FIFTH STREET ASSET MANAGEMENT INC.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2018

FIFTH STREET ASSET MANAGEMENT INC.

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UHY LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of
Fifth Street Asset Management Inc.

We have audited the accompanying consolidated financial statements of Fifth Street Asset Management Inc. and its subsidiaries (the "Company"), which comprise the consolidated statement of net assets in liquidation as of December 31, 2018, and the related consolidated statement of changes in net assets in liquidation for the year ended December 31, 2018 and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 consolidated financial statements. The procedures selected depend on the auditors' judgment, including assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the net assets in liquidation of the Company as of December 31, 2018, and changes in their net assets in liquidation for the year ended December 31, 2018 in accordance with accounting principles generally accepted in the United States of America.

Basis of Accounting

As discussed in Note 2 to the consolidated financial statements, the Members of the Company approved a plan of liquidation on November 28, 2017, when the Company determined liquidation was imminent. As a result, the consolidated financial statements are presented on the liquidation basis of accounting. Our opinion is not modified with respect to this matter.

UHY LLP

New York, New York
May 6, 2019

CONSOLIDATED FINANCIAL STATEMENTS

FIFTH STREET ASSET MANAGEMENT INC.
CONSOLIDATED STATEMENT OF NET ASSETS IN LIQUIDATION
December 31, 2018

Assets		
Cash and cash equivalents	$	**2,639,726**
Escrows receivable		**42,821,875**
Investments		**71,824,364**
Due from affiliates		**103,233**
Fixed assets		**50,000**
Income tax receivable		**321,073**
Other assets		**1,465,770**
Total assets	**$**	**119,226,041**
Liabilities		
Accounts payable and accrued expenses	$	**206,146**
Accrued compensation and benefits		**2,136,410**
Loan payable		**1,634,160**
Costs to be incurred during liquidation accrual, net of income		**3,285,202**
Total liabilities		**7,261,918**
Net assets in liquidation		
Net assets in liquidation attributable to Fifth Street Asset Management Inc. ($2.17 per share of Class A common stock)		**111,964,123**
Total net assets in liquidation		**111,964,123**
Total liabilities and net assets in liquidation	**$**	**119,226,041**

See notes to consolidated financial statements.

FIFTH STREET ASSET MANAGEMENT INC
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS IN LIQUIDATION
For the year ended December 31, 2018

Net assets in liquidation as of January 1, 2018	**$**	**110,030,816**
Changes in assets and liabiltiies in liquidation		
Dividends		**4,284,451**
Remeasurement of assets and liabilities, other than investments		**3,131,793**
Unrealized loss on investments		**(4,964,166)**
Change associated with rent termination		**(268,029)**
Loss on legal settlement		**(250,742)**
Changes in net assets in liquidation		**1,933,307**
Net assets in liquidation as of December 31, 2018	**$**	**111,964,123**

See notes to consolidated financial statements.

NOTE 1 — ORGANIZATION AND NATURE OF OPERATIONS

Fifth Street Asset Management Inc. ("FSAM") was incorporated in Delaware on May 8, 2014 as a holding company with its primary assets being limited partnership interest in Fifth Street Holdings L.P. ("Fifth Street Holdings"). Fifth Street Holdings was formed on June 27, 2014 as a Delaware limited partnership with a single class of limited partners interest ("Holdings LP Interest"). Fifth Street Holdings' wholly owned subsidiaries are Fifth Street CLO Management LLC ("CLO Management") and Fifth Street Management LLC ("FSM"). FSAM held 39% of Holdings LP Interest at December 31, 2017 after which Fifth Street Holdings limited partners exchanged their Holdings LP Interest for FSAM's Class A common stock on a one-for-one basis. As a result of this exchange, FSAM became the sole partner of Fifth Street Holdings and FSAM's Class B common stock was automatically retired and cancelled. As of December 31, 2018, there were 51,600,419 shares of FSAM's Class A common stock outstanding of its 60,000,000 shares of Class A common stock authorized, par value $0.01 per share, and FSAM owned all shares outstanding.

FSAM, together with its subsidiaries (collectively, the "Company"), were an alternative asset management firm headquartered in Greenwich, CT that provided asset management services to investment funds held by its subsidiary, Fifth Street Holdings.

On July 20, 2017, Fifth Street Holdings sold 100% of the limited liability company interests of CLO Management to NewStar Financial Inc. ("NewStar Financial") for an aggregate purchase price of $29 million.

On October 17, 2017 (the "Closing"), FSM sold their right, title and interest in specified business records with respect to FSM's existing advisory agreements with each of Oaktree Specialty Lending Corporation ("OCSL," formerly known as Fifth Street Finance Corp. "FSC") and Oaktree Strategic Income Corporations ("OCSI," formerly known as Fifth Street Senior Floating Rate Corp. "FSFR") to Oaktree Capital Management, L.P ("Oaktree") for an aggregate purchase price of $320 million.

On October 23, 2017, FSAM's Board of Directors determined that it is advisable and in the best interest of FSAM and its stockholders to dissolve FSAM and wind up its affairs in accordance with the requirements of the General Corporation Law of the State of Delaware (the "DGCL") and the Internal Revenue Code ("IRC"). As a result of this determination, on November 6, 2017, FSAM voluntarily withdrew its Class A common stock from listing and registration on Nasdaq, and on November 28, 2017, the FSAM stockholders approved the liquidation and dissolution of the Company pursuant to a plan of liquidation (the "Plan of Liquidation"). As a result, liquidation was imminent as of November 28, 2017 (the "Effective Date") in accordance with the guidance provided in Financial Accounting Standards Board Accounting Standards Codification ("ASC") Topic 205-30, *Presentation of Financial Statements – Liquidation Basis of Accounting*.

On December 11, 2017, the Company filed a Certificate of Dissolution with the Secretary of State of Delaware. Pursuant to DGCL, the Company continues to exist for three years after the filing or for such longer period as the Delaware Court of Chancery shall direct. During this three year period, the Company cannot continue the business for which it was organized.

Upon filing of the Certificate of Dissolution, the Company adopted the Plan of Liquidation. The Plan of Liquidation provides that the Company will cease further business activities except to the extent required to liquidate the entity. The Plan of Liquidation provides that, among other actions, the following steps will be completed at such times as the Board of Directors or the officers of the Company implement the Plan of Liquidation, in their discretion and in accordance with the DGCL.

NOTE 1 — ORGANIZATION AND NATURE OF OPERATIONS (Continued)

The Plan of Liquidation steps include (1) sell all the remaining investments held by the Company; (2) seek collection of the Company's, escrow receivable, due from affiliates and income tax receivable; (3) dispose of all tangible assets (e.g. fixed assets, artwork and fractional interests in corporate aircrafts) which may include sales to related or unrelated parties or donations to charitable organizations; (4) pay or make provision for the payment of liabilities and outstanding obligations of the Company prior to the date of the Plan of Liquidation or to be incurred after such date, including expenses associated with the liquidation and winding up of the Company's affairs; (5) if deemed necessary or appropriate by the Board of Directors of the Company, in its absolute discretion, establish and set aside a contingency reserve to satisfy claims against and any unmatured or contingent liabilities of the Company and expenses of the sale of the Company's property and assets and the liquidation and dissolution provided for in the Plan of Liquidation; (6) pay liquidating distributions to stockholders of record of the Company as determined by the Board of Directors of the Company; (7) distribute to stockholders of the Company the remaining assets of the Company after payment or provision for payment of claims against and obligations of the Company, and (8) take any and all other actions permitted or required by the DGCL and any other applicable laws and regulations.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of FSAM, as of December 31, 2018, its wholly owned subsidiary Fifth Street Holdings, an investment company, which held the investments of CLO Management and FSM, which includes wholly owned subsidiaries of Fifth Street Capital LLC, Fifth Street Capital West, FSC CT LLC, FSC LLC, FS Transportation LLC, FSC Midwest LLC, and FSC FL LLC.

Basis of Accounting

Upon adoption of the Plan of Liquidation, the Company adopted the liquidation basis of accounting as of November 28, 2017. This basis of accounting is considered appropriate when, among other things, liquidation of the entity is imminent, as defined in ASC Topic 205-30, *Presentation of Financial Statements – Liquidation Basis of Accounting*.

Under the liquidation basis of accounting, all of the assets have been stated at their estimated net realizable value based on current contracts, estimates and other indications of sales value. All liabilities, including those estimated costs associated with implementing the Plan of Liquidation, have been stated at their estimated settlement amounts. These estimates will be periodically reviewed and adjusted as appropriate. There can be no assurance that these estimated values will be realized. The actual values and costs associated with carrying out the Plan of Liquidation may materially differ from amounts reflected in the accompanying consolidated financial statements. In particular, the estimates of anticipated costs and revenues will vary with the length of time necessary to complete the Plan of Liquidation, which is currently anticipated to be completed during 2020. Accordingly, it is not possible to predict with certainty the timing or aggregate amount which may ultimately be distributed to the stockholders and no assurance can be given that the distribution will equal or exceed the estimate presented in the accompanying consolidated statement of net assets in liquidation.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States and under the liquidation basis of accounting requires management to make estimates and judgments that affect the reported values of assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates. Any increase in the amount of expenses incurred or decreases in the estimated realizable value of the Company's assets will reduce the amount that is ultimately distributed to the stockholders.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less from the date of purchase and money market funds to be cash equivalents.

Concentration of Credit Risk

Financial instruments which potentially subject the Company to credit and concentration risk consist principally of cash and cash equivalents, restricted cash, investments and escrow receivable balances maintained in financial institutions that are, in part, in excess of Federal Deposit Insurance coverage limits.

Due from Affiliates

Due from affiliates consisted of amounts due from employees and other affiliates and have been recorded at the amounts expected to be received upon repayment.

Fixed Assets

Fixed assets consisted of furniture, fixtures, and equipment (including automobiles, computer hardware and purchased software), and leasehold improvements, and have been recorded at amounts expected to be received upon sale.

Other Assets

Other assets primarily consisted of the residual value of the Company's fractional interests in a corporate aircraft and security deposits and have been recorded at the amount expected to be received upon sale or expiration of the related agreements.

Income Taxes

Fifth Street Holdings complies with the requirements of the IRC that are applicable to limited partnerships, which allows for the pass-through of taxable income or loss to its limited partners, including FSAM, who are individually responsible for any federal and state tax consequences. The tax provision includes the income tax obligation related to FSAM's allocated portion of Fifth Street Holdings' income, which is net of any tax incurred at the subsidiaries that are subject to income tax.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FSAM and its subsidiaries, excluding Fifth Street Holdings, are Corporations for Federal and state tax purposes and follows the provisions of ASC 740, *Accounting for Income Taxes,* which requires the use of the asset and liability method of accounting for income taxes. Accordingly, deferred tax assets and liabilities are determined based on the difference between the consolidated financial statement and income tax bases of assets and liabilities, using enacted tax rates in effect for the year in which the differences are expected to reverse. A valuation allowance is required if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are based on the current period taxable income for Federal, state and local income tax reporting purposes.

Management has determined that it is more likely than not that the deferred tax asset will not be fully recoverable in the future, and accordingly, a full valuation allowance was established as of December 31, 2018. As a result, the company does not reflect a deferred tax asset on its consolidated statement of net assets in liquidation.

Further, the Company records its income taxes receivable and payable based upon its estimated income tax liability. The Company does not expect to have current or future taxable income. Accordingly, a tax payable has not been recorded. The Company does expect to have a tax receivable which consists of tax overpayment amounts credited on its prior year income tax returns and expected tax receivables associated with Federal and state net operating loss carryback claims.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

The Company does not believe it has any significant uncertain tax positions as of December 31, 2018.

Subsequent Events

For the purposes of preparing these consolidated financial statements, the Company considered events through May 6, 2019, the date the consolidated financial statements were available for issuance.

NOTE 3 — ESCROWS RECEIVABLE

Escrow receivables consisted of the following at December 31, 2018:

Oaktree Purchase Price escrow	$	32,000,000
Oaktree BDC Net Losses escrow		9,511,492
CLO Management Sale escrow		800,000
Accrued interest on escrows		510,383
	$	42,821,875

NOTE 3 — ESCROWS RECEIVABLE (Continued)

Oaktree Escrows

From and after the Closing, FSM and Fifth Street Holdings agreed to indemnify Oaktree (Oaktree Purchase Price escrow), for potential attorneys' fees and consequential damages up to an amount of $32 million based on the terms in the escrow agreement. Oaktree's right to such indemnification survives through December 20, 2019, after which time any remaining amounts in the escrow account will be released to FSM.

FSM and Fifth Street Holdings also agreed to indemnify Oaktree (Oaktree BDC Net Losses escrow) for potential out-of-pocket expenses in connection with examinations and investigations by the Securities and Exchange Commissions (the "SEC"). The SEC investigation settled in December 2018 (see Note 6) and this escrow, based on the agreement, was to be released within 45 days after settlement, and was released in January 2019.

CLO Management Sale Escrow

CLO Management Sale escrow amounted to $0.8 million as of December 31, 2018, which was subsequently released to Fifth Street Holdings in January 2019.

NOTE 4 — INVESTMENTS

Investments consisted of publicly traded equity securities as of December 31, 2018:

	Shares	Net Realizable Value
Common stock of OCSL	7,259,733	$ 30,708,671
Common stock of Morgan Stanley Institutional Fund Trust Ultra-Short Income Portfolio Institutional Class	2,313,047	23,153,596
Common stock of OCSI	2,317,690	17,962,097
		$ 71,824,364

Net realizable value is the unadjusted closing price as of December 31, 2018 on the primary market or exchange on which these securities are actively traded.

NOTE 5 — ESTIMATED ACCRUAL OF NET COSTS INCURRED DURING LIQUIDATION

The liquidation basis of accounting requires the Company to estimate net cash flows associated with implementing and completing the Plan of Liquidation. The Company currently estimates that it will incur estimated costs in excess of estimated income during the liquidation period. These amounts can vary significantly due to, among other things, the timing and amounts associated with discharging known and contingent liabilities, changes in value of assets and the costs associated with the winding up of operations. These costs and income are estimated and are anticipated to be paid throughout the liquidation period.

NOTE 5 — ESTIMATED ACCRUAL OF NET COSTS INCURRED DURING LIQUIDATION (Continued)

Upon transition to the liquidation basis of accounting on November 28, 2017, the Company accrued the income and expenses expected to be earned or incurred during liquidation. The changes in such liability from December 31, 2017 to December 31, 2018 are as follows:

	December 31, 2017	Expenditures/ Remeasurements/ Receipts	December 31, 2018
Assets:			
Interest income on escrow accounts	$ (459,641)	$ (321,209)	$ (780,850)
Interest income on investments	(1,560,192)	987,624	(572,568)
Liabilities:			
Compensation and related expenses	7,914,849	(3,805,695)	4,109,154
Professional fees	5,276,055	(4,532,083)	743,972
Occupancy costs, net of sublease income	959,729	(538,404)	421,325
Operating costs relating to fractional interest in corporate aircrafts	1,817,000	(1,117,000)	700,000
Estimated reimbursements to Oaktree for SEC related costs	1,000,000	(1,000,000)	-
Board of director fees	351,500	(56,500)	295,000
Other corporate expenses	1,315,610	(810,031)	505,579
Estimated accrual of net costs incurred during liquidation	$ 16,614,910	$ (11,193,298)	$ 5,421,612

NOTE 6 — COMMITMENTS AND CONTINGENCIES

SEC Examination and Investigation

On March 23, 2016, the Division of Enforcement of the SEC sent document subpoenas to the Company which sought production of documents relating to a variety of issues. The subpoenas were issued pursuant to a formal order of private investigation which cited various provisions of the Securities Act, the Exchange Act, and the Investment Advisers Act of 1940, as well as rules promulgated under those Acts, as the bases of the investigation. On December 3, 2018, the SEC investigation concluded and found that the Company violated several sections of the Acts. The SEC accepted the settlement offer submitted by the Company, and the Company paid disgorgement of $1,999,116, prejudgment interest of $334,546, and a civil money penalty in the amount of $1,650,000 to the SEC during December 2018. The Company had previously accrued an estimated loss for contingencies related to the SEC investigation in the amount of $3,732,920 and recorded an additional loss of $250,742 on the consolidated statement of changes in net assets in liquidation for the year ended December 31, 2018.

NOTE 6 — COMMITMENTS AND CONTINGENCIES (Continued)

Loan Payable

On October 7, 2013, a subsidiary of the Company, FSC CT LLC ("FSC CT"), borrowed $4,000,000 from the Department of Economic and Community Development of the State of Connecticut. The loan bears interest at a fixed rate of 2.5% per annum, matures on November 21, 2023, and requires monthly payments of principal and interest until maturity or such time that the loan is repaid in full.

As security for the loan, FSC CT granted the State of Connecticut a blanket security interest in the FSC CT's personal property, subject only to prior security interests permitted by the State of Connecticut. The Company repaid the loan in January 2019.

Indemnifications

From and after the Closing, Oaktree will indemnify FSM, FSAM, Fifth Street Holdings and their respective affiliates and representatives (collectively, the "Seller Indemnified Parties") from liability or losses arising out of or resulting from (i) any losses in connection with costs and expenses incurred by the Seller Indemnified Parties in defending against claims arising after the Closing that relate to the investment advisory business acquired by Oaktree and (ii) the breach of any representation, warranty and covenant of Oaktree that is to be performed prior to the Closing.

NOTE 7 — RELATED PARTY TRANSACTIONS

The Company's landlord for its office space in Greenwich, CT is an entity controlled by the Company's chairman and chief executive officer. The Company paid approximately $150,000 in rent for the office space during 2018 and expects to pay approximately $114,000 for 2019, provided, that the Company retains the option to surrender additional portions of the office space as and when the Company determines appropriate and, upon such surrender, the monthly rental payments to the Landlord would be proportionally reduced.

NOTE 8 — SUBSEQUENT EVENTS

On February 19, 2019, the Company paid a liquidation distribution in the amount of $0.50 per share upon receiving the balance of the SEC-related escrow.