a management entity, then the reporting entity is required to separately disclose the amounts incurred for the provision of key management personnel services that are provided by the management entity. However, the reporting entity is not required to look through the management entity and disclose compensation paid by the management entity to its employees and directors. The amendment is effective for annual periods on or after July 1, 2014. The Company does not plan to adopt this standard early.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Company.

3. Cash and cash equivalents

Current account balances amounting to €17,813 (2013: €15,681) are held at Fidelity Bank (Cayman) Limited.

4. Financial instruments and associated risks

The Company's investment activities expose the Noteholders to various types of risk that are associated with the financial instruments and markets in which it invests. The most significant types of financial risk to which the Noteholders are typically exposed include credit risk, liquidity risk and market risk. Market risk includes interest rate risk and foreign exchange risk. The nature and extent of the financial instruments outstanding at the reporting dates and the risk management policies employed by the Company are discussed below:

(a) Credit risk

The most significant risk to the Company and Noteholders is credit risk. The Noteholders are exposed to the credit risk of the reference portfolios specified in each stand-alone or embedded CDS.

As at December 31, 2014 and 2013, the principal amounts outstanding and scheduled interest payments for the Company's Notes are exposed to the credit risk associated with the asset classes within the reference portfolios referenced to in the underlying CDS contracts.

To appreciate the level of credit risk associated with the relevant CDS contracts, it is necessary to consider various factors including the notional amounts, reference portfolio sizes, potential for correlated credit events within reference portfolios, actual degrees of overlap and threshold amounts (subordination) of the synthetic CDOs, one of the protection asset classes within the CDSs, as well as the notional amount reference portfolio size and threshold amount of the CDS contract as a whole entered into between the Company and the Swap Counterparty.

The CDSs entered into between the Company and the Swap Counterparty and that remain in effect as at December 31, 2014 and/or 2013, expose the principal repayment on the Company's Notes to the following credit risk limits:

Series 05-01 Investment of US$1,619,000 into Prospero CLO I B.V. Subordinated Notes.
Series 06-07 Investment of US$1,760,000 into Prospero CLO II B.V. Class E-1 Subordinated Notes.

4. Financial instruments and associated risks (continued)

(a) Credit risk (continued)

The principal will be repaid in full as long as the aggregate losses as a result of credit events in the reference portfolio remain below the pre-determined threshold limits. Unlike other reference obligations/protection asset classes, losses arising as a result of credit events impacting reference entities within the synthetic CDOs, will not impact upon the threshold capacity of the CDS as a whole unless such losses breach the threshold limits specific to the relevant CDOs.

Taking into account historical data, average recovery rates, threshold limits set and an estimated degree of overlap (number of times on average a reference entity is included in more than one synthetic CDO), at the time of issue, S&P provide a rating for the Notes. The rating is based ultimately on the estimated number of credit events that the reference portfolio can absorb prior to a principal reduction for the Notes, a measure of credit risk associated with each series of Notes.

Credit Events and Concentration risk

The Noteholders are at risk that payments on the Notes could be adversely affected by credit events in the reference portfolios. This probability is likely to be increased to the extent that the reference entities are concentrated in any one industry, region or country which provides an increased potential for correlated credit events in respect of a single entity, industry, region or country as a result of an economic downturn.

As referred to in detail in the respective Information Memorandums, a credit event applicable to one reference entity may impact more than one synthetic CDO given a degree of overlap i.e. reference entities may be included in more than one of the synthetic CDO portfolios. The Information Memorandums for each Note series contain estimates of the number of credit events the synthetic CDO portfolio could withstand and the reference portfolios in their entirety before principal repayments are reduced to zero. Such estimates are based on the "Actual Degree of Overlap", investment grade of reference entities at the date of Note issuance, average recovery rates and historical data all of which are referred to in additional detail in the Information Memorandums.

The Company is required, subject to a specific threshold amount specified in the CDS contracts to compensate the Swap Counterparty for certain credit events occurring in the reference portfolios. These events usually include a failure to pay principal, a failure to pay interest, restructuring of the reference obligation issuer, bankruptcy of the reference obligation issuer, principal write down and in the case of reference obligations comprising CDSs, a notional write down. Credit events will create a loss that will be determined in each case by the Determination Agent (also the Swap Counterparty). The loss will be the difference by which the par value of the reference entity or obligation exceeds its recoverable value or a contractually agreed loss amount.

4. Financial instruments and associated risks (continued)

(a) Credit risk (continued)

Credit Events and Concentration risk (continued)

During the year ended December 31, 2014 and 2013, no credit events impacting principal of the Notes occurred in the reference portfolios. As a result, 100% of the principal value of the Notes and investments remained outstanding at December 31, 2014 and 2013 (see note 5).

Counterparty risk

The Company enters into substantially all of its CDS contracts with the Bank, the primary counterparty to the Company's transactions. The Company is subject to counterparty credit risk to the extent that this institution may be unable to fulfil its obligations either to return the Company's securities or repay amounts owed. The Company does not anticipate any material losses as a result of this concentration. CDS contracts contain provisions providing for, amongst other remedies, the replacement of the Bank as the Swap Counterparty if its short-term issuer credit rating by S&P falls below A-1+. The Banks short-issuer credit rating was downgraded on November 4, 2014 to A-1 from A-1+. As at 23 April 2015, Deutsche Trustee Company Limited, as Trustee of the Limited Recourse Notes (the "Trustee"), has not replaced the Bank as Swap Counterparty.

(b) Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates or commodity prices will make an instrument less valuable or more onerous.

Although the majority of the Company's financial assets and liabilities are interest bearing, this risk is minimised by the nearly perfect match (in terms of nominal/notional value, interest amounts and maturity) between the interest bearing assets and liabilities.

At December 31, 2014 and 2013, the Company is not exposed to any significant interest rate risk arising from an exposure to an open interest rate gap position and mismatch of fixed and floating interest rate bearing assets and liabilities.

At December 31, 2014 and 2013, the Company is not exposed to any significant foreign currency risk arising from exposure to fluctuations in foreign exchange rates. As at December 31, 2014 and 2013 the Company has issued Notes outstanding denominated in EUR and invested the proceeds in USD denominated financial instruments. Realised and unrealised foreign currency gains and losses arise on translation of associated transactions to the reporting currency and are recorded in the statements of comprehensive income.

(stated in Euro)

4. Financial instruments and associated risks (continued)

(c) Liquidity risk

There is not, at present, an active and liquid secondary market for the Notes. There can be no assurance that a secondary market for any of the Notes will develop, or, if a secondary market does develop, that it will provide the holders of the Notes with liquidity or that it will continue for the entire life of the Notes. This may leave Noteholders with an illiquid investment. The Noteholder may not be able to realise its anticipated yield. Illiquidity can have an adverse effect on the market value of the Notes. Consequently, any purchaser of Notes must be prepared to hold such Notes until final redemption or maturity of the Notes.

(d) Specific instruments

	Note		2014	2013
Financial assets:				
At fair value through profit or loss:				
Prospero Notes	4(d)(i)		1,136,878	978,618
		€	1,136,878	978,618
Derivative financial instruments at fair value through profit or loss:				
Swap agreements	4(d)(ii)		2,606	2,520
		€	2,606	2,520
Financial liabilities at fair value through profit or loss:				
Limited recourse notes	5	€	1,139,484	981,138

4. Financial instruments and associated risks (continued)

(d) Specific instruments (continued)

(i) Prospero Notes

As at 31 December 2014 and 2013, the Company held investments in Prospero CLO I B.V. and Prospero CLO II B.V. ("Prospero Notes"), unconsolidated structured entities. Part of the proceeds received from the issuance of the Series 05-01 Notes were used to purchase the Subordinated Notes issued by Prospero CLO I B.V. and part of the proceeds received from the issuance of the Series 06-07 Notes were used to purchase the Subordinated Notes issued by Prospero CLO II B.V. The Prospero structures were initially established for the sole purpose of acquiring assets, entering into hedge agreements, issuing notes and engaging in certain transactions to provide a return to Noteholders. The activities of the Prospero Notes are financed by the issuance of notes. As at 31 December 2014 and 2013, the Company held 5.27% of the principal value of Prospero CLO I B.V. and 5.83% of the principal value of Prospero CLO II B.V. At 31 December 2014, and 2013, the total principal value of notes issued by Prospero CLO I and CLO II was $30.7m and $30.2m respectively. The maximum exposure to loss is the carrying amount of the financial assets held.

The Company receives distributions and instalments from Prospero Notes as determined by the Calculation Agent. During the year ended December 31, 2014, the Company recorded income from Prospero Notes of €214,818 (2013: €393,102), of which €Nil is payable at year end.

(stated in Euro)

4. Financial instruments and associated risks (continued)

(d) Specific instruments (continued)

(i) Prospero Notes (continued)

The following is a summary of the Company's investment in Prospero Notes at December 31, 2014.

Associated Note Series	Maturity	Rate	Principal Value at Inception	Cash Settlement Amounts	Principal Value at Dec 31, 2014	Fair value at Dec 31, 2014
05-01	31/3/2017	Distribution	8,185,000	(6,566,000)	1,619,000	199,073
06-07	20/10/2022	Distribution	3,500,000	(1,740,000)	1,760,000	937,805
			US$11,685,000	(8,306,000)	3,379,000	€1,136,878

The following is a summary of the Company's investment in Prospero Notes at December 31, 2013:

Associated Note Series	Maturity	Rate	Principal Value at Inception	Cash Settlement Amounts	Principal Value at Dec 31, 2013	Fair value at Dec 31, 2013
05-01	31/3/2017	Distribution	8,185,000	(6,566,000)	1,619,000	264,614
06-07	20/10/2022	Distribution	3,500,000	(1,740,000)	1,760,000	714,004
			US$11,685,000	(8,306,000)	3,379,000	€978,618

(stated in Euro)

4. Financial instruments and associated risks (continued)

(d) Specific instruments (continued)

(ii) Derivative financial instruments

The following is a summary of the stand-alone derivative financial instruments at December 31, 2014:

Associated Note/ Derivative Type	Maturity	Initial CDS Notional	Cash Settlement Amounts	Fair value
05-01 Swap agreement	1 to 5 years – asset	n/a	(0)	2,605
06-07 Swap agreement	5 to 10 years – asset	n/a	(0)	1
				€ 2,606

The following is a summary of the stand-alone derivative financial instruments at December 31, 2013:

Associated Note/ Derivative Type	Maturity	Initial CDS Notional	Cash Settlement Amounts	Fair value
05-01 Swap agreement	1 to 5 years – asset	n/a	(0)	2,519
06-07 Swap agreement	5 to 10 years – asset	n/a	(0)	1
				€ 2,520

The income streams in the form of interest earned on the CDS premiums received from the Swap Counterparty have been structured in such a way to ensure that such interests cover/compensate for the scheduled interest payments on the Notes and CDS expense payments due to the Swap Counterparty.

In addition to the scheduled quarterly payments, the Company is obliged to pay the Swap Counterparty, subject to the relevant threshold limits, a Cash Settlement Amount upon the occurrence of a credit event provided that the conditions of settlement have been satisfied under the terms of each respective CDS contract. During the year ended December 31, 2014 and 2013 no cash settlement amounts were paid.

As described in note 2(d)(iv), Swap agreements related to the Series 05-01 and 06-07 Notes are used to facilitate a principal protection for the respective Series Notes in case Prospero Notes are impaired.

Even though Series 05-01 and 06-07 Notes have a principal protection feature in the note structure, the principal protection is not guaranteed to investors under certain scenarios, for example, in case the Notes are redeemed prior to maturity.

(stated in Euro)

4. Financial instruments and associated risks (continued)

(d) Specific instruments (continued)

(ii) Derivative financial instruments (continued)

The Company receives distributions and instalments from the Swap counterparty as determined by the Calculation Agent.

5. Limited recourse notes

At December 31, 2014 the carrying value of the Notes comprised:

Notes	Maturity		Principal	Cash Settlement Amounts	Premium	Fair Value of the Notes "clean"
Series 05-01	31/3/2017		2,669	(0)	0	201,678
Series 06-07	20/10/2022		1	(0)	0	937,806
		€	2,670	(0)	0	1,139,484

At December 31, 2013 the carrying value of the Notes comprised:

Notes	Maturity		Principal	Cash Settlement Amounts	Premium	Fair Value of the Notes "clean"
Series 05-01	31/3/2017		2,669	(0)	0	267,133
Series 06-07	20/10/2022		1	(0)	0	714,005
		€	2,670	(0)	0	981,138

(a) Principal of the Notes

The amount of principal that Noteholders shall receive on the maturity date depends in part on whether credit events have occurred in relation to the reference portfolios (note 4(a)) that the Notes are credit linked to. The Notes are not principal protected and investors in the Notes may lose, in part or in whole, amounts invested in the Notes as the result of a credit event occurring with respect to one or more reference entities or obligations within a specified reference portfolio. The principal will be repaid in full as long as the aggregate losses as a result of credit events in the reference portfolio remain below the pre-determined threshold. If cumulative losses in the reference portfolio exceed the threshold of the Notes, repayment will be partial or even zero.

5. Limited recourse notes (continued)

(a) Principal of the Notes (continued)

See note 4(a) for further detail regarding the credit risk impacting each series of Notes via the relevant CDS contracts.

During the year ended December 31, 2014 and 2013, no credit events occurred in the reference portfolios relevant to the principal CDSs that impacted the notional of the Notes. As a result 100% of the principal value of the Notes remained outstanding at December 31, 2014 and 2013.

The Company invested the principal proceeds from the Notes into the investments as discussed in Note 2(d)(iv). Any premium over par received on the issue of specific Note series was paid to the Swap Counterparty as premium for entrance into specific CDSs.

The net loss on revaluation of the Notes of € 158,346 (2013: €530,748) and the fair value of the Notes of €1,139,484 (2013: €981,138) were estimated using the valuation technique discussed in note 11.

Unless previously redeemed or purchased and cancelled earlier, the Company is obliged to redeem the Notes on the scheduled maturity date.

(b) Limited recourse

All payments to be made by the Company in respect of the Notes and the Swap Agreement will be made only from and to the extent of the sums received or recovered from time to time by or on behalf of the Company in respect of the Charged Assets.

To the extent that such sums are less than the amount which the holders of the Notes and the Swap Counterparty may have expected to receive if paragraph (a) above did not apply (the difference being referred to as a shortfall), such shortfall will be borne by the Note holders and by the Swap Counterparty in accordance with the conditions of the Notes.

Each holder of the Notes, by subscribing for or purchasing such Notes, is deemed to accept and acknowledge that it is fully aware that:

(i) the holders of the Notes can look solely to the sums referred to in paragraph (a), as applied in accordance with paragraph (b) above, (the "relevant sums") for payments to be made by the Company in respect of the Notes and the other assets (if any) of the Company will not be available after payments of the relevant sums;

(ii) the obligations of the Company to make payments in respect of the Notes will be limited to the relevant sums and the holders of the Notes and coupons and the Swap Counterparty shall have no further recourse to the Company in respect of the Notes;

(iii) any right of the holders of the Notes to claim payment of any amount exceeding the relevant sums shall be automatically extinguished; and

(iv) the holders of the Notes shall not be able to petition for the winding up of the Company as a consequence of any such shortfall.

(stated in Euro)

5. Limited recourse notes (continued)

(c) Interest on the Notes

The interest terms for the Notes comprise:

Notes	Fixed Interest or Margin rate	Frequency of Interest Payments	Base Rate	Inflation Rate
Series 05-01	n/a	Instalments [1]	n/a	n/a
Series 06-07	n/a	Instalments [1]	n/a	n/a

[1] The notional of the notes is reduced during the life of the note by instalment amounts, as determined by the Calculation Agent in its sole and absolute discretion equal to the lesser of (i) the principle amount outstanding less EUR 10,000; and (ii) (Distribution Calculation amounts as defined per Swap Agreement)/(1-Notional Zero Coupon Deposit Price) less related Hedge Unwind Costs, provided that in no event shall the instalment amount be less than zero.

The final redemption amount shall be the current nominal amount of the note at maturity date, and will be equal to the sum of all the final exchange amounts paid by the Swap counterparty to the Issuer. The final proceeds from Prospero Notes will be passed to the note holders after conversion into EUR and deduction of all costs, expenses and taxes as determined by the redemption agent.

Interest expense on the Notes for the year ended December 31, 2014 amounted to €214,818 (2013: €393,102), of which €Nil is payable at December 31, 2014 (2013: €Nil).

(d) Security

Pursuant to a Master Trust Deed Dated December 18, 1998, as amended from time to time, between the Company and the Trustee, and the relevant Supplemental Trust Deeds specific to each series of Notes, the Company has created security interests in favor of the Trustee for its secured creditors. In addition to security in the form of assignment of all of the Company's rights, title and interest to specific Charged Assets and Swap Agreements, the secured creditors are secured pursuant to a floating charge over the assets of the Company not otherwise charged.

6. Operating expenses

The Company entered into an Expenses Agreement dated April 30, 1999 with Rabobank International, London branch, whereby any and all operating expenses incurred by the Company are assumed by Rabobank International, London branch.

(stated in Euro)

7. Interest income and expense

		2014	2013
Interest income			
Interest income on investments	€	214,818	393,102
Interest expense			
Limited recourse notes	€	214,818	393,102

8. Net gain on financial instruments

		2014	2013
Net gain on derivative financial instruments:			
Net movement in unrealised gain		86	13
CDS income received		214,818	393,102
CDS expense paid		(214,818)	(393,102)
		86	13
Net loss on limited recourse notes:			
Net realised and movement in unrealised loss on limited recourse notes		(158,346)	(530,748)
Net gain on investments:			
Net movement in unrealised gain/(loss) on investments		158,260	530,735
	€	-	-

(stated in Euro)

9. Related party balances and transactions

The following transactions and balances with related parties are disclosed below:

		2014	2013
Statements of financial position:			
Derivative financial instruments – assets		2,606	2,520
Statements of comprehensive income:			
Net gain on derivative financial instruments	€	86	13

All related party transactions are with the affiliates of Rabobank International, London branch acting as the Programme sponsor and Swap Counterparty.

Operating expenses, including management fees paid to Directors are paid by Rabobank International, London branch, on behalf of the Company.

The following is a summary of Rabobanks principal holding in each note series at December 31, 2014:

Notes	Principal	Principal by Rabobank	Percentage holding
Series 05-01	2,669	24.01	0.9%
Series 06-07	1	0.13	13%

The following is a summary of Rabobanks principal holding in each note series at December 31, 2013:

Notes	Principal	Principal by Rabobank	Percentage holding
Series 05-01	2,669	24.01	0.9%
Series 06-07	1	0.01	1%

(stated in Euro)

10. Share capital

		2014	2013
Authorised			
50,000 shares of US$1 each	US$	50,000	50,000
Allotted, called up and fully paid:			
1,000 shares	€	962	962

11. Fair value information

For certain of the Company's financial assets not carried at fair value including cash and cash equivalents the carrying amount approximates fair value due to the immediate or short term nature of the financial assets.

Estimation of fair values

The major methods and assumptions used in estimating the fair values of financial instruments are disclosed in note 2(d)(iv).

At December 31, 2014 the carrying amounts of limited recourse notes for which fair values were determined directly, in full or in part, by reference to published price quotations amounted to €Nil (2013: €Nil). The carrying amounts of limited recourse notes for which fair values were determined using valuation techniques or were determined by reference to published price quotations with a limited liquidity amounted to € 1,139,484 (2013: €981,138).

(stated in Euro)

11. Fair value information (continued)

Estimation of fair values (continued)

At December 31, 2014, the carrying amounts of derivative financial instruments for which fair values were determined directly, in full or in part, by reference to published price quotations amounted to €Nil (2013: €Nil). The carrying amounts of derivative financial instruments for which fair values were determined using valuation techniques or were determined indirectly by reference to published price quotations amounted to €2,606 (2013: €2,520) for assets and €Nil (2013: €Nil) for liabilities.

The Notes and the CDSs, Swap Agreements and investment in Prospero Notes are fair valued using valuation techniques discussed in note 2(d)(iv) including reference to the current fair values of other comparable instruments (subject to appropriate adjustments). Management deems that this valuation method is more appropriate for the Company than estimating a range of fair values using a proprietary model of Rabobank International, London Branch, the Swap Counterparty. Should such an alternative valuation method be used, the fair value estimates of the CDSs, Swap Agreements, investment in Prospero Notes and the Notes could be significantly different to those presented in the financial statements.

At December 31, 2014, the following year end price quote estimates (quoted “clean”) for the Notes were used in determining fair values for the Notes and consequently the CDSs.

Notes	Maturity	Principal	Issue Price	Year End Revaluation Price (“clean” price)	Fair Value of the Notes (“clean” price)
Series 05-01	31/3/2017	2,669	100.00%	7557.18%	201,678
Series 06-07	25/10/2022	1	100.00%	93,780,610.90%	937,806
	€	2,670			1,139,484

At December 31, 2013, the following year end price quote estimates (quoted “clean”) for the Notes were used in determining fair values for the Notes and consequently the CDSs.

Notes	Maturity	Principal	Issue Price	Year End Revaluation Price (“clean” price)	Fair Value of the Notes (“clean” price)
Series 05-01	31/3/2017	2,669	100.00%	10,009.89%	267,133
Series 06-07	25/10/2022	1	100.00%	71,400,457.82%	714,005
	€	2,670			981,138

(stated in Euro)

11. Fair value information (continued)

Estimation of fair values (continued)

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

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 in its entirety. 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 in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgment by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, 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 instruments (by class) measured at fair value at December 31, 2014 and December 31, 2013:

	Level 1	Level 2	Level 3	Total
	€	€	€	€
December 31, 2014				
Investments			1,136,878	1,136,878
Derivative financial instruments - assets			2,606	2,606
Limited recourse notes			(1,139,484)	(1,139,484)
December 31, 2013				
Investments			978,618	978,618
Derivative financial instruments - assets			2,520	2,520
Limited recourse notes			(981,138)	(981,138)

There were no transfers during the year ended 31 December 2014 and 2013, between Levels 1, 2 and 3 for the financial instruments at fair value through profit or loss.

(stated in Euro)

11. Fair value information (continued)

The movements in the Company's financial instruments are as follows:

Derivative financial instruments:	**Level 3**
Balance at January 1, 2013	2,507
Change in unrealised gain	-
Balance at December 31, 2013	2,520
Change in unrealised gain	-
Balance at December 31, 2014	2,606

Limited recourse notes:	Level 3
Balance at January 1, 2013	(450,390)
Change in unrealised loss	(530,748)
Balance at December 31, 2013	(981,138)
Change in unrealised loss	(158,346)
Balance at December 31, 2014	(1,139,484)

Investments	Level 3
Balance at January 1, 2013	447,883
Change in unrealised gain	530,735
Balance at December 31, 2013	978,618
Change in unrealised gain	158,260
Balance at December 31, 2014	1,136,878

(stated in Euro)

11. Fair value information (continued)

The table below sets out information about significant unobservable inputs used at December 31, 2014 and 2013 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Description	Fair value at December 31, 2014 (Assets)	Fair value at December 31, 2014 (Liabilities)	Valuation technique	Unobservable input
Notes payable		1,139,484 (2013: 981,138)	Valuation of underlying Charged Assets. Valuation from counter party which are based on: *(a) Interest rate risk component:* Discounted cash flows model *(b) Credit risk component:* Discounted cash flows Comparable pricing	Equity Price Credit Spread Credit Correlation
Investments	1,136,878 (2013: 978,618)	-	*(a) Interest rate risk component:* Discounted cash flows model *(b) Credit risk component:* Discounted cash flows Comparable pricing	Equity Price Credit Spread Credit Correlation
Derivative financial instruments	2,606 (2013: 2,520)	-	Valuation from counterparty which is based on valuation of investments and notes payables	

12. Taxation

There are no taxes on income or gains in the Cayman Islands and the Company has received an undertaking from the Governor in Cabinet of the Cayman Islands exempting it from all local income, profits and capital taxes until 2024 should such taxes be enacted. Accordingly, no provision for income taxes is included in these financial statements.

13. Commitments and contingencies

Under the terms of an Amended and Restated Put Option Agreement dated February 28, 2003 entered into between, inter alios, the Company and the Dealers, each Dealer has an option at any time to require the Company by notice to the Company to redeem Notes held by such Dealer. Upon receipt of any notice pursuant to the Put Option Agreement, the Company shall promptly, and in any event within three Business Days, give notice of such optional redemption to the Trustee, the Redemption Agent (if applicable), the Swap Counterparty (if any) and the Credit Support Provider (if any). The Redemption Agent shall, if applicable, as soon as reasonably practicable arrange for and administer the sale and/or, as the case may be, delivery of the Charged Assets. Upon any redemption pursuant to the Put Option Agreement, the Charged Agreements will be terminated and the security constituted by the Trust Deed and/or any Charging Document will be released against receipt by or to the order of the Trustee of such Charged Assets and/or the net proceeds of realization of any of such Charged Assets for application by or to the order of the Trustee.

14. Subsequent events

As described in Note 2(d)(iv) and Note 11, the Company uses various methods to estimate fair value of its instruments. Current market conditions have introduced uncertainty into debt security markets with restricted trading and greater price volatility giving rise to difficulties in determining the fair value of the debt instruments held or issued by the Company.

As a consequence of these conditions subsequent to 2008, the markets were less active than historic trends for the type of debt instruments held or issued by the Company. Reduced availability of market data raises significant uncertainties over the counterparty quotes used as fair value estimates for such positions. In such circumstances, IFRS requires appropriate valuation models to be used in order to estimate fair values.

In these circumstances, the Company, upon due advice from the Calculation & Determination Agent, is of the view that the most appropriate estimate of the fair value of these debt instruments remains the independent counterparty quotes sourced for these positions. Consequently the Company has opted to use the counterparty quotes provided. Due to the inherent uncertainty of valuation and a low level of trading activity in such debt instruments, if any, these counterparty values may differ from the values that would have been used had a more active market for these instruments existed and the differences could be material.

(stated in Euro)

14. Subsequent events (continued)

As described in Note 11, the clean fair value prices of Series 05-01 and 06-07 Notes were 7,557.18% (2013: 10,009.89%), and 93,780,610.9% (2013: 71,400,457.82%) respectively at year end. Such fair value estimates were derived from their reference asset components. One of such reference asset components being the Company's investments in Prospero Notes (note 4(d)(i), essentially equity-linked instruments issued by Prospero CLO I B.V. and Prospero CLO II B.V. Subsequent to the year end, the credit rating reflects a different assessment to that assigned on issuance of each of the notes when initial due diligence was performed. The following is a summary of the S&P rating at issuance date and at March 10, 2015 for each Note Series:

Notes	S&P rating at issuance date	S&P rating at April 23, 2015
Series 05-01	AAA	A+
Series 06-07	AAA	A+