
ACE RR FINANCING DESIGNATED ACTIVITY COMPANY

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR 31 DECEMBER 2023

ACE RR FINANCING DESIGNATED ACTIVITY COMPANY

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ACE RR FINANCING DESIGNATED ACTIVITY COMPANY

COMPANY INFORMATION

DIRECTORS	Claire McKenna (appointed 3 March 2023, resigned 13 August 2025) Hannah McKeague (appointed 27 November 2023) Jose Gomes (Alternate) (appointed 11 February 2026) Chandrima Bhushan (appointed and resigned 12 November 2024) Raja Gul (appointed 13 August 2025) Martin Carr (appointed 22 September 2021, resigned 3 March 2023) Romira Hoxha (appointed 22 September 2021, resigned 27 November 2023)
COMPANY SECRETARY, REGISTERED OFFICE AND ADMINISTRATOR	TMF Administration Services Limited Ground Floor, Two Dockland Central Guild Street North Dock, Dublin 1 Ireland
INDEPENDENT AUDITORS	Ernst & Young Chartered Accountants Harcourt Centre Harcourt Street Dublin 2 Ireland
RETENTION HOLDER (REPO COUNTERPARTY)	Anchorage Capital Group, LLC, 610 Broadway 6th Floor New York, 10012 United States of America
TRUSTEE, CUSTODIAN AND ACCOUNT BANK	Citibank, N.A. London Branch Citigroup Centre Canada Square, Canary Wharf London E14 5LB United Kingdom
SETTLEMENT AGENT	Citigroup Global Markets Limited Citigroup Centre Canada Square, Canary Wharf London E14 5LB United Kingdom
LEGAL ADVISORS	Matteson 70 Sir John Rogerson's Quay Sir John Rogerson's Quay Dublin 2 Ireland T02 T360

ACE RR FINANCING DESIGNATED ACTIVITY COMPANY

DIRECTORS' REPORT

The directors submit their director's report together with the audited financial statements of ACE RR Financing Designated Activity Company (the "Company") for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company is a designated activity company with limited liability, which was incorporated on 16 September 2021 under the laws of Ireland with a company registration number 703963.

The Company was set up to provide financing arrangements to Anchorage Capital Group, LLC (the "Retention Holder") for the purchase of certain notes (the "Financed Notes" and "Non-financed Notes") (together the "Retention Notes") in a collateralised loan obligation vehicle, Anchorage Capital CLO 5 Designated Activity Company, in order to ensure that the vehicle is in compliance with European retention requirements.

For the purposes of EU retention requirements, the Retention Holder is required to retain a material net economic interest of not less than five percent of the principal amount outstanding of each class of Notes issued by the vehicle to which Anchorage Capital Group, LLC is the investment manager.

BUSINESS REVIEW

On 18 November 2021 the Company entered into various financing arrangements with the Retention Holder as detailed below.

Anchorage Capital CLO 5 Designated Activity Company

- Under the terms of the Global Master Repurchase Agreement dated 18 November 2021, the Retention Holder purchased certain notes from Citigroup Global Markets Limited ("CGML"). The total principal par amount of the Class A Notes, Class B-1 Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes and Subordinate Notes is €21,900,000 (the "Retention Notes").
- The Global Master Repurchase Agreement dated 18 November 2021, the Company purchased from the Retention Holder by way of a repurchase transaction, securities equivalent to the Retention Notes. Under the terms of the Repurchase Agreement the Retention Holder transferred title to the Retention Notes to the Company. The economic risk in the Retention Notes remains with the Retention Holder.
- The Company entered into a Confirmation supplementary dated 18 November 2021 to Global Master Repurchase Agreement with the Retention Holder to deliver the Retention Notes to the Retention Holder on a scheduled repurchase date or an early date determined pursuant to the provisions of the Repurchase Agreement at a determined repurchase price.
- Under the terms of the Agency Agreement dated 18 November 2021, if the Company is aware that a repurchase date is due, the Company will instruct CGML to purchase any equivalent securities to the Financed Notes for delivery to the Retention Holder or if is unable to locate sellers determine the cash value. CGML shall not be permitted to purchase any amount of equivalent securities to the Financed Notes on behalf of the Company where the cost of purchasing such an amount exceeds the available funds of the Company at that time.

Anchorage Capital CLO 8 Designated Activity Company

On 28 June 2023 the Company entered into various financing arrangements with the Retention Holder as detailed below.

- Under the terms of the Global Master Repurchase Agreement dated 28 June 2023, the Retention Holder purchased certain notes from Citigroup Global Markets Limited ("CGML"). The total principal par amount of the Class A Notes, Class B-1 Notes, Class C Notes, Class D Notes and Class E Notes is €17,650,000 (the "Retention Notes").
- The Global Master Repurchase Agreement dated 28 June 2023, the Company purchased from the Retention Holder by way of a repurchase transaction, securities equivalent to the Retention Notes. Under the terms of the Repurchase Agreement the Retention Holder transferred title to the Retention Notes to the Company. The economic risk in the Retention Notes remains with the Retention Holder.
- The Company entered into a Confirmation supplementary dated 28 June 2023 to Global Master Repurchase Agreement with the Retention Holder to deliver the Retention Notes to the Retention Holder on a scheduled repurchase date or an early date determined pursuant to the provisions of the Repurchase Agreement at a determined repurchase price.
- Under the terms of the Agency Agreement dated 28 June 2023, if the Company is aware that a repurchase date is due, the Company will instruct CGML to purchase any equivalent securities to the Financed Notes for delivery to the Retention Holder or if is unable to locate sellers determine the cash value. CGML shall not be permitted to purchase any amount of equivalent securities to the Financed Notes on behalf of the Company where the cost of purchasing such an amount exceeds the available funds of the Company at that time.

DIRECTORS' REPORT (CONTINUED)

FUTURE DEVELOPMENTS

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

GOING CONCERN

The directors are satisfied with the performance of the Company and, despite the market challenges as outlined under the business review and future developments above, they believe that the Company will continue to operate in the future on the same basis for a year of at least 12 months from the date of signing of the financial statements.

Despite the challenges posed by COVID-19, the Directors are satisfied with the state of affairs of the Company and have no plans to change the activities and operations of the Company in the foreseeable future.

DIRECTORS, COMPANY SECRETARY AND THEIR INTERESTS

The directors and company secretary of the Company as listed below:

Claire McKenna (Director)
Hannah McKeague (Director)
TMF Administration Services Limited (Company Secretary)

Except where indicated on page 2, they have served for the entire financial year. The directors and company secretary who held office on 31 December 2023 had no interest in the shares, share options, deferred shares or loan stock of the Company on that date or during the financial year that are required by the Companies Act 2014 to be recorded in the register of interests or disclosed in the Directors Report.

DISCLOSURE OF INFORMATION TO AUDITORS

So far as each of the directors in office at the date of approval of the financial statements are aware:

- There is no relevant audit information of which the Company's auditors are unaware; and
- The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 330 of the Companies Act 2014.

SIGNIFICANT SUBSEQUENT EVENTS

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

FINANCIAL RISK MANAGEMENT

Given the nature of the transactions detailed on pages 3 – 5 of Directors' Report, the Company has minimum exposure to financial risk and are not quantifiable in these financial statements.

ACCOUNTING RECORDS

The directors are responsible for ensuring that adequate accounting records, as outlined in Section 281-285 of the Companies Act 2014, are kept by the Company. The measures taken by directors to ensure compliance with the Company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and by ensuring that a competent service provider is responsible for the preparation and maintenance of the accounting records. The accounting records are kept at the registered office, TMF Administration Services Limited Ground Floor, Two Dockland Central, Guild Street, North Dock, Dublin 1, Ireland.

RELATED PARTY TRANSACTIONS

The related party transactions in relation to the Company are disclosed in Note 22.

POLITICAL DONATIONS

The Company did not make any political donations during the financial year.

ACE RR FINANCING DESIGNATED ACTIVITY COMPANY

DIRECTORS' REPORT (CONTINUED)

INDEPENDENT AUDITORS

Ernst & Young, Chartered Accountants, were appointed as first auditor of the Company on 30 July 2024 and have indicated their willingness to continue in office in accordance with Section 382 of the Companies Act 2014.

This report was approved by the Board on 27 March 2026 and signed on its behalf by:



Raja Gul
Director



Jose Gomes
Director (Alternate)

ACE RR FINANCING DESIGNATED ACTIVITY COMPANY

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Irish company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union ("relevant financial reporting framework").

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2014.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable adopted International Financial Reporting Standards (IFRSs) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

These financial statements comply with the aforementioned requirements.

On behalf of the Board



Raja Gul
Director



Jose Gomes
Director (Alternate)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACE RR FINANCING DESIGNATED ACTIVITY COMPANY

Report on the audit of the financial statements

Opinion

We have audited the financial statements of ACE RR Financing Designated Activity Company ('the Company') for the year ended 31 December 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements including the material accounting policy information set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards ('IFRS') as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACE RR FINANCING DESIGNATED ACTIVITY COMPANY (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and the Statement of Directors' Responsibilities. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based solely on the work undertaken in the course of the audit, we report that:

- the information given in the directors' report for the financial year ended for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report, other than those parts relating to sustainability reporting where required by Part 28 of the Companies Act 2014, has been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures required by sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions are not complied with by the Company. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACE RR FINANCING DESIGNATED ACTIVITY COMPANY (continued)

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

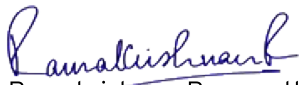
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: https://iaasa.ie/wp-content/uploads/docs/media/IAASA/Documents/audit-standards/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

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

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



Ramakrishnan Ramanathan

for and on behalf of

Ernst & Young Chartered Accountants and Statutory Audit Firm

Dublin

Date: 27 March 2026

ACE RR FINANCING DESIGNATED ACTIVITY COMPANY

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Notes	Financial year ended 31 December 2023 €	Financial period ended 31 December 2022 €
Net interest income			
Interest and similar income	3	1,982,882	760,975
Interest expense	4	(1,982,882)	(760,975)
		-	-
Other income and expenses			
Appreciation interest income		8,877	-
Amortisation interest expense		(8,877)	-
Net unrealised gain/(loss) on fair value of financial assets at FVTPL	6	1,384,631	(1,603,908)
Net unrealised (loss)/ gain on fair value of financial liabilities at FVTPL	7	(1,384,631)	1,603,908
Other income	5	106,720	48,675
		106,720	48,675
Operating expenses			
Administration expenses	8	(104,720)	(47,675)
Profit on ordinary activities before taxation			
		2,000	1,000
Corporation tax charge	9	(500)	(250)
Profit for the financial year after taxation			
		1,500	750
Other comprehensive income for the financial year		-	-
Total comprehensive income for the financial year attributable to the shareholders			
		1,500	750

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

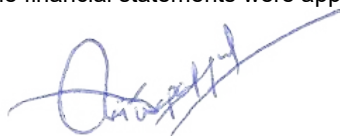
ACE RR FINANCING DESIGNATED ACTIVITY COMPANY

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

	Notes	As at 31 December 2023 €	As at 31 December 2022 €
Assets			
Cash and cash equivalents	10	1,167,322	91,570
Trade and other receivables	11	155,396	48,676
Interest receivable	12	948,167	192,194
Financial assets at FVTPL	13	3,701,723	271,092
Repurchase asset	14	37,579,777	19,989,075
Total assets		<u>43,552,385</u>	<u>20,592,607</u>
Liabilities			
Trade and other payables	16	1,094,924	47,925
Interest payable	17	1,173,710	283,764
Undertaking from affiliate	18	3,701,723	271,092
Repurchase liability	15	37,579,777	19,989,075
Total liabilities		<u>43,550,134</u>	<u>20,591,856</u>
Equity			
Called up share capital presented as equity	19	1	1
Retained earnings		2,250	750
Total equity		<u>2,251</u>	<u>751</u>
Total equity and liabilities		<u>43,552,385</u>	<u>20,592,607</u>

The accompanying notes form an integral part of these financial statements. These results arise from continuing operations.

The financial statements were approved by the Board on 27 March 2026 and signed on its behalf by:



Raja Gul
Director



Jose Gomes
Director (Alternate)

ACE RR FINANCING DESIGNATED ACTIVITY COMPANY

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

Financial year ended 31 December 2023	Share capital €	Retained earnings €	Total €
Opening balance	1	750	751
Profit for the financial year	-	1,500	1,500
As at 31 December 2023	<u>1</u>	<u>2,250</u>	<u>2,251</u>

Financial period ended 31 December 2022	Share capital €	Retained earnings €	Total €
Opening balance	-	-	-
Issue of share capital	1	-	1
Profit for the financial period	-	750	750
As at 31 December 2022	<u>1</u>	<u>750</u>	<u>751</u>

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

ACE RR FINANCING DESIGNATED ACTIVITY COMPANY

**STATEMENT OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Notes	Financial year ended 31 December 2023 €	Financial period ended 31 December 2022 €
Cash flows from operating activities			
Interest received		1,226,909	568,781
Interest paid		(1,092,936)	(477,211)
Other income received		104,720	-
Administrative expenses		(104,720)	-
Corporation tax paid		-	-
Net cash flows used in operating activities		133,973	91,570
Cash flows from investing activities			
Other Payable to Investment Manager		941,779	-
Purchase of financial assets		(2,046,000)	(1,875,000)
Undertaking from affiliate		2,046,000	1,875,000
Net cash flows from investing activities		941,779	-
Net increase in cash and cash equivalents		1,075,752	91,570
Unrealised foreign exchange (loss)/gain on cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the financial year/period		91,570	-
Cash and cash equivalents at the end of the financial year/period	10	1,167,322	91,570

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

ACE RR FINANCING DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

1. Background to the Company

The Company was incorporated on 16 September 2021 with a registration number 703963. The Company's registered office is at Ground Floor, Two Dockland Central, Guild Street, North Dock, Dublin 1, Ireland.

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

2. Accounting policies

2.1 Statement of compliance and basis of preparation

The financial statements have been prepared under the historical cost basis except for financial instruments classified at FVTPL which have been measured at fair value. The financial statements have been prepared in accordance with IFRS as adopted by the EU and those parts of Companies Act 2014 applicable to companies reporting under IFRS. The accounting policies adopted by the Company have been applied consistently. These financial statements are prepared on a going concern basis.

The Company's financial statements for the financial year 31 December 2023 have been prepared on a going concern basis. The directors anticipate that the financial assets will continue to generate enough cash flow on an ongoing basis to meet the Company's liabilities as they fall due. The financial liabilities issued are limited recourse, with all gains and losses passed on to the Noteholders, and no residual risk remaining for the Company. The Notes have set maturity dates, which are further detailed in the financial liabilities at FVTPL note to the financial statements, and the directors do not foresee the Notes being redeemed in advance of their maturity date.

Despite the challenges posed by COVID-19 and the Russian invasion on Ukraine, the Board note the resilient nature of the CLO structure, the ability of the Company to address and cure any Portfolio Tests which may fail under the deal documentation and divert proceeds to the Rated Notes as required. As a result, the Board is satisfied that the going concern basis of preparation remains appropriate. The Board will continue to monitor this situation.

2.2 New and amended standards and interpretations

New accounting pronouncements and amended standards adopted by the Company

In preparing the financial statements, the Company has adopted all relevant accounting standards applicable for accounting periods beginning on or after 1 January 2023. The Company has consistently applied the accounting policies as set out in Note 2 to all periods presented in these financial statements. There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2023 that have a material effect on the financial statements of the Company.

New standards, interpretations and amendments effective from 1 January 2023

Description	Effective date (financial Year beginning) *
IFRS 17 Insurance Contracts	1 January 2023
Definition of Accounting Estimates -Amendments to IAS 8	1 January 2023
Disclosure of Accounting Policies -Amendments to IAS 1 and IFRS	1 January 2023
Practice Statement 2	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023
International Tax Reform – Pillar Two Model Rules - Amendments to IAS12	1 January 2023

The directors have reviewed those standards and interpretations that are effective from 1 January 2022 and assessed that none of those standards and interpretations will have a material impact to the Company's financial statements.

ACE RR FINANCING DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023****2. Accounting policies (continued)****2.2 New and amended standards and interpretations (continued)****New standards, amendments and interpretations not yet adopted**

The directors have reviewed those standards and interpretations that are issued but not yet effective up to the date of issuance of the Company's financial statements and assessed that none of those new standards and interpretations will have a material impact to the Company's financial statements.

The following standards and amendments to standards are required to be applied for future annual periods and some are available for early adoption.

Description	Effective date (financial Year beginning)*
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	1 January 2024
Classification of Liabilities as Current or Non-current and Non-Current Liabilities with Covenants – Amendments to IAS 1	1 January 2024
Lack of exchangeability - Amendments to IAS 21	1 January 2025
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	1 January 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	1 January 2026

*Where new requirements are endorsed the EU effective date is disclosed. For un-endorsed standards and interpretations, the IASB's effective date is noted. Where any of the upcoming requirements are applicable to the Company, it will apply them from their EU effective date.

The Directors have considered the new standards, amendments and interpretations that are issued but not yet effective up to the date of issuance of the Company's financial statements and do not plan to adopt these standards early. The application of all of these standards, amendments or interpretations have been considered in detail in advance of the confirmed effective date by the Company, with no material impact anticipated for the financial statement

2.3 Use of estimates and judgements

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

2.4 Foreign currency transactions

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.5 Interest income and expense

Interest income and expense are recognised in the Statement of Comprehensive Income for all interest-bearing financial instruments at amortised cost using the effective interest method. For financial instruments at FVTPL interest income and expense are recognised using nominal interest. Interest on the Subordinated Notes is determined in accordance with the interest proceeds priority of payments as set out in the offering circular. Payment of interest on the Subordinated Notes will only be made to the extent of the funds available after payments of expenses and interest on rated Notes, as per the priority of payments, as set out in the offering circular regardless of the amount accrued during an accounting year.

2.6 Cash and cash equivalents

Other income includes delayed compensation and upfront fees. Delayed compensation relates to the cost of carry between trade date and settlement date of a financial asset trade while upfront fees relates to income receivable as reimbursement of costs incurred for a financial asset trade. All other income is recognised on an earned basis in accordance with the amount stated in the contracts.

2.7 Taxation

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

2.8 Financial instruments (IFRS 9)

The financial instruments held by the Company include the following:

- Financial assets;
- Financial liabilities.

Classification

In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- (b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking.

Financial assets

The Company classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.8 Financial instruments (IFRS 9) (continued)

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. The Company includes trade and other receivables and repurchase asset in this category.

Financial assets measured at FVTPL

Under IFRS 9, a financial asset is measured at fair value through profit or loss if:

- Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- At initial recognition, it is irrevocably designated as measured at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Company includes financial assets in this category that are held under a business model to manage them on a fair value basis for investment income and fair value gains.

Financial liabilities

Financial liabilities measured at FVTPL

Under IFRS 9, a financial liability is measured at FVTPL if it meets the definition of held for trading or if has been designated at FVTPL. The Company includes in this category, undertaking from affiliate which are liabilities issued which were irrevocably designated at FVTPL at initial recognition to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Company includes in this category trade and other payables, unsettled trades and interest payable on financial liabilities at FVTPL.

Recognition

The Company recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Initial measurement

Financial assets and financial liabilities are recorded in the Statement of Financial Position at fair value. All transaction costs for such financial instruments at FVTPL are recognised directly in Statement of Comprehensive Income.

Financial assets and financial liabilities (other than those classified as at FVTPL) are measured initially at their fair value plus/minus any directly attributable incremental costs of acquisition or issue.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2.Accounting policies (continued)

2.8 Financial instruments (IFRS 9) (continued)

Subsequent measurement

After initial measurement, the Company measures financial instruments which are classified as at FVTPL, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in the Statement of Comprehensive Income. Interest earned or paid on these instruments is recorded separately in interest income or expense in the Statement of Comprehensive Income.

Financial assets and liabilities, other than those classified as at FVTPL, are measured subsequently at amortised cost using the effective interest method. Gains and losses are recognised in Statement of Comprehensive Income when the assets and liabilities are derecognised, as well as through the amortisation process.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Company has:

- Transferred substantially all of the risks and rewards of the asset; or
- Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Impairment

Impairment of financial assets

The Company recognises loss allowances for expected credit losses on financial assets classified as measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses which are measured as the present value of all cash shortfalls which is the difference between the cash flows due to the Company in accordance with the contract and the cash flows the Company expects to receive. An approach similar to the simplified approach for expected credit losses is used by the Company in estimating these losses. As all such financial assets held by the Company are short-term in nature, changes in credit risk are not tracked and instead loss allowances calculated will be estimated lifetime expected credit losses. The Company considers both historical analysis and forward-looking information (including macroeconomic and market data) in determining any expected credit loss. If a loss allowance on financial assets classified as measured at amortised cost is recognised, this amount is deducted from the gross carrying amount of the assets. In the event that the Company has no reasonable expectations of recovering a financial asset, the gross carrying amount is written off in its entirety.

Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described below. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.8 Financial instruments (IFRS 9) (continued)

Valuation of financial instruments

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

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

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. Fair values of financial assets and financial liabilities that are traded in active markets, Level 1, are based on quoted market prices or dealer price quotations. For all other financial instruments, the Company determines fair values using valuation techniques.

Critical accounting judgements in applying the Company's accounting policies

The objective of valuation techniques is to determine a fair value that reflects the price of the financial instrument at the reporting date that would have been entered into by market participants acting at arm's length.

For Level 2 and Level 3 financial assets, the fair values have been estimated by management based on values obtained from the investment manager. The investment manager uses prices provided by specialist pricing vendors where available or otherwise uses a variety of different valuation techniques as outlined in Note 20.

For the Level 3 financial liabilities, the fair value is the residual value of the fair value of the financial assets at FVTPL, and net current assets or liabilities.

2.9 Offsetting financial instruments

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

2.10 Operating expenses

Under the terms of the Expenses Letter, the Retention Holder agrees to pay all fees, costs, expenses, charges or similar liabilities of the Company.

2.11 Share capital

Ordinary shares are not redeemable and are classified as equity, as per the Company's Constitution.

ACE RR FINANCING DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023****2. Accounting policies (continued)****2.12 Segment reporting**

A segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to other reportable segments. The Company has only one reporting segment and all activities are carried out in Ireland.

2.13 Other income

Other income includes issuer profit amount as a fee for entering into the transactions and reimbursement of expenses that are recognised on an accrual basis.

2.14 Trade and other receivables and payables

The trade and other receivable and payables are initially measured at fair value. They are subsequently re-measured at amortised cost.

2.15 Going concern

The directors are satisfied with the performance of the Company and, despite the market challenges as outlined under the business review and future developments above, they believe that the Company will continue to operate in the future on the same basis for a period of at least 12 months from the date of signing of the financial statements.

Despite the challenges posed by COVID-19, the Directors are satisfied with the state of affairs of the Company and have no plans to change the activities and operations of the Company in the foreseeable future.

3. Interest receivable and similar income

	Financial year ended 31 December 2023	Financial period ended 31 December 2022
	€	€
Interest income on financial assets at FVTPL	355,315	278,748
Interest income on repurchase asset	1,627,567	482,227
	<u>1,982,882</u>	<u>760,975</u>

4. Interest payable and similar charges

	Financial year ended 31 December 2023	Financial period ended 31 December 2022
	€	€
Interest payable on financial liabilities at FVTPL	(355,315)	(278,748)
Interest payable on repurchase liability	(1,627,567)	(482,227)
	<u>(1,982,882)</u>	<u>(760,975)</u>

As detailed in Note 15, the Company holds legal title to the Retention Notes and the economic benefits remain with the Retention Holder. Interest payable on financial liabilities at FVTPL relates to the interest income received in relation to the non-financed notes and paid to the Retention Holder.

5. Other Income

	Financial year ended 31 December 2023	Financial period ended 31 December 2022
	€	€
Issuer Profit	2,000	1,000
Other income	104,720	47,675
	<u>106,720</u>	<u>48,675</u>

ACE RR FINANCING DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

6. Net unrealised (loss)/gain on financial assets at FVTPL

	Financial year ended 31 December 2023	Financial period ended 31 December 2022
	€	€
Net unrealised gain/ (loss) on financial assets at FVTPL	1,384,631	(1,603,908)

7. Net unrealised gain/(loss) on financial liabilities at FVTPL

	Financial year ended 31 December 2023	Financial period ended 31 December 2022
	€	€
Net unrealised (loss)/gain on financial liabilities at FVTPL	(1,384,631)	1,603,908

8. Administration expenses

	Financial year ended 31 December 2023	Financial period ended 31 December 2022
	€	€
Audit and tax fees	(27,255)	(27,675)
Legal Fees	(23,370)	-
Fee Payable to CGML	(35,300)	-
Other fees	(18,795)	(20,000)
	(104,720)	(47,675)

Under the terms of the Triparty Settlement Letters and pursuant to the Agency Agreements, a fee is payable by the Company to CGML in relation to the financing transactions Anchorage Capital Group, LLC pay the expenses to CGML. Administration expenses related to the Company will be paid by the Retention Holder.

The Company has no employees. Accounting and corporate secretarial services have been outsourced to TMF Administration Services Limited (the "Administrator"). No fees were paid to directors during the year. The scope of corporate services agreement with the Administrator includes directorship service and hence administration fees paid to Administrator includes fees paid for directorship service. Pursuant to Section 305A(1)(a) of the Companies Act 2014 (as amended) TMF Administration Services Limited received €3,500 as consideration for the making available of individuals to act as directors of the Company. There was nil (2022: nil) outstanding at year end. The terms of the corporate services agreement provide for a single fee for the provision of corporate services (including the making available of individuals to act as directors of the Company). As a result, the allocation of fees for directorship is a subjective calculation.

The individuals acting as directors do not (and will not), in their personal capacity or any other capacity, receive any fee for acting or having acted as directors of the Company. For the avoidance of doubt, the directors of the Company do not receive any remuneration for acting as directors of the Company.

	Financial year ended 31 December 2023	Financial period ended 31 December 2022
	€	€
Fees payable to the auditor (inclusive of VAT)		
Audit of individual accounts	(22,755)	22,755
Tax compliance services	(4,500)	4,920
	(27,255)	27,675

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

ACE RR FINANCING DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

9. Corporation tax charge

	Financial year ended 31 December 2023	Financial period ended 31 December 2022
	€	
Corporation tax based on profit for the financial year	500	250

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

	Financial year ended 31 December 2023	Financial period ended 31 December 2022
	€	€
Profit on ordinary activities before tax	2,000	1,000
Profit on ordinary activities at the standard rate of Irish corporation tax for the financial year of 12.5%	250	125
Higher rate tax applicable under Section 110 TCA, 1997	250	125
Current tax charge for the financial year	500	250

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

10. Cash and cash equivalents

	As at 31 December 2023	As at 31 December 2022
	€	€
Cash and cash equivalents	1,167,322	91,570

11. Trade and other receivables

	As at 31 December 2023	As at 31 December 2022
	€	€
Issuer profit fee receivable	3,000	1,000
Other receivables	152,397	47,676
	155,397	48,676

12. Interest receivable

	As at 31 December 2023	As at 31 December 2022
	€	€
Interest receivable	948,167	192,194

ACE RR FINANCING DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

13. Financial assets at FVTPL

	As at 31 December 2023 €	As at 31 December 2022 €
Balance at the beginning of the year	271,092	-
Purchase of financial assets at FVTPL	2,325,000	1,875,000
Discount on financial assets at FVTPL	(279,000)	-
Unrealised loss on financial assets at FVTPL	1,384,631	(1,603,908)
	<u>3,701,723</u>	<u>271,092</u>

14. Repurchase asset

	As at 31 December 2023 €	As at 31 December 2022 €
Anchorage Capital Group, LLC	37,639,075	20,025,000
Discount	(68,175)	(35,925)
Appreciation	8,877	-
	<u>37,579,777</u>	<u>19,989,075</u>

As detailed in the Directors' Report, the Company entered into various transactions, including the purchase from the Retention Holder by way of a repurchase transaction securities equivalent to the Retention Notes. The Retention Holder transferred title to the Retention Notes to the Company. The Retention Holder retained the economic risk in the Retention Notes but not the legal ownership. As the Company does not hold the economic benefits of the Notes, the Notes do not meet the definition of financial assets and are not recognised.

15. Repurchase liability

	As at 31 December 2023 €	As at 31 December 2022 €
Financial liabilities	<u>(37,579,777)</u>	<u>(19,989,075)</u>

Under the terms of the Repurchase Agreements, the Company must deliver the Retention Notes to the Retention Holder at the repurchase price on the given repurchase date. Under the terms of the Agency Agreement, the Company will instruct CGML to purchase any equivalent securities to the Financed Notes for delivery to the Retention Holder or if is unable to locate sellers determine the cash value. CGML will not be permitted to purchase any amount of equivalent securities to the Financed Notes on behalf of the Company where the cost of purchasing such an amount exceeds the available funds of the Company at that time.

Anchorage CLO 5 DAC

Class	Par value (€)	Initial stated interest rate	Final maturity
Class A-1	13,330,000	3 month Euribor + 1.02%	15-Jul-34
Class B	1,960,000	3 month Euribor + 1.07%	15-Jul-34
Class C	1,345,000	3 month Euribor + 2.15%	15-Jul-34
Class D	1,615,000	3 month Euribor + 3.2%	15-Jul-34
Class E	1,155,000	3 month Euribor + 6.9%	15-Jul-34
Class F	620,000	3 month Euribor + 8.65%	15-Jul-34
Total	<u>20,025,000</u>		

ACE RR FINANCING DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

Anchorage CLO 8 DAC

Class	Par value (€)	Initial stated interest rate	Final maturity
Class A-1	11,850,000	3 month Euribor + 1.95%	25-Jul-35
Class B	2,200,000	3 month Euribor + 3.20%	25-Jul-35
Class C	1,300,000	3 month Euribor + 4.15%	25-Jul-35
Class D	1,330,000	3 month Euribor + 6.10%	25-Jul-35
Class E	970,000	3 month Euribor + 7.80%	25-Jul-35
Total	<u>17,650,000</u>		

16. Trade and other payables

	As at 31 December 2023 €	As at 31 December 2022 €
Accrued expenses	(152,395)	(47,675)
Other Payables	(941,779)	-
Corporation tax payable	(750)	(250)
	<u>(1,094,924)</u>	<u>(47,925)</u>

17. Interest payable

	As at 31 December 2023 €	As at 31 December 2022 €
Interest payable	(1,173,710)	(283,764)

18. Undertaking from affiliate

	As at 31 December 2023 €	As at 31 December 2022 €
Undertaking from affiliate	(3,701,723)	(271,092)
Movement in financial liabilities		
At the beginning of the financial year	(271,092)	-
Additions	(2,325,000)	(1,875,000)
Discount on financial liabilities at FVTPL	279,000	-
Net unrealised gain on financial liabilities at FVTPL	(1,384,631)	1,603,908
	<u>(3,701,723)</u>	<u>(271,092)</u>

19. Called up share capital presented as equity

	As at 31 December 2023 €	As at 31 December 2022 €
Authorised		
1 ordinary share of €1	<u>1</u>	<u>1</u>
Issued and unpaid		
1 ordinary share of €1	<u>1</u>	<u>1</u>

ACE RR FINANCING DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

20. Financial risk management

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

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

Capital risk management

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

The capital managed by the Company comprises of ordinary shares outstanding and the Notes issued and outstanding as at the year-end. The Company is not subject to externally imposed capital requirements.

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

(a) Market risk

Market risk is the potential change in the value caused by the movements in the interest rates or market prices of the financial instruments.

(i) Foreign exchange risk

Foreign exchange risk is the potential change in the value of foreign currency assets and liabilities caused by movement in the foreign exchange rates. All of the financial instruments to which the Company is a party are denominated in EUR therefore there is no currency risk to the Company and exchange rate changes do not have an impact on the equity or results of the Company.

(ii) Interest rate risk

31 December 2023	Interest bearing fixed	Interest-bearing variable	Non-interest bearing	Total
	€	€	€	€
Financial assets				
Cash and cash equivalents	-	1,167,322	-	1,167,322
Interest receivable			948,167	948,167
Trade and other receivables	-	-	155,397	155,397
Financial assets at FVTPL	-	3,701,723	-	3,701,723
Repurchase asset	-	37,579,777	-	37,579,777
	<u>-</u>	<u>42,448,822</u>	<u>1,103,563</u>	<u>43,552,385</u>
Financial liabilities				
Trade and other payables	-	-	1,094,924	1,094,924
Interest payable	-	-	1,173,710	1,173,710
Undertaking from affiliate	-	3,701,723	-	3,701,723
Repurchase liability	-	37,579,777	-	37,579,777
	<u>-</u>	<u>41,281,500</u>	<u>2,268,634</u>	<u>43,550,134</u>

ACE RR FINANCING DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

20. Financial risk management (continued)

31 December 2022	Interest bearing fixed	Interest-bearing variable	Non-interest bearing	Total
	€	€	€	€
Financial assets				
Cash and cash equivalents	-	91,570	-	91,570
Interest receivable	-	-	192,194	192,194
Trade and other receivables	-	-	48,676	48,676
Financial assets at FVTPL	-	271,092	-	271,092
Repurchase asset	-	19,989,075	-	19,989,075
	<u>-</u>	<u>20,351,737</u>	<u>240,870</u>	<u>20,592,607</u>
Financial liabilities				
Trade and other payables	-	-	47,925	47,925
Interest payable	-	-	283,764	283,764
Undertaking from affiliate	-	271,092	-	271,092
Repurchase liability	-	19,989,075	-	19,989,075
	<u>-</u>	<u>20,260,167</u>	<u>331,689</u>	<u>20,591,856</u>

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instrument. The interest rate risk profile of the financial assets and financial liabilities is disclosed below:

Interest rate sensitivity

An increase in interest rates of 5% would result in an increase in the financial assets of €2,122,441 with corresponding increase in the value of the financial liabilities. The fluctuation represents the potential movement in interest income earned on the underlying financial assets at FVTPL during the year. A decrease in interest rates of 5% would have a similar and opposite affect. The Directors consider a 5% change in interest rates to be a reasonable assessment.

(b) Credit risk

Credit risk arises from the possibility of counterparties failing to meet their obligations to the Company and represents the most significant category of risk.

The table below represents the maximum exposure to credit risk:

Credit risk exposures relating to financial instruments	As at 31 December 2023	As at 31 December 2022
	€	€
Trade and other receivables	155,397	48,676
Interest receivable	948,167	192,194
Financial assets at FVTPL	3,701,723	271,092
Repurchase asset	37,579,777	19,989,075
Cash and cash equivalents	1,167,322	91,570
	<u>43,552,385</u>	<u>20,592,607</u>

Financial assets at FVTPL	Moody's rating	Par value (€)
Subordinated Notes	NR	4,200,000
Total		<u>4,200,000</u>

ACE RR FINANCING DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

20. Financial risk management (continued)

Anchorage CLO 5 DAC

Repurchase asset	Moody's rating	Par value (€)
Class A-1	Aaa	13,330,000
Class B	Aa2	1,960,000
Class C	A2	1,345,000
Class D	Baa3	1,615,000
Class E	Ba3	1,155,000
Class F	B3	620,000
		20,025,000

Anchorage CLO 8 DAC

Repurchase asset	Moody's rating	Par value (€)
Class A	Aaa	11,850,000
Class B-1	Aa2	2,200,000
Class C	A2	1,300,000
Class D	Baa3	1,330,000
Class E	Ba3	970,000
		17,650,000

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. Prudent liquidity risk management means that the Company maintains sufficient cash and liquid investments. Anchorage Capital Group, LLC is ultimately responsible for covering the expenses of the Company therefore liquidity risk is negligible.

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

31 December 2023	Carrying amount	Gross Contractual Cashflows	Up to 1 year	1-2 years	2-5 year s	Over 5 years
	€	€	€	€	€	€
Financial liabilities				-	-	-
Trade and other payables	1,094,924	1,094,924	1,094,924	-	-	-
Interest payable	1,173,710	25,257,721	2,381,182	2,381,182	5,965,013	14,530,345
Undertaking from affiliate	3,701,723	3,701,723	-	-	-	3,701,723
Repurchase liability	37,579,777	37,579,777	-	-	-	37,579,777
	43,550,134	67,725,715	3,476,106	2,381,182	5,965,013	55,811,845

31 December 2022	Carrying amount	Gross Contractual Cashflows	Up to 1 period	1-2 periods	2-5 periods	Over 5 periods
	€	€	€	€	€	€
Financial liabilities				-	-	-
Trade and other payables	47,925	47,925	47,925	-	-	-
Interest payable	283,764	7,559,311	649,798	649,798	1,949,393	4,310,323
Undertaking from affiliate	271,092	271,092	-	-	-	271,092
Repurchase liability	19,989,075	19,989,075	-	-	-	19,989,075
	20,364,912	27,867,403	697,723	649,798	1,949,393	24,570,490

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

ACE RR FINANCING DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

20. Financial risk management (continued)

(d) Price risk

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

Valuation methodologies

The determination of fair value for financial assets for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency fair value is less objective and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

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

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

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

31 December 2023	Level 1	Level 2	Level 3	Total
	€	€	€	€
Financial assets				
Financial assets at FVTPL	-	-	3,701,723	3,701,723
Financial liabilities				
Undertaking from affiliate	-	-	3,701,723	3,701,723

31 December 2022	Level 1	Level 2	Level 3	Total
	€	€	€	€
Financial assets				
Financial assets at FVTPL	-	-	271,092	271,092
Financial liabilities				
Undertaking from affiliate	-	-	271,092	271,092

Level 3 reconciliation - Financial assets at FVTPL

	As at	As at
	31 December 2023	31 December 2022
	€	€
<i><u>Movements on the Financial Assets issued at FVTPL</u></i>		
Opening balance	271,092	-
Purchases of financial assets at FVTPL	2,325,000	1,875,000
Discount on financial assets at FVTPL	(279,000)	
Redemption of financial assets at FVTPL	-	-
Unrealised (loss)/gain on financial assets at FVTPL	1,384,631	(1,603,908)
Balance at the end of the financial year/period	3,701,723	271,092

ACE RR FINANCING DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023****20. Financial risk management (continued)**

Level 3 reconciliation – Undertaking from affiliate	As at 31 December 2023 €	As at 31 December 2022 €
<i><u>Movements on the Undertaking from affiliate</u></i>		
Opening balance	(271,092)	-
Issuances of undertaking from affiliate	(2,325,000)	1,875,000
Discount on undertaking from affiliate	279,000	
Repayment of undertaking from affiliate	-	-
Net unrealised (loss)/gain on financial liabilities at FVTPL	(1,384,631)	(1,603,908)
Balance at the end of the financial year/period	<u>(3,701,723)</u>	<u>271,092</u>

(e) Concentration risk

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

The financial assets relates to a 5% holding in an Irish company.

The Company's obligations to Anchorage Capital Group, LLC are direct secured and limited recourse with respect to the assets and cash flows of the Company and therefore the Company does not bear any concentration risk.

20. Segment risk and reporting

The Company is structured in a way that the assets and liabilities are managed as a whole and there are no distinct identifiable segments. The reporting, risk management and administration are performed on a collective basis rather than based on segments. The Company's revenue is generated from the financial assets. The Company has no other product or revenue generating source. The Company has no major customer generating significant revenue.

21. Future commitments

As detailed in the Directors' report, the Company entered into four financing transactions during the year ended 31 December 2023 (2022: four). In relation to these transactions, the Company has future commitments as detailed below.

The Company entered into a Repurchase Agreements with the Retention Holder to deliver the Retention Notes to the Retention Holder on scheduled repurchase date or early date determined pursuant to the provisions of the Repurchase Agreement.

Under the terms of the five Agency Agreements, if the Company is aware that a repurchase date is due, the Company will instruct CGML to purchase any equivalent securities to the Financed Notes for delivery to the Retention Holder or if is unable to locate sellers determine the cash value. CGML shall not be permitted to purchase any amount of equivalent securities to the Financed Notes on behalf of the Company where the cost of purchasing such an amount exceeds the available funds of the Company at that time.

22. Related party transactions

The Administrator provides corporate administration services to the Company at arm's length commercial rates. Corporate administration fees arising in respect of the financial year were nil due at the year end. There were no contracts of any significance in relation to the business of the Company in which the directors had any interest, as defined in the Companies Act 2014, at any time during the year or at the end of the year. No directors' fees paid or accrued during the financial year.

On 28 June 2023 the Company purchased from the Retention Holder by way of a repurchase transaction, securities equivalent to the Retention Notes with a par value of €37,675,000. Reimbursement of expenses from the Retention Holder amounting to €104,720 (2022: €47,675) is due as at year end.

There were other no contracts of any significance in relation to the business of the Company in which the directors, the company secretary or Administrator had any interest, as defined in the Companies Act 2014, at any time during the financial year or at the end of the financial year.

ACE RR FINANCING DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023****22. Related party transactions (continued)**

	Financial year ended 31 December 2023	Financial period ended 31 December 2022
	€	€
Administrator's fees	18,795	18,795
Administrator's fees - payable at the financial year end	18,795	18,795
Interest expense incurred on Undertaking from affiliate held by Investment Manager	355,316	278,748
Interest expense accrued at year end on Undertaking from affiliate held by Investment Manager	155,813	148,456
Undertaking from affiliate held by Investment Manager	3,701,723	271,092
Other Payable to Investment Manager	941,779	-

21. Charges

The Non-financed Notes held in custody in the name of the Company are secured in favour of the Trustee for the benefit of itself and the secured parties.

22. Controlling Party

The Company has issued 1 share, which is held by TMF Management (Ireland) Limited on behalf of a charitable trust. TMF Management (Ireland) Limited are not the beneficial owner and no individual owner will benefit from more than 25% or more in the Company.

23. Significant subsequent events

On 27 December 2024, Anchorage Capital Europe CLO 8 notes were reset and in turn the retention notes of Class A to F were also reset.

Claire McKenna resigned as director on 13 August 2025 and Raja Gul was appointed as director.

There were no other significant subsequent events after the reporting financial year until the date of signing of the financial statements.

24. Approval of financial statements

The Board approved these financial statements on 27 March 2026.