

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to the action you should take or the contents of this document, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank, solicitor, accountant, or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000, as amended (“FSMA”) if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

A copy of this document, which comprises a prospectus (the “Prospectus”) relating to CVC Credit Partners European Opportunities Limited (the “Company”) in connection with the issue of Placing Shares in the Company pursuant to the Placing Programme, prepared in accordance with the prospectus rules of the Financial Conduct Authority (the “FCA”) made pursuant to section 73A of FSMA (the “Prospectus Rules”), has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Rules.

The Placing Shares are only suitable for investors: (i) who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company; (ii) for whom an investment in the Placing Shares is part of a diversified investment programme; and (iii) who fully understand and are willing to assume the risks involved in such an investment programme. It should be remembered that the price of the Placing Shares and the income from them can go down as well as up.

Applications will be made to the UK Listing Authority and the London Stock Exchange for the Placing Shares issued pursuant to the Placing Programme to be admitted to the premium segment and the standard segment of the Official List and to trading on the Main Market for listed securities (“Admission”). It is expected that Admission will become effective and dealings in Placing Shares will commence between 3 April 2014 and 19 March 2015.

The Company and its directors (whose names appear in Part VII of this Prospectus (the “Directors”)) accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

CVC European Credit Opportunities S.à.r.l (“CECO”) and its directors (whose names appear in Part II of this Prospectus (the “CECO Directors”)) accept responsibility for the information contained in this Prospectus relating to them. To the best of the knowledge of CECO and the CECO Directors (each of whom have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus relating to them is in accordance with the facts and does not omit anything likely to affect the import of such information.

CVC Credit Partners Investment Management Limited (“CVC Credit Partners”) accepts responsibility for the information contained in this Prospectus relating to it and all statements made by it, as well as the information contained in the section entitled “Track Record” in Part II of this Prospectus. To the best of the knowledge of CVC Credit Partners (which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus for which it takes responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

**Potential investors should read the whole of this Prospectus when considering an investment in the Placing Shares and, in particular, attention is drawn to the section entitled “Risk Factors” in this Prospectus.**

**The Placing Programme will remain open until 19 March 2015 or such earlier time at which the maximum number of Placing Shares to be issued pursuant to the Placing Programme have been issued.**

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## **CVC CREDIT PARTNERS EUROPEAN OPPORTUNITIES LIMITED**

(a closed-ended investment company limited by shares incorporated under the laws of Jersey with registered number 112635)

**Placing Programme in respect of up to 600 million Placing Shares, being New Shares (to be denominated as either Euro Shares or Sterling Shares) and/or C Shares (to be denominated as either Euro C Shares or Sterling C Shares)**

**Sponsor, Global Co-ordinator and Bookrunner**

Goldman Sachs International

**Lead Placing Agent**

Dexion Capital plc

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This Prospectus does not constitute or form part of any offer or invitation to sell, or the solicitation of an offer to acquire or subscribe for, any securities other than the securities to which it relates or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for such securities by any person in any circumstances in which such offer or solicitation is unlawful.

The offer and sale of Placing Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **“U.S. Securities Act”**) or under the securities laws of any state or other jurisdiction of the United States or under the securities laws of South Africa, Canada or Japan. The Placing Shares may not be offered or sold into or within the United States, South Africa, Canada or Japan or to, or for the account or benefit of, any U.S. Person (as defined in Regulation S under the U.S. Securities Act (**“Regulation S”**)) or to any national, resident or citizen of South Africa, Canada or Japan.

Except with the express written consent of the Company given in respect of an investment in the Company, the Placing Shares may not be acquired by: (i) investors using assets of: (A) an “employee benefit plan” as defined in Section 3(3) of the United States Employee Retirement Income Security Act of 1974, as amended (**“ERISA”**) that is subject to Title I of ERISA; (B) a “plan” as defined in Section 4975 of the United States Internal Revenue Code of 1986, as amended (the **“U.S. Tax Code”**), including an individual retirement account or other arrangement that is subject to Section 4975 of the U.S. Tax Code; or (C) an entity whose underlying assets are considered to include “plan assets” by reason of investment by an “employee benefit plan” or “plan” described in preceding clause (A) or (B) in such entity pursuant to the U.S. Plan Assets Regulations; or (ii) a governmental, church, non-U.S. or other employee benefit plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the U.S. Tax Code, unless its purchase, holding, and disposition of the Shares will not constitute or result in a non-exempt violation of any such substantially similar law.

The Placing Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States and the Placing Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the U.S. Securities Act). There will be no public offer of the Placing Shares in the United States. The Company has not been and will not be registered under the U.S. Investment Company Act of 1940, as amended (the **“U.S. Investment Company Act”**) and investors will not be entitled to the benefits of the U.S. Investment Company Act.

**Neither the U.S. Securities and Exchange Commission (the “SEC”) nor any state securities commission has approved or disapproved of the Shares or passed upon or endorsed the merits of the offering of the Shares or the adequacy or accuracy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.**

The distribution of this Prospectus and the offer of the Placing Shares in certain jurisdictions may be restricted by law. Other than in the United Kingdom, no action has been or will be taken to permit the possession, issue or distribution of this Prospectus (or any other offering or publicity material relating to the Placing Shares) in any jurisdiction where action for that purpose may be required or doing so is restricted by law. Accordingly, neither this Prospectus, nor any advertisement, nor any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. None of the Company CECO, CVC Credit Partners, Goldman Sachs International (**“Goldman Sachs”**) or Dexion Capital plc (**“Dexion”**) or any of their respective affiliates or advisors accepts any legal responsibility by any person, whether or not a prospective investor, of any such restrictions.

**In addition, the Placing Shares are subject to restrictions on transferability and resale in certain jurisdictions and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors may be required to bear the financial risks of their investment in the Placing Shares for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions. For further information on restrictions on offers, sales and transfers of the Placing Shares, please refer to the section entitled “Purchase and Transfer Restrictions” in Part VI of this Prospectus.**

In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of any Placing including the merits and risks involved. The investors also acknowledge that: (i) they have not relied on Goldman Sachs, Dexion or any person affiliated with Goldman Sachs or Dexion in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; and (ii) they have relied only on the information contained in this document. No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been so authorised. Neither the delivery of this Prospectus nor any subscription or sale

made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in it is correct as of any subsequent time.

None of the Company, CECO, CVC Credit Partners, Goldman Sachs, Dexion or any of their respective representatives, is making any representation to any prospective investor of the Placing Shares regarding the legality of an investment in the Placing Shares by such prospective investor under the laws applicable to such prospective investor.

The contents of this Prospectus should not be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal, financial or tax adviser for legal, financial or tax advice.

Goldman Sachs, which is authorised by the Prudential Regulation Authority (the “**PRA**”) and regulated in the United Kingdom by the PRA and the FCA, is acting exclusively for the Company and no one else in connection with the Initial Placing and any subsequent Placing under the Placing Programme. It will not regard any person (whether or not a recipient of this Prospectus) as its client in relation to the Initial Placing or any subsequent Placing under the Placing Programme and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for providing advice in relation to the Placing Programme, Admission, the contents of this Prospectus or any other transaction or arrangement referred to herein.

Dexion, which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company and no one else in connection with the Initial Placing and any subsequent Placing under the Placing Programme. It will not regard any person (whether or not a recipient of this Prospectus) as its client in relation to the Initial Placing or any subsequent Placing under the Placing Programme and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for providing advice in relation to the Placing Programme, Admission, the contents of this Prospectus or any other transaction or arrangement referred to herein.

Apart from the responsibilities and liabilities, if any, which may be imposed on Goldman Sachs or Dexion by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, neither Goldman Sachs nor Dexion accept any responsibility whatsoever for, and make no representation or warranty, express or implied, as to the contents of this Prospectus or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Placing Shares or the Placing Programme and nothing in this Prospectus will be relied upon as a promise or representation in this respect, whether or not to the past or future. Each of Goldman Sachs and Dexion accordingly disclaim all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this Prospectus or any such statement.

**The Company has been established in Jersey as a listed fund under a fast-track authorisation process. It is suitable therefore only for professional or experienced investors, or those who have taken appropriate professional advice. Further information in relation to the regulatory treatment of listed funds domiciled in Jersey may be found on the website of the Jersey Financial Services Commission at [www.jerseyfsc.org](http://www.jerseyfsc.org). This Prospectus is prepared, and a copy of it has been sent to the Jersey Financial Services Commission, in accordance with the Collective Investment Funds (Certified Funds — Prospectuses) (Jersey) Order 2012. The Jersey Financial Services Commission does not take any responsibility for the financial soundness of the Company or for the correctness of any statements made or expressed in this Prospectus. The applicant is strongly recommended to read and consider this Prospectus before completing an application.**

**Certain Jersey regulatory requirements which may otherwise be deemed necessary by the Jersey Financial Services Commission for the protection of retail or inexperienced investors, do not apply to listed funds. By investing in the Company you will be deemed to be acknowledging that you are a professional or experienced investor, or have taken appropriate professional advice, and accept the reduced Jersey requirements accordingly.**

**You are wholly responsible for ensuring that all aspects of the Company are acceptable to you. Investment in listed funds may involve special risks that could lead to a loss of all or a substantial portion of such investment. Unless you fully understand and accept the nature of the Company and the potential risks inherent in this Company you should not invest in the Company.**

This Prospectus is dated 20 March 2014.

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## SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in sections A — E (A.1 — E.7). This summary contains all the Elements required to be included in a summary for this type of securities and the Company. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and the Company, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the element is included in the summary with the mention of “not applicable”.

Element	Disclosure requirement	Disclosure
A1	Warning	<p>Warning that:</p> <ul style="list-style-type: none"> <li>• this summary should be read as an introduction to the Prospectus;</li> <li>• any decision to acquire Placing Shares should be based on a consideration of the Prospectus as a whole by an investor;</li> <li>• where a claim relating to the information contained in this Prospectus is brought before a court, a plaintiff investor might, under national legislation of the Member States, have to bear the costs of translating that Prospectus before the legal proceedings are initiated; and</li> <li>• civil liability attaches only to those persons who have tabled the summary, including any translation of the summary, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</li> </ul>
A2	Use of prospectus by financial intermediaries	Not applicable. No consent has been given by the Company or any person responsible for drawing up this Prospectus to the use of this Prospectus for subsequent resale or final placement of securities by financial intermediaries.

### Section B — Issuer

Element	Disclosure requirement	Disclosure															
B1	Legal and commercial name	CVC Credit Partners European Opportunities Limited.															
B2	Domicile and legal form	The Company is a closed-ended investment company limited by shares, registered and incorporated in Jersey under the Companies Law on 20 March 2013, with registration number 112635.															
B5	Group description	Not applicable. The Company is not a part of a group and does not have any subsidiaries.															
B6	Major Shareholders	<p>In so far as is known to the Company, the following persons are, directly or indirectly, interested in 5 per cent. or more of the issued share capital of the Company:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Name</u></th> <th style="text-align: right;"><u>No. of voting rights held</u></th> <th style="text-align: right;"><u>Percentage of total voting rights</u></th> </tr> </thead> <tbody> <tr> <td>BlackRock Inc .....</td> <td style="text-align: right;">38,862,740</td> <td style="text-align: right;">11.06</td> </tr> <tr> <td>Investec Wealth &amp; Investment Limited .....</td> <td style="text-align: right;">30,376,648</td> <td style="text-align: right;">8.65</td> </tr> <tr> <td>Brit Insurance (Gibraltar) PCC Limited .....</td> <td style="text-align: right;">20,000,000</td> <td style="text-align: right;">6.14</td> </tr> <tr> <td>SEB Asset Management SA Luxembourg .....</td> <td style="text-align: right;">19,720,000</td> <td style="text-align: right;">5.61</td> </tr> </tbody> </table>	<u>Name</u>	<u>No. of voting rights held</u>	<u>Percentage of total voting rights</u>	BlackRock Inc .....	38,862,740	11.06	Investec Wealth & Investment Limited .....	30,376,648	8.65	Brit Insurance (Gibraltar) PCC Limited .....	20,000,000	6.14	SEB Asset Management SA Luxembourg .....	19,720,000	5.61
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B7	Key financial information	<table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right; border-bottom: 1px solid black;">Notes</th> <th style="text-align: right; border-bottom: 1px solid black;">31-Dec-13 (€)</th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>Assets</b></td> </tr> <tr> <td>Cash and cash equivalents .....</td> <td style="text-align: right;">9</td> <td style="text-align: right;">595,498</td> </tr> <tr> <td>Other receivables .....</td> <td style="text-align: right;">6</td> <td style="text-align: right;">355,886</td> </tr> <tr> <td>Prepayments .....</td> <td></td> <td style="text-align: right;">19,185</td> </tr> <tr> <td>Financial investments held at fair value through profit/loss .....</td> <td style="text-align: right;">7</td> <td style="text-align: right;">365,938,563</td> </tr> <tr> <td><b>Total assets</b> .....</td> <td></td> <td style="text-align: right;"><b>366,909,132</b></td> </tr> <tr> <td colspan="3"><b>Liabilities</b></td> </tr> <tr> <td><b>Payables</b> .....</td> <td style="text-align: right;">10</td> <td style="text-align: right;"><b>(99,858)</b></td> </tr> <tr> <td><b>Total liabilities</b> .....</td> <td></td> <td style="text-align: right;"><b>(99,858)</b></td> </tr> </tbody> </table> <p>The key audited figures in respect of the financial year ended 31 December 2013, as set out above, summarise the financial condition of the Company and have been extracted without material adjustment from the historical financial information, which has been incorporated by reference in Part XI of this Prospectus.</p> <p>Save as disclosed below, there has been no significant change in the financial condition and operating results of the Company since its incorporation:</p> <ul style="list-style-type: none"> <li>• in June 2013, the Company raised gross proceeds of €351 million by way of a placing and offer for subscription of Shares; and</li> <li>• on 14 February 2014, the Company paid a dividend of €0.01 per Euro Share and £0.01 per Sterling Share.</li> </ul>		Notes	31-Dec-13 (€)	<b>Assets</b>			Cash and cash equivalents .....	9	595,498	Other receivables .....	6	355,886	Prepayments .....		19,185	Financial investments held at fair value through profit/loss .....	7	365,938,563	<b>Total assets</b> .....		<b>366,909,132</b>	<b>Liabilities</b>			<b>Payables</b> .....	10	<b>(99,858)</b>	<b>Total liabilities</b> .....		<b>(99,858)</b>
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B8	Key pro forma financial information	Not applicable. No pro forma information about the Company is included in this document.																														
B9	Profit forecast	Not applicable. No profit estimate or forecast for the Company is made.																														
B10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable.																														
B11	Insufficient working capital	Not applicable. The Company is of the opinion that the working capital available to it is sufficient for its present requirements, that is, for at least the next 12 months from the date of this Prospectus.																														
B34	Investment policy	<p><b>Company investment objective</b></p> <p>The Company's investment objective is to provide Shareholders with regular income returns and capital appreciation from a diversified portfolio of sub-investment grade debt instruments.</p> <p><b>Company asset allocation</b></p> <p>The Company's investment policy is to invest predominantly in companies domiciled, or with material operations, in Western Europe across various industries. The Company's investments are focused on Senior Secured Obligations of such companies but investments are also made across their capital structure.</p> <p>The Company will pursue its investment policy by investing the Net Placing Proceeds from issues of Shares in the Investment Vehicle, which is the Investment Vehicle Manager's existing European credit opportunities investment vehicle and by investing the Net Placing Proceeds of C Shares in the Conversion Vehicle pending Conversion of the C Shares into Shares. The Investment Vehicle and the Conversion Vehicle both operate in accordance with an investment objective, investment policy, Investment Limits and Borrowing Limit as set out below.</p>																														



Element	Disclosure requirement	Disclosure
		<p>The investment policy of the Investment Vehicle is subject to the following limits (the “<b>Investment Limits</b>”):</p> <p>A minimum of 50 per cent. of the Investment Vehicle’s Gross Assets will be invested in Senior Secured Obligations (which, for the purposes of this Investment Limit will include Cash and Cash Equivalents).</p> <p>A minimum of 70 per cent. of the Investment Vehicle’s Gross Assets will be invested in obligations of companies/borrowers domiciled, or with material operations, in Western Europe.</p> <p>A maximum of 7.5 per cent. of the Investment Vehicle’s Gross Assets will be invested at any given time in obligations of a single borrower subject to a single exception at any one time permitting investment of up to 15 per cent. in order to participate in a loan to a single borrower, provided the exposure is sold down to a maximum of 7.5 per cent. within 12 months of acquisition.</p> <p>A maximum of 7.5 per cent. of the Investment Vehicle’s Gross Assets will be invested in CLO Securities, with no primary investments permitted to be made in CVC Credit Partners managed structured finance transactions.</p> <p>A maximum of 25 per cent. of the Investment Vehicle’s Gross Assets will be invested in CVC Capital Portfolio Company Debt Obligations. (Calculated as invested cost as a percentage of the Investment Vehicle’s Gross Assets. Where CVC Funds hold a minority interest in a CVC Capital Portfolio Company, it is calculated as the product of the debt holding and the percentage of equity interest held by CVC Funds).</p> <p>The Investment Vehicle is permitted to borrow up to an amount equal to 100 per cent. of the net asset value of the Investment Vehicle at the time of borrowing (the “<b>Borrowing Limit</b>”).</p> <p>References to the Investment Vehicle’s investment objective and investment policy should be read as also including those of the Conversion Vehicle which are essentially the same as those of the Investment Vehicle and save where it is expressly stated that there is a variance from those of the Investment Vehicle. The Investment Limits and the Borrowing Limit of the Conversion Vehicle will be the same as those of the Investment Vehicle save that the Investment Limits for the Conversion Vehicle will be measured against the aggregate of the Investment Vehicle’s and the Conversion Vehicle’s Gross Assets and, in the case of the Borrowing Limit of the Conversion Vehicle, the aggregate of the Investment Vehicle and the Conversion Vehicle’s Net Asset Values.</p> <p><b>General</b></p> <p>The investment objective and investment policy of the Investment Vehicle and the Conversion Vehicle are consistent with their respective investment objective and investment policy of the Company. In the event that changes are made to the investment objective or investment policy (including the Investment Limits and/or the Borrowing Limit) the procedures set out in the section below entitled “Material changes to the investment objective and policy of the Company, the Investment Vehicle or the Conversion Vehicle” will apply.</p> <p><b>Company Borrowing Limit</b></p> <p>The Company does not intend to have borrowings but may, in the future and subject to the passing of an ordinary resolution at a general meeting, borrow up to 15 per cent. of the net asset value of the Company (the “<b>Company Net Asset Value</b>”) for the sole purpose of purchasing or redeeming its own Shares otherwise than pursuant to Contractual Quarterly Tenders.</p> <p><b>Material changes to the investment objective and policy of the Company, the Investment Vehicle or the Conversion Vehicle</b></p> <p>The Company will receive periodic updates from the Investment Vehicle and the Conversion Vehicle regarding any changes (material or otherwise) to their investment objective, investment policy, Investment Limits and/or Borrowing Limit and the Directors will seek Shareholder approval of any changes which are either material in their own right or, when viewed as a whole together with previous non-material changes, constitute a material change from the published investment objective or policy of the Company.</p>

Element	Disclosure requirement	Disclosure				
		<p>If Shareholders do not approve the change in investment objective or investment policy of the Company such that it is once again materially consistent with that of the Investment Vehicle and the Conversion Vehicle (including the Investment Limits and/or the Borrowing Limit), the Directors will redeem the Company's investment in the Investment Vehicle and/or the Conversion Vehicle as soon as reasonably practicable.</p> <p>The Directors do not currently intend to propose any material changes to the Company's investment objective or investment policy, other than in unforeseen circumstances such as to match any changes made to the Investment Vehicle's investment objective or investment policy. As required by the Listing Rules, any material change to the investment policy of the Company would be made only with the approval of Shareholders.</p>				
B35	Borrowing limits	The Company does not intend to have borrowings but may, in the future and subject to the passing of an ordinary resolution at a general meeting, borrow up to 15 per cent. of the net asset value of the Company (the "Company Net Asset Value") for the sole purpose of purchasing or redeeming its own Shares otherwise than pursuant to Contractual Quarterly Tenders.				
B36	Regulatory status	The Company is subject to, and will be required to comply with, certain regulatory requirements that are applicable to closed-ended investment companies which are domiciled in Jersey. These include compliance with any decision of the JFSC. In addition, the Company is subject to the continuing obligations imposed by the UKLA and the London Stock Exchange on all investment companies whose shares are respectively admitted to the Official List and to trading on the Main Market.				
B37	Typical investors	An investment in the Company is suitable only for institutional, professional and high net worth investors, private client fund managers and brokers and other investors who are capable of evaluating the merits and risks of such an investment and/or who have received advice from their fund manager or broker regarding such an investment and who have sufficient resources to be able to bear losses (which may equal the whole amount invested) that may result from such an investment. An investment in the Company should constitute part of a diversified investment portfolio. Accordingly, typical investors in the Company are expected to be institutional, professional and high net worth investors, private client fund managers and brokers and other investors who understand the risks involved in investing in the Company and/or who have received advice from their fund manager or broker regarding investment in the Company.				
B38	Investment of 20% or more in single underlying asset or investment company	Not applicable.				
B39	Investment of 40% or more in single underlying asset or investment company	The Company will invest the Gross Placing Proceeds (less applicable costs, expenses and placing commissions and short-term working capital requirements) directly in the Investment Vehicle or the Conversion Vehicle. For summary information on the Investment Vehicle and the Conversion Vehicle, please see below.				
		<b>Section B: Summary of Investment Vehicle and Conversion Vehicle</b>				
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		B2	Domicile and legal form	CVC European Credit Opportunities S.à.r.l is a Luxembourg “compartmentalised” securitisation company statutorily assured under the Luxembourg Securitisation Law of 2004, incorporated on 2 December 2010 with company registration number B0158090. Each of the Investment Vehicle and the Conversion Vehicle is an open-ended investment vehicle, established as of 19 September 2011 and 5 February 2014, respectively.																																																																						
		B5	Group description	Not applicable. The Investment Vehicle and the Conversion Vehicle are not part of a group and do not have any subsidiaries.																																																																						
		B6	Major Shareholders	The Investment Vehicle and the Conversion Vehicle are wholly owned by SJT Limited as trustee for the CECO Charitable Trust.																																																																						
		B7	Key financial information	<p style="text-align: center;"><b>CVC European Credit Opportunities S.à.r.l., in respect of its Compartment A</b></p> <p style="text-align: center;"><b>Statement of financial position</b></p> <p style="text-align: center;"><b>As at 31 December 2013, 31 December 2012 and 31 December 2011</b> <b>(Expressed in EUR)</b></p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: center; border-bottom: 1px solid black;">Notes</th> <th style="text-align: center; border-bottom: 1px solid black;">31-Dec-13</th> <th style="text-align: center; border-bottom: 1px solid black;">31-Dec-12</th> <th style="text-align: center; border-bottom: 1px solid black;">31-Dec-11</th> </tr> <tr> <th></th> <th></th> <th style="text-align: center;">€000</th> <th style="text-align: center;">€000</th> <th style="text-align: center;">€000</th> </tr> </thead> <tbody> <tr> <td colspan="5"><b>Assets</b></td> </tr> <tr> <td>Financial assets at fair value through profit or loss . . . . .</td> <td style="text-align: center;">5, 6, 7</td> <td style="text-align: right;">464,470</td> <td style="text-align: right;">111,117</td> <td style="text-align: right;">95,425</td> </tr> <tr> <td>Other receivables and prepayments . . . . .</td> <td style="text-align: center;">8</td> <td style="text-align: right;">13,058</td> <td style="text-align: right;">6,008</td> <td style="text-align: right;">1</td> </tr> <tr> <td>Cash and cash equivalents . . . . .</td> <td style="text-align: center;">9</td> <td style="text-align: right;">79,985</td> <td style="text-align: right;">22,274</td> <td style="text-align: right;">27,582</td> </tr> <tr> <td><b>Total assets . . . . .</b></td> <td></td> <td style="text-align: right;"><b>557,513</b></td> <td style="text-align: right;"><b>139,399</b></td> <td style="text-align: right;"><b>123,008</b></td> </tr> <tr> <td colspan="5"><b>Liabilities</b></td> </tr> <tr> <td>Financial liabilities at fair value through profit/loss . . . . .</td> <td style="text-align: center;">7</td> <td style="text-align: right;">1,263</td> <td style="text-align: center;">—</td> <td style="text-align: center;">—</td> </tr> <tr> <td>Management and performance fees payable . . . . .</td> <td style="text-align: center;">19</td> <td style="text-align: right;">1,174</td> <td style="text-align: right;">1,760</td> <td style="text-align: right;">302</td> </tr> <tr> <td>Custodian and administration fees payable . . . . .</td> <td></td> <td style="text-align: right;">329</td> <td style="text-align: right;">109</td> <td style="text-align: right;">105</td> </tr> <tr> <td>Other payables and accrued expenses . . . . .</td> <td style="text-align: center;">12</td> <td style="text-align: right;">62,442</td> <td style="text-align: right;">19,029</td> <td style="text-align: right;">15,190</td> </tr> <tr> <td><b>Total liabilities (excluding net assets attributable to the PEC holders) . . . . .</b></td> <td></td> <td style="text-align: right;"><b>65,208</b></td> <td style="text-align: right;"><b>20,898</b></td> <td style="text-align: right;"><b>15,597</b></td> </tr> <tr> <td><b>Net assets attributable to the PEC holders . . . . .</b></td> <td style="text-align: center;">11</td> <td style="text-align: right;"><b>492,305</b></td> <td style="text-align: right;"><b>118,501</b></td> <td style="text-align: right;"><b>107,411</b></td> </tr> </tbody> </table>		Notes	31-Dec-13	31-Dec-12	31-Dec-11			€000	€000	€000	<b>Assets</b>					Financial assets at fair value through profit or loss . . . . .	5, 6, 7	464,470	111,117	95,425	Other receivables and prepayments . . . . .	8	13,058	6,008	1	Cash and cash equivalents . . . . .	9	79,985	22,274	27,582	<b>Total assets . . . . .</b>		<b>557,513</b>	<b>139,399</b>	<b>123,008</b>	<b>Liabilities</b>					Financial liabilities at fair value through profit/loss . . . . .	7	1,263	—	—	Management and performance fees payable . . . . .	19	1,174	1,760	302	Custodian and administration fees payable . . . . .		329	109	105	Other payables and accrued expenses . . . . .	12	62,442	19,029	15,190	<b>Total liabilities (excluding net assets attributable to the PEC holders) . . . . .</b>		<b>65,208</b>	<b>20,898</b>	<b>15,597</b>	<b>Net assets attributable to the PEC holders . . . . .</b>	11	<b>492,305</b>	<b>118,501</b>	<b>107,411</b>
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				<p>The key audited figures in respect of the three financial years ended 31 December 2013, as set out above, summarise the financial condition of the Investment Vehicle and have been extracted without material adjustment from the historical financial information, which is set out at Part XII “Financial Information of the Investment Vehicle”. Save as described below, there has been no significant change in the financial condition and operating results of the Investment Vehicle since its incorporation:</p> <ul style="list-style-type: none"> <li>• since September 2011, the Investment Vehicle has issued 6 series of Investment Vehicle Interests that, as at 28 February 2014, were valued at €493,877,512.51 (post fees and distributions);</li> <li>• the Investment Vehicle paid income distributions of €3.2 million for the period October 2012 to March 2013 to holders of Income Distributing Investment Vehicle Interests; and</li> <li>• in January 2014, the Investment Vehicle paid income distributions of €6.1m to holders of Income Distributing Investment Vehicle Interests.</li> </ul>
		B8	Key pro forma financial information	Not applicable. No pro forma financial information about the Investment Vehicle or the Conversion Vehicle is included in this document.
		B9	Profit forecast	Not applicable. Neither the Investment Vehicle nor the Conversion Vehicle makes a profit forecast or estimate.
		B10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. The audit reports on the historical financial information contained within this Prospectus are not qualified.
		B34	Investment policy	<p><b>Investment Vehicle and Conversion Vehicle investment objective</b></p> <p>The investment objective of the Investment Vehicle and the Conversion Vehicle is to provide investors with regular income returns and capital appreciation from a diversified portfolio of sub-investment grade debt instruments.</p> <p><b>Asset allocation</b></p> <p>The investment policy of the Investment Vehicle and the Conversion Vehicle is to invest predominantly in companies domiciled, or with material operations, in Western Europe across various industries. The Portfolio will be constructed with a focus on Senior Secured Obligations of such companies’ investments but will also be made across the capital structure of borrowers.</p>

Element	Disclosure requirement	Disclosure		
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				<p>The Investment Vehicle Manager will pursue the Investment Vehicle and the Conversion Vehicle's investment policy subject to the Investment Vehicle's Investment Limits and Borrowing Limit, each as set out below.</p> <p><b>Investment Limits of the Investment Vehicle</b></p> <p>All Investment Limits of the Investment Vehicle will be measured at the time of investment based on the investment cost as a proportion of the Investment Vehicle's most recent Gross Assets. The Investment Limits are:</p> <ul style="list-style-type: none"> <li>• A minimum of 50 per cent. of the Investment Vehicle's Gross Assets will be invested in Senior Secured Obligations (which, for the purposes of this Investment Limit will include Cash and Cash Equivalents).</li> <li>• A minimum of 70 per cent. of the Investment Vehicle's Gross Assets will be invested in obligations of borrowers domiciled, or with material operations, in Western Europe.</li> <li>• A maximum of 7.5 per cent. of the Investment Vehicle's Gross Assets will be invested at any given time in obligations of a single borrower subject to a single exception at any one time permitting investment of up to 15 per cent. in order to participate in a loan to a single borrower, provided the exposure is sold down to a maximum of 7.5 per cent. within 12 months of acquisition.</li> <li>• A maximum of 7.5 per cent. of the Investment Vehicle's Gross Assets will be invested in CLO Securities, with no primary investments permitted to be made in CVC Credit Partners Group managed structured finance transactions.</li> <li>• A maximum of 25 per cent. of the Investment Vehicle's Gross Assets will be invested in CVC Capital Portfolio Company Debt Obligations. (Calculated as invested cost as a percentage of the Investment Vehicle's Gross Assets. Where CVC Funds hold a minority interest in a CVC Capital Portfolio Company, it is calculated as the product of the debt holding and the percentage of equity interest held by CVC Funds).</li> </ul> <p><b>Investment Vehicle Borrowing Limit</b></p> <p>The Investment Vehicle is permitted to borrow up to an amount equal to 100 per cent. of the Investment Vehicle Net Asset Value at the time of borrowing. Such borrowing may take the form of bank loans, total return swap structures, repos and other financial instruments in such form as may be considered cost efficient by the Investment Vehicle Manager. Leverage may be applied on a single or multiple asset basis and/or through committed term facilities on a bilateral basis.</p>

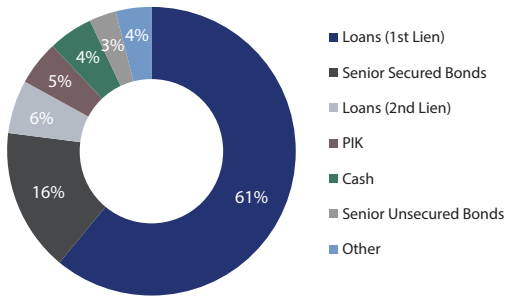
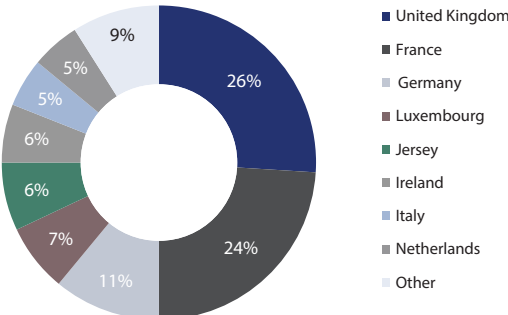
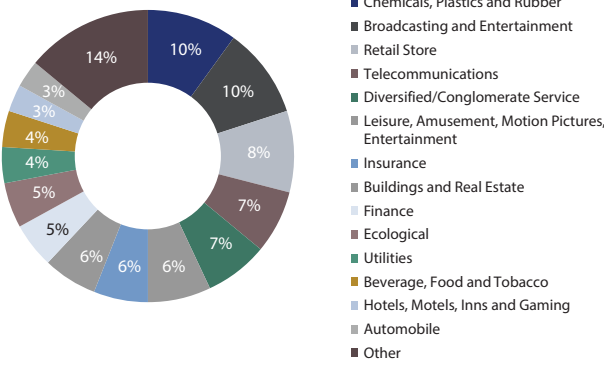
Element	Disclosure requirement	Disclosure		
		Element	Disclosure requirement	Disclosure
				<p><b>Investment Limits and Borrowing Limit of the Conversion Vehicle</b></p> <p>The Investment Limits and the Borrowing Limit of the Conversion Vehicle will be the same as those of the Investment Vehicle save that the Investment Limits for the Conversion Vehicle will be measured against the aggregate of the Investment Vehicle's and the Conversion Vehicle's Gross Assets and, in the case of the Borrowing Limit of the Conversion Vehicle, the aggregate of the Investment Vehicle and the Conversion Vehicle's Net Asset Values.</p>
		B35	Borrowing limits	<p><b>Investment Vehicle Borrowing Limit</b></p> <p>The Investment Vehicle is permitted to borrow up to an amount equal to 100 per cent. of the Investment Vehicle Net Asset Value at the time of borrowing. Such borrowing may take the form of bank loans, total return swap structures, repos and other financial instruments in such form as may be considered cost efficient by the Investment Vehicle Manager. Leverage may be applied on a single or multiple asset basis and/or through committed term facilities on a bilateral basis.</p> <p><b>Investment Limits and Borrowing Limit of the Conversion Vehicle</b></p> <p>The Investment Limits and the Borrowing Limit of the Conversion Vehicle will be the same as those of the Investment Vehicle save that the Investment Limits for the Conversion Vehicle will be measured against the aggregate of the Investment Vehicle's and the Conversion Vehicle's Gross Assets and, in the case of the Borrowing Limit of the Conversion Vehicle, the aggregate of the Investment Vehicle and the Conversion Vehicle's Net Asset Values.</p>
		B36	Regulatory status	Each of the Investment Vehicle and the Conversion Vehicle are Compartments within an unregulated "compartmentalised" securitisation company.
		B37	Typical investors	Investment in the Investment Vehicle and the Conversion Vehicle is only suitable for institutional, professional and high net worth investors.
		B38	Investment of 20% or more in single underlying asset or investment company	Not applicable. There are no investments of 20 per cent. or more in a single underlying asset or investment company.
		B39	Investment of 40% or more in single underlying asset or investment company	Not applicable. There are no investments of 40 per cent. or more in a single underlying asset or investment company.

Element	Disclosure requirement	Disclosure		
		Element	Disclosure requirement	Disclosure
		B40	Applicant's service providers	<p><b>Investment Services Manager</b></p> <p>CVC Investment Services is appointed as Investment Services Manager to both the Investment Vehicle and the Conversion Vehicle. In its role as Investment Services Manager to the Investment Vehicle, CVC Investment Services is entitled to receive:</p> <ul style="list-style-type: none"> <li>• a base management fee at an annual rate of 1.00 per cent. of each Series NAV (before deduction of the base management fee or any performance fee) payable monthly in arrears; and</li> <li>• an annual performance fee (the “<b>Investment Vehicle Performance Fee</b>”) equal to 15 per cent. of the Excess Total Return (if any) in respect of all Investment Vehicle Interests of the relevant Series in issue as at the close of business on 31 December in the relevant year (the “<b>Calculation Date</b>”). The “<b>Excess Total Return</b>” will be an amount equal to the amount by which the sum of (a) the increase in the relevant Series NAV (before taking account of all accruals in respect of the Investment Vehicle Performance Fee) and (b) all distributions payable in respect of the Investment Vehicle Interests of the relevant Series exceeds both: (i) the Hurdle; and (ii) the High Water Mark. The “Hurdle” will be 5.0 per cent. per annum multiplied by the relevant Series NAV as at the first Business Day of the relevant Calculation Period and the “<b>High Water Mark</b>” will be the relevant Series NAV as at the Calculation Date in respect of which an Investment Vehicle Performance Fee was last paid (or, if no such fee has been paid, the Investment Vehicle NAV as at the Initial Issue Date).</li> </ul> <p>The fees payable to the Investment Services Manager in respect of its services to the Conversion Vehicle are calculated on the same basis as those described above and payable in respect of the Investment Vehicle.</p> <p><b>Investment Vehicle Manager</b></p> <p>CVC Credit Partners Investment Management Limited acts as the investment manager to the Investment Vehicle and the Conversion Vehicle. CVC Investment Services, in its role as Investment Services Manager to the Investment Vehicle and the Conversion Vehicle, pays a fee in respect of each period to the Investment Vehicle Manager for services rendered to the Investment Vehicle and the Conversion Vehicle during such period.</p> <p><b>CECO Directors</b></p> <p>Subject to shareholder resolution, the CECO Directors are entitled to be remunerated for carrying out their office. None of the CECO Directors currently receive remuneration, with the exception of Douglas Maccabe. Pursuant to a non-executive director services agreement between (i) CECO; (ii) CVC Investment Services; and</p>

Element	Disclosure requirement	Disclosure		
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				<p>(iii) Mr. Maccabe, Mr. Maccabe receives a total of £31,250 per annum in relation to his services as CECO Director and director of CVC Investment Services.</p> <p><b>Investment Vehicle Registrar</b></p> <p>Saltgate S.A. acts as the Investment Vehicle Registrar and is entitled to receive fees charged on a time-spent basis as agreed between Saltgate S.A. and CECO.</p> <p><b>Investment Vehicle Administrator</b></p> <p>Citibank International plc (Luxembourg Branch) will serve as the Investment Vehicle Administrator and, together with its affiliates (in their various capacities as Investment Vehicle Custodian, Investment Vehicle Issuing and Paying Agent, Investment Vehicle Paying Agent) are entitled to receive:</p> <ul style="list-style-type: none"> <li>• fees of approximately 0.11 per cent. per annum of the Investment Vehicle Net Asset Value and the Conversion Vehicle Net Asset Value; and</li> <li>• certain other fees (for audit support and compliance monitoring) that, in total, amount to €82,000 per annum.</li> </ul> <p><b>Investment Vehicle Custodian</b></p> <p>Citibank, N.A., London acts as the Investment Vehicle Custodian.</p> <p><b>Investment Vehicle Issuing and Paying Agent</b></p> <p>Citibank, N.A., London acts as the Investment Vehicle Issuing and Paying Agent.</p> <p><b>Investment Vehicle Paying Agent</b></p> <p>Citibank, N.A., London acts as the Investment Vehicle Paying Agent.</p> <p><b>Investment Vehicle Corporate Service Provider</b></p> <p>Saltgate S.A. also acts as the Investment Vehicle Corporate Service Provider and is entitled to receive fees charged on a time-spent basis as agreed between Saltgate S.A. and CECO.</p> <p><b>Prime Broker(s)</b></p> <p>Neither the Investment Vehicle nor the Conversion Vehicle has appointed any prime brokers but may appoint such prime broker(s) as may be approved by the Investment Vehicle Services Manager.</p>
		B41	Regulatory status of investment manager and custodian	The Investment Vehicle Manager is regulated by the FCA. The Investment Vehicle Custodian is regulated by the FCA.
		B42	Calculation of Net Asset Value	The net asset value of the Investment Vehicle (the “ <b>Investment Vehicle Net Asset Value</b> ”) and the net asset value of each Series of Investment Vehicle Interests (the “ <b>Series NAV</b> ”) is calculated by the Investment Vehicle Administrator.



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				<p>The Investment Vehicle Net Asset Value and the Series NAV will be determined as of 6.00 p.m. Luxembourg time on the last Business Day of each calendar month or at such other times as the CECO Directors may determine (the “<b>Investment Vehicle Valuation Date</b>”).</p> <p>The Series NAV as of any Investment Vehicle Valuation Date will be calculated by dividing the Investment Vehicle Net Asset Value of the relevant Series Account by the number of Investment Vehicle Interests in issue in that Series as at the close of business as of that Investment Vehicle Valuation Date.</p> <p>Where a Series of Investment Vehicle Interests is denominated in a currency other than Euro, the Series NAV shall be determined in the currency of that Series. The Investment Vehicle Administrator shall convert any sum denominated in a currency other than that of the relevant Series into the currency in which the relevant Series is denominated using the prevailing market exchange rate from time to time.</p> <p>The same calculations are applicable in respect of the Conversion Vehicle Net Asset Value and any Conversion Vehicle Interests.</p>														
		B43	Cross liability	Not applicable. Neither the Investment Vehicle nor the Conversion Vehicle is an umbrella collective investment undertaking.														
		B44	No financial statements have been made up	<p>The Investment Vehicle’s financial statements are contained in this Prospectus.</p> <p>The Conversion Vehicle has not commenced operations and therefore no financial statements have been made up in respect of the Conversion Vehicle.</p>														
		B45	Portfolio	<p>The portfolio data presented below is as at the latest practicable date prior to publication of this Prospectus, being February 2014. Unless otherwise stated, the track record is given to 28 February 2014. There have been no material changes to the track record of the Company from 28 February 2014 to the date of this Prospectus.</p> <p><i>Portfolio overview as at 28 February 2014<sup>1</sup></i></p> <table> <tr> <td>Number of positions . . . . .</td> <td>64</td> </tr> <tr> <td>Number of corporate credits<sup>2</sup> . . . . .</td> <td>47</td> </tr> <tr> <td>Weighted average EBITDA . . . . .</td> <td>circa €466 million</td> </tr> <tr> <td>Current asset cash yield<sup>3</sup> . . . . .</td> <td>5.8%</td> </tr> <tr> <td>Current portfolio cash yield<sup>4</sup> . . . . .</td> <td>5.5%</td> </tr> <tr> <td>Weighted average debt/EBITDA<sup>5</sup> . . . . .</td> <td>4.1x</td> </tr> <tr> <td>% Floating Rate Assets . . . . .</td> <td>91.3%</td> </tr> </table> <p>1. Unaudited.  2. Number of corporate credits excludes three structured finance positions.  3. Current asset cash yield is calculated as the current cash coupon divided by the current price (excluding interest on portfolio cash and cash balances).  4. The current portfolio cash yield is the current asset cash yield including the cash and interest on the portfolio cash balances.</p>	Number of positions . . . . .	64	Number of corporate credits <sup>2</sup> . . . . .	47	Weighted average EBITDA . . . . .	circa €466 million	Current asset cash yield <sup>3</sup> . . . . .	5.8%	Current portfolio cash yield <sup>4</sup> . . . . .	5.5%	Weighted average debt/EBITDA <sup>5</sup> . . . . .	4.1x	% Floating Rate Assets . . . . .	91.3%
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				<p>5. The weighted average debt (through the debt tranche the Investment Vehicle holds in the capital structure) divided by the EBITDA for each position in the Portfolio.</p> <p><i>Portfolio breakdown by asset class as at 28 February 2014<sup>1</sup></i></p>  <table border="1"> <caption>Portfolio breakdown by asset class as at 28 February 2014<sup>1</sup></caption> <thead> <tr> <th>Asset Class</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Loans (1st Lien)</td> <td>61%</td> </tr> <tr> <td>Senior Secured Bonds</td> <td>16%</td> </tr> <tr> <td>Loans (2nd Lien)</td> <td>6%</td> </tr> <tr> <td>PIK</td> <td>5%</td> </tr> <tr> <td>Cash</td> <td>4%</td> </tr> <tr> <td>Senior Unsecured Bonds</td> <td>3%</td> </tr> <tr> <td>Other</td> <td>4%</td> </tr> </tbody> </table> <p>1. Unaudited. Total may not add up to 100% due to rounding.</p> <p><i>Portfolio breakdown by country as at 28 February 2014<sup>1,2</sup></i></p>  <table border="1"> <caption>Portfolio breakdown by country as at 28 February 2014<sup>1,2</sup></caption> <thead> <tr> <th>Country</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>United Kingdom</td> <td>26%</td> </tr> <tr> <td>France</td> <td>24%</td> </tr> <tr> <td>Germany</td> <td>11%</td> </tr> <tr> <td>Luxembourg</td> <td>7%</td> </tr> <tr> <td>Jersey</td> <td>6%</td> </tr> <tr> <td>Ireland</td> <td>6%</td> </tr> <tr> <td>Italy</td> <td>5%</td> </tr> <tr> <td>Netherlands</td> <td>5%</td> </tr> <tr> <td>Other</td> <td>9%</td> </tr> </tbody> </table> <p>1. Country breakdown excludes three structured finance positions. 2. Unaudited. Total may not add up to 100% due to rounding.</p> <p><i>Portfolio breakdown by industry as at 28 February 2014<sup>1,2</sup></i></p>  <table border="1"> <caption>Portfolio breakdown by industry as at 28 February 2014<sup>1,2</sup></caption> <thead> <tr> <th>Industry</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Chemicals, Plastics and Rubber</td> <td>10%</td> </tr> <tr> <td>Broadcasting and Entertainment</td> <td>10%</td> </tr> <tr> <td>Retail Store</td> <td>8%</td> </tr> <tr> <td>Telecommunications</td> <td>7%</td> </tr> <tr> <td>Diversified/Conglomerate Service</td> <td>7%</td> </tr> <tr> <td>Leisure, Amusement, Motion Pictures, Entertainment</td> <td>6%</td> </tr> <tr> <td>Insurance</td> <td>6%</td> </tr> <tr> <td>Buildings and Real Estate</td> <td>6%</td> </tr> <tr> <td>Finance</td> <td>5%</td> </tr> <tr> <td>Ecological</td> <td>5%</td> </tr> <tr> <td>Utilities</td> <td>4%</td> </tr> <tr> <td>Beverage, Food and Tobacco</td> <td>4%</td> </tr> <tr> <td>Hotels, Motels, Inns and Gaming</td> <td>3%</td> </tr> <tr> <td>Automobile</td> <td>3%</td> </tr> <tr> <td>Other</td> <td>14%</td> </tr> </tbody> </table> <p>1. Industry breakdown excludes three structured finance positions. 2. Unaudited. Total may not add up to 100% due to rounding.</p>	Asset Class	Percentage	Loans (1st Lien)	61%	Senior Secured Bonds	16%	Loans (2nd Lien)	6%	PIK	5%	Cash	4%	Senior Unsecured Bonds	3%	Other	4%	Country	Percentage	United Kingdom	26%	France	24%	Germany	11%	Luxembourg	7%	Jersey	6%	Ireland	6%	Italy	5%	Netherlands	5%	Other	9%	Industry	Percentage	Chemicals, Plastics and Rubber	10%	Broadcasting and Entertainment	10%	Retail Store	8%	Telecommunications	7%	Diversified/Conglomerate Service	7%	Leisure, Amusement, Motion Pictures, Entertainment	6%	Insurance	6%	Buildings and Real Estate	6%	Finance	5%	Ecological	5%	Utilities	4%	Beverage, Food and Tobacco	4%	Hotels, Motels, Inns and Gaming	3%	Automobile	3%	Other	14%
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Element	Disclosure requirement	Disclosure		
		<b>Section C — Securities</b>		
		Element	Disclosure requirement	Disclosure
		C3	Number of securities in issue	As at the date of this Prospectus, CECO has an issued share capital of €12,500 divided into 1,250,000 ordinary shares with a par value of €0.01 each, held by SJT Limited as trustee for the CECO Charitable Trust.
		C7	Dividend policy	<p>The Company Investment Vehicle Interests pay income on a semi-annual basis that will amount to substantially all of their proportional entitlement to the Investment Vehicle's net income in the relevant semi-annual period as determined by the Investment Vehicle Manager.</p> <p>The Conversion Vehicle Interests may pay income at the direction of the CECO Directors.</p>
		<b>Section D — Risks</b>		
		Element	Disclosure requirement	Disclosure
		D1	Key information on the key risks specific to the Investment Vehicle, the Conversion Vehicle or the Investment Vehicle Manager	<ul style="list-style-type: none"> <li>• No reliance should be placed by investors on the past performance of the Investment Vehicle.</li> <li>• Substantial redemptions by investors in the Investment Vehicle may cause a liquidation of the Investments which may distort the balance of the Investment Vehicle's liquid and illiquid Investments.</li> <li>• The Investments may be difficult to value accurately and, as a result, Investment Vehicle Interest Holders, such as the Company, may be subject to valuation risk.</li> <li>• Market factors may result in the failure of the investment strategy followed by the Investment Vehicle and the Conversion Vehicle.</li> <li>• The investment strategy of the Investment Vehicle and the Conversion Vehicle will include investing in sub-investment grade and unrated debt obligations which are subject to a greater risk of loss of principal than higher-rated securities.</li> <li>• In the event of a default in relation to an Investment, the Investment Vehicle and the Conversion Vehicle will bear a risk of loss of principal and accrued interest.</li> <li>• The illiquidity of Investments may have an adverse impact on their price and the Investment Vehicle's and the Conversion Vehicle's ability to trade in them or require significant time for capital gains to materialise.</li> <li>• The Investment Vehicle and the Conversion Vehicle may hold a relatively concentrated Portfolio.</li> <li>• The Investment Vehicle and the Conversion Vehicle are exposed to foreign exchange risk, which may have an adverse impact on the value of their assets and on their results of operations.</li> </ul>

Element	Disclosure requirement	Disclosure		
		Element	Disclosure requirement	Disclosure
				<ul style="list-style-type: none"> <li>• The Investment Vehicle's and the Conversion Vehicle's hedging arrangements may not be successful.</li> <li>• Under certain hedging contracts the Investment Vehicle and the Conversion Vehicle may enter into, they may be required to grant security interests over some of its assets to the relevant counterparty as collateral.</li> <li>• The investment objective, investment policy, investment strategy, Investment Limits, Borrowing Limit and/or emphasis of the Investment Vehicle and the Conversion Vehicle may change over time.</li> <li>• The use of leverage by the Investment Vehicle and the Conversion Vehicle may increase the volatility of returns and providers of leverage would rank ahead of investors in the Investment Vehicle and the Conversion Vehicle in the event of insolvency.</li> <li>• The performance of the Investment Vehicle and the Conversion Vehicle depends heavily on the skills of the Investment Vehicle Manager and its key personnel.</li> <li>• The Investment Vehicle Manager may provide services to other clients which conflict directly or indirectly with the activities of the Investment Vehicle and the Conversion Vehicle and could prejudice investment opportunities available to, and Investment returns achieved by the Investment Vehicle and the Conversion Vehicle. The Investment Vehicle Manager may also encounter potential conflicts of interest in connection with the other activities of the CVC Group.</li> <li>• The Investment Vehicle may mandatorily redeem an entire Series of Investment Vehicle Interests without the consent of the investors (including the Company).</li> </ul>
B40	Applicant's service providers	<p><b>CVC Investment Services</b></p> <p>Under the terms of the Corporate Service Agreement, CVC Credit Partners Investment Services Management Limited ("<b>CVC Investment Services</b>") is not entitled to any on-going fees from the Company, but it will be entitled to termination fees in the event of a partial or full redemption of Company Investment Vehicle Interests and in the event of termination of the Corporate Service Agreement.</p> <p><b>Administrator</b></p> <p>Under the terms of the Administration Agreement, the Administrator is currently entitled to an annual administration fee of £75,000 per annum, together with an additional fee of £2,500 per annum for the provision of a money laundering and compliance officer and £1,000 per board meeting for any meetings in excess of five board meetings per annum.</p> <p><b>Registrar</b></p> <p>The Registrar will be entitled to an annual fee from the Company for creation and maintenance of the share register equal to £2.00 per holder of ordinary shares appearing on the register during the fee year, with a minimum charge per annum of £7,000. Other registrar activity will be charged for in accordance with the Registrar's normal tariff as published from time to time.</p>		

Element	Disclosure requirement	Disclosure
		<p><b>Custodian</b></p> <p>Under the terms of the Custodian Agreement, the Custodian is entitled to: (i) a safekeeping fee of 0.02% and a settlement fee of £25 per transaction for Euroclear and UK markets; and (ii) a safekeeping fee of £1,800 per line and a settlement fee of £250 per transaction for physical stock in the name of the Company.</p> <p><b>Directors</b></p> <p>The Directors will be remunerated for their services at a fee of £35,000 per annum (£50,000 for the Chairman). The chairman of the Audit Committee will receive an additional £5,000 for his services in this role.</p> <p><b>Other operational expenses</b></p> <p>All other on-going operational expenses of the Company (excluding fees paid to service providers as detailed above) will be borne by the Company including, without limitation, the incidental costs of making its investments and the implementation of its investment objective and policy; travel, accommodation and printing costs; the cost of directors' and officers' liability insurance and website maintenance; audit and legal fees; and annual Main Market fees. All reasonably and properly incurred out of pocket expenses of CVC Investment Services, the Administrator, the Registrar, the CREST agent and the Directors relating to the Company will be borne by the Company.</p>
B41	Regulatory status of investment manager and custodian	The Company is self-managed and does not have an external investment manager. The Custodian is regulated by the Jersey Financial Services Commission.
B42	Calculation of Net Asset Value	The Company intends to publish the Net Asset Value per Share for each class of Shares on a monthly basis. There will be two net asset values published for each class of Shares: one will be inclusive, and one will be exclusive, of current year income. The Company will also publish weekly estimates of the Net Asset Value per Share for each class of Shares on the same basis. These Net Asset Values will be published in Euro and Sterling (as applicable) by an RIS announcement and on the Company's Website. The Company also intends to publish a monthly factsheet via an RIS announcement and on the Company's Website. The calculation and notification provisions apply equally to C Shares.
B43	Cross liability	Not applicable. The Company is not an umbrella collective investment undertaking.
B44	No financial statements have been made up	Not applicable. Financial statements have been prepared.
B45	Portfolio	The Company operates as a feeder fund. As at the date of this Prospectus, the Company's investments consist of Company Investment Vehicle Interests. It is expected that, following Admission of C Shares issued pursuant to the Placing Programme, the Company's investments will also include Conversion Vehicle Interests.
B46	Net Asset Value	As at 28 February 2014: €1.0308 for the Euro Shares and £1.0323 for the Sterling Shares.

### Section C — Securities

Element	Disclosure requirement	Disclosure
C1	Type and class of securities	The Company intends to issue up to 600 million Placing Shares, being New Shares (which may be denominated as either Euro Shares or Sterling Shares) and/or C Shares (which may be denominated as either Euro C Shares or Sterling C Shares), pursuant to the Placing Programme.

Element	Disclosure requirement	Disclosure
		<p>The ISIN for the Euro Shares is JE00B9G79F59.</p> <p>The ISIN for the Sterling Shares is JE00B9MRHZ51.</p> <p>The ISIN for the Euro C Shares is JE00BKF1X420.</p> <p>The ISIN for the Sterling C Shares is JE00BKF1X867.</p>
C2	Currency	Euro and Sterling
C3	Number of securities in issue	As at the date of this Prospectus, the Company's issued share capital comprises two Management Shares, 162,723,384 Euro Shares and 160,891,079 Sterling Shares.
C4	Description of the rights attaching to the securities	<p><b>C Shares</b></p> <p><i>Dividends</i></p> <p>Notwithstanding any other provision of the Articles, the holders of any class of C Shares will be entitled to receive such dividends as the Directors may resolve to pay to such holders out of the assets attributable to such class of C Shares (as determined by the Directors).</p> <p><i>Ranking upon Conversion</i></p> <p>The new Shares ("<b>Correspondent Shares</b>") arising upon conversion of the C Shares ("<b>Conversion</b>") shall rank <i>pari passu</i> with all other Correspondent Shares of the same class for dividends and other distributions declared, made or paid by reference to a record date falling after the relevant Calculation Time and will entitle the newly converted holders thereof to participate in any future Contractual Quarterly Tender on the same terms and subject to the same conditions as holders of the relevant Correspondent Shares.</p> <p><i>Capital</i></p> <p>The capital and assets of the Company shall on a winding-up or on a return of capital (other than by way of the repurchase or redemption of Shares by the Company) prior, in each case, to Conversion be applied as follows:</p> <p>(i) the Correspondent Share Surplus shall be divided amongst the holders of relevant Correspondent Shares <i>pro rata</i> to their holdings of Correspondent Shares as if the Correspondent Share Surplus comprised the assets of the Company available for distribution; and</p> <p>(ii) the C Share Surplus attributable to each class of C Shares shall be divided amongst the Shareholders of such class <i>pro rata</i> according to their holdings of C Shares of that class.</p> <p><i>Voting and transfer</i></p> <p>The C Shares shall not carry any right to attend or vote at (but shall receive notice of) any general meeting of the Company.</p> <p>The C Shares shall be transferable in the same manner as the Correspondent Shares.</p> <p><i>Redemption</i></p> <p>The C Shares are issued on the terms that each class of C Shares shall be redeemable by the Company.</p> <p>At any time prior to Conversion, the Company may, at its discretion, redeem all or any of the C Shares of a particular class then in issue by agreement with any holder(s) thereof in accordance with such procedures as the Directors may determine (subject to the facility and procedures of CREST) and in consideration of the payment of such redemption price as may be agreed between the Company and the relevant holder(s) of the relevant class of C Shares.</p>



Element	Disclosure requirement	Disclosure
		<p><i>Class consents and variation of rights</i></p> <p>Without prejudice to the generality of the Articles, until Conversion the consent of the holders of each class of C Shares as a class (irrespective of whichever class of C Shares they may hold) shall be required in accordance with the Articles for, and accordingly the special rights attached to any class of C Shares shall be deemed to be varied, inter alia, by:</p> <p>(i) any alteration to the Memorandum or the Articles; or</p> <p>(ii) the passing of any resolution to wind up the Company.</p> <p><b>Shares</b></p> <p><i>Dividends and other distributions</i></p> <p>Subject to the rights of any Shares which may be issued with special rights or privileges, the Shares of each class carry the right to receive all income of the Company attributable to such class of Shares, and to participate in any distribution of such income made by the Company and within each such class such income shall be divided <i>pari passu</i> among the Shareholders in proportion to their Shareholdings of that class.</p> <p>The Directors may from time to time authorise dividends and distributions to be paid to Shareholders in accordance with the procedure set out in the Companies Law and subject to any Shareholders' rights attaching to their Shares. The amount of such dividends or distributions paid in respect of one class may be different from that of another class.</p> <p>All unclaimed dividends and distributions may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. All dividends unclaimed on the earlier of: (i) a period of seven years after the date when it first became due for payment; and (ii) the date on which the Company is wound up, will be forfeited and shall revert to the Company without the necessity for any declaration or other action on the part of the Company.</p> <p><i>Voting</i></p> <p>Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to any Shares, Shareholders have the right to receive notice of and to attend and vote at general meetings of the Company.</p> <p>Each Shareholder being present in person or by proxy or by a duly authorised representative (if a corporation) at a meeting shall upon a show of hands have one vote and upon a poll each such Shareholder present in person or by proxy or by a duly authorised representative (if a corporation) shall, in the case of a separate class meeting, have one vote in respect of each Share held by him and, in the case of a general meeting of all Shareholders, have one vote in respect of each Euro Share held by him and 1.17 votes in respect of each Sterling Share held by him, such voting ratio being fixed and reflecting the Euro value of a Sterling Share (at the Placing Price) on 11 June 2013, being the latest practicable date prior to the publication of this Prospectus. In the event that Shares of further classes are issued such Shares shall have such number of votes per Shares as may be specified in their terms of issue by the Directors and published on the Company's Website and in an RIS announcement and which reflects the approximate Euro value of a Share of the relevant class at its issue price on such date prior to the date of first issue of such Shares as may be chosen for such purpose by the Directors.</p> <p><i>Capital</i></p> <p>As to a winding up of the Company or other return of capital (other than by way of a repurchase or redemption of Shares in accordance with the provisions of the Articles and the Companies Law), the surplus assets of the Company attributable to the Shares remaining after payment of all creditors shall, subject to the rights of any Shares that may be issued with special rights or privileges, be divided amongst the Shareholders of each class <i>pro rata</i> to the relative net asset values per class and, within each such class, such assets shall be divided <i>pari passu</i> among the Shareholders in proportion to their Shareholdings of that class.</p>

Element	Disclosure requirement	Disclosure
		<p><i>Variation of rights</i></p> <p>Whenever the capital of the Company is divided into different classes of Shares, the rights attached to any class of Shares may (unless otherwise provided by the terms of issue of the Shares of that class) be varied or abrogated:</p> <ul style="list-style-type: none"> <li>• with the consent in writing of the Shareholders of more than 75 per cent. of the issued Shares of that class; or</li> <li>• with the sanction of an Extraordinary Resolution passed at a separate meeting of the Shareholders of the Shares of that class.</li> </ul> <p>The necessary quorum at any separate class meeting shall be two persons present holding or representing by proxy at least one-third in number of the issued Shares of that class (provided that if any such meeting is adjourned for lack of a quorum, the quorum at the reconvened meeting shall be one person present holding Shares of that class or their proxy) provided always that where the class has only one Shareholder, that Shareholder shall constitute the necessary quorum and any Shareholder in the class in question may demand a poll.</p> <p>The special rights conferred upon the Shareholders of any Shares or class of Shares issued with preferred, deferred or other rights shall (unless otherwise expressly provided by the conditions of issue of such shares) be deemed not to be varied by: (a) the creation or issue of further Shares ranking <i>pari passu</i> therewith; or (b) the purchase or redemption by the Company of any of its Shares (or the holding of such Shares as Treasury Shares).</p> <p><b>Pre-emption rights</b></p> <p>The Company is not permitted to allot (for cash) equity securities (being Shares or C Shares or rights to subscribe for, or convert securities into, Shares or C Shares) or sell (for cash) any Shares or C Shares held in treasury, unless it shall first have offered to allot to each existing Shareholder and C Shareholder on the same or more favourable terms a proportion of those Shares or C Shares the aggregate value of which (at the proposed issue price) is as nearly as practicable equal to the proportion of the Net Asset Value represented by the Shares and/or C Shares held by such Shareholder and/or C Shareholder. These pre-emption rights may be excluded and disapplied or modified by a Special Resolution. Pre-emption rights have been disapplied in relation to up to 1,000,000,000 Shares (including for this purpose C Shares) for a period of five years by the Management Shareholder and it is expected that the Company will seek a further disapplication of such pre-emption rights upon expiry of the five-year period and, thereafter, at each annual general meeting of the Company.</p>
C5	Restrictions on the free transferability of the securities	<p>Subject to the Articles (and the restrictions on transfer contained therein), a Shareholder may transfer all or any of his Shares in any manner which is permitted by the Companies Law or in any other manner which is from time to time approved by the Board.</p> <p>The Company has elected to impose the restrictions described below on the Placing and on the future trading of the Shares so that the Company will not be required to register the offer and sale of the Shares under the U.S. Securities Act, so that the Company will not have an obligation to register as an investment company under the U.S. Investment Company Act and related rules and to address certain ERISA, U.S. Tax Code and other considerations. These transfer restrictions, which will remain in effect until the Company determines in its sole discretion to remove them, may adversely affect the ability of Shareholders to trade the Shares. Due to the restrictions described below, potential investors in the United States and U.S. Persons (including persons acting for the account or benefit of any U.S. Person) are advised to consult legal counsel prior to making any offer, resale, exercise, pledge or other transfer of the Shares.</p> <p>The Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, into or within the United States or to, or for the account</p>

Element	Disclosure requirement	Disclosure
		<p>or benefit of, U.S. Persons (as defined in Regulation S under the U.S. Securities Act). There will be no public offer of the Shares in the United States.</p> <p>The above provisions apply equally to the C Shares.</p>
C6	Admission	<p>Applications will be made to the UK Listing Authority and the London Stock Exchange respectively for all of the C Shares to be issued pursuant to the Placing Programme to be admitted to the standard segment of the Official List and to trading on the Main Market.</p> <p>Applications will be made to the UK Listing Authority and the London Stock Exchange respectively for all of the New Shares to be issued pursuant to the Placing Programme to be admitted to the premium segment of the Official List and to trading on the Main Market.</p> <p>It is expected that Admission will become effective and that dealings in Placing Shares will commence between 3 April 2014 and 19 March 2015.</p>
C7	Dividend policy	<p>In respect of each financial year, the Company intends to pay dividends to Shareholders equal to substantially the entire cash income in respect of the relevant class it receives semi-annually from its investment in the Investment Vehicle plus income from cash pending investment less fees and expenses in respect of that year, subject to solvency tests prescribed under Jersey law. To the extent it is able to do so, the Company intends to pay dividends to C Shareholders around the time of Conversion. Cash income will comprise cash received by the Company from the Investment Vehicle or the Conversion Vehicle (as the case may be) attributable to the income from the Investment Vehicle's or the Conversion Vehicle's Portfolio, the income arising from cash held by the Company, the Investment Vehicle or the Conversion Vehicle pending investment or distribution and, in such circumstances as the CECO Directors may determine, capital profits of the Investment Vehicle and the Conversion Vehicle.</p> <p>It is anticipated that, once a dividend is resolved to be paid by the Directors, it will be distributed to Shareholders in the first or second month following the end of the six-month period (or any shorter period, in the case of C Shares) to which it relates. Dividends will be paid in the currency of the relevant class of Shares or C Shares, as the case may be.</p> <p>On the basis of market conditions as at the date of this Prospectus, the Company is targeting an annualised dividend yield of around 5 per cent. on the C Shares issued under the Initial Placing, once fully invested, based on the Placing Price.</p>
D1	Key information on the key risks specific to the issuer or its industry	<ul style="list-style-type: none"> <li>• The Company will be a speculative investment, of a long term nature, and will involve a high degree of risk. A Shareholder could lose all or a substantial portion of their investment in the Company.</li> <li>• The ability of the Company to meet its investment objective will depend on the Investment Vehicle Manager's ability to successfully manage the Investment Vehicle and the Conversion Vehicle in accordance with its investment objective and investment policy.</li> <li>• The Company has no control over the Investments made by the Investment Vehicle or the Conversion Vehicle.</li> <li>• The Company's target return and target dividend yield are based on estimates and assumptions that are inherently subject to significant business and economic uncertainties and contingencies, and the actual return and dividend yield may be materially lower than the targeted return and target dividend yield.</li> <li>• The Company Net Asset Value is calculated based on the Investment Vehicle NAV and the Conversion Vehicle NAV and, as such, is subject to valuation risk and the Company can provide no assurance that the NAVs it records from time to time will ultimately be realised.</li> <li>• Global capital markets have been experiencing volatility, disruption and instability. Material changes affecting global debt and equity capital markets may have a negative effect on the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.</li> </ul>

Element	Disclosure requirement	Disclosure
		<ul style="list-style-type: none"> <li>• The Company, the Investment Vehicle and the Conversion Vehicle are reliant on third party service providers to carry on their businesses and a failure by one or more service providers could materially disrupt the businesses of the Company, the Investment Vehicle and the Conversion Vehicle.</li> <li>• The Company Investment Vehicle Interests and Conversion Vehicle Interests in which the Company invests are not traded on a stock exchange and the Company will rely on the operation of the redemption facilities offered by the Investment Vehicle and the Conversion Vehicle in order to realise its investments.</li> <li>• The investment objective, investment policy, Investment Limits or Borrowing Limit of the Investment Vehicle and the Conversion Vehicle may change and the Company may not be able to redeem its entire holding of Company Investment Vehicle Interests and Conversion Vehicle Interests on a single redemption date, therefore the continuing economic exposure to the Investment Vehicle and/or the Conversion Vehicle until the date on which the Company is finally able to redeem its entire holding may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.</li> <li>• The interests of the direct investors in the Investment Vehicle (excluding the Company) may not always coincide with the interests of Shareholders.</li> <li>• The Company Investment Vehicle Interests may be redeemed or otherwise retired without the consent of the Company.</li> <li>• The Company may be unable to maintain its non-UK tax resident status, which would adversely affect its financial and operating results, the value of the Shares and the after-tax return to Shareholders.</li> <li>• Changes in taxation legislation, or the rate of taxation, may adversely affect the Company, the Investment Vehicle and the Conversion Vehicle.</li> <li>• Changes in law or regulations, or a failure to comply with any laws or regulations, may adversely affect the respective businesses, investments and performance of the Company, Investment Vehicle, Conversion Vehicle, CVC Investment Services and the Investment Vehicle Manager.</li> </ul>
D3	Key information on the key risks specific to the securities	<ul style="list-style-type: none"> <li>• The existence of a liquid market in the Shares cannot be guaranteed.</li> <li>• The limited voting rights of the holders of the C Shares limit their ability to have an impact on Board decisions or Company policy and may adversely affect the value of the C Shares.</li> <li>• The Shares in the Company may trade at a discount to the Net Asset Value per Share of the relevant class of Shares and Shareholders may be unable to realise their Shares on the market at the Net Asset Value per Share or at any other price.</li> <li>• Shareholders have no right to have their Placing Shares redeemed or repurchased by the Company.</li> <li>• Contractual Quarterly Tenders will be subject to certain restrictions and so Shareholders should not have an expectation that all or any of the Shares they make available for sale to the Company will be purchased through the Contractual Quarterly Tender facility.</li> <li>• Both CVC Investment Services and the Company have the right to terminate the Corporate Service Agreement in certain circumstances which may result in the payment of a significant termination fee by the Company to CVC Investment Services.</li> <li>• Shareholders in certain jurisdictions may not be eligible to participate in Contractual Quarterly Tenders and to receive the cash proceeds thereof.</li> <li>• Sterling Shares and Sterling C Shares will be exposed to exchange rate fluctuations.</li> <li>• UK taxpaying Shareholders may be subject to income tax under the UK offshore funds regime in any tax year on amounts of income attributable to them to the extent such amounts are greater than the dividends actually paid out by the Company in the period.</li> </ul>

Element	Disclosure requirement	Disclosure
E1	Net proceeds and costs of the Issue	<p>The Company intends to issue up to 600 million Placing Shares, being New Shares (which may be denominated as either Euro Shares or Sterling Shares) and/or C Shares (which may be denominated as either Euro C Shares or Sterling C Shares) pursuant to the Placing Programme. The actual number of Placing Shares to be issued pursuant to the Initial Placing, and therefore the Gross Placing Proceeds, is not known as at the date of this Prospectus but will be announced by the Company via an RIS announcement prior to Initial Admission.</p> <p>A proportion of the costs and expenses of the Initial Placing of C Shares (including placing commissions) up to 0.75 per cent. of the Gross Placing Proceeds of the Initial Placing will be payable out of such proceeds. To the extent that the costs and expenses of the Initial Placing (including placing commissions) exceed 0.75 per cent. of the Gross Placing Proceeds, CVC Investment Services shall bear the excess. It is expected that arrangements of a similar nature will apply in relation to subsequent Placings of C Shares, with the percentage of costs and expenses that will be borne by investors being set at the time of the relevant Placing.</p> <p>In relation to a subsequent Placing of New Shares, the Placing Price shall include a premium to the Net Asset Value per Share of the relevant class of Existing Shares and the costs and expenses of such issue (including placing commissions) will be borne out of such premium. To the extent that the costs and expenses of any such subsequent Placing (including placing commissions) exceeds such premium, CVC Investment Services shall bear the excess.</p> <p>As a consequence of these arrangements the Net Asset Value of the Existing Shares will not be diluted as a consequence of any Placing.</p> <p>The Company will limit the number of New Shares in issue at any time prior to the Calculation Time in respect of any issued class of C Shares. When only Sterling C Shares are in issue, the limit will be such number of New Euro Shares as is equal to 20 per cent. of the aggregate number of Shares (excluding such New Shares) and C Shares in issue immediately following completion of the Initial Placing (the “<b>Aggregate Share Capital</b>”), with no ability to issue New Sterling Shares, and when two currency classes of C Shares are in issue the limit will be such number of New Euro Shares as is equal to 10 per cent. of the Aggregate Share Capital, with no ability to issue New Sterling Shares. After such Calculation Time these limits will be reset by adding the number of New Shares issued prior to the relevant Calculation Time to the Aggregate Share Capital.</p>
E2a	Reasons for the offer and use of proceeds	<p>The Company’s investment objective is to provide Shareholders with regular income returns and capital appreciation from a diversified portfolio of sub-investment grade debt instruments.</p> <p>The Company will pursue its investment policy by investing the Net Placing Proceeds in the Investment Vehicle, which is the Investment Vehicle Manager’s existing European credit opportunities investment vehicle, and by investing the Net Placing Proceeds of C Shares in the Conversion Vehicle pending Conversion of the C Shares into Shares. The Investment Vehicle and the Conversion Vehicle both operate in accordance with an investment objective, investment policy, the Investment Limits and the Borrowing Limit.</p>
E3	Terms and conditions of the offer	<p>The Company intends to issue up to 600 million Placing Shares, being New Shares (which may be denominated as either Euro Shares or Sterling Shares) and/or C Shares (which may be denominated as either Euro C Shares or Sterling C Shares), pursuant to the Placing Programme. New Shares or C Shares will only be issued at times when the Company and the Investment Vehicle Manager consider that suitable investments in accordance with the Company’s investment policy will be capable of being secured.</p> <p>The Placing Programme is flexible and may have a number of closing dates in order to provide the Company with the ability to issue Placing Shares on appropriate occasions over a period of time. The Placing Programme is intended to partially satisfy market demand for the Shares and to raise further money for investment in accordance with the Company’s investment policy.</p>

Element	Disclosure requirement	Disclosure
		<p>Applications for Placing Shares under the Placing Programme must be for a minimum subscription amount of €100,000 and £100,000 and thereafter in multiples of €1,000 and £1,000. There is no maximum subscription, unless notified to investors.</p> <p>Subject to the requirements of the Listing Rules, the price at which each new Share will be issued will be calculated by reference to the latest published Net Asset Value per existing Share of the relevant class.</p> <p>C Shares will be issued at a Placing Price of €1.00 per Euro C Share and £1.00 per Sterling C Share.</p>
E4	Material interests	Not applicable. No interest is material to the Placing.
E5	Name of person selling securities	CVC Credit Partners European Opportunities Limited.
E6	Dilution	<p>The Placing Programme is not being made on a pre-emptive basis and, accordingly, existing Shareholders who do not to participate in the Placing Programme may have their percentage holding of the relevant class of Shares diluted (i) on issue of New Shares of such class; and/or (ii) on conversion of the corresponding currency denomination of C Shares.</p>
E7	Expenses charged to the investor	<p>Investors subscribing for C Shares pursuant to the Initial Placing will bear costs and expenses of up to 0.75 per cent. of the Placing Price. It is expected that arrangements of a similar nature will apply in relation to subsequent Placings of C Shares, with the percentage of costs and expenses that will be borne by investors being set at the time of the relevant Placing.</p> <p>The Placing Price for New Shares to be issued pursuant to the Placing Programme shall include a premium to the Net Asset Value per Share of the relevant class of Existing Shares and the costs and expenses of such issue payable by subscribers (including placing commissions) will be borne out of such premium.</p>



## RISK FACTORS

Investment in the Company should be regarded as long-term in nature and involving a high degree of risk. Accordingly, prospective investors should consider carefully all of the information set out in this Prospectus and the risks relating to the Company, the Placing Shares, the Investment Vehicle, the Conversion Vehicle and the Investment Vehicle Manager including, in particular, the risks described below which are not presented in any order of priority and may not be an exhaustive list or explanation of all the risks which investors may face when making an investment in the Placing Shares and should be used as guidance only.

Only those risks which are believed to be material and currently known to the Company in relation to itself and its industry and in relation to the Investment Vehicle and Conversion Vehicle as at the date of this Prospectus have been disclosed. Additional risks and uncertainties not currently known to the Directors, or that the Directors deem immaterial at the date of this Prospectus, may also have an adverse effect on the business, results of operations, financial conditions and prospects of the Company, the Investment Vehicle, the Conversion Vehicle their respective net asset values, and the market price of the Placing Shares. Potential investors should review this Prospectus carefully and in its entirety and consult with their professional advisers before making an application to invest in the Placing Shares.

Prospective investors should note that the risks relating to the Company, the Investment Vehicle, the Conversion Vehicle, the Investment Vehicle Manager and the Placing Shares summarised in the section of this document headed “Summary” are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Placing Shares. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this document headed “Summary” but also, among other things, the risks and uncertainties described below.

### Risks relating to the Company

***The ability of the Company to meet its investment objective will depend on the Investment Vehicle Manager's ability to successfully manage the Investment Vehicle and the Conversion Vehicle in accordance with its investment objective and investment policy***

The Company is organised as a feeder fund and, accordingly, the Gross Placing Proceeds (less applicable costs, expenses and placing commissions and short-term working capital requirements) will be invested in the Investment Vehicle and/or the Conversion Vehicle. Accordingly, the success of the Company will depend on the ability of the Investment Vehicle Manager to successfully implement the investment objective and the investment policy of the Investment Vehicle and/or the Conversion Vehicle and also on broader market conditions as discussed in this “Risk Factors” section of this Prospectus. There can be no assurance that the Investment Vehicle Manager will be successful or that the Investment Vehicle Manager will be able to invest the Investment Vehicle's or the Conversion Vehicle's assets on attractive terms, generate any investment returns for its investors or avoid investment losses.

***The Company has no control over the Investments made by the Investment Vehicle or the Conversion Vehicle***

The Company is organised as a feeder fund and, accordingly, the Gross Placing Proceeds (less applicable costs, expenses and placing commissions and short-term working capital requirements) will be invested in the Investment Vehicle and/or the Conversion Vehicle. While the Directors will review the Investment Vehicle's and the Conversion Vehicle's compliance with its investment objective and investment policy (including the Investment Limits and/or the Borrowing Limit), the Company has no control over the specific Investments and has no right to require the disposal of specific Investments by the Investment Vehicle or the Conversion Vehicle.

Instead, the Company will rely on the skills and capabilities of the Investment Vehicle Manager in selecting, evaluating, structuring, negotiating, executing, monitoring and exiting trading positions and Investments and in managing any uninvested capital of the Investment Vehicle and Conversion Vehicle in accordance with the Investment Vehicle's and Conversion Vehicle's investment policy. The Investment Vehicle Manager will have broad discretion when making investment-related decisions for the Investment Vehicle and Conversion

Vehicle (including the strategies to be employed pursuing the Investment Vehicle's and Conversion Vehicle's investment objective). As a result, the Company's ability to achieve its target return will depend on the ability of the Investment Vehicle Manager to identify suitable trading and investment opportunities and to implement successfully the investment policy of the Investment Vehicle and Conversion Vehicle.

***The Company's target return and target dividend yield are based on estimates and assumptions that are inherently subject to significant business and economic uncertainties and contingencies, and the actual return and dividend yield may be materially lower than the targeted return and target dividend yield***

The Company's target return and target dividend yield set forth in this Prospectus are targets only and are based on estimates and assumptions concerning the performance of the Investment Vehicle and the Conversion Vehicle which will be subject to a variety of factors including, without limitation, the availability of investment opportunities, asset mix, value, volatility, holding periods, performance of underlying portfolio debt issuers, investment liquidity, borrower default, changes in current market conditions, interest rates, government regulations or other policies, the worldwide economic environment, changes in law and taxation, natural disasters, terrorism, social unrest and civil disturbances or the occurrence of risks described elsewhere in this Prospectus, which are inherently subject to significant business, economic and market uncertainties and contingencies, all of which are beyond the control of the Company, the Investment Vehicle and the Conversion Vehicle, and which may adversely affect the Company's ability to achieve its target return and target dividend yield. Such targets are based on market conditions and the economic environment at the time of assessing the proposed targets and the assumption that the Company, the Investment Vehicle and the Conversion Vehicle will be able to implement their investment policy and strategy successfully, and are therefore subject to change. There is no guarantee or assurance that the target return and/or target dividend yield can be achieved at or near the levels set forth in this Prospectus. Accordingly, the actual rate of return and actual dividend yield achieved may be materially lower than the targets, or may result in a loss. A failure to achieve the target return and/or target dividend yield set forth in this Prospectus may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

***The Company is a recently formed company with a limited operating history, and investors have a limited basis on which to evaluate the Company's ability to achieve its investment objective***

The Company is a recently formed company with a limited operating history. As such, investors have a limited basis on which to evaluate the Company's ability to achieve its investment objective and provide a satisfactory investment return. There can be no assurance that the Company will be able to maintain its historic performance or achieve its investment objective and any failure by the Company to do so may adversely affect its business, financial condition, results of operations, NAV and the market price of the Placing Shares. Past performance of the Company should not be taken as a guide to its future performance.

The Company will be a speculative investment, of a long term nature, and will involve a high degree of risk. A shareholder could lose all or a substantial portion of their investment in the Company. Shareholders must have the financial ability, sophistication, experience and willingness to bear the risks of an investment in the Company.

***Global capital markets have been experiencing volatility, disruption and instability. Material changes affecting global debt and equity capital markets may have a negative effect on the Company's business, financial condition, results of operations, NAV and/or the market price of the Placing Shares***

Global capital markets have been experiencing volatility and disruption for more than three years, as evidenced by a lack of liquidity in the equity and debt capital markets, significant write-offs in the financial services sector, the re-pricing of credit risk in the credit market and the failure of major financial institutions. Despite the actions of government authorities, these events have contributed to worsening general economic conditions that have materially and adversely affected the broader financial and credit markets and reduced the availability of debt and equity capital.

Certain countries in Europe currently have large sovereign debts and/or fiscal deficits, and speculation regarding the creditworthiness of the sovereign debt of various Eurozone countries has given rise to concerns that sovereign debtors might default and that one or more countries might leave the European Union and/or the Eurozone. Sovereign debt defaults and European Union and/or Eurozone exits could have

material adverse effects on the Investment Vehicle's ability to make Investments, as well as on the issuers whose debt obligations form part of the Portfolio by, for example, impacting the availability of credit to such issuers and causing uncertainty and disruption in relation to financing, and to the wider markets in which such issuers operate. Any additional austerity or other measures introduced to limit or contain these issues may themselves lead to economic contraction and result in further adverse effects impacting the Investments and, by extension, the NAV and/or the market price of the Placing Shares.

Each of the Investment Vehicle and the Conversion Vehicle is required to hold at least 70 per cent. of its Gross Assets in companies domiciled or with material operations in Western Europe. As such, the Investment Vehicle and the Conversion Vehicle could be particularly exposed to any deterioration in the current European economic crisis. In addition, neither the Investment Vehicle nor the Conversion Vehicle has any restrictions on the amount of Investments it can make in a single industry. As such, any significant event which affects a specific industry in which the Portfolio has a significant holding could materially and adversely affect the performance of the Investment Vehicle or the Conversion Vehicle and, by extension, the Placing Shares.

Further, within the banking sector, the default of any institution could lead to defaults by other institutions. Concerns about, or default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions, because the commercial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. This risk is sometimes referred to as "systemic risk" and may adversely affect other third parties with whom the Investment Vehicle or Conversion Vehicle deals. The Investment Vehicle, the Conversion Vehicle and, by extension, the Company may, therefore, be exposed to systemic risk when the Investment Vehicle or the Conversion Vehicle deals with various third parties whose creditworthiness may be exposed to such systemic risk.

The Company, the Investment Vehicle and the Conversion Vehicle operate in Euro as their base currency, and a proportion of the Investments is and will be denominated in Euro. Accordingly, legal uncertainty about the satisfaction of commitments in Euro following any breakup of, or exits from the Eurozone (particularly in the case of investors domiciled or Investments located in affected countries), could also have material adverse effects on the Investments and, by extension, on the NAV and/or the market price of the Placing Shares.

Continued or recurring market deterioration may materially adversely affect the ability of an issuer whose debt obligations form part of the Portfolio to service its debts or refinance its outstanding debt. Further, such financial market disruptions may have a negative effect on the valuations of the Investments (and, by extension, on the NAV and/or the market price of the Placing Shares), and on the potential for liquidity events involving such Investments. In the future, non-performing assets in the Investment Vehicle's or the Conversion Vehicle's Portfolio may cause the value of that Portfolio to decrease (and, by extension, the NAV and/or the market price of the Placing Shares to decrease). Adverse economic conditions may also decrease the value of any security obtained in relation to any of the Investments.

Conversely, in the event of sustained market improvement, the Investment Vehicle or the Conversion Vehicle, and indirectly the Company, may have access to a reduced number of attractive potential investment opportunities, which also may result in limited returns to Shareholders.

***The Company Net Asset Value is calculated based on the Investment Vehicle NAV and the Conversion Vehicle NAV and, as such, is subject to valuation risk and the Company can provide no assurance that the NAVs it records from time to time will ultimately be realised***

The Company Net Asset Value will be calculated based on the Investment Vehicle NAV and the Conversion Vehicle NAV, which are calculated by third parties and the Investment Vehicle NAV will be subject to valuation risk (see the risk factor entitled "The Investments may be difficult to value accurately and, as a result, Investment Vehicle Interest Holders, such as the Company, may be subject to valuation risk" in this section of this Prospectus). By extension the same risk applies to the calculation of the NAV of any class of Shares. If a valuation estimate provided to the Company by the Investment Vehicle subsequently proves to be incorrect, no adjustment to any previously calculated NAV will be made. Any acquisitions or disposals of Placing Shares based on previous erroneous NAVs may result in losses for shareholders.

Additionally, if, for any reason, the CECO Directors suspend the calculation of the Investment Vehicle NAV or Conversion Vehicle NAV, the Company will also have to suspend the calculation of its NAV. In such

circumstances, the Placing Shares may become subject to speculation regarding the value of the assets within the Portfolio and this may have an adverse effect on the market price of the Placing Shares.

***The Company, the Investment Vehicle and Conversion Vehicle are reliant on third party service providers to carry on their businesses and a failure by one or more service providers could materially disrupt the businesses of the Company, the Investment Vehicle and the Conversion Vehicle***

Each of the Company, the Investment Vehicle and Conversion Vehicle has no employees and their respective directors have all been appointed on a non-executive basis. The Company, the Investment Vehicle and Conversion Vehicle are, therefore, reliant upon the performance of third party service providers for the performance of certain functions. The Company is also reliant indirectly on the third parties providing services to the Investment Vehicle and Conversion Vehicle. In particular, CVC Investment Services and the Administrator perform services which are important to the operation of the Company and the Investment Vehicle Manager. CVC Investment Services, the Investment Vehicle Administrator and the Investment Vehicle Corporate Service Provider perform services which are important to the operation of the Investment Vehicle and the Conversion Vehicle. Failure by any service provider to carry out its obligations to the Company, the Investment Vehicle or the Conversion Vehicle in accordance with the terms of its appointment with due care and skill, or at all, or termination of any such appointment may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

In addition, whereas the Investment Vehicle and the Conversion Vehicle use Citibank N.A. London as custodian to hold securities and cash, custody of contractual documentation (such as the loans in which the Investment Vehicle and Conversion Vehicle will invest) cannot be arranged on a similar basis. The Investment Vehicle typically holds these investments directly (being the "lender of record"), as will the Conversion Vehicle but may also hold indirectly (for example by way of sub-participation either through a third party bank or, in the case of the Conversion Vehicle, through the Investment Vehicle) and consequently bear additional risk.

In the event that it is necessary for the Company to replace any third party service provider, it may be that the transition process takes time, increases costs and may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

***The Company Investment Vehicle Interests may be redeemed or otherwise retired without the consent of the Company and will mature in 2030***

The Investment Vehicle is entitled to compulsorily redeem all of its issued Investment Vehicle Interests (including all of the Company Investment Vehicle Interests) generally on 180 days' notice if the Investment Vehicle Net Asset Value is determined to be less than €50 million. In addition, while the Company has been incorporated with an indefinite life, it is the stated intention of the CECO Directors to wind up the Investment Vehicle in 2031. If the CECO Directors do not extend such term (which they may do at their sole discretion) the Company Investment Vehicle Interests will repay on their maturity date in 2030. In the event of the Company Investment Vehicle Interests having been redeemed or otherwise retired in full, the Company would be required either: (i) to employ an alternative investment strategy (which would require Shareholder approval) and there can be no assurance that such strategy will have similar risks or rates of return to the Company's investment in the Investment Vehicle or that any delay in finding and implementing such an alternative strategy will not have a material adverse effect on the NAV and/or the market price of the Shares; or (ii) to put proposals to Shareholders to wind up the Company and return capital to Shareholders. No assurance can be given that Shareholders would realise a profit or avoid a loss of all or part of their investment if the Company were to be wound up.

***The Company Investment Vehicle Interests and Conversion Vehicle Interests in which the Company invests are not traded on a stock exchange and the Company relies on the operation of the redemption facilities offered by the Investment Vehicle and Conversion Vehicle in order to realise its investments***

Given that the Company Investment Vehicle Interests are not, and the Conversion Vehicle Interests will not be, traded on a stock exchange, the Company has and will have to rely on the redemption mechanisms offered by the Investment Vehicle and the Conversion Vehicle in order to realise its investments in the



Investment Vehicle or Conversion Vehicle or to conduct Contractual Quarterly Tenders and on those mechanisms operating in a timely manner. The Company does not have any control over the redemption mechanisms operated by the Investment Vehicle or the Conversion Vehicle.

The Company may, if so requested, redeem Company Investment Vehicle Interests only on a quarterly basis, as is the case for redemptions of Non-Company Investment Vehicle Interests, being those Investment Vehicle Interests held by the Investment Vehicle's other direct investors. However, if the Investment Vehicle or the Conversion Vehicle receives applications to redeem such interests in respect of any redemption date and it determines (in its sole judgement) that there is insufficient liquidity to make redemptions without prejudicing other existing investors in the Investment Vehicle or the Conversion Vehicle, then the Investment Vehicle or Conversion Vehicle is entitled to suspend or scale down the redemption requests on a *pro rata* basis so as to carry out only such redemptions which will meet this criterion. As such, in circumstances where the Company wishes to redeem part or all of its holdings in the Investment Vehicle or the Conversion Vehicle, it may not be able to achieve this on a single redemption date and shareholders should have no expectation that the Company will be able to realise all of its investments through a single redemption request. This may also result in restrictions on the Company's ability to complete or to conduct Contractual Quarterly Tenders. For further information, please refer to the section entitled "Rights of Investment Vehicle Interest Holders and Conversion Vehicle Interest Holders" in Part X of this Prospectus.

In certain circumstances, whether prior to or following a NAV Determination Date, where the valuation or realisation of the Investments becomes excessively risky or impossible, the CECO Directors may by resolution and on the advice of the Investment Vehicle Manager suspend all calculations, payments and redemptions under all of the outstanding Investment Vehicle Interests (including the Company Investment Vehicle Interests and Conversion Vehicle Interests). For further information, please refer to the section entitled "Suspension of calculations, payments, subscriptions and redemptions in respect of the Investment Vehicle and the Conversion Vehicle" in Part II of this Prospectus.

In the event of a material adverse event occurring in relation to the Investment Vehicle or the Conversion Vehicle or the market generally, the ability of the Company to realise its investment and prevent the possibility of further losses could, therefore, be limited by its restricted ability to realise its investment in the Investment Vehicle or the Conversion Vehicle. This delay could materially affect the value of the Company Investment Vehicle Interests and Conversion Vehicle Interests and the timing of when the Company is able to realise its investments in the Investment Vehicle or the Conversion Vehicle, which may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

***The interests of the direct investors in the Investment Vehicle (excluding the Company) may not always coincide with the interests of Shareholders***

Whilst the Company's holding of Company Investment Vehicle Interests represents a majority of the aggregate amount of Investment Vehicle Interests, because the Investment Vehicle is open-ended, over time the Company's holding of Company Investment Vehicle Interests may no longer represent either a majority or a substantial proportion of the aggregate amount of Investment Vehicle Interests. In such circumstances, those direct investors who in aggregate hold the relevant majority of the aggregate amount of Investment Vehicle Interests may have the ability to block or adopt resolutions put to all Investment Vehicle Interest Holders, including, where such direct investors hold a majority of the aggregate amount of Investment Vehicle Interests, a resolution to change the investment policy of the Investment Vehicle. Any such decisions may be contrary to, and have a detrimental effect on, the interests of the Company and its Shareholders, and so may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

***The investment objective, investment policy, Investment Limits or Borrowing Limit of the Investment Vehicle or Conversion Vehicle may materially change and the Company may not be able to redeem its entire holding of Company Investment Vehicle Interests or Conversion Vehicle Interests on a single redemption date***

The rights of the Investment Vehicle and Conversion Vehicle to amend the investment objective, investment policy, Investment Limits and Borrowing Limit applicable to each of them are constrained by their obligations to Investment Vehicle Interests Holders and Conversion Vehicle Interest Holders (including the Company) to maintain their compliance with those limits and the investment policy generally. However, the investment

objective, investment policy, Investment Limits and Borrowing Limit of the Investment Vehicle and Conversion Vehicle may be amended with the consent of a majority of the aggregate amount of Investment Vehicle Interests or Conversion Vehicle Interests respectively. If such an amendment occurs such that the investment objective, investment policy, Investment Limits or Borrowing Limit of the Investment Vehicle or Conversion Vehicle is no longer materially consistent with the Company's investment policy, and shareholders do not vote to amend the Company's investment policy accordingly, the Directors will be required to redeem the Company's entire holding in the Investment Vehicle or Conversion Vehicle (as the case may be). However, it may not be possible to redeem the Company's entire holding on a single redemption date due to gating or a suspension of redemptions at the Investment Vehicle level or Conversion Vehicle level. The continuing economic exposure to each of the Investment Vehicle and the Conversion Vehicle (which may pursue its new investment objective or investment policy) in the time between the first redemption date on which the Company attempts to redeem its entire holding and the date on which it actually finally redeems its entire holding may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

### ***Risk of compulsory conversion between Placing Share or C Share classes***

Placing Shares and C Shares issued by the Company may be denominated in Euro and/or Sterling. The Directors may determine that the continued existence of a class of Placing Shares or C Shares would be impractical due to, for example, a class of Placing Shares or C Shares failing the public hands test (please refer to the section entitled "Compulsory Conversion" in Part I of this Prospectus for further details). In accordance with the Articles, Directors will have the right, at their discretion, to compulsorily convert the relevant Placing Shares or C Shares of such class into Shares or C Shares of the class then in issue with the greatest aggregate Net Asset Value per share in Euro terms as at the NAV Calculation Date. If such a conversion were to take place, affected Shareholders not wanting to hold Shares or C Shares in the currency to which they have been converted would need (in the case of Shares) to tender such Shares for repurchase by the Company through the Contractual Quarterly Tender facility (which is subject to other limitations and there is no guarantee that this facility will be available) or sell such Shares or C Shares on the secondary market (the existence of which cannot be guaranteed). Shareholders' attention is drawn to the risks entitled "Shareholders have no right to have their Placing Shares, and, in the case of C Shares, Correspondent Shares arising on Conversion, redeemed or repurchased by the Company", "Contractual Quarterly Tenders will be subject to certain restrictions and so Shareholders should not have an expectation that all or any of the Shares they make available for sale to the Company will be purchased through the Contractual Quarterly Tender Facility", "The existence of a liquid market in Shares cannot be guaranteed" and the existence of a liquid market in the C Shares cannot be guaranteed in this "Risk Factors" section of this Prospectus.

### **Risks relating to investing in the Investment Vehicle and the Conversion Vehicle**

#### ***No reliance should be placed by investors on the past performance of the Investment Vehicle***

This Prospectus contains certain historical financial performance information in relation to the Investment Vehicle and its predecessor, CRP II. There can be no assurance that the Investment Vehicle will be able to maintain its historic investment performance or achieve its investment objective and any failure by the Investment Vehicle to do so may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

Past performance of the Investment Vehicle should not be taken as a guide to its future performance, or, by extension, to the future performance of the Company.

Furthermore, the Conversion Vehicle is a newly formed Compartment of CECO with no investment history. Past performance of the Investment Vehicle should also not be taken as a guide to the Conversion Vehicle's future performance or, by extension, the future performance of the Company.

#### ***Substantial redemptions by investors in the Investment Vehicle may cause a liquidation of the Investments which may distort the balance of the Investment Vehicle's liquid and illiquid Investments***

Substantial redemptions by Investment Vehicle Interest Holders (whether the Company or other direct investors) within a short period of time could lead to a number of responses by the Investment Vehicle Manager, ranging from recommending that the CECO Directors suspend redemptions to liquidating

positions more rapidly than would otherwise be desirable so as to fill redemption orders. Such liquidations may lead to an imbalance between the liquid and illiquid Investments held within the Portfolio. This may lead to the Investment Vehicle holding a small number of illiquid Investments which account for an excessively high proportion of the Portfolio and, in such circumstances, the aggregate return on the Company Investment Vehicle Interests and, by extension, the Shares may be substantially and adversely affected by the unfavourable performance of such Investments.

Reductions in the Investment Vehicle Net Asset Value could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in the Investment Vehicle's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses. This, in turn, may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

***The Investments may be difficult to value accurately and, as a result, Investment Vehicle Interest Holders, such as the Company, may be subject to valuation risk***

The Portfolio may at any given time include securities or other financial instruments or obligations which are very thinly traded, for which no market exists or which are restricted as to their transferability under applicable securities laws. These Investments may be extremely difficult to value accurately. Further, because of overall size or concentration in particular markets of positions held by the Investment Vehicle, the value of its Investments which can be liquidated may differ, sometimes significantly, from their valuations. Third party pricing information may not be available for certain positions held by the Investment Vehicle. Investments to be held by the Investment Vehicle may trade with significant bid-ask spreads. The Investment Vehicle is entitled to rely, without independent investigation, upon pricing information and valuations furnished by third parties, including pricing services and valuation sources. Absent bad faith or manifest error, valuation determinations in accordance with the Investment Vehicle's valuation policy will be conclusive and binding. In light of the foregoing, there is a risk that an Investment Vehicle Interest Holder, such as the Company, which redeems all or part of its investment while the Investment Vehicle holds such Investments, could be paid an amount less than it would otherwise be paid if the actual value of the Investment Vehicle's Investment was higher than the value designated for that Investment by the Investment Vehicle. Similarly, there is a risk that a redeeming Investment Vehicle Interest Holder might, in effect, be overpaid at the time of the applicable redemption if the actual value of the Investment Vehicle's Investment was lower than the value designated for that Investment by the Investment Vehicle, in which case the value of the Investment Vehicle Interests to the remaining Investment Vehicle Interest Holders would be reduced.

***The Investment Vehicle may mandatorily redeem an entire Series of Investment Vehicle Interests without the consent of the investors (including the Company)***

The Investment Vehicle may mandatorily redeem an entire Series of Investment Vehicle Interests if the Series NAV of that Series is determined to be less than €25 million. Prospective investors in the Company should note that, in the event of an entire Series of Investment Vehicle Interests being mandatorily redeemed, the Placing Shares issued by the Company which are linked to that Series may be subject to a mandatory redemption by the Company unless conversion into an alternative class of Shares is available and this may have a material adverse effect on holders of such Placing Shares. Where there are two or more classes of Shares in issue, conversion into an alternate class may be possible but will depend on the Company's ability to subscribe for additional Investment Vehicle Interests, therefore Shareholders should not assume that conversion will be available. In the event that there is only one class of Shares in issue, then such mandatory redemption would necessitate the winding up of the Company.

***There is a risk that the assets of the Investment Vehicle or the Conversion Vehicle may be made available to satisfy the liabilities of other Compartments of CECO***

Each of the Investment Vehicle and the Conversion Vehicle are Compartments of CVC European Credit Opportunities S.à.r.l ("CECO") and because CECO is established as a Luxembourg compartmentalised securitisation company under the Luxembourg Law of 22 March 2004 on securitisation, as amended, the rights of creditors of CECO whose claims have arisen in relation to a specific Compartment of CECO are strictly limited to the net assets of such Compartment without any recourse to the assets of any other Compartment of CECO or any other assets of CECO. This means that the assets of the Investment Vehicle



and the Conversion Vehicle should be available only for distribution to creditors of the relevant Compartment such as Investment Vehicle Interest Holders or the holders of the Conversion Vehicle Interests (including the Company) whose claims have arisen in connection with the creation, the operation and/or the liquidation of the Investment Vehicle or the Conversion Vehicle, as the case may be.

Shareholders should note that, as at the date hereof, in addition to the Investment Vehicle and the Conversion Vehicle, CECO has established other Compartments into which the Company will not invest which have the ability to employ leverage. In addition, CECO is not restricted from creating from time to time further Compartments that can employ leverage. In spite of the fact that the segregation of assets and liabilities is protected under Luxembourg law, there is a risk that, should the liabilities of any other Compartment that may be created in CECO from time to time exceed its assets, creditors of such other Compartment may seek to access the assets of the Investment Vehicle or the Conversion Vehicle in another jurisdiction and under another system of law. The Investment Vehicle is not aware of any such challenge having been made in respect of a Luxembourg compartmentalised vehicle and does not believe it could be successfully made in respect of CECO. However, in such circumstances a legal attempt by creditors of another Compartment to access the Investment Vehicle's or the Conversion Vehicle's assets (whether successful or not) could adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

***CECO and, by extension, the Investment Vehicle and the Conversion Vehicle, is subject to limited regulatory supervision in Luxembourg***

In line with other companies of its type, CECO, and by extension, the Investment Vehicle and the Conversion Vehicle, is not a regulated entity in Luxembourg. Accordingly, CECO and, by extension, the Investment Vehicle and the Conversion Vehicle, are not subject to the oversight of the Luxembourg regulator (the *Commission de Surveillance du Secteur Financier*).

As such, investors in the Investment Vehicle and the Conversion Vehicle (such as the Company) may be subject to lesser levels of investor protection than if oversight was exercised by a regulator, and there is a risk that this state of affairs may adversely affect the Company's financial condition, NAV and/or the market price of the Placing Shares.

***Investment Vehicle Interest Holders other than the Company may receive information regarding the Investment Vehicle that is not received by the Company and therefore not disclosed to Shareholders***

The Investment Vehicle may provide information to Investment Vehicle Interest Holders with respect to the Investment Vehicle. While there are arrangements in place designed to ensure the supply of material information to the Company, including any information which the Company may be required to disclose pursuant to applicable rules and regulations, there may be circumstances where other Investment Vehicle Interest Holders are supplied with information that is not supplied to the Company or is given to the Company after it has been supplied to other Investment Vehicle Interest Holders. In extreme cases, this may result in other Investment Vehicle Interest Holders taking action in relation to their investments in the Investment Vehicle in advance of the Company which may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

***Risks relating to the investment strategy of the Investment Vehicle and the Conversion Vehicle***

***Market factors may result in the failure of the investment strategy followed by the Investment Vehicle and the Conversion Vehicle***

Strategy risk is associated with the failure or deterioration of an investment strategy such that most or all investment managers employing that strategy suffer losses. Strategy specific losses may result from excessive concentration by multiple market participants in the same investment or general economic or other events that adversely affect particular strategies (for example the disruption of historical pricing relationships). Furthermore, an imbalance of supply and demand favouring borrowers could result in yield compression, higher leverage and less favourable terms to the detriment of all investors in the relevant asset class. The strategy employed by the Investment Vehicle and the Conversion Vehicle is speculative and involves substantial risk of loss in the event of such a failure or deterioration in the financial markets. Each of the Investment Vehicle and the Conversion Vehicle has certain Investment Limits which define to a degree how they invest and the CECO Directors require the approval of a majority of the aggregate amount of Investment Vehicle Interests or Conversion Vehicle Interests, as applicable, to make any material changes to the Investment Limits. As a result, the Investment Vehicle's investment strategy may fail, and it may be difficult for the CECO Directors to amend the Investment Vehicle's investment strategy quickly or at all

should certain market factors appear, which may adversely affect the performance of the Investment Vehicle and, by extension, the Company's business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

***The investment strategy of the Investment Vehicle and the Conversion Vehicle includes investing in sub-investment grade and unrated debt obligations which are subject to a greater risk of loss of principal than higher-rated securities***

The investment strategy of the Investment Vehicle and the Conversion Vehicle principally consists of investing in sub-investment grade debt obligations, which include senior secured, second lien and mezzanine loans, high-yield bonds, PIK notes and CLO equity. Securities in the sub-investment grade categories are subject to greater risk of loss of principal and interest than higher-rated securities and may be considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They may also be considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with non-investment grade securities, the yields and prices of such securities may fluctuate more than those for higher-rated securities. The market for non-investment grade securities may be smaller and less active than that for higher-rated securities, which may adversely affect the prices at which these securities can be sold and result in losses to the Investment Vehicle and/or the Conversion Vehicle, which, in turn, could have a material adverse effect on the performance of the Investment Vehicle and/or the Conversion Vehicle and, by extension, on the Company's business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

In addition, the Investment Vehicle and the Conversion Vehicle may invest in debt obligations which may be unrated by a recognised credit rating agency, which may be subject to greater risk of loss of principal and interest than higher-rated debt obligations or debt obligations which rank behind other outstanding securities and obligations of the issuer, all or a significant portion of which, may be secured on substantially all of that issuer's assets. The Investment Vehicle and the Conversion Vehicle may also invest in debt obligations which are not protected by financial covenants or limitations on additional indebtedness. In addition, evaluating credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Any of these factors may adversely affect the value of the Portfolio and, by extension, the Company's business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

***In the event of a default in relation to an Investment, the Investment Vehicle and/or the Conversion Vehicle will bear a risk of loss of principal and accrued interest***

Performance and investor yield on the Company Investment Vehicle Interests and the Conversion Vehicle Interests may be affected by the default or perceived credit impairment of Investments made by the Investment Vehicle Manager and by general or sector specific credit spread widening. Credit risks associated with the Investments include (among others): (i) the possibility that earnings of the issuer may be insufficient to meet its debt service obligations; (ii) the issuer's assets declining in value; and (iii) the declining creditworthiness, default and potential for insolvency of the issuer during periods of rising interest rates and economic downturn. An economic downturn and/or rising interest rates could severely disrupt the market for the Investments and adversely affect the value of the Investments and the ability of the issuers thereof to repay principal and interest. In turn, this may adversely affect the performance of the Investment Vehicle and/or the Conversion Vehicle and, by extension, the Company's business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

In the event of a default in relation to an Investment held by it, the Investment Vehicle and/or the Conversion Vehicle will bear a risk of loss of principal and accrued interest on that Investment. Any such Investment may become defaulted for a variety of reasons, including non-payment of principal or interest, as well as breaches of contractual covenants. A defaulted Investment may become subject to workout negotiations or may be restructured by, for example, reducing the interest rate, a write-down of the principal, and/or changes to its terms and conditions. Any such process may be extensive and protracted over time, and therefore may result in substantial uncertainty with respect to the ultimate recovery on the defaulted Investment. In addition, significant costs might be imposed on the lender, further affecting the value of the Investment. The liquidity in such defaulted Investments may also be limited and, where a defaulted Investment is sold, it is unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest owed on that Investment. This would adversely affect the value of the Portfolio of the

Investment Vehicle and/or the Conversion Vehicle and, by extension, the Company's business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

In the case of secured loans, restructuring can be an expensive and lengthy process which could have a material negative effect on the Investment Vehicle's and/or the Conversion Vehicle's anticipated return on the restructured loan. By way of example, it would not be unusual for any costs of enforcement to be paid out in full before the repayment of interest and principal. This would substantially reduce the Investment Vehicle's and/or the Conversion Vehicle's anticipated return on the restructured loan.

***The illiquidity of Investments may have an adverse impact on their price and the Investment Vehicle's and/or the Conversion Vehicle's ability to trade in them or require significant time for capital gains to materialise***

Credit markets may from time to time become less liquid, leading to valuation losses on the Investments making it difficult to acquire or dispose of them at prices the Investment Vehicle Manager considers their fair value. Accordingly, this may impair the Investment Vehicle's and/or the Conversion Vehicle's ability to respond to market movements and the Investment Vehicle and/or the Conversion Vehicle may experience adverse price movements upon liquidation of such Investments. Liquidation of portions of the Portfolio under these circumstances could produce realised losses. The size of the Investment Vehicle's and/or the Conversion Vehicle's positions may magnify the effect of a decrease in market liquidity for such instruments. Settlement of transactions may be subject to delay and uncertainty. Such illiquidity may result from various factors, such as the nature of the instrument being traded, or the nature and/or maturity of the market in which it is being traded, the size of the position being traded, or lack of an established market for the relevant securities. Even where there is an established market, the price and/or liquidity of instruments in that market may be materially affected by certain factors.

The investment objective of the Investment Vehicle and the Conversion Vehicle is to provide investors with regular income returns and capital appreciation from a diversified portfolio of sub-investment grade debt instruments. Investments which are below investment grade are likely to be significantly less liquid than those which are investment grade and in some circumstances the Investments may be difficult to value and to sell in the relevant market. In addition, Investments which are in the form of loans are not as easily purchased or sold as publicly traded securities due to the unique and more customised nature of the debt agreement and the private syndication process. As a result, there may be a significant period between the date that the Investment Vehicle or the Conversion Vehicle makes an Investment and the date that any capital gain or loss on such Investment is realised. Moreover, the sale of restricted and illiquid securities may result in higher brokerage charges or dealer discounts and other selling expenses than the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Further, the Investment Vehicle or the Conversion Vehicle may not be able readily to dispose of such illiquid Investments and, in some cases, may be contractually prohibited from disposing of such Investments for a specified period of time, which could materially and adversely affect the performance of the Investment Vehicle or the Conversion Vehicle and, by extension, the Company's business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

***The Investment Vehicle and/or the Conversion Vehicle may hold a relatively concentrated Portfolio***

The Investment Vehicle and/or the Conversion Vehicle may hold a relatively concentrated Portfolio. The Investment Vehicle is permitted to hold a maximum of 7.5 per cent. of its Gross Assets in a single issuer, with a single exception permitting investment of up to 15 per cent. of its Gross Assets in order to participate in a loan to a single issuer, conditional on the requirement that the Investment Vehicle sells down this holding to a maximum of 7.5 per cent. of Gross Assets within 12 months of acquisition. The Conversion Vehicle is subject to the same single issuer restriction save that its limit in this respect will be measured as against the aggregate of the Gross Assets of both the Investment Vehicle and the Conversion Vehicle which may mean that the concentration risk and associated volatility in the Conversion Vehicle Portfolio may be substantially greater than in respect of the Investment Vehicle Portfolio. There is a risk that the Investment Vehicle or the Conversion Vehicle could be subject to significant losses if any issuer, especially one with whom the Investment Vehicle or the Conversion Vehicle had a concentration of investments, were to default or suffer some other material adverse change. The level of defaults in the Portfolio and the losses suffered on such defaults may increase in the event of adverse financial or credit market conditions. Any of these factors could adversely affect the value of the Portfolio and, by extension, the Company's business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

***The Investment Vehicle and the Conversion Vehicle are exposed to foreign exchange risk, which may have an adverse impact on the value of their assets and on their results of operations***

The base currency of the Investment Vehicle and the Conversion Vehicle is the Euro. Certain of their assets may be invested in securities and other Investments which are denominated in other currencies. Accordingly, the Investment Vehicle and the Conversion Vehicle will necessarily be subject to foreign exchange risks and the value of their assets may be affected unfavourably by fluctuations in currency rates. Although the Investment Vehicle Manager may utilise financial instruments to hedge against declines in the value of such assets as a result of changes in currency exchange rates, they are not obliged to do so and may terminate any hedge contract at any time. Moreover, it may not be possible for the Investment Vehicle Manager to hedge against a particular change or event at an acceptable price or at all. In addition, there can be no assurance that any attempt to hedge against a particular change or event would be successful, and any such hedging failure could materially and adversely affect the performance of the Investment Vehicle or the Conversion Vehicle and, by extension, the Company's business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

***The hedging arrangements of the Investment Vehicle and the Conversion Vehicle may not be successful***

The Investment Vehicle's and the Conversion Vehicle's economic risks cannot be effectively hedged. However, in connection with the financing of certain Investments, the Investment Vehicle Manager may employ hedging techniques on behalf of the Investment Vehicle and the Conversion Vehicle designed to reduce the risks of adverse movements in interest rates, securities' prices and/or currency exchange rates. However, some residual risk may remain as a result of imperfections and inconsistencies in the market and/or in the hedging contract. While such hedging transactions may reduce certain risks, they create others.

The Investment Vehicle Manager may utilise certain derivative instruments (such as using single-name credit default swaps, credit default swap and loan credit default swap indexes, equity futures and equity indexes) for hedging purposes. However, even if used primarily for hedging purposes, the price of derivative instruments is highly volatile, and acquiring or selling such instruments involves certain leveraged risks. There may be an imperfect correlation between the instrument acquired for hedging purposes and the Investments or market sectors being hedged, in which case, a speculative element is added to the highly leveraged position acquired through a derivative instrument primarily for hedging purposes. In particular, the Investments which are in the form of loans may typically be repaid at any time on short notice at no cost, and accordingly the hedging of interest rate or currency risk in such circumstances may be less precise than is the case with Investments in the public securities market.

Furthermore, default by any hedging counterparty in the performance of its obligations could subject the Investments to unwanted credit risks and market risk. Accordingly, although the Investment Vehicle the Conversion Vehicle, and so the Company, may benefit from the use of hedging strategies, failure to properly hedge the market risk in the Investments and/or default of a counterparty in the performance of its obligations under a hedging contract may have a material adverse effect on the performance of the Investment Vehicle or of the Conversion Vehicle and, by extension, on the Company's business, financial condition, results of operations, NAV and/or the market price of the Placing Shares, and such adverse effects may exceed those which may have resulted had no hedging strategy been employed.

***Under certain hedging contracts that the Investment Vehicle or the Conversion Vehicle may enter into, the Investment Vehicle or the Conversion Vehicle may be required to grant security interests over some of its assets to the relevant counterparty as collateral***

In connection with certain hedging contracts, the Investment Vehicle or the Conversion Vehicle may be required to grant security interests over some of its assets to the relevant counterparty to such hedging contract as collateral. Such hedging contracts typically will give the counterparty the right to terminate the agreement upon the occurrence of certain events. Such termination events may include, among others, a failure by the Investment Vehicle to pay amounts owed when due, a failure to provide required reports or financial statements, a decline in the value of the Investments secured as collateral, a failure to maintain sufficient collateral coverage, a failure by the Investment Vehicle Manager to comply with the investment policy and any investment restrictions, key changes in the Investment Vehicle's or the Conversion Vehicle's management or the Investment Vehicle Manager's personnel, a significant reduction in the Investment Vehicle Net Asset Value or the Conversion Vehicle Net Asset Value, and material violations of the terms, representations, warranties or covenants contained in the hedging contract, as well as other events



determined by the counterparty. If a termination event were to occur, there may be a material adverse effect on the performance of the Investment Vehicle or of the Conversion Vehicle, by extension, the Company's business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

***The investment objective, investment policy, investment strategy, Investment Limits, Borrowing Limit and/or emphasis of the Investment Vehicle or the Conversion Vehicle may change over time***

The CECO Directors may make changes to the investment objective, investment policy, investment strategy, Investment Limits and Borrowing Limit which they consider are not material without the consent of the Investment Vehicle Interest Holders or of the Company and the Conversion Vehicle Interest holder. Material changes to the Investment Vehicle's investment objective, investment policy, Investment Limits and Borrowing Limit may be made with the approval of a majority of the aggregate amount of Investment Vehicle Interests. Material changes to the investment objective, investment policy, Investment Limits and Borrowing Limit of the Conversion Vehicle may be made with the approval of a majority of the aggregate amount of the Conversion Vehicle Interests. In order to address the risk of the nature of the Company's investment exposure changing significantly, the Company will receive periodic updates from the Investment Vehicle and the Conversion Vehicle regarding any changes (material or otherwise) to their investment objective, investment policy, Investment Limits and/or Borrowing Limit and will seek Shareholder approval of any changes which are either material in their own right or, when viewed as a whole together with previous non-material changes, constitute a material change from the published investment objective or policy of the Company. However, if the investment objective, investment policy, Investment Limits, Borrowing Limit and/or strategy of the Investment Vehicle or the Conversion Vehicle were to change, the Company (and therefore, indirectly, Shareholders) may find that the nature of its investment exposure changes, possibly significantly and, although the Company may seek to redeem its investment in the Investment Vehicle or the Conversion Vehicle, its ability to exit the Investment Vehicle and the Conversion Vehicle may be limited, which could have a material adverse effect on the Company's business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

***The use of leverage by the Investment Vehicle or the Conversion Vehicle may increase the volatility of returns and providers of leverage would rank ahead of investors in the Investment Vehicle or the Conversion Vehicle in the event of insolvency***

Each of the Investment Vehicle and the Conversion Vehicle may employ leverage in order to increase investment exposure with a view to achieving its target return. Each vehicle is subject to a maximum permitted leverage of 100 per cent. of the Investment Vehicle Net Asset Value or the Conversion Vehicle Net Asset Value, as the case may be, save that the Borrowing Limit of the Conversion Vehicle will be measured against the aggregate of the Investment Vehicle and the Conversion Vehicle's Net Asset Values.

While leverage presents opportunities for increasing total returns, it can also have the effect of increasing the volatility of the performance of the Investment Vehicle or the Conversion Vehicle and, by extension, the Shares, including the risk of total loss of the amount invested. If income and capital appreciation on Investments made with borrowed funds are less than the costs of the leverage, the Investment Vehicle Net Asset Value or the Conversion Vehicle Net Asset Value will decrease. The effect of the use of leverage is to increase the investment exposure, the result of which is that, in a market that moves adversely, the possible resulting loss to investors' capital would be greater than if leverage were not used. As a result of leverage, small changes in the value of the underlying assets may cause a relatively large change in the value of the Investment Vehicle or the Conversion Vehicle, as the case may be. Many financial instruments used to employ leverage are subject to variation or other interim margin requirements, which may force premature liquidation of Investments. Investors should be aware that the use of leverage by the Investment Vehicle or the Conversion Vehicle can be considered to multiply the leverage effect on their investment returns in the Company. As described above, while this effect may be beneficial when markets' movements are favourable, it may result in a substantial loss of capital when markets' movements are unfavourable.

In addition, such leverage may involve granting of security or the outright transfer of specific Investments in the Portfolio. Since there is no security created in respect of the Investment Vehicle's or the Conversion Vehicle's obligations and the Investment Vehicle Interests (including the Company Investment Vehicle Interests) and the Conversion Vehicle Interests are preferred equity instruments, under the terms of the Investment Vehicle Interests and the Conversion Vehicle Interests, on any insolvency of the Investment Vehicle, Investment Vehicle Interest Holders (including the Company) and the Company as sole holder of the Conversion Vehicle Interests could rank behind the Investment Vehicle's or the Conversion

Vehicle's financing and hedging counterparties, whose claims will be considered as indebtedness of the Investment Vehicle and may be secured. Leverage does create opportunities for greater total returns on the Investments but simultaneously creates special risk considerations: it may exaggerate changes in the total value of the Investment Vehicle Net Asset Value and the Conversion Vehicle Net Asset Value and in the yield on the Investments and, subsequently, the yield on the Company Investment Vehicle Interests.

In addition, to the extent leverage is employed the Investment Vehicle and the Conversion Vehicle may be required to refinance transactions from time to time. On each refinancing, it is open to the counterparty to re-negotiate the terms of each transaction or indeed not to refinance the transaction at all. To the extent refinancing facilities are not available in the market at economic rates or at all, the Investment Vehicle or the Conversion Vehicle, as the case may be, may be required to sell assets at disadvantageous prices. Any such deleveraging may result in losses on Investments which could be severe and accordingly could have a material adverse effect on the performance of the Investment Vehicle and of the Conversion Vehicle and, by extension, on the Company's business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

***Interest rate fluctuations could expose the Investment Vehicle and the Conversion Vehicle to additional costs and losses***

The prices of the Investments that may be held by the Investment Vehicle or the Conversion Vehicle tend to be sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding prices of a position to move in directions which were not initially anticipated. In addition, interest rate increases generally will increase the interest carrying costs of borrowed securities and leveraged Investments. Further, the Investment Vehicle and the Conversion Vehicle may invest in both floating and fixed rate securities and interest rate movements will affect those respective securities differently. In particular, when interest rates rise significantly the value of fixed interest rate securities often fall. Furthermore, to the extent that interest rate assumptions underlie the hedging of a particular position, fluctuations in interest rates could invalidate those underlying assumptions and expose the Investment Vehicle to additional costs and losses. Any of the above factors could materially and adversely affect the performance of the Investment Vehicle and of the Conversion Vehicle and, by extension, the Company's business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

***In the event of the insolvency of an issuer in respect of an Investment, or of an underlying obligor in respect of an Investment, the return on such Investment to the Investment Vehicle or the Conversion Vehicle may be adversely impacted by the insolvency regime or insolvency regimes which may apply to that issuer or underlying obligor and any of their respective assets***

In the event of the insolvency of an issuer in respect of an Investment, the Investment Vehicle's or the Conversion Vehicle's recovery of amounts outstanding in insolvency proceedings may be impacted by the insolvency regimes in force in the jurisdiction of incorporation of such issuer or in the jurisdiction in which such issuer mainly conducts its business (if different from the jurisdiction of incorporation), and/or in the jurisdiction in which the assets of such issuer are located. Such insolvency regimes impose rules for the protection of creditors and may adversely affect the ability to recover such amounts as are outstanding from the insolvent issuer under the Investment, which may adversely affect the performance of the Investment Vehicle or the Conversion Vehicle, and, by extension, the Company's business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

Similarly, the ability of issuers to recover amounts owing to them from insolvent underlying obligors may be adversely impacted by any such insolvency regimes applicable to those underlying obligors, which in turn may adversely affect the abilities of those issuers to make payments due under the Investment to the Investment Vehicle or the Conversion Vehicle on a full or timely basis.

In particular, it should be noted that a number of European jurisdictions operate unpredictable insolvency regimes which may cause delays to the recovery of amounts owed by insolvent issuers or underlying obligors subject to those regimes. The different insolvency regimes applicable in the different European jurisdictions result in a corresponding variability of recovery rates for senior secured loans, high yield bonds and other debt obligations entered into or issued in such jurisdictions, any of which may have a material adverse effect on the performance of the Investment Vehicle and of the Conversion Vehicle and, by extension, the Company's business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

***The Investment Vehicle or the Conversion Vehicle may be subject to losses on Investments as a result of insolvency or clawback legislation and/or fraudulent conveyance findings by courts***

Various laws enacted for the protection of creditors and stakeholders may apply to certain Investments that are debt obligations, although the existence and applicability of such laws will vary between jurisdictions. For example, if a court were to find that an issuer did not receive fair consideration or reasonably equivalent value for incurring indebtedness evidenced by an Investment and the grant of any security interest securing such Investment, and, after giving effect to such indebtedness, the issuer: (i) was insolvent; (ii) was engaged in a business for which the assets remaining in such issuer constituted unreasonably small capital; or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court may: (a) invalidate such indebtedness and such security interest as a fraudulent conveyance; (b) subordinate such indebtedness to existing or future creditors of the issuer; or (c) recover amounts previously paid by the issuer (including to the Investment Vehicle or the Conversion Vehicle) in satisfaction of such indebtedness or proceeds of such security interest previously applied in satisfaction of such indebtedness. In addition, if an issuer in whose debt the Investment Vehicle or the Conversion Vehicle has an Investment becomes insolvent, any payment made on such Investment may be subject to avoidance, cancellation and/or clawback as a “preference” if made within a certain period of time (which for example under some current laws may be as long as two years) before insolvency.

In general, if payments on an Investment are voidable, whether as fraudulent conveyances, extortionate transactions or preferences, such payments may be recaptured either from the initial recipient or from subsequent transferees of such payments. To the extent that any such payments are recaptured from the Investment Vehicle or the Conversion Vehicle, there will be an adverse effect on the performance of the Investment Vehicle or of the Conversion Vehicle and, by extension, on the Company’s business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

***The collateral and security arrangements attached to an Investment may not have been properly created or perfected, or may be subject to other legal or regulatory restrictions***

The collateral and security arrangements in relation to secured obligations in which the Investment Vehicle or the Conversion Vehicle may invest will be subject to such security or collateral having been correctly created and perfected and any applicable legal or regulatory requirements which may restrict the giving of collateral or security by an issuer, such as, for example, thin capitalisation, over-indebtedness, financial assistance and corporate benefit requirements. If the Investments do not benefit from the expected collateral or security arrangements, this may adversely affect the value of, or in the event of a default, the recovery of principal or interest from, such Investments. Accordingly, any such failure to properly create or perfect collateral and security interests attaching to the Investments may adversely affect the performance of the Investment Vehicle or of the Conversion Vehicle and, by extension, the Company’s business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

***The Investments will be based in part on valuations of collateral which are subject to assumptions and factors that may be incomplete, inherently uncertain or subject to change***

A component of the Investment Vehicle Manager’s analysis of the desirability of making a given Investment relates to the estimated residual or recovery value of such Investments in the event of the insolvency of the issuer. This residual or recovery value will be driven primarily by the value of the anticipated future cashflows of the issuer’s business and by the value of any underlying assets constituting the collateral for such Investment. The anticipated future cashflows of the issuer’s business and the value of collateral can, however, be extremely difficult to predict as in certain circumstances market quotations and third party pricing information may not be available. If the recovery value of the collateral associated with the Investments in which the Investment Vehicle or the Conversion Vehicle invests decreases or is materially worse than expected by the Investment Vehicle or the Conversion Vehicle, such a decrease or deficiency may affect the value of the Investments made by the Investment Vehicle or the Conversion Vehicle. Accordingly, there will be an adverse effect on the performance of the Investment Vehicle or of the Conversion Vehicle and, by extension, on the Company’s business, financial condition, results of operations, NAV and/ or the market price of the Placing Shares.



***The Conversion Vehicle Investment Limits will not apply for the first 120 to 180 days from the date of the Placing and as such the Conversion Vehicle will have no limitations on its Investments during that time***

The Conversion Vehicle Investment Limits (which are identical to the Investment Limits of the Investment Vehicle save that they are measured against the aggregate of the Investment Vehicle's and the Conversion Vehicle's Gross Assets) restrict the percentage of the Conversion Vehicle's Gross Assets that can be invested in, for example, certain assets and jurisdictions. However, during the first 120 to 180 days following the date of each Placing of C Shares, the Conversion Vehicle Investment Limits will be suspended to allow the Investment Vehicle Manager to compile a suitable Conversion Vehicle Portfolio. While the Conversion Vehicle will adhere to its investment objective, investment policy (as applicable without reference to the Conversion Vehicle Investment Limits), the Conversion Vehicle Borrowing Limit and overall investment strategy, the suspension of the Conversion Vehicle Investment Limits may expose the Conversion Vehicle to greater interest rate or concentration risk, amongst others, and the value of the Conversion Vehicle Portfolio may be subject to greater volatility than it would experience if the Conversion Vehicle were to invest within restrictions imposed by the Conversion Vehicle Investment Limits during those first 120 to 180 days and by reference solely to the Conversion Vehicle's Gross Assets. In particular notwithstanding that the Conversion Vehicle Investment Limits are suspended for the 120 to 180 day period described above, the fact that the Conversion Vehicle Investment Limits are measured by reference to the aggregate of both the Conversion Vehicle Gross Assets and the Investment Vehicle Gross Assets may mean that the concentration risk and associated volatility in the Conversion Vehicle Portfolio may be substantially more significant than in respect of the Investment Vehicle Portfolio. Further, the Conversion Vehicle may be forced to sell certain of the Investments it has made while the Conversion Vehicle Investment Limits were waived at prices below that at which such Investments were made in order to comply with the Conversion Vehicle Investment Limits once such suspension of the Conversion Vehicle Investment Limits ends. For the avoidance of doubt, in the event that Conversion occurs within the 120 to 180 day period, the suspension will be lifted. Any of these factors could have a material adverse effect on the performance of the Conversion Vehicle and, by extension, on the Investment Vehicle and the Company's business, financial condition, results of operations, NAV and/or the market price of the C Shares.

#### **Risks relating to the Investment Vehicle Manager**

***The performance of the Investment Vehicle and the Conversion Vehicle depends heavily on the skills of the Investment Vehicle Manager and its key personnel***

In accordance with the Investment Vehicle Investment Management Agreement, the Investment Vehicle Manager is responsible for the management of the Investments in accordance with the Investment Vehicle's published investment policy. The Investment Vehicle and the Conversion Vehicle have no employees and their respective directors are appointed on a non-executive basis. While the CECO Directors will have responsibility for managing the business affairs of the Investment Vehicle and the Conversion Vehicle, in accordance with the applicable laws and their constitutional documents and have overall responsibility for the activities of the Investment Vehicle and the Conversion Vehicle, the Investments and asset management decisions will be made by the Investment Vehicle Manager and, accordingly, the Investment Vehicle and Conversion Vehicle will be completely reliant on, and its success will depend primarily on, the Investment Vehicle Manager and its personnel, services and resources. The Investment Vehicle Manager is not required to and generally will not submit individual investment decisions for approval to the Board or to the CECO Directors. As a result, the performance of the Investment Vehicle and the Conversion Vehicle will depend heavily on the skills of the Investment Vehicle Manager. Consequently, the Investment Vehicle and the Conversion Vehicle will be dependent on the financial and managerial experience of the individuals employed by the Investment Vehicle Manager (as more fully described in Part III of this Prospectus).

Further, the future ability of each of the Investment Vehicle and the Conversion Vehicle to pursue its investment policy successfully may depend on the ability of the Investment Vehicle Manager to retain its existing staff and/or to recruit individuals of similar experience and calibre. Whilst the Investment Vehicle Manager has endeavoured to ensure that the principal members of its management team are suitably incentivised, the retention of key members of the teams cannot be guaranteed. In the event of a departure of a key employee of the Investment Vehicle Manager, there is no guarantee that the Investment Vehicle Manager would be able to recruit a suitable replacement or that any delay in doing so would not adversely affect the performance of the Investment Vehicle and/or the Conversion Vehicle and, by extension, the Placing Shares. Events impacting but not entirely within the Investment Vehicle Manager's control, such as its financial performance, its being acquired or making acquisitions or changes to its internal policies and structures could in turn affect its ability to retain key personnel.

Further, although the Investment Vehicle Investment Management Agreement requires the Investment Vehicle Manager to commit an appropriate amount of its business efforts to the management of the Investment Vehicle and the Conversion Vehicle, the Investment Vehicle Manager is not required to devote all of its time to such affairs and may continue to advise and manage other investment portfolios of other clients and/or investment vehicles in the future. If the Investment Vehicle Manager is unable to allocate the appropriate time or resources to the Investments, each of the Investment Vehicle and the Conversion Vehicle may be unable to achieve its investment objective. In addition, the Investment Vehicle Investment Management Agreement does not require the Investment Vehicle Manager to dedicate specific personnel to the Investment Vehicle or the Conversion Vehicle or to require personnel servicing the Investment Vehicle's or the Conversion Vehicle's business to allocate a specific amount of time to the Investment Vehicle or Conversion Vehicle.

The Investment Vehicle Investment Management Agreement is terminable by the Investment Vehicle at any time upon 90 days' prior notice and is terminable by the Investment Vehicle Manager if certain events occur, as more fully described under the sub-heading "Investment Vehicle Investment Management Agreement" in the section entitled "Material Contracts" in Part X of this Prospectus. Accordingly, there is a risk that the Investment Vehicle Investment Management Agreement may be terminated and that no suitable replacement for the Investment Vehicle Manager will be found. If the Investment Vehicle Investment Management Agreement is terminated and a suitable replacement for the Investment Vehicle Manager is not secured in a timely manner or if key personnel of the Investment Vehicle Manager are not available to the Investment Vehicle or the Conversion Vehicle with an appropriate time commitment, the ability of each of the Investment Vehicle and Conversion Vehicle to execute its investment strategy or achieve its investment objective and, by extension, the investment objective of the Company, may be adversely affected. This in turn may have an adverse effect on the performance of the Investment Vehicle or the Conversion Vehicle, and, by extension, on the Company's business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

The obligations of the Investment Vehicle Manager are not guaranteed by any other person.

***The Investment Vehicle Manager may provide services to other clients which conflict directly or indirectly with the activities of the Investment Vehicle and the Conversion Vehicle and could prejudice investment opportunities available to, and investment returns achieved by the Investment Vehicle and the Conversion Vehicle. The Investment Vehicle Manager may also encounter potential conflicts of interest in connection with the other activities of the CVC Group***

The Investment Vehicle Manager manages other funds and investment vehicles and it and its affiliates may serve as managers, investment managers or advisers to other funds and investment vehicles in the future. As a result, the Investment Vehicle Manager and its respective affiliates may have conflicts of interest in allocating investments among the Investment Vehicle, the Conversion Vehicle and other clients and in effecting transactions between the Investment Vehicle, the Conversion Vehicle and other clients, including transactions in which the Investment Vehicle Manager and its respective affiliates may have a greater financial interest. Depending on the circumstances, the Investment Vehicle Manager and its affiliates may give advice or take action with respect to such other clients that differs from the advice given or action taken with respect to the Investment Vehicle and Conversion Vehicle. The Investment Vehicle Manager will be responsible for the portfolio management functions of the Investment Vehicle and the Conversion Vehicle, including taking portfolio management decisions on behalf of the Investment Vehicle and the Conversion Vehicle and exercising remedies in respect of the Investments which may conflict with its interest or the interest of its affiliates.

The Investment Vehicle Manager and its affiliates carry on investment activities for their own accounts, for the accounts of their employees (and their families) and for other accounts in which neither the Company nor the Investment Vehicle or Conversion Vehicle has an interest. The Investment Vehicle Manager may vary the investment strategies employed on behalf of the Investment Vehicle or the Conversion Vehicle from those used for the other accounts that it manages. No assurance can be given that the results of the trading by the Investment Vehicle Manager on behalf of the Investment Vehicle or the Conversion Vehicle will be similar to that of other accounts concurrently managed by the Investment Vehicle Manager or its affiliates. It is possible that such accounts and any additional accounts managed by the Investment Vehicle Manager in the future may compete with the Investment Vehicle or Conversion Vehicle for the same or similar positions in the markets. The Investment Vehicle Manager has discretion to allocate capital of the Investment Vehicle, the Conversion Vehicle or the other investment vehicles or accounts that it manages. While there is an

allocation policy in place, it enables the Investment Vehicle Manager to exercise a certain amount of discretion and therefore the Investment Vehicle Manager is not obligated to allocate capital on a *pro rata* basis. The Investment Vehicle Manager and its affiliates also provide management services to other clients, including other collective investment vehicles. The Investment Vehicle Manager and its affiliates may give advice and recommend securities to other accounts it manages or investment vehicles which may differ from advice given to, or securities recommended or bought for, the Investment Vehicle or the Conversion Vehicle, even though their investment policies may be essentially the same. However, the Investment Vehicle Manager's general policy is to seek to allocate investment opportunities that it identifies as being appropriate and desirable for the Investment Vehicle, the Conversion Vehicle and the other investment vehicles or accounts that it manages on a fair and equitable basis over time taking into account such factors as the Investment Vehicle Manager in its discretion may deem appropriate. Nonetheless, because it is not always possible to allocate to the Investment Vehicle or the Conversion Vehicle every investment opportunity that the Investment Vehicle Manager believes would be appropriate and desirable for the Investment Vehicle or the Conversion Vehicle, the Investment Vehicle or the Conversion Vehicle may not participate in all investment opportunities, which in turn may adversely impact its performance, and, by extension, the Company's business, financial condition, results of operations, NAV and/or the market price of the Placing Shares. For example, the Investment Vehicle Manager has been appointed as sub-manager to CVC Cordatus Loan Fund III Limited ("**Cordatus CLO III**") an issuer of collateralised loan obligation securities (the "**CLO Offer**") and its affiliate CVC Credit Partners Group Limited has been appointed as collateral manager. Cordatus CLO III is expected to raise €400 to €450 million through the CLO Offer and the offering is expected to close in May 2014. Cordatus CLO III is seeking to purchase and source loans in the market that overlap with those purchased by the Investment Vehicle. CVC Credit Partners Group Limited will purchase 5 per cent. of each tranche of the CLO Offer due to regulatory requirements around risk retention in securitisations.

There may be occasions when the Investment Vehicle Manager and its affiliates will encounter potential conflicts of interest in connection with their activities including, without limitation, the allocation of investment opportunities and relationships with the other activities of the CVC Group. In addition, the Investment Vehicle Manager is expected to invest in companies controlled by CVC Funds and its interest may conflict with the Investment Vehicle Manager's interests. As a result the Investment Vehicle Manager is subject to a number of actual and potential conflicts of interest, greater regulatory oversight and more legal and contractual restrictions than that to which they would otherwise be subject if it had just one line of business. In addressing these conflicts and regulatory, legal and contractual requirements across its various businesses, the Investment Vehicle Manager has implemented certain policies and procedures (e.g., information walls) that are likely to reduce the interaction that the Investment Vehicle Manager is able to have with the CVC Group for purposes of finding attractive investments. As a consequence, that information, which could be of benefit to the Investment Vehicle Manager, might become restricted to those other businesses and otherwise be unavailable to the Investment Vehicle Manager, and could also restrict the Investment Vehicle Manager's activities.

***The due diligence process that the Investment Vehicle Manager plans to undertake in evaluating specific investment opportunities for the Investment Vehicle and the Conversion Vehicle may not reveal all facts that may be relevant in connection with such investment opportunities and any corporate mismanagement, fraud or accounting irregularities may materially affect the integrity of the Investment Vehicle Manager's due diligence on investment opportunities***

When conducting due diligence and making an assessment regarding an Investment, the Investment Vehicle Manager will be required to rely on resources available to it, including internal sources of information as well as information provided by existing and potential issuers, any equity sponsor(s), lenders and other independent sources. The due diligence process may at times be required to rely on limited or incomplete information.

The Investment Vehicle Manager will select Investments for the Investment Vehicle and the Conversion Vehicle in part on the basis of information and data relating to potential Investments filed with various government regulators and publicly available or made directly available to the Investment Vehicle Manager by the entities filing such information or third parties. Although the Investment Vehicle Manager will evaluate all such information and data and seek independent corroboration when it considers it appropriate and reasonably available, the Investment Vehicle Manager will not be in a position to confirm the completeness, genuineness or accuracy of such information and data. The Investment Vehicle Manager is dependent upon the integrity of the management of the entities filing such information and of such third parties as well as the financial reporting process in general.

The value of an Investment made by the Investment Vehicle or Conversion Vehicle may be affected by fraud, misrepresentation or omission on the part of an issuer, underlying obligor, any related parties to such issuer or underlying obligor, or by other parties to the Investment (or any related collateral and security arrangements). Such fraud, misrepresentation or omission may adversely affect the value of the Investment and/or the value of the collateral underlying the Investment in question and may adversely affect the Investment Vehicle's or the Conversion Vehicle's ability to enforce its contractual rights relating to that Investment or the relevant issuer's ability to repay the principal or interest on the Investment.

Investment analyses and decisions by the Investment Vehicle Manager or the Conversion Vehicle may be undertaken on an expedited basis in order to make it possible for the Investment Vehicle or Conversion Vehicle to take advantage of short-lived investment opportunities. In such cases, the available information at the time of an investment decision may be limited, inaccurate and/or incomplete. Furthermore, the Investment Vehicle Manager may not have sufficient time to evaluate fully such information even if it is available.

Accordingly, the Investment Vehicle Manager cannot guarantee that the due diligence investigation it carries out with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Any failure by the Investment Vehicle Manager to identify relevant facts through the due diligence process may cause it to make inappropriate investment decisions, which may have a material adverse effect on the performance of the Investment Vehicle, the Conversion Vehicle and, by extension, on the Company's business, financial condition, results of operations, NAV and/ or the market price of the Placing Shares.

***Performance fee arrangements with the Investment Vehicle Manager could encourage riskier investment choices that could cause significant losses for the Investment Vehicle or the Conversion Vehicle***

Part of the compensation of the Investment Vehicle Manager is calculated by reference to the performance of the Investments. Such compensation arrangements may create an incentive for the Investment Vehicle Manager to make Investments that are riskier or more speculative than would be the case if these fees were not paid. Since the Investment Vehicle Manager's fees are calculated on a basis which includes unrealised appreciation of the Investments, such fees may be greater than if they were based solely on realised gains. For more information, please refer to the section entitled "Management and Performance Fees Payable by the Investment Vehicle and the Conversion Vehicle" in Part II of this Prospectus.

**Risks relating to an investment in the Placing Shares**

***The Placing Shares and, in the case of C Shares, Shares arising on Conversion, may trade at a discount to the Net Asset Value per Placing Share of the relevant class of shares and Shareholders may be unable to realise their Placing Shares or, in the case of C Shares, Shares arising on Conversion, on the market at the Net Asset Value per share or at any other price***

The Placing Shares and, in the case of C Shares, Shares arising on Conversion, may trade at a discount to the Net Asset Value per share of the relevant class of shares for a variety of reasons, including due to market or economic conditions or to the extent investors undervalue the management activities of the Investment Vehicle Manager. While the Company intends to use the Contractual Quarterly Tender facility, subject to annual Shareholder approval, as a means to mitigate any discount to the Net Asset Value per Share, there can be no guarantee that this facility will be successful and, in any event, it is not available to holders of C Shares. The Directors accept no responsibility for any failure of the Contractual Quarterly Tender facility to effect a reduction in any discount.

Subject to the Companies Law, under its Articles, the Company may issue additional securities, including Shares and C Shares, for any purpose. Any additional issuances by the Company, or the possibility of such issue, may cause the market price of the Placing Shares and, in the case of C Shares, Shares arising on Conversion, to decline.

***Shareholders have no right to have their Placing Shares, and, in the case of C Shares, Shares arising on Conversion, redeemed or repurchased by the Company***

The Company has been established as a closed-ended vehicle. Accordingly, there is no right or entitlement attaching to Placing Shares and, in the case of C Shares, to Shares arising on Conversion, that allows them



to be redeemed or repurchased by the Company at the option of the Shareholder. By contrast, Investment Vehicle Interest Holders and Conversion Vehicle Interest Holders (including the Company) who have invested directly in the Investment Vehicle or the Conversion Vehicle, have a right to redeem their: (i) Investment Vehicle Interests pursuant to the Investment Vehicle's quarterly redemption facility; or (ii) Conversion Vehicle Interests pursuant to the Conversion Vehicle's redemption facility. The Company has, however, established the Contractual Quarterly Tender facility in respect of the Shares (which does not apply to the C Shares), which is subject to annual Shareholder approval and the restrictions as discussed further in the section entitled "Discount Control: Quarterly Tenders" in Part I of this Prospectus.

In addition to the Contractual Quarterly Tender facility, the Directors may seek Shareholder approval to grant them the power to make *ad hoc* market purchases of Placing Shares, and, in the case of C Shares, Shares arising on Conversion, although it is not currently anticipated that the Directors will seek this authority. If such authority is sought and subsequently granted, the Directors will have complete discretion as to the timing, price and volume of Placing Shares, or, in the case of C Shares, Shares arising on Conversion, to be purchased. Prospective holders of Placing Shares should not place any reliance on the willingness of the Directors so to act. In the absence of the availability of the Contractual Quarterly Tender facility or market purchases of Placing Shares by the Company, Shareholders wishing to realise their investment in the Company will be required to dispose of their Placing Shares, or, in the case of C Shares, Shares arising on Conversion, through the secondary market. Accordingly, Shareholders' ability to realise their investment at any particular price and/or time may be dependent on the existence of a liquid market in the Placing Shares, and, in the case of Shares arising on the Conversion of C Shares, a liquid market in those Shares.

***The existence of a liquid market in the Shares cannot be guaranteed***

The Company's existing Euro Shares and Sterling Shares are admitted to the Official List and trade on the main market of the London Stock Exchange, however there can be no guarantee that a liquid market in the Shares will develop or be sustained or that the Shares will trade at prices close to their underlying net asset value. The number of Placing Shares to be issued pursuant to the Placing is not yet known, and there may be a limited number of holders of Shares. Limited numbers and/or holders of Shares may mean that there is limited liquidity in such Shares which may affect: (i) a Shareholder's ability to realise some or all of their investment; (ii) the price at which such Shareholder can effect such realisation; and/or (iii) the price at which Shares trade in the secondary market. Accordingly, Shareholders may be unable to realise their investment at net asset value or at all.

***The existence of a liquid market in the C Shares cannot be guaranteed***

The Company has applied for the C Shares issued in connection with the Initial Placing to be admitted to the standard segment of the Official List and to trading on the main market of the London Stock Exchange. There can be no guarantee that a liquid market in the C Shares will develop or be sustained or that the C Shares will trade at prices close to their underlying net asset value. The number of C Shares to be issued pursuant to the Initial Placing is not yet known, and there may be a limited number of holders of C Shares issued pursuant to the Initial Placing or any subsequent Placing. Limited numbers and/or holders of C Shares may mean that there is limited liquidity in such C Shares which may affect: (i) a Shareholder's ability to realise some or all of their investment; (ii) the price at which such Shareholder can effect such realisation; and/or (iii) the price at which C Shares trade in the secondary market. Accordingly, Shareholders may be unable to realise their investment at net asset value or at all.

***Holders of C Shares have limited voting rights***

The C Shares do not carry voting rights in relation to the election of the Company's Board of Directors and generally have no voting rights, except that (i) any alteration to the Memorandum or the Articles or the passing of any resolution to wind up the Company requires the consent of the holders of the C Shares by ordinary resolution (such that the holders of C Shares may veto, but cannot force the Company to take, any such actions); and (ii) as may be required by Jersey law. Further, holders of C Shares cannot direct the Directors to redeem or repurchase any Shares or return capital or liquidate the Company. The limited voting rights of the holders of the C Shares limit their ability to have an impact on Board decisions or Company policy and may adversely affect the value of the C Shares.

***The Standard Listing of the C Shares will afford Shareholders a lower level of regulatory protection than a Premium Listing***

A listing on the standard segment of the Official List (“**Standard Listing**”) affords holders of C Shares a lower level of regulatory protection than that afforded to investors in the Company holding Shares admitted to the premium segment of the Official List (“**Premium Listing**”), which is subject to additional obligations under the Listing Rules in respect of those securities. A Standard Listing will not permit the Company to gain a FTSE indexation in respect of the C Shares, which may have an adverse effect on the valuation of the C Shares.

***Contractual Quarterly Tenders will be subject to certain restrictions and so Shareholders should not have an expectation that all or any of the Shares they make available for sale to the Company will be purchased through the Contractual Quarterly Tender facility***

Contractual Quarterly Tenders, if made, are contingent upon certain factors including, but not limited to, the Company’s ability to finance Tender Purchases through submitting redemption requests to the Investment Vehicle to redeem a *pro rata* amount of Company Investment Vehicle Interests. Factors, including restrictions at the Investment Vehicle level on the amount of Company Investment Vehicle Interests which can be redeemed, may mean that sufficient Company Investment Vehicle Interests cannot be redeemed and, consequently, Tender Purchases in any given quarter may be scaled back on a *pro rata* basis. Contractual Quarterly Tenders are also not available in respect of the C Shares, although are available to holders of Shares arising on their Conversion. Shareholders should therefore have no expectation of being able to tender their Shares to the Company successfully on a quarterly basis. For further discussion on the restrictions applicable to Contractual Quarterly Tenders, prospective investors should refer to the section entitled “Discount Control: Quarterly Tenders” in Part I of this Prospectus.

The operation of the Contractual Quarterly Tender facility will be subject to Shareholder approval on an annual basis, and there is no guarantee that Shareholders will vote to renew the Contractual Quarterly Tender facility. For this reason and the Restrictions discussed in the section entitled “Discount Control: Quarterly Tenders” in Part I of this Prospectus, Shareholders should note that they will be subject to additional liquidity restrictions when compared to direct investors in the Investment Vehicle. Accordingly there is a risk that such other direct investors in the Investment Vehicle may be able to realise their investment sooner than the Shareholders, which may adversely affect the Company’s business, financial condition, results of operations, NAV and/or the market price of the Shares.

***Both CVC Investment Services and the Company have the right to terminate the Corporate Service Agreement in certain circumstances which may result in the payment of a significant termination fee by the Company to CVC Investment Services***

The Corporate Service Agreement may be terminated by CVC Investment Services in certain circumstances, such as: (i) where at least 95 per cent. (by net asset value) of the Company’s investments cease to remain invested in the Investment Vehicle, Conversion Vehicle or other entity to which CVC Investment Services provides investment services; or (ii) other material breaches which are set out in the agreement. In the event of such a termination, there is a risk that no suitable replacement for CVC Investment Services will be found in a timely manner. In addition, termination by CVC Investment Services of the Corporate Service Agreement would entitle CVC Investment Services to certain significant termination fees depending on the timing and reason of the termination.

Other than where the Corporate Service Agreement is terminated by the Company for cause, if the Corporate Service Agreement is terminated by the Company in whole or in part through Tender Purchases or through a redemption of all of the Company Investment Vehicle Interests following a change to the investment objective and investment policy (including the Investment Limits and/or the Borrowing Limit) of the Investment Vehicle or the Conversion Vehicle which is not subsequently approved by the Shareholders, CVC Investment Services may be entitled to a significant termination fee within the period ending on the fifth anniversary of the IPO being 21 June 2013.

In the event that the Company is required to redeem its entire investment in the Investment Vehicle or the Conversion Vehicle because the respective investment policies of the Company and of the Investment Vehicle or the Conversion Vehicle differ to a material extent (howsoever caused), such redemption will constitute a without cause termination of the Corporate Service Agreement by the Company. If such

redemption occurs within the period ending on the fifth anniversary of the IPO, CVC Investment Services will accordingly be entitled to a significant termination payment from the Company, which may be up to 2.5 per cent. of NAV, which may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

***Shareholders in certain jurisdictions may not be eligible to participate in Contractual Quarterly Tenders and to receive the cash proceeds thereof***

The securities laws of certain jurisdictions may restrict the Company's ability to allow Shareholders to participate in any Contractual Quarterly Tenders or redemption offers. There can be no assurance that the Company will be able to conduct any Contractual Quarterly Tenders or redemption offers in a manner that would enable participation therein, or receipt of the cash proceeds thereof, by Shareholders in such jurisdictions. Shareholders who have a registered address in or who are resident or located in (as applicable) a jurisdiction other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to participate in any Contractual Quarterly Tenders or redemption offers.

***Sterling Shares and Sterling C Shares will be exposed to exchange rate fluctuations***

The Investments made by the Investment Vehicle are primarily denominated in Euro, although certain Investments may be denominated in currencies other than Euro. The financial statements of the Company and the Investment Vehicle are prepared in Euro and the operational and accounting currency of the Company and the Investment Vehicle is Euro (as will also be the case for the Conversion Vehicle). Subscription monies for Sterling Shares and Sterling C Shares are used to fund subscriptions for Sterling-denominated Company Investment Vehicle Interests and Conversion Vehicle Interests respectively and such monies may then be converted to Euro for operating purposes.

The holders of Sterling Shares and Sterling C Shares will therefore be subject to foreign currency fluctuations between Sterling and Euro. Although the Investment Vehicle Manager seeks to hedge against exchange rate fluctuations, there is no guarantee that any hedging arrangements will be successful. In addition, the costs and any benefit of hedging such foreign currency exposure will be allocated solely to the Sterling-denominated Company Investment Vehicle Interests (and, as a consequence, to the Sterling Shares) and Conversion Vehicle Interests (and, as a consequence, to the Sterling C Shares). This may result in variations between the Net Asset Value per share of the Euro Shares (and Euro C Shares) and the Sterling Shares (and the Sterling C Shares), and so in variations between the market prices of Euro Shares (and Euro C Shares) and the Sterling Shares (and Sterling C Shares).

***Shareholders' percentage voting rights in the Company may increase as a result of Tender Purchases and as a result there is a risk that a Shareholder may acquire 30 per cent. of the voting rights in the Company and then be obliged under the Takeover Code to make a general offer to all the remaining Shareholders to acquire their Shares***

Under Rule 9 of the Takeover Code, any person who acquires shares which, taken together with shares already held by him or shares held or acquired by persons acting in concert with him, carry 30 per cent. or more of the voting rights in a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares. Similarly, when any person or persons acting in concert already hold more than 30 per cent. but not more than 50 per cent. of the voting rights of such company, a general offer will normally be required if any further shares increasing that person's percentage of voting rights are acquired.

Under Rule 37 of the Takeover Code, when a company purchases its own voting shares, a resulting increase in the percentage of voting rights carried by the shareholdings of any person or group of persons acting in concert will be treated as an acquisition for the purposes of Rule 9 of the Takeover Code.

Accordingly, when the Company makes Tender Purchases pursuant to a Contractual Quarterly Tender, any resulting increase in the percentage of the voting rights in the Company held by a Shareholder (or Shareholders acting in concert) will be treated as an acquisition in accordance with Rule 37 of the Takeover Code and, if such percentage reaches 30 per cent. of the voting rights in the Company, or if a Shareholder (or Shareholders acting in concert) already hold(s) 30 per cent. of the voting rights in the Company and such percentage Shareholding increases further, the relevant Shareholder or Shareholders would be required under Rule 9 to make a general offer to all remaining Shareholders to acquire their Shares.



If such a situation arises or is likely to arise, it is the intention of the Directors to seek a waiver from the Takeover Panel of the requirement that the relevant Shareholder or Shareholders make an offer under Rule 9 as a result of Share purchases. However, the Directors cannot guarantee that such a waiver will be obtained or that the relevant Shareholder or Shareholders would not be required to make a general offer to the remaining Shareholders to acquire their Shares.

***Issuance of additional Shares could have a detrimental effect on the Net Asset Value and the market price of the Placing Shares***

Under the Companies Law, to which the Company is subject, there are no rules restricting the ability of the Directors to issue additional Shares or C Shares on a non-pre-emptive basis at any time and under the Placing Programme, or otherwise. However, the Company has elected to include pre-emption rights in its Articles. Such pre-emption rights were disapplied on 10 June 2013 for a period of five years by the Management Shareholder and it is expected that the Company will seek a further disapplication of such pre-emption rights upon expiry of this five-year period and, thereafter, at each annual general meeting of the Company. As such, there are currently no restrictions on the Directors' ability to issue new Shares on a non-pre-emptive basis under the Placing Programme, or otherwise.

Subject to the terms of issue of any such Shares or C Shares, if the Directors were to issue further Shares or C Shares in the future this could have a detrimental dilutive effect on the Net Asset Value and on the market price of the Shares or C Shares.

Furthermore, C Shares are subject to Conversion into Correspondent Shares on the basis of a Calculation Date being the close of business on the Back Stop Date (as specified by the Directors in relation to any relevant Placing of C Shares) irrespective as to whether or not the Investment Vehicle Manager and the Directors have agreed that the Specified Proportion of assets attributable to the C Shares have been invested or committed for investment in accordance with the Company's investment policy. If this happens, the value of cash represented by the Company's Investment Vehicle Interests could be increased, which in turn could have an adverse effect on the market price of the Shares and, in the case of C Shares, the Correspondent Shares arising on Conversion.

***The Placing Shares will be subject to purchase and transfer restrictions in the Placing and in secondary transactions in the future***

The Company intends to restrict the ownership and holding of its Shares and C Shares so that none of its assets will constitute "plan assets" under the U.S. Plan Assets Regulations. The Company intends to impose such restrictions based on deemed representations in the case of a subscription of Shares. If the Company's assets were deemed to be "plan assets" of any plan subject to Title I of ERISA or Section 4975 of the U.S. Tax Code ("U.S. Plan"), pursuant to Section 3(42) of ERISA and U.S. Department of Labour regulations promulgated under ERISA by the U.S. Department of Labour and codified at 29 C.F.R. Section 2510.3-101 as they may be amended or modified from time to time (collectively, the "U.S. Plan Asset Regulations") then: (i) the prudence and other fiduciary responsibility standards of ERISA would apply to investments made by the Company; and (ii) certain transactions that the Company or a subsidiary of the Company may enter into, or may have entered into, in the ordinary course of business might constitute or result in non-exempt prohibited transactions under Section 406 of ERISA or Section 4975 of the U.S. Tax Code and might have to be rescinded. Governmental plans and certain church plans, while not subject to Title I of ERISA or Section 4975 of the U.S. Tax Code, may nevertheless be subject to other State, local or other laws or regulations that would have the same effect as the U.S. Plan Asset Regulations so as to cause the underlying assets of the Company to be treated as assets of an investing entity by virtue of its investment (or any beneficial interest) in the Company and thereby subject the Company or the Investment Vehicle Manager (or other persons responsible for the investment and operation of the Company assets) to laws or regulations that are similar to the fiduciary responsibility or prohibited transaction provisions contained in Title I of ERISA or Section 4975 of the U.S. Tax Code.

Each purchaser and subsequent transferee of the Placing Shares will be deemed to represent and warrant that no portion of the assets used to acquire or hold its interest in the Placing Shares constitutes or will constitute the assets of any U.S. Plan. The Articles of the Company provide that the Board of Directors may refuse to register a transfer of Shares or C Shares to any person they believe to be a Non-Qualified Holder or a U.S. Plan investor. If any Placing Shares are owned directly or beneficially by a person believed by the Board of Directors to be a Non-Qualified Holder or a U.S. Plan investor, the Board of Directors may give

notice to such person requiring him either (i) to provide the Board of Directors within 30 days of receipt of such notice with sufficient satisfactory documentary evidence to satisfy the Board of Directors that such person is not a Non-Qualified Holder or a U.S. Plan investor, or (ii) to sell or transfer their Placing Shares to a person qualified to own the same within 30 days and within such 30 days to provide the Board of Directors with satisfactory evidence of such sale or transfer. Where condition (i) or (ii) is not satisfied within 30 days after the serving of the notice, the person will be deemed, upon the expiration of such 30 days, to have forfeited their Placing Shares.

In addition, to avoid being required to register as an investment company under the U.S. Investment Company Act and to avoid violating the U.S. Investment Company Act, the Company has implemented restrictions on the purchase of the Placing Shares by persons who are located in the United States or are U.S. Persons (or are acting for the account or benefit of any U.S. Person). For more information, refer to “Risks relating to regulation and taxation with respect to the Company, the Investment Vehicle and the Investment Vehicle Manager — The Company is not, and does not intend to become, registered in the United States as an investment company under the U.S. Investment Company Act and related rules” in this section of this Prospectus.

For more information on purchase and transfer restrictions, prospective investors should refer to the section entitled “Purchase and Transfer Restrictions” in Part VI of this Prospectus.

### **Risks relating to regulation and taxation with respect to the Company, the Investment Vehicle, the Conversion Vehicle and the Investment Vehicle Manager**

***Changes in law or regulations, or a failure to comply with any laws or regulations, may adversely affect the respective businesses, investments and performance of the Company, Investment Vehicle, Conversion Vehicle, CVC Investment Services and Investment Vehicle Manager***

The Company, the Investment Vehicle, the Conversion Vehicle, CVC Investment Services and the Investment Vehicle Manager are subject to laws and regulations enacted by national and local governments.

The Company is subject to, and is required to comply with, certain regulatory requirements that are applicable to closed-ended investment companies which are domiciled in Jersey. These include compliance with any decision of the JFSC. In addition, the Company is subject to the continuing obligations imposed by the UKLA and the London Stock Exchange on all investment companies whose shares are respectively admitted to the Official List and to trading on the Main Market.

Each of the Investment Vehicle and the Conversion Vehicle is subject to, and is required to comply with, certain regulatory requirements that are applicable to compartmentalised securitisation vehicles which are domiciled in Luxembourg. These include compliance with the Securitisation Law and EU regulations requiring such entities to report their assets and liabilities on a periodic basis (Regulation (EC No 24/2009) of the European Central Bank).

The Investment Vehicle Manager is subject to, and is required to comply with, certain regulatory requirements of the FCA.

CVC Investment Services is subject to, and is required to comply with, certain regulatory requirements of the JFSC.

The laws and regulations affecting the Company, the Investment Vehicle, the Conversion Vehicle and/or the Investment Vehicle Manager are evolving and any changes in such laws and regulations may have an adverse effect on the ability of the Company, the Investment Vehicle, the Conversion Vehicle and/or the Investment Vehicle Manager to carry on their respective businesses. Any such changes may also have an adverse effect on the ability of the Company and/or the Investment Vehicle and/or the Conversion Vehicle to pursue their respective investment policies, and may adversely affect the Company’s business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

***The European Directive on Alternative Investment Fund Managers may impair the ability of the Company to market its Shares and C Shares to EU investors of the Company and gives rise to the risk that an EU regulatory authority may determine that the Company has a third party alternative investment fund manager. The timing of any resulting licensing requirements could be problematic for the on-going operation of the Company and the regulatory obligations applicable to the relevant third party may create significant additional compliance costs***

The AIFM Directive, which was due to be transposed by EU member states into national law by July 2013 (and was so transposed by, *inter alia*, Luxembourg and the United Kingdom), seeks to regulate alternative investment fund managers (in this paragraph, “AIFM”) and imposes obligations on managers who manage alternative investment funds (in this paragraph, “AIF”) in the EU or who market shares in such funds to EU investors. In order to obtain authorisation under the AIFM Directive, an AIFM needs to comply with various obligations in relation to the AIF, which may create significant additional compliance costs, some of which may be passed to investors in the AIF.

The Company is a non-EU AIF for the purposes of the AIFM Directive and related regimes in relevant EU member states. The Company operates as a self-managed AIF and has not appointed a third party as its AIFM. As the Company is a self-managed non-EU AIF, only a limited number of provisions of the AIFM Directive apply, at least until July 2018 (at which point additional obligations may apply under the AIFM Directive, but only if the Company markets Shares or C Shares to investors in the EU after that date).

There is a risk that a relevant regulatory authority may determine that the Company is not a self-managed AIF and that a particular third party which assists the Company in various corporate functions is its AIFM. If a relevant regulatory authority determines that the Company is not a self-managed AIF and that a particular third party, which is established in the EU, is its AIFM, that AIFM may be subject to the full range of requirements of the AIFM Directive. Subject to the availability of transitional or grandfathering provisions in the AIFM Directive, the AIFM might be required to apply for a licence in an EU member state, and until it has obtained such authorisation, it may not be able to act as the AIFM of the Company. As a result, the Company may not be able to utilise the relevant third party for the services it had been providing to the Company, such as assisting in the sale of any Treasury Shares.

Following national transposition of the AIFM Directive in a given EU member state, the marketing of shares in AIFs that are established outside the EU (such as the Company) to investors in that EU member state will be prohibited unless certain conditions are met. Certain of these conditions are outside the Company’s control as they are dependent on the regulators of the relevant third country (in this case Jersey) and the relevant EU member state entering into regulatory co-operation agreements with one another. The Company cannot guarantee that such conditions will be satisfied. In cases where the conditions are not satisfied, the ability of the Company to market Shares or C Shares or raise further equity capital in the EU may be limited or removed. In that event the Company may be required to consider a re-domiciliation to another EU member state or to another third country which has satisfied the relevant conditions.

Any regulatory changes arising from implementation of the AIFM Directive (or otherwise) that limit the Company’s ability to market future issues of its Shares or C Shares may materially adversely affect the Company’s ability to carry out its investment policy successfully and to achieve its investment objective, which in turn may adversely affect the Company’s business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

The potential effects of the AIFM Directive as explained herein could also apply in respect of the Investment Vehicle Manager managing the Investments if the Investment Vehicle or the Conversion Vehicle, each being Luxembourg domiciled, were to fall to be considered an EU AIF. However, due to their status as a securitisation special purpose entity, the Investment Vehicle and the Conversion Vehicle (and the Investment Vehicle Manager as their manager) are exempt from the requirements of the AIFM Directive. If the AIFM Directive were to be amended or otherwise adjusted so that the Investment Vehicle or the Conversion Vehicle was considered an AIF and the Investment Vehicle Manager an AIFM, the risks described within this risk factor would apply in respect of the Investment Vehicle, the Conversion Vehicle and the Investment Vehicle Manager.

***Final regulations implementing the “Volcker Rule” in the United States of America were issued in December 2013 and become effective by operation of law on 1 April 2014, subject to a conformance period. The final Volcker Rule regulations revised the November 2011 proposed regulations and include certain changes to the treatment of foreign funds and non-U.S. bank investors. If the Volcker Rule applies to an investor’s ownership of Placing Shares, the investor may be forced to sell its shares, or the continued ownership of such shares may be subject to certain restrictions.***

On 21 July 2010, U.S. President Barack Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act and certain provisions therein known as the “Volcker Rule.” On 10 December, 2013, the final Volcker Rule regulations (the “**Final Regulations**”) were issued by U.S. regulators. The Final Regulations are effective from 1 April 2014, subject to a conformance period ending on 21 July 2015 (which may be extended). The Volcker Rule generally restricts certain non-U.S. banks and affiliated financial firms, collectively identified as “banking entities,” from investing in and sponsoring “covered funds.” In the event that a non-U.S. bank is deemed to be a “banking entity” and the Company is deemed to be a “covered fund” for purposes of the Volcker Rule, the non-U.S. bank’s ownership of the Placing Shares may be subject to investment restrictions. If so, the non-U.S. bank may be required to divest the Placing Shares by the end of the conformance period. Depending on market conditions and other factors, if an investor is required to liquidate its investment in the Placing Shares during the conformance period, it may suffer a loss from the price at which it purchased the Placing Shares.

***If the Company, the Investment Vehicle or the Conversion Vehicle become subject to tax on a net income basis in any tax jurisdiction, including Jersey, the United Kingdom and Luxembourg, the Company’s financial condition and prospects could be materially and adversely affected***

The Company, the Investment Vehicle and the Conversion Vehicle intend to conduct their respective affairs so that they will not be treated under English law and practice as UK resident for taxation purposes, or as having a permanent establishment or otherwise being engaged in a trade or business, in the UK. The Company, the Investment Vehicle and the Conversion Vehicle each intends that it will not be subject to tax on a net income basis in any country. There can be no assurance, however, that the net income of the Company, the Investment Vehicle or the Conversion Vehicle will not become subject to income tax in one or more countries, including Jersey, the United Kingdom and Luxembourg, as a result of unanticipated activities performed by the Company, the Investment Vehicle or the Conversion Vehicle, respectively, adverse developments or changes in law, contrary conclusions by the relevant tax authorities, changes in the Directors’ personal circumstances or management errors, or other causes. The imposition of any such unanticipated net income taxes could materially reduce the post-tax returns available for distributions on the Placing Shares, and consequently may adversely affect the Company’s business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

***The Company may be unable to maintain its non-UK tax resident status, which would adversely affect its financial and operating results, the value of the Placing Shares and the after-tax return to shareholders***

In order to maintain its non-UK tax resident status, the Company is required to be controlled and managed outside the United Kingdom. The composition of the Board of Directors of the Company, the place of residence of the individual Directors and the location(s) in which the Board of Directors of the Company makes decisions will be important in determining and maintaining the non-UK tax resident status of the Company. Although the Company is established outside the United Kingdom and a majority of the Directors live outside the United Kingdom, continued attention must be given to ensure that major decisions are not made in the United Kingdom or the Company may lose its non-UK tax resident status. As such, changes in Directors’ personal circumstances or management errors could potentially lead to the Company being considered UK tax resident which would adversely affect the Company’s business, financial condition, results of operations, NAV, the market price of the Placing Shares and/or the after-tax return to its shareholders.

***Changes in taxation legislation, or the rate of taxation, may adversely affect the Company, the Investment Vehicle and the Conversion Vehicle***

Any change in the tax status of the Company, the Investment Vehicle or the Conversion Vehicle, or in taxation legislation or practice in Jersey, the United Kingdom, Luxembourg or elsewhere could affect the value of the investments held by the Company, the Investment Vehicle or the Conversion Vehicle or the



Company's ability to achieve its investment objectives or alter the post-tax returns to shareholders. Statements in this Prospectus concerning the taxation of shareholders and/or the Company are based upon current Jersey, United Kingdom and Luxembourg law and published practice as at the date of this Prospectus, which law and practice is, in principle, subject to change (potentially with retrospective effect) that could adversely affect the ability of the Company to meet its investment objective and which could adversely affect the taxation of shareholders and/or the Company.

Statements in this Prospectus in particular take into account the UK offshore fund rules contained in Part 8 of the Taxation (International and Other Provisions) Act 2010. If UK offshore fund reporting fund status is not obtained and/or maintained in respect of a class of Shares in the Company, any gain on a disposal of such Shares would be taxed as an "offshore income gain" subject to UK tax for any relevant Shareholders as income (and not as a capital gain).

Potential investors are urged to consult their tax advisers with respect to their particular tax situations and the tax effect of an investment in the Company.

Further, on 14 February 2013, the European Commission published a proposal for a Directive for a common financial transaction tax (the "FTT") in certain EU Member States. Discussions between these Member States are on-going, although the UK has challenged the legality of the proposal.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to financial transactions where at least one party is a financial institution and: (a) one party is established in a participating Member State; or (b) the financial instrument which is subject to the transaction is issued in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including by transacting with a person established in a participating Member State. The rates of the FTT are to be fixed by each participating Member State, but in relation to many secondary market transactions in bonds and shares, the FTT would be charged at a minimum rate of 0.1 per cent. on each financial institution which is party to the transaction. The taxable amount for such transactions will in general be determined by reference to the consideration paid or owed in return for the transfer. The FTT will be payable by each financial institution established or deemed established in a participating Member State which is either a party to the financial transaction, or acting in the name of a party to the transaction or where the transaction has been carried out on its account. Where the FTT due has not been paid within the applicable time limits, each party to a financial transaction, including persons other than financial institutions, will become jointly and severally liable for the payment of the FTT due.

The issuance and subscription of the Placing Shares should, in principle, not be subject to the FTT. There are no broad exemptions for financial intermediaries or market makers. Therefore, the effective cumulative rate applicable to some dealings in bonds or shares (for instance, cleared transactions) could be greatly in excess of 0.1 per cent. While the FTT proposal remains subject to negotiation between the Member States, and may therefore be altered, if adopted in its current proposed form any investments the Investment Vehicle or the Conversion Vehicle may make may be affected by the FTT and it may have an adverse effect on the Company's business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Placing Shares are strongly advised to seek their own professional advice in relation to the FTT.

***UK taxpaying shareholders may be subject to income tax under the UK offshore funds regime in any tax year on amounts of income attributable to them to the extent such amounts are greater than the dividends actually paid out by the Company in the period***

The Directors have been advised that, under current law, each class of Shares in the Company will fall to qualify as an "offshore fund" pursuant to the UK offshore fund rules contained in Part 8 of the Taxation (International and Other Provisions) Act 2010. The Company intends to make an application for UK "reporting fund" status for each class of Shares (where this has not already been done). Under the reporting fund regime, individual and other relevant shareholders will be subject to UK tax on their share of the reportable income attributable to their holding in the Company, whether or not distributed. For these purposes income is calculated in accordance with the reporting fund regulations and may not be the same as the income of the Company.

Potential investors are urged to consult their tax advisers with respect to their particular tax situations and the tax effect of an investment in the Company.

***Different regulatory, tax or other treatment of the Company or the Placing Shares in different jurisdictions, or changes to such treatment in different jurisdictions, may adversely impact shareholders in certain jurisdictions***

For regulatory, tax and other purposes, the Company and the Placing Shares may be treated in different ways in different jurisdictions. For instance, in certain jurisdictions and for certain purposes, the Placing Shares may be treated as more akin to holding units in a collective investment scheme. Furthermore, in certain jurisdictions, the treatment of the Company and/or the Placing Shares may be uncertain or subject to change, or it may differ depending on the availability of certain information or disclosure by the Company of that information. The Company may be subject, therefore, to financially and logistically onerous requirements to disclose any or all of such information or to prepare or disclose such information in a form or manner which satisfies the regulatory, tax or other authorities in certain jurisdictions. The Company may elect not to disclose such information or prepare such information in a form which satisfies such authorities. Therefore shareholders in such jurisdictions may be unable to satisfy the regulatory requirements to which they are subject.

***The Company is not, and does not intend to become, registered in the United States as an investment company under the U.S. Investment Company Act and related rules***

The Company has not, does not intend to, and may be unable to, become registered in the United States as an investment company under the U.S. Investment Company Act. The U.S. Investment Company Act provides certain protections to U.S. investors and imposes certain restrictions on companies that are registered as investment companies. As the Company is not so registered, and does not intend to so register, none of these protections or restrictions is or will be applicable to the Company. In addition, to avoid being required to register as an investment company under the U.S. Investment Company Act and to avoid violating the U.S. Investment Company Act, the Company has implemented restrictions on the purchase of the Placing Shares by persons who are located in the United States or are U.S. Persons (or are acting for the account or benefit of any U.S. Person). For more information, prospective investors should refer to the section entitled "Purchase and Transfer Restrictions" in Part VI of this Prospectus.

***Certain payments to the Company will in the future be subject to 30 per cent. withholding tax unless the Company agrees to certain reporting and withholding requirements and certain shareholders will be required to provide the Company with required information so that the Company may comply with its obligations under FATCA***

In order to receive payments free of U.S. withholding tax under Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly referred to as "FATCA"), the Company and financial institutions through which payments on or with respect to the Placing Shares are made may be required to withhold at a rate of up to 30 per cent. on all, or a portion of, payments in respect of the Placing Shares made after 31 December 2016.

The United States and Jersey have entered into an Intergovernmental Agreement ("IGA") to implement FATCA. Under the terms of the IGA, the Company may be obliged to comply with the provisions of FATCA as enacted by the Jersey legislation implementing the IGA (the "**Jersey IGA Legislation**"), rather than directly complying with the U.S. Treasury Regulations implementing FATCA. Under the terms of the IGA, Jersey resident financial institutions that comply with the requirements of the Jersey IGA Legislation will be treated as compliant with FATCA and, as a result, will not be subject to withholding tax under FATCA ("**FATCA Withholding**") on payments they receive and will not be required to withhold under FATCA on payments of non-U.S. source income. The Company expects that it will be considered to be a Jersey resident financial institution and therefore will be required to comply with the requirements of the Jersey IGA Legislation.

Under the Jersey IGA Legislation, the Company will be required to report to the Jersey Minister for Treasury and Resources certain holdings by and payments made to certain U.S. investors in the Company, as well as to non-U.S. financial institutions that do not comply with the terms of the Jersey IGA Legislation. Under the terms of the IGA, such information will be onward reported by the Jersey Minister for Treasury and Resources to the United States under the general information exchange provisions of the United States-Jersey Agreement for the Exchange of Information Relating to Taxes.

As a result, shareholders may be required to provide any information that the Company determines necessary in order to allow the Company to satisfy its obligations under FATCA.

Additional intergovernmental agreements similar to the IGA have been entered into or are under discussion by other jurisdictions with the United States. Different rules than those described above may apply depending on whether a payee is resident in a jurisdiction that has entered into an intergovernmental agreement to implement FATCA.

The scope and application of FATCA Withholding and information reporting pursuant to the terms of FATCA and the IGAs are subject to review by the United States, Jersey and other IGA governments, and the rules may change. Although the Company intends to comply with applicable law, it cannot be predicted at this time as to the particular form that the Jersey IGA Legislation might take or as to the benefits or risks of complying with such law. Shareholders should consult with their own tax advisors regarding the application of FATCA to their particular circumstances.



## IMPORTANT NOTICES

Investors should rely only on the information contained in this Prospectus. No person has been authorised to give any information or to make any representations in connection with the Placing Programme other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Investment Vehicle, the Conversion Vehicle, the Investment Vehicle Manager, Goldman Sachs or Dexion. No representation or warranty, express or implied, is made by Goldman Sachs or Dexion as to the accuracy or completeness of such information, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by Goldman Sachs or Dexion as to the past, present or future. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G(1) of FSMA, neither the delivery of this Prospectus nor any subscription or sale made under this Prospectus shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date of this Prospectus or that the information contained in this Prospectus is correct as of any time subsequent to its date.

The contents of this Prospectus are not to be construed as legal, financial, business, investment or tax advice. Each prospective investor should consult his or her own legal adviser, financial adviser or tax adviser for legal, financial or tax advice in relation to any purchase or proposed purchase of Shares.

An investment in the Placing Shares is suitable only for institutional, professional and high net worth investors, private client fund managers and brokers and other investors who are capable of evaluating the merits and risks of such an investment and/or who have received advice from their fund manager or broker regarding such an investment and who have sufficient resources to be able to bear losses (which may equal the whole amount invested) that may result from such an investment. An investment in the Placing Shares should constitute part of a diversified investment portfolio. Accordingly, typical investors in the Company are expected to be institutional, professional and high net worth investors, private client fund managers and brokers and other investors who understand the risks involved in investing in the Company and/or who have received advice from their fund manager or broker regarding investment in the Company.

In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Placing Programme including the merits and risks involved. Investors who purchase Placing Shares will be deemed to have acknowledged that: (i) they have not relied on Goldman Sachs or Dexion or any person affiliated with them in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; (ii) they have relied only on the information contained in this Prospectus; and (iii) no person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Investment Vehicle Manager, Goldman Sachs or Dexion.

In connection with the Placing Programme, each of Goldman Sachs and Dexion and any of their affiliates acting as an investor for its or their own account(s), may subscribe for the Placing Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities of the Company, any other securities of the Company or other related investments in connection with the Placing Programme or otherwise. Accordingly, references in this Prospectus to the Placing Shares being issued, offered, subscribed or otherwise dealt with, should be read as including any issue or offer to, or subscription or dealing by, Goldman Sachs, Dexion and any of their affiliates acting as an investor for its or their own account(s). None of Goldman Sachs, Dexion or any of their affiliates intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

### General

Prospective investors should rely only on the information contained in this Prospectus. No broker, dealer or other person has been authorised by the Company, the Directors, Goldman Sachs or Dexion to issue any advertisement or to give any information or to make any representation in connection with the offering or sale of the Placing Shares other than those contained in this Prospectus and, if issued, given or made, any such advertisement, information or representation must not be relied upon as having been authorised by the Company, the Directors, Goldman Sachs or Dexion.

Prospective investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters. Prospective investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of Placing Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of Placing Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer, redemption or other disposal of Placing Shares. Prospective investors must rely on their own representatives, including their own legal advisers, financial advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Statements made in this Prospectus are based on the law and practice currently in force and are subject to changes therein. This Prospectus should be read in its entirety before making any application for Placing Shares.

Application will be made to the London Stock Exchange for all the Placing Shares to be issued pursuant to the Placing Programme to be admitted to trading on the Main Market. It is expected that Initial Admission will become effective and that dealings in Placing Shares issued pursuant to the Initial Placing will commence at 8.00 a.m. on 3 April 2014.

All times and dates referred to in this Prospectus are, unless otherwise stated, references to London times and dates and are subject to change without further notice.

**Capitalised terms contained in this Prospectus shall have the meanings set out in Part XV of this Prospectus, save where the context indicates otherwise.**

#### **Restrictions on distribution and sale**

The distribution of this Prospectus and the offering and sale of securities offered hereby in certain jurisdictions may be restricted by law. Persons in possession of this Prospectus are required to inform themselves about and observe any such restrictions. This Prospectus may not be used for, or in connection with, and does not constitute, any offer to sell, or solicitation to purchase, any such securities in any jurisdiction in which solicitation would be unlawful.

**For a description of restrictions on offers, sales and transfers of Shares, please refer to the sections entitled “Selling restrictions” below and “Purchase and Transfer Restrictions” in Part VI of this Prospectus.**

In addition, prospective investors should note that, except with the express written consent of the Company given in respect of an investment in the Company, the Placing Shares may not be acquired by: (i) investors using assets of: (A) an “employee benefit plan” as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (B) a “plan” as defined in Section 4975 of the U.S. Tax Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the U.S. Tax Code; or (C) an entity whose underlying assets are considered to include “plan assets” by reason of investment by an “employee benefit plan” or “plan” described in preceding clause (A) or (B) in such entity pursuant to the U.S. Plan Assets Regulations; or (ii) a governmental, church, non-U.S. or other employee benefit plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the U.S. Tax Code, unless its purchase, holding, and disposition of the Placing Shares will not constitute or result in a non-exempt violation of any such substantially similar law.

If 25 per cent. or more of any class of equity in the Company is owned, directly or indirectly, by U.S. Plan Investors that are subject to Title I of ERISA or Section 4975 of the U.S. Tax Code, the assets of the Company will be deemed to be “plan assets”, subject to the constraints of ERISA and Section 4975 of the U.S. Tax Code. This would result, among other things, in: (i) the application of the prudence and fiduciary responsibilities standards of ERISA to investments made by the Company, and (ii) the possibility that certain transactions that the Company and its subsidiaries might enter into, or may have entered into in the ordinary course of business, might constitute or result in non-exempt prohibited transactions under Section 406 of ERISA and/or Section 4975 of the U.S. Tax Code and might have to be rescinded. A non-exempt prohibited transaction may also result in the imposition of an excise tax under the U.S. Tax Code upon a “party in interest” (as defined in ERISA) or “disqualified person” (as defined in the U.S. Tax Code), with whom a plan engages in the transaction. The Company will use commercially reasonable efforts to limit ownership by

U.S. Plan Investors of equity in the Company. However, no assurance can be given that investment by U.S. Plan Investors will not exceed 25 per cent. or more of any class of equity in the Company.

### **No incorporation of Company's Website**

The contents of the Company's Website do not form part of this Prospectus. Investors should base their decision to invest on the contents of this Prospectus alone and should consult their professional advisers prior to making an application to subscribe for Placing Shares.

### **Forward-looking statements**

This Prospectus includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "projects", "targets", "aims", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the intentions, beliefs or current expectations of the Company, the Investment Vehicle, the Conversion Vehicle and the Investment Vehicle Manager (as applicable) concerning, amongst other things, the investment objectives and investment policy, financing strategies, investment performance, results of operations, financial condition, prospects, and dividend/distribution policy of the Company, the Investment Vehicle, the Conversion Vehicle and the markets in which the Investment Vehicle, the Conversion Vehicle, and their respective portfolios of investments, invest and/or operate. By their nature, forward-looking statements involve risks (including those set out in the section entitled "Risk Factors" in this Prospectus) and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual investment performance, results of operations, financial condition, dividend policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this Prospectus. In addition, even if the investment performance, results of operations, financial condition of the Company, and the development of its financing strategies, are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause these differences include, but are not limited to:

- changes in economic conditions generally and the Company's ability to achieve its investment objective and target returns and target dividends for investors;
- the ability of the Investment Vehicle and/or the Conversion Vehicle to invest the cash on their respective balance sheets and the proceeds of the Placing Programme on a timely basis within the investment objective, investment policy, Investment Limits and Borrowing Limit;
- foreign exchange mismatches with respect to exposed assets;
- changes in the interest rates and/or credit spreads, as well as the success of the Company and the Investment Vehicle and the Conversion Vehicle's investment strategy in relation to such changes and the management of the un-invested proceeds of the Placing Programme;
- impairments in the value of the Investments;
- the availability and cost of capital for future investments;
- the departure of key personnel employed by the Investment Vehicle Manager;
- the failure of the Investment Vehicle Manager to perform its obligations under the Investment Vehicle Investment Management Agreement with the Investment Vehicle and the Conversion Vehicle or the termination of the Investment Vehicle Manager;
- changes in laws or regulations, including tax laws, or new interpretations or applications of laws and regulations, that are applicable to the Company, the Investment Vehicle or the Conversion Vehicle; and
- general economic trends and other external factors, including those resulting from war, incidents of terrorism or responses to such events.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements. Prospective investors should carefully review the "Risk Factors" section of this

Prospectus before making an investment decision. Forward-looking statements speak only as at the date of this Prospectus. Although the Company undertakes no obligation to revise or update any forward-looking statements contained herein (save where required by the Listing Rules, Prospectus Rules or Disclosure and Transparency Rules), whether as a result of new information, future events, conditions or circumstances, any change in the Company's expectations with regard thereto or otherwise, prospective investors are advised to consult any communications made directly to them by the Company and/or any additional disclosures through announcements that the Company may make through a RIS announcement.

### **Selling Restrictions**

**This Prospectus does not constitute, and may not be used for the purposes of, an offer or an invitation to apply for any Placing Shares by any person: (i) in any jurisdiction in which such offer or invitation is not authorised; or (ii) in any jurisdiction in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the offering of Placing Shares in certain jurisdictions may be restricted. Accordingly, persons into whose possession this Prospectus comes are required to inform themselves about and observe any restrictions as to the offer or sale of Placing Shares and the distribution of this Prospectus under the laws and regulations of any jurisdiction in connection with any applications for Placing Shares, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such jurisdiction. Save for the United Kingdom, no action has been taken or will be taken in any jurisdiction by the Company that would permit a public offering of Placing Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this Prospectus other than in any jurisdiction where action for that purpose is required.**

### ***Bailiwick of Guernsey***

This document has not been approved by the Guernsey Financial Services Commission ("**GFSC**") and neither the GFSC nor the States of Guernsey Policy Council takes any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it. This document does not comply with the requirements of Guernsey's Prospectus Rules 2008 on the basis that the Placing Shares in the Company will be admitted to trading on the main market for listed securities of the London Stock Exchange plc: if the Placing Shares are not so admitted, then the document may be required to comply with the requirements of such Prospectus Rules 2008 and may need to be re-drafted in some respects.

This document is directed in the Bailiwick of Guernsey only at the following: (1) those who have specifically solicited this document, where such approach was not itself specifically solicited by Goldman Sachs ("**Requesting Investors**"); or (2) those holding a licence from the GFSC under any of the following laws: the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended (the "**POI Law**"), the Banking Supervision (Bailiwick of Guernsey) Law, 1994, as amended, the Insurance Business (Bailiwick of Guernsey) Law, 2002, as amended or the Regulation of Fiduciaries, Administration Businesses and Company Directors etc. (Bailiwick of Guernsey) Law, 2000, as amended (such persons being "**Licensees**"). This document must only be distributed to persons who are not either Requesting Investors or Licensees by a person holding an appropriate licence from the GFSC under the POI Law. This document may not be relied upon by those who are not Requesting Investors or Licensees, unless it has been distributed to them by a person holding such a licence under the POI Law.

### ***Bailiwick of Jersey***

The Company has been established in Jersey as a listed fund under a fast-track authorisation process. It is suitable therefore only for professional or experienced investors, or those who have taken appropriate professional advice.

Certain Jersey regulatory requirements which may otherwise be deemed necessary by the Jersey Financial Services Commission for the protection of retail or inexperienced investors, do not apply to listed funds. By investing in the Company you will be deemed to be acknowledging that you are a professional or experienced investor, or have taken appropriate professional advice, and accept the reduced Jersey requirements accordingly.

You are wholly responsible for ensuring that all aspects of the Company are acceptable to you. Investment in listed funds may involve special risks that could lead to a loss of all or a substantial portion of such investment. Unless you fully understand and accept the nature of the Company and the potential risks inherent in this fund you should not invest in the Company.

Further information in relation to the regulatory treatment of listed funds domiciled in Jersey may be found on the website of the Jersey Financial Services Commission at [www.jerseyfsc.org](http://www.jerseyfsc.org).

This Prospectus is prepared, and a copy of it has been sent to the Jersey Financial Services Commission, in accordance with the Collective Investment Funds (Certified Funds — Prospectuses) (Jersey) Order 2012.

The Jersey Financial Services Commission does not take any responsibility for the financial soundness of the Company or for the correctness of any statements made or expressed in this Prospectus.

The applicant is strongly recommended to read and consider this Prospectus before completing an application.

### ***Belgium***

This document has not been submitted for approval by, and no advertising or other offering materials have been filed with, the Belgian Financial Services and Markets Authority (“Autoriteit voor Financiële Diensten en Markten”/“Autorité des services et marchés financiers”). This document and its distribution is for information purposes only and does not constitute a public offering or involve an investment service in Belgium. Neither this document nor any other information or materials relating thereto (including for the avoidance of doubt any marketing materials) (a) may be distributed or made available to the public in Belgium, (b) may be used in relation to any investment service in Belgium unless all conditions of Directive 2004/39/EC on markets in financial instruments, as implemented in Belgium, are satisfied, (c) or may be used to publicly solicit, provide advice or information to, or otherwise provoke requests from, the public in Belgium in relation to the offering. Any offering in Belgium is made exclusively on a private basis in accordance with article 5 of the Belgian law of 3 August 2012 on certain forms of collective investment undertakings (the “Law of 3 August 2012”) and with article 3 of the Law of 16 June 2006 concerning the public offering of investment instruments and the admission to the trading on a regulated market of investment instruments (the “Law of 16 June 2006”), which implemented Directive 2003/71 EC of the European Parliament and of the Council of the European Union as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been deemed implemented or are applied by the Belgian Financial Services and Markets Authority in Belgium pending formal enactment of such amendments by the legislator), and is addressed only to, and subscription will only be accepted from, (a) investors that qualify both as professional and institutional investors (as defined by article 5, §3 of the Law of 3 August 2012) and as qualified investors (as defined by article 10, §1 of the Law of 16 June 2006) (each, a “Qualified Investor”), and/or (b) investors investing for a consideration of at least €250,000 per investor and per category (each, a “High Net Worth Individual”), and it being understood that any such Qualified Investor or High Net Worth Individual shall act in its own name and for its own account and shall not act as intermediary, or otherwise sell or transfer, to any other investor, unless any such other investor would also qualify as a Qualified Investor or a High Net Worth Individual.

### ***Cayman Islands***

This is not an offer or invitation to the public in the Cayman Islands to subscribe for shares. Neither the Company nor any entity appointed by it or on its behalf shall offer or sell shares from a place of business within the Cayman Islands.

### ***Denmark***

This document does not constitute a prospectus under Danish securities law and consequently is not required to be nor has been filed with or approved by the Danish Financial Authority as this document either (i) has not been prepared in the context of a public offering of securities in Denmark or the admission of securities to trading on a regulated market within the meaning of the Danish Securities Trading Act or any Executive Orders issued pursuant thereto, or (ii) has been prepared in the context of an offering of securities in Denmark or the admission of securities to trading on a regulated market in reliance on one or more of the exemptions from the requirement to prepare and publish a prospectus in the Danish Securities Trading Act



or any executive Orders issued pursuant thereto. Furthermore, this document does not constitute a prospectus under Danish Financial regulation and consequently is not required to be nor has been filed with or approved by the Danish Financial Supervisory Authority as this memorandum has not been prepared in the context of a direct or indirect marketing of units in a collective investment scheme comprised by the Danish Investment Association Act or any executive Orders issued pursuant thereto, or under circumstances where the collective investment scheme may not rely on one or more exemptions from the Act. Accordingly, this document may not be made available nor may the Placing Shares otherwise be marketed and offered for sale in Denmark other than in circumstances which are deemed not to be considered as marketing of the units in Denmark or an offer of the units to the public in Denmark.

### ***European Economic Area***

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), no Placing Shares have been offered or will be offered pursuant to the Placing to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Placing Shares which has been approved by the competent authority in that Relevant Member State, or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that offers of Placing Shares to the public may be made at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of Directive 2010/73/EU (the “**2010 PD Amending Directive**”), 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such Relevant Member State; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Placing Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State and each person who initially acquires any Placing Shares or to whom any offer is made under the Placing will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any offer of Placing Shares in any Relevant Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Placing Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Placing Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (and the amendments thereto, including 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State.

The distribution of this Prospectus in other jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions.

In relation to each member state of the European Economic Area which has implemented the AIFM Directive and which has established transitional arrangements in relation to marketing for which the Company qualifies, marketing of the Placing Shares in a member state which was permitted prior to the implementation of the AIFM Directive may continue until the expiry of the transitional period in that member state. In those member states which have implemented the AIFM Directive but in which transitional arrangements are not or are no longer available, the Placing Shares will only be offered in a member state to the extent that the Company: (i) is permitted to be marketed into the relevant member state pursuant to Article 42 of the AIFM Directive (as implemented into local law); or (ii) can otherwise be lawfully offered or sold (including at the initiative of investors). Each person who initially acquires Placing Shares or to whom any offer is made will be deemed to have represented, warranted to and agreed with the entity placing such shares and the Company that (a) it is a “qualified investor” within the meaning of the law in that relevant member state implementing Article 2.1(e) of the Prospectus Directive and (b) if that relevant member state has implemented the AIFM Directive, that it is a person to whom Placing Shares in the Company may lawfully be marketed under the AIFM Directive or under the applicable implementing legislation (if any) of that relevant member state.

## ***Finland***

This Prospectus does not constitute an offer to the public in Finland. The Placing Shares cannot be offered or sold in Finland by means of any document to any persons other than “qualified investors” as defined by the Finnish Securities Market Act (in Finnish: *Arvopaperimarkkinalaki*, 746/2012, as amended) and underlying regulation or in any other circumstances which do not require the publication by the issuer or any other entity of a prospectus pursuant to Article 3 of the Directive 2003/71/EC (Prospectus Directive, as amended by Directive 2010/73/EU). No action has been taken to authorise an offering of the Placing Shares to the public in Finland and the distribution of this Prospectus is not authorised by the Financial Supervisory Authority in Finland. This Prospectus is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. Subscriptions will not be accepted from any persons other than the person to whom this Prospectus has been delivered by the Company or its representatives. This Prospectus may not include all the information that is required to be included in a prospectus in connection with an offering of securities to the public.

## ***Germany***

**This Prospectus has not been and will not be submitted to, nor has it been approved by, the Bundesanstalt für Finanzdienstleistungsaufsicht (the German Federal Financial Supervisory Authority). No prospectus pursuant to the German Investment Funds Act (Investmentgesetz) or the German Investment Products Act (Vermögensanlagegesetz) or the German Securities Prospectus Act (Wertpapierprospektgesetz) will be published in Germany. Important investor protection provisions of the German law do not apply to this offering.**

The Placing Shares are offered by way of private placement in Germany on the basis of the transitional provisions of the German Capital Investment Act (Kapitalanlagegesetzbuch). This Prospectus must not be used for the offering of the Placing Shares in Germany after 21 July 2014.

The Placing Shares may only be offered to and subscribed by the following types of institutional investors in Germany: investment firms (Finanzdienstleistungsinstitute) and credit institutions (Kreditinstitute) regulated by the German Banking Act (Kreditwesengesetz), insurance companies (established under private or public law), German investment management companies (Kapitalanlagegesellschaften), German investment corporations (Investmentaktiengesellschaften), foreign investment companies and their commissioned management companies as well as pension funds and their management companies. The minimum subscription amount per investor shall in no case be lower than the equivalent of Euro 100,000.

This Prospectus is addressed to the recipient only. It does not constitute an offer or advertisement to the public. This Prospectus and other offering materials may not be distributed in Germany to any person or entity other than the recipients hereof. The Placing Shares may not be directly or indirectly publicly distributed in Germany.

Potential German investors are strongly advised to consider possible tax consequences of an investment in the Shares and should consult their own tax advisors in that respect.

## ***Hong Kong***

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

## ***Israel***

This Prospectus has not been approved for public offering by the Israeli Securities Authority and no action was or will be taken in Israel that would permit an offering of the Placing Shares or the distribution of the Prospectus to the public in Israel. The Placing Shares are being offered only to special types of investors (“Investors”) such as: mutual trust funds, managing companies of mutual trust funds, provident funds, managing companies of provident funds, insurers, banking corporations and subsidiary corporations, except for mutual service companies (purchasing securities for themselves and for clients who are Investors), portfolio managers (purchasing securities for themselves and for clients who are Investors), investment counsellors (purchasing securities for themselves), members of the Tel-Aviv Stock Exchange (purchasing securities for themselves and for clients who are Investors), underwriters, venture capital funds, corporate

entities the main business of which is the capital market and which are wholly owned by Investors, and corporate entities whose shareholder equity exceeds ILS 50 million, except for those incorporated for the purpose of purchasing securities in a specific offer; and in all cases under circumstances that will fall within the private placement exemption or other exemptions of the Israeli Securities Law, 5728-1968 or Israeli Joint Investment Trusts Law, 5754-1994. The Investor shall be required to confirm in writing prior to any purchase of Placing Shares, among others, that it is an Investor, and is aware of the consequences thereof and agrees to them. The Prospectus may not be reproduced or used for any other purpose, nor be furnished to any person other than those to whom copies have been sent. Any Investor who purchases a Placing Share is purchasing such a Placing Share for his own benefit and account and not with the aim or intention of distributing or offering such a Placing Share to other parties and it shall not re-offer or re-sell any of the Placing Shares, directly or indirectly, in Israel except to Investors under circumstances that will fall within said private placement exemption. Nothing in this Prospectus should be considered as a recommendation, advice or expression of any opinion with respect to the Placing Shares, nor with respect to the advisability of investing in the Placing Shares, including investment advice and/or investment marketing under the Advice Law, with respect to the Placing Shares. Any decision to purchase the Placing Shares shall be made by the Investor in accordance with its own understanding. The Investor has such knowledge, expertise and experience in financial and business matters as to be capable of evaluating the risks and merits of an investment in the Placing Shares, without relying on the Prospectus. Investors are encouraged to seek competent investment counselling from a locally licensed investment counsellor prior to making the investment.

### ***Qatar***

The investments described in this Prospectus have not been, and will not be, offered, sold or delivered, at any time, directly or indirectly in the State of Qatar in a manner that would constitute a public offering.

This Prospectus has not been, and will not be, filed with or reviewed, or approved, by the Qatar Central Bank, the Qatar Financial Markets Authority or any other relevant Qatari authority. This Prospectus is intended for the original recipient only and should not be provided to any other person. It is not for general circulation in the State of Qatar and should not be reproduced or used for any other purpose.

### ***Russia***

This Prospectus should not be considered as a public offer or advertisement of the Placing Shares in Russia and is not an offer, or an invitation to make offers, to purchase any Placing Shares in Russia. Neither the Placing Shares nor any prospectus or other document relating to them have been or will be registered with the Central Bank of the Russian Federation (the "CBR") or with any other state bodies that may from time to time be responsible for such registration, and the Placing Shares are not intended for "placement" or "circulation" in Russia, unless otherwise permitted under Russian law. Any information on the Placing Shares in this Prospectus is intended for, and addressed only to, "qualified investors" (as defined under Russian law) or persons outside of Russia. The Placing Shares are not being offered, sold or delivered in Russia or to or for the benefit of any persons (including legal entities) resident, incorporated, established or having their usual residence in Russia or to any person located within the territory of Russia except as may be permitted by Russian law.

### ***Singapore***

The offer or invitation of the Placing Shares of the Company, which is the subject of this Prospectus, does not relate to a collective investment scheme which is authorized under Section 286 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") or recognized under Section 287 of the SFA. The Company is not authorized or recognized by the Monetary Authority of Singapore (the "MAS") and the Placing Shares are not allowed to be offered to the retail public. This Prospectus and any other document or material issued in connection with the offer or sale is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. You should consider carefully whether the investment is suitable for you.

This Prospectus has not been registered as a prospectus with the MAS. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Placing Shares may not be circulated or distributed, nor may Placing Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in

Singapore other than (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2), and in accordance with the conditions specified in Section 305, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Placing Shares are subscribed or purchased under Section 305 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Investment Units pursuant to an offer made under Section 305 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 305(5) of the SFA, or to
- (ii) any person arising from an offer referred to in Section 275(1A) or Section 305A(3)(i)(B) of the SFA;
- (iii) where no consideration is or will be given for the transfer;
- (iv) where the transfer is by operation of law; or
- (v) as specified in Section 305A(5) of the SFA.

### **Sweden**

The Company is not an investment fund under the Swedish Investment Funds Act (2004:46) and is neither authorised nor supervised by Finansinspektionen (the Swedish Financial Supervisory Authority). This document has not been nor will it be registered with or approved by Finansinspektionen (the Swedish Financial Supervisory Authority) under the Swedish Financial Instruments Trading Act (1991:980) (the Trading Act). Accordingly, this document may not be made available, nor may the Placing Shares in the Company be marketed and offered for sale in Sweden, other than under circumstances which are deemed not to require a prospectus under the Trading Act. Prospective investors should not construe the contents of this document as legal or tax advice. This document has been prepared for marketing purposes only and should not be conceived as investment advice.

### **Switzerland**

This Prospectus may only be freely circulated and Placing Shares in the Company may only be freely offered, distributed or sold to regulated financial intermediaries such as banks, securities dealers, fund management companies, asset managers of collective investment schemes and central banks as well as to regulated insurance companies. Circulating this Prospectus and offering, distributing or selling Placing Shares in the Company to other persons or entities including qualified investors as defined in the Federal Act on Collective Investment Schemes ("**CISA**") and its implementing Ordinance ("**CISO**") may trigger, in particular, (i) licensing/prudential supervision requirements for the distributor, (ii) a requirement to appoint a representative and paying agent in Switzerland and (iii) the necessity of a written distribution agreement between the representative in Switzerland and the distributor. Accordingly, legal advice should be sought before providing this Prospectus to and offering, distributing, selling or on-selling Placing Shares of the Company to any other persons or entities. This Prospectus does not constitute an issuance prospectus pursuant to Articles 652a or 1156 of the Swiss Code of Obligations and may not comply with the information standards required thereunder. The Placing Shares will not be listed on the SIX Swiss Exchange, and consequently, the information presented in this document does not necessarily comply with the information standards set out in the relevant listing rules. The documentation of the Company has not been and will not be approved, and may not be able to be approved, by the Swiss Financial Market Supervisory Authority ("**FINMA**") under the CISA. Therefore, investors do not benefit from protection under the CISA or supervision by the FINMA. This Prospectus does not constitute investment advice. It may only be used by those persons to whom it has been handed out in connection with the Placing Shares and may neither be copied or directly/indirectly distributed or made available to other persons.

## **Taiwan**

The Placing Shares have not been and will not be registered with the Financial Supervisory Commission of Taiwan (R.O.C.) pursuant to applicable securities laws and regulations and the Placing Shares may not be offered or sold within Taiwan (R.O.C.) through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Law of Taiwan (R.O.C.) that requires a registration or the approval of the Financial Supervisory Commission of Taiwan (R.O.C.). No person or entity in Taiwan (R.O.C.) has been authorized to offer or sell the Securities in Taiwan (R.O.C.).

## **The Netherlands**

The Placing Shares will not be offered or sold, directly or indirectly, in the Netherlands, other than solely to qualified investors within the meaning of article 1 of the Netherlands Financial Supervision Act (*Wet op het financieel toezicht*).

In respect of the Placing, the Company is not required to obtain a licence as a collective investment scheme pursuant to the Netherlands Financial Supervision Act (*Wet op het financieel toezicht*) and is not subject to supervision of the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*).

## **United Arab Emirates (excluding DIFC)**

In the United Arab Emirates, this Prospectus is intended only for investors who satisfy Article 2(4) and (5) of Resolution No.37 of 2012 as amended by Board of Directors Decision No. 13 of 2013 of the Securities and Commodities Authority of the United Arab Emirates, being:

- (a) the financial portfolios of Federal or local governmental entities in the United Arab Emirates;
- (b) companies, corporations or entities whose primary purpose or one of its purposes is to invest in financial securities, but not the clients of such entities; and
- (c) investment managers, provided that the investment manager and not any other party, has the authority to take and execute investment decisions.

This Prospectus must not be delivered to, or relied upon by an investor (other than specified above) who is not able to make the minimum subscription.

Neither the Company nor the promotion of the Placing Shares in the UAE have been authorised by the SCA for the purposes of marketing, promoting and selling the Placing Shares in the UAE. This Prospectus has not been provided to the SCA.

This Prospectus is for information purposes only and nothing contained in it is intended to constitute investment, financial, legal, tax, accounting or other professional advice nor is it intended to invite, endorse or recommend a particular course of action. Prospective investors should consult with an appropriate professional for specific advice rendered on the basis of their situation.

## **DIFC**

This Prospectus relates to a fund established in under the Companies (Jersey) Law 1991, as amended, as a registered closed-ended investment company and regulated by the Jersey Financial Services Commission.

This Prospectus relates to a fund which is not subject to any form of regulation or approval by the Dubai Financial Services Authority (“**DFSA**”).

The DFSA has no responsibility for reviewing or verifying any offering memorandum, prospectus, or other documents in connection with this Company. Accordingly, the DFSA has not approved this Prospectus or any other associated documents nor taken any steps to verify the information set out in this Prospectus, and has no responsibility for it.

The Shares to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on the Shares.

If you do not understand the contents of this document you should consult an authorised financial adviser.



Goldman Sachs International is licensed by the DFSA and is distributing this Prospectus to Professional Clients (as such term is defined under the DFSA Rules) in the DIFC. This Prospectus is intended only for Professional Clients (as defined in the Conduct of Business Module of the DFSA Rulebook (“COB”)) and no other person should act on it. This Prospectus is not directed at Retail Clients (as defined in COB).

***United States***

The Placing Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Placing Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, into or within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S). There will be no public offer of the Placing Shares in the United States.

The Company has not been and will not be registered under the U.S. Investment Company Act and investors will not be entitled to the benefits of the U.S. Investment Company Act.

The Placing Shares are being offered and sold only outside the United States to persons who are not U.S. Persons (and who are not acting for or on the account or benefit of any U.S. Person) (as defined in Regulation S) in reliance on Regulation S under the U.S. Securities Act.

For a description of restrictions on offers, sales and transfers of Placing Shares, please refer to the section entitled “Purchase and Transfer Restrictions” in Part VI of this Prospectus.

## EXPECTED TIMETABLE

Placing Programme opens	20 March 2014
<b>Initial Placing</b>	
Initial Placing closes	12.00 p.m. on 28 March 2014
Initial Admission and crediting of CREST accounts in respect of the Initial Placing	8.00 a.m. on 3 April 2014
Despatch of definitive share certificates for the Placing Shares in certificated form	Approximately two weeks following the Initial Admission
<b>Further Placings</b>	
Admission and crediting of CREST accounts in respect of subsequent Placings	8.00 a.m. on the Business Day on which the Placing Shares are issued
Despatch of definitive share certificates for the Placing Shares in certificated form	Approximately two weeks following the Admission of those Placing Shares
Placing Programme Closes	19 March 2015

\* The dates and times specified are subject to change without further notice. References to times are to London times unless otherwise stated.

## PLACING PROGRAMME STATISTICS

Maximum size of Placing Programme*	600 million Placing Shares
Placing Price for New Euro Shares and New Sterling Shares	Not less than the latest published Net Asset Value per Share of the relevant class at the time of allotment
Placing Price per Euro C Share and Sterling C Share	€1.00/£1.00

\* The minimum subscription per investor pursuant to each Placing within the Placing Programme is €100,000 and thereafter in multiples of €1,000; and £100,000 and thereafter in multiples of £1,000.

The number of Placing Shares to be issued pursuant to each Placing, and therefore the Gross Placing Proceeds applicable to such Placing, is not known as at the date of this Prospectus but will be notified by the Company via an RIS announcement prior to each Admission. If a Placing does not proceed, subscription monies received with respect to that Placing will be returned without interest at the risk of the applicant. The number of Placing Shares to be issued pursuant to the Placing Programme, and therefore the Gross Placing Programme Proceeds, is not known as at the date of this Prospectus.

\*\* The costs and expenses of the Initial Placing of C Shares (including placing commissions) up to 0.75 per cent. of the Gross Placing Proceeds of the Initial Placing will be payable out of such proceeds. Accordingly, the initial Net Asset Value per C Share immediately following Initial Admission will be at least £0.9925 and €0.9925. To the extent that the costs and expenses of the Initial Placing (including placing commissions) exceed 0.75 per cent. of the Gross Placing Proceeds applicable to the Initial Placing, CVC Investment Services shall bear the excess. It is expected that arrangements of a similar nature will apply in relation to subsequent Placings of C Shares, with the percentage of costs and expenses that will be borne by investors being set at the time of the relevant Placing.

The allocation of costs, expenses and placing commissions relating to each subsequent Placing pursuant to the Placing Programme payable out of such Placing proceeds will be notified to investors in advance of each such Placing.

The Placing Price for New Shares to be issued pursuant to the Placing Programme shall include a premium to the Net Asset Value per Share of the relevant class of Existing Shares and the costs and expenses of such issue (including placing commissions) will be borne out of such premium. To the extent that the costs and expenses of such subsequent Placing (including placing commissions) exceeds such premium, CVC Investment Services shall bear the excess.

As a consequence of these arrangements the Net Asset Value of the Existing Shares will not be diluted as a consequence of any Placing.

## DIRECTORS, ADVISERS AND SERVICE PROVIDERS

### Directors

Richard Michael Boléat FCA (Chairman)  
David Alan Wood  
Mark Richard Tucker

*All c/o the Company's registered office*

### Registered Office

Liberté House  
19-23 La Motte Street  
St. Helier  
Jersey  
JE2 4SY

### Investment Vehicle Manager

CVC Credit Partners Investment Management Limited  
111 Strand  
London  
WC2R 0AG

### Corporate Services Manager

CVC Credit Partners Investment Services  
Management Limited  
22-24 Seale Street, St. Helier,  
Jersey  
JE2 3QG

### Sponsor, Global Co-ordinator and Bookrunner

Goldman Sachs International  
133 Fleet Street  
London  
EC4A 5ER

### Lead Placing Agent

Dexion Capital plc  
1 Tudor Street  
London  
EC4Y 0AH

### Solicitors to Goldman Sachs International and Dexion Capital plc (as to English law and U.S. securities law)

Herbert Smith Freehills LLP  
Exchange House  
Primrose Street  
London  
EC2A 2EG

### Solicitors to the Company (as to English law and U.S. securities law) and CECO (as to English law)

Paul Hastings (Europe) LLP  
Ten Bishops Square  
Eighth Floor  
London  
E1 6EG

### Advocates to the Company (as to Jersey law)

Bedell Cristin  
26 New Street  
St Helier  
Jersey  
JE2 3RA

### Reporting Accountant and Auditor

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

### Custodian, Administrator and Company Secretary

BNP Paribas Securities Services S.C.A., Jersey  
Branch  
Liberté House  
19-23 La Motte Street  
St. Helier  
Jersey  
JE2 4SY

### Registrar

Capita Registrars (Jersey) Limited  
12 Castle Street  
St Helier  
Jersey  
JE2 3RT

### Receiving Agent

Capita Registrars  
Corporate Actions  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

## PART I: THE COMPANY

### INTRODUCTION

The Company is a closed-ended investment company limited by shares, registered and incorporated in Jersey under the Companies Law on 20 March 2013, with registration number 112635. The Company is self-managed. The Directors currently invest substantially all of the Company's assets in an existing European credit opportunities investment vehicle, being Compartment A of CVC European Credit Opportunities S.à.r.l. (the "**Investment Vehicle**"), that is managed by CVC Credit Partners Investment Management Limited (the "**Investment Vehicle Manager**"). The Directors will invest the Net Placing Proceeds raised in connection with any offering of C Shares under the Placing Programme initially in Compartment AA of CVC European Credit Opportunities S.à.r.l. (the "**Conversion Vehicle**"), a newly formed European credit opportunities investment vehicle also managed by the Investment Vehicle Manager and that follows essentially the same investment policy and objective to that of the Investment Vehicle. On Conversion, the Company's investment in the Conversion Vehicle will be transferred to the Investment Vehicle. The Directors will invest the net proceeds from any offering of New Shares under the Placing Programme in the Investment Vehicle. For further information on the Conversion Vehicle and the Investment Vehicle, please refer to Part II of this Prospectus.

The Company's existing share capital is comprised of Shares (and the Management Shares) and, following the Initial Placing, will also comprise C Shares which are convertible into Shares. The Shares are denominated in Euro and Sterling and the C Shares may be denominated in Euro and Sterling. The Company may issue further classes of Shares, including C Shares, from time to time denominated in such other currencies as the Board considers appropriate, under the Placing Programme or otherwise. For further information on the voting rights of the Shares and the C Shares, please refer to paragraph 4.3 in the section entitled "Memorandum and Articles" in Part IX of this Prospectus.

The C Shares issued pursuant to the Placing Programme shall convert into Correspondent Shares of the same currency denomination as the C Shares in accordance with the conversion mechanism described in Parts V and IX of this Prospectus. The Correspondent Shares arising on Conversion will rank *pari passu* with the Shares of the same class for dividends and other distributions declared, made or paid by reference to a record date falling after the relevant Calculation Time and will entitle the newly converted holders thereof to participate in any Contractual Quarterly Tender thereafter available on the same terms and subject to the same conditions as holders of the relevant Shares.

Although Shareholders have no general right or entitlement to have their Shares repurchased or redeemed upon request, the Directors believe that the Company's innovative Contractual Quarterly Tender mechanism should provide Shareholders with additional liquidity as compared with other listed closed-ended investment companies. The operation of this mechanism is subject to annual Shareholder approval and certain limits reflecting the limits of the Investment Vehicle and the Company's closed-ended nature. For further information on Contractual Quarterly Tenders, please refer to the section entitled "Discount Control: Quarterly Tenders" in this Part I of this Prospectus. The Contractual Quarterly Tender Mechanism is not available in respect of the C Shares.

Applications will be made to the UK Listing Authority and the London Stock Exchange respectively for all C Shares to be issued pursuant to the Placing Programme to be admitted to the standard segment of the Official List and to trading on the Main Market when issued. Applications will also be made to the UK Listing Authority and the London Stock Exchange respectively for all New Shares to be issued pursuant to the Placing Programme and the Correspondent Shares to be admitted to the premium segment of the Official List and to trading on the Main Market when issued. It is expected that Initial Admission will become effective and that dealings in the Placing Shares that are the subject of such Placing will commence at 8.00 a.m. on 3 April 2014 (the "**Initial Placing**").

### INVESTMENT OBJECTIVE

The Company's investment objective is to provide Shareholders, including Shareholders who hold Shares following Conversion, with regular income returns and capital appreciation from a diversified portfolio of predominantly sub-investment grade debt instruments.



## INVESTMENT POLICY

### Company asset allocation

The Company's investment policy is to invest predominantly in companies domiciled, or with material operations, in Western Europe across various industries. The Company's investments are focused on Senior Secured Obligations of such companies but investments are also made across their capital structure.

The Company will pursue its investment policy by investing the Net Placing Proceeds from issues of Shares in the Investment Vehicle, which is the Investment Vehicle Manager's existing European credit opportunities investment vehicle, and by investing the Net Placing Proceeds of C Shares in the Conversion Vehicle pending Conversion of the C Shares into Shares. The Investment Vehicle and the Conversion Vehicle both operate in accordance with an investment objective, investment policy, Investment Limits and Borrowing Limit as set out in Part II of this Prospectus.

The investment policy of the Investment Vehicle is subject to the following investment limits (the "**Investment Limits**"):

- A minimum of 50 per cent. of the Investment Vehicle's Gross Assets will be invested in Senior Secured Obligations (which, for the purposes of this Investment Limit will include Cash and Cash Equivalents).
- A minimum of 70 per cent. of the Investment Vehicle's Gross Assets will be invested in obligations of companies/borrowers domiciled, or with material operations, in Western Europe.
- A maximum of 7.5 per cent. of the Investment Vehicle's Gross Assets will be invested at any given time in obligations of a single borrower subject to a single exception at any one time permitting investment of up to 15 per cent. in order to participate in a loan to a single borrower, provided the exposure is sold down to a maximum of 7.5 per cent. within 12 months of acquisition.
- A maximum of 7.5 per cent. of the Investment Vehicle's Gross Assets will be invested in CLO Securities, with no primary investments permitted to be made in CVC Credit Partners Group managed structured finance transactions.
- A maximum of 25 per cent. of the Investment Vehicle's Gross Assets will be invested in CVC Capital Portfolio Company Debt Obligations.<sup>4</sup>

The Investment Vehicle is permitted to borrow up to an amount equal to 100 per cent. of the net asset value of the Investment Vehicle (the "**Investment Vehicle Net Asset Value**") at the time of borrowing (the "**Borrowing Limit**").

References to the Investment Vehicle's investment objective and investment policy should be read as also including those of the Conversion Vehicle which are essentially the same as those of the Investment Vehicle and save where it is expressly stated that there is a variance from those of the Investment Vehicle. The Investment Limits and the Borrowing Limit of the Conversion Vehicle will be the same as those of the Investment Vehicle save that the limits for the Conversion Vehicle will be measured against the aggregate of the Investment Vehicle's and the Conversion Vehicle's Gross Assets and, in the case of the Borrowing Limit of the Conversion Vehicle, the aggregate of the Investment Vehicle and the Conversion Vehicle's Net Asset Values.

### Company borrowing limit

The Company does not intend to have borrowings but may, in the future and subject to the passing of an ordinary resolution at a general meeting, borrow up to 15 per cent. of the net asset value of the Company (the "**Company Net Asset Value**") for the sole purpose of purchasing or redeeming its own Shares otherwise than pursuant to Contractual Quarterly Tenders.

The investment objective and investment policy of the Investment Vehicle and the Conversion Vehicle are consistent with the investment objective and investment policy of the Company. In the event that changes are made to the investment objective or investment policy of the Investment Vehicle or the Conversion Vehicle (including the Investment Limits and/or the Borrowing Limit) the procedures set out in the section entitled "Material changes to the investment objective and policy of the Company, the Investment Vehicle and the Conversion Vehicle" in this Part I of this Prospectus will apply.

<sup>4</sup> Calculated as invested cost as a percentage of the Investment Vehicle's Gross Assets. Where CVC Funds hold a minority interest in a CVC Capital Portfolio Company, it is calculated as the product of the debt holding and the percentage of equity interest held by CVC Funds.

## INVESTMENT HIGHLIGHTS

The Company gives investors access to the sub-investment grade European debt markets through the Investment Vehicle and the Conversion Vehicle managed by the Investment Vehicle Manager. The Investment Vehicle has a track record of investing in the debt of larger companies in the sub-investment grade markets. Between the IPO and 31 December 2013, the Company generated a net total return of 3.2 per cent. (with respect to its Euro Shares) and 3.3 per cent. (with respect to its Sterling Shares). Between 1 January 2014 and 28 February 2014, it generated a net total return of 1.1 per cent. (with respect to both its Euro Shares and Sterling Shares). The Investment Vehicle Manager believes that its “stock picking” approach focused on specific company and credit situations may outperform the broader European credit market over the medium term credit cycle and allow it to meet its dividend and return targets. The Investment Vehicle Manager expects that the general market backdrop for the debt of such companies may continue to generate opportunities over the medium term driven by the positive supply/demand dynamics. The Investment Vehicle Manager believes its flexible approach to sourcing opportunities in both the primary and secondary markets and its expertise of investing in the different credit instruments across the capital structure provides a competitive advantage in a market where many market participants operate in single credit categories such as mezzanine, senior loans or bonds. The Investment Vehicle Manager believes that the debt of larger companies offers a number of differing characteristics relative to the market as a whole, and that larger, broadly syndicated credits generally offer a more attractive profile than the broader European loan market. Although the Company is closed-ended, the Contractual Quarterly Tender facility, if approved by Shareholders each year, offers additional liquidity to Shareholders.

### Investment Vehicle Manager

The Investment Vehicle Manager is a member of the CVC Credit Partners Group which is the credit management business of CVC Group. CVC Credit Partners Group had approximately US\$10.3 billion of assets under management as at 31 December 2013<sup>5</sup>. CVC Credit Partners Group manages the investments of multiple investment vehicles and funds focused on investments in sub-investment grade companies in both Europe and the U.S., including the Investment Vehicle. As at 28 February 2014, CVC Credit Partners Group had 34 investment professionals based in London and New York. CVC Persons have in excess of €120 million invested in the Investment Vehicle at the date of this Prospectus.

For further information on the Investment Vehicle Manager and the CVC Group, please refer to Part III of this Prospectus.

### Track record of the Investment Vehicle Manager and the Investment Vehicle

The Investment Vehicle Manager has been managing the Investment Vehicle and its predecessor investment vehicle since April 2009.<sup>6</sup> Since the inception of the strategy to 28 February 2014, the Investment Vehicle has generated gross annualised returns of 15.8 per cent., without using leverage. In 2013, the Investment Vehicle generated gross returns of 8.8 per cent., and 1.3 per cent. from 1 January 2014 to 28 February 2014, and has, since its inception, outperformed the Standard & Poor's European Leveraged Loan Index. CVC Credit Partners Group has also generated top decile performance in the collateralised loan obligation (“CLO”) vehicles that it manages, for their respective vintage, measured by average equity distributions since its inception, and was awarded “Best CLO Manager” — a global award at the Creditflux Manager Awards 2012.

### Investment strategy

The Investment Vehicle Manager's investment strategy for the Investment Vehicle and the Conversion Vehicle is to make investments in approximately 25 to 50 companies based on detailed fundamental analysis of the operations and market position of each company and its capital structure.

The Investment Vehicle Manager invests in the debt of larger companies (the weighted average EBITDA of the companies within the Investment Vehicle's Portfolio was greater than €466 million as at 28 February 2014 (being the latest practicable date prior to the publication of the Prospectus)) and invests in companies with a minimum EBITDA of €50 million at the time of investment. The Investment Vehicle Manager believes that the debt of larger companies offers a number of differing characteristics relative to the broader market: (i) larger, more defensive market positions; (ii) access to broader management talent; (iii) multinational

<sup>5</sup> Based on the average USD/EUR exchange rate for 2013.

<sup>6</sup> The predecessor investment vehicle was managed by CVC Credit Partners Limited, an affiliate of the Investment Vehicle Manager.

operations which may reduce individual customer, sector or geographic risk and provide diverse cashflow; (iv) levers such as working capital and capital expenditure which can be managed in the event of a slowdown in economic growth; and (v) wider access to both debt and equity capital markets.

Based on the market opportunity, the Investment Vehicle Manager invests in a range of different credit instruments across the capital structure of target companies (including but not limited to senior secured, second lien and mezzanine loans, and senior secured, unsecured and subordinated bonds). Assets are sourced in both the new issue and secondary markets, using the sourcing networks of the Investment Vehicle Manager and CVC Group generally. The Investment Vehicle Manager's access to deals is supported by the network of contacts and relationships of its leadership team and investment professionals, as well as the strong positioning of the CVC Group in the European leveraged finance markets. CVC Capital Portfolio Companies are one of the largest sponsor led issuers of leveraged loan deals in Europe<sup>7</sup>.

Each investment considered by the Investment Vehicle Manager is built around an investment thesis and generally falls into three categories:

1. core income;
2. credit opportunities; and
3. special situations.

The Investment Vehicle Manager analyses the risk of credit loss for each investment on the basis it will be held to maturity but takes an active approach to the sale of investments once the investment thesis has been realised.

The liquidity terms of the Investment Vehicle and the Conversion Vehicle are also an important factor considered in determining the composition of the investment Portfolio.

### **Target return and target dividend yield**

The Company and the Investment Vehicle Manager are targeting an annualised total return over the medium-term for Shareholders of 8 to 12 per cent., net of fees and expenses. The Company currently expects to pay out to Shareholders semi-annually as dividends substantially all of the cash income, less fees and expenses and the retention of cash by the Company for working capital purposes, that it receives semi-annually from its investment in the Investment Vehicle and is targeting an annualised dividend of around £0.05 and €0.05 on the Existing Shares (as applicable)<sup>8</sup>. In January 2014, in respect of the initial semi-annual period during which the Company Investment Vehicle Interests were in existence and during which period the Investment Vehicle was investing the proceeds of the IPO, the Investment Vehicle made an income distribution equivalent to 2.01 per cent. per annum of the Invested IPO Proceeds. On 14 February 2014, the Company paid a dividend of €0.01 per Euro Share and £0.01 per Sterling Share.

The dividend yield to subscribers of Placing Shares will reflect the Placing Price and, in the case of C Shares, the Conversion Ratio. The Correspondent Shares issued on Conversion of the C Shares will rank *pari passu* with the Shares then in issue for dividends and other distributions declared, made or paid by reference to a record date falling after the relevant Calculation Time.

To the extent it is able to do so, the Company intends to pay dividends to C Shareholders around the time of Conversion.

### **Market opportunity**

The Investment Vehicle Manager sees an opportunity to continue to execute its investment strategy over the next few years. The broader market opportunity is driven by a combination of structural change among historic lenders to the market (such as banks and CLOs) and the significant refinancing needs of European sub-investment grade companies.<sup>9</sup>

<sup>7</sup> Source: Dealogic. Data from 1 January 2013 to 31 December 2013

<sup>8</sup> The target return and target dividend yield are targets only and should not be taken as representing an indication of the Company's expected future performance or results over any period and does not constitute a profit forecast. Please refer to the risk factor entitled "The Company's target return and target dividend yield are based on estimates and assumptions that are inherently subject to significant business and economic uncertainties and contingencies, and the actual return and dividend yield may be materially lower than that targeted return and target dividend yield".

<sup>9</sup> Credit Suisse estimates the refinancing over the next five years to be over €325 billion.

The Investment Vehicle Manager expects bank participation in the leveraged loan market to continue to be variable as banks deleverage balance sheets in order to provide for significant capital requirements demanded by international and domestic banking regulators. Much of this reduction is expected to coincide with the decline in 2014 and 2015 of the re-investment capacity of the European CLO market. The main sources of lending capacity for refinancing to date have been either “amend to extend” transactions or the high yield markets (driven by mutual fund and ETF inflows as investors search for yield in a low interest rate environment). This has driven yields in the sub-investment grade bond market to record lows.

The Investment Vehicle Manager believes that structural changes in market participants and the lack of flexibility in both existing capital (banks and CLOs) and much of the newly formed capital (ETF and mutual fund inflows) should mean the market will continue to generate opportunities for flexible capital such as that provided by the Investment Vehicle and the Conversion Vehicle.

### **Liquidity and discount control mechanism**

The Company believes the Contractual Quarterly Tender facility should offer liquidity to Shareholders on a net asset value basis.<sup>10</sup> Subject to Shareholder approval, which will be sought on an annual basis, the Company will have the ability to tender each quarter for up to 24.99 per cent. of the Shares in issue at the relevant Quarter Record Date, subject to a maximum annual limit of 50 per cent. of the Shares in issue.<sup>11</sup>

Tender Purchases by the Company are financed by back-to-back redemptions of Company Investment Vehicle Interests and, as a result, Tender Purchases are contingent upon successful *pro rata* redemptions of Company Investment Vehicle Interests held by the Company. The Tender Price determination and settlement mirrors the redemption timeline of the Investment Vehicle. The operation of these arrangements accordingly reflects the liquidity of assets held by the Investment Vehicle.

The Contractual Quarterly Tender facility does not apply to C Shares, but the Correspondent Shares arising on Conversion of the C Shares will be eligible to participate in such facility.

### **CVC Investment Services will bear all excess costs and expenses of the Placing Programme**

CVC Investment Services will pay all costs and expenses of the Placing Programme (including placing commissions) which exceed, in relation to the Initial Placing of C Shares, 0.75 per cent. of the Placing Price. It is expected that arrangements of a similar nature will apply in relation to subsequent Placings of C Shares, with the percentage of costs and expenses that will be borne by investors being set at the time of the relevant Placing. It is also expected that similar arrangements will apply to Placings of New Shares, to the extent that the costs and expenses of the relevant Placing (including placing commissions) exceed the premium to the Net Asset Value per Share of the relevant class of Existing Shares at which such New Shares are issued.

As a consequence of these arrangements the Net Asset Value of the Existing Shares will not be diluted as a consequence of any Placing.

It is therefore currently anticipated that at least 99.25 per cent. of the Gross Placing Proceeds attributable to the C Shares under the Initial Placing (less short term working capital requirements) will be available to the Company for investment in accordance with its investment policy.

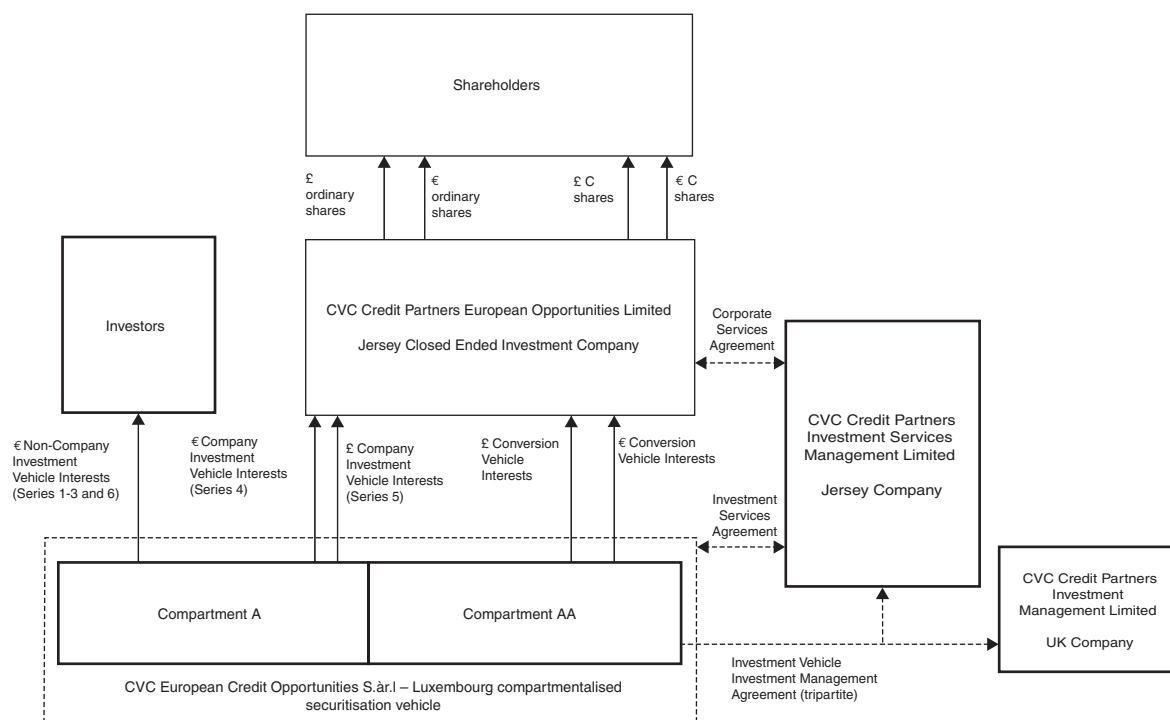
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<sup>10</sup> Tender Price is based on NAV determined at the next redemption date of the Investment Vehicle, adjusted for certain tender fees (see the section entitled “Discount Control: Quarterly Tenders” in this Part I of this Prospectus for further details).

<sup>11</sup> Measured on an annual basis from the record date immediately prior to the AGM at which approval for the Contractual Quarterly Tender is sought, but excluding C Shares and, for the avoidance of doubt, any Shares that are Correspondent Shares arising from Conversion issued after the record date.

## STRUCTURE OF THE COMPANY

The following structure chart sets out the management structure of the Company, the Investment Vehicle and the Conversion Vehicle:



The Company is self-managed and therefore the Board of Directors makes all management decisions on a majority basis. However, the Company may, in the future, decide to appoint an external manager where the Directors, at their sole discretion, feel that it is in the best interests of shareholders to do so. Notice of any such appointment will be made via a RIS. The Directors do not currently intend to appoint an external manager to manage the assets of the Company.

CVC Credit Partners Investment Services Management Limited (“**CVC Investment Services**”) is party to a Corporate Service Agreement with the Company pursuant to which, *inter alia*, the Company licenses the use of the marks “CVC” and “CVC Credit Partners” from CVC Investment Services.

CVC Investment Services is party to the Investment Vehicle Investment Services Agreement with CVC European Credit Opportunities S.à.r.l pursuant to which it procures the services of the Investment Vehicle Manager.

CVC Credit Partners Investment Services Management Limited acts as the investment manager to the Investment Vehicle and the Conversion Vehicle pursuant to the Investment Vehicle Investment Management Agreement between (i) CECO; (ii) CVC Investment Services; and (iii) the Investment Vehicle Manager.

### Share classes

The Company has in issue two classes of Shares, being the Euro Shares and the Sterling Shares (as well as the Management Shares) and may issue New Euro Shares, New Sterling Shares, Euro C Shares and Sterling C Shares in the Initial Placing. Following the Initial Placing, the Company may issue further New Shares and/or C Shares under the Placing Programme. For further information on the rights attaching to the C Shares, please refer to Part V and to the section entitled “Memorandum and Articles” in Part IX of this Prospectus.

The Company will invest the gross proceeds of any New Shares or C Shares issued under the Placing Programme into the Investment Vehicle and the Conversion Vehicle, respectively (less costs, fees and placing commissions in respect of such issue and short-term working capital requirements).

The Investment Vehicle issues Series of preferred equity certificates (each such certificate is referred to as an “**Investment Vehicle Interest**”). Series four and five, which are denominated in Euro and Sterling respectively,



have been issued in their entirety to the Company (the Investment Vehicle Interests within Series four and five are referred to herein as “**Company Investment Vehicle Interests**”). The Company Investment Vehicle Interests rank *pari passu* with the other Series of Investment Vehicle Interests to participate in the Investment Vehicle’s assets, with such assets being allocated as between the respective Series of Investment Vehicle Interests in issue from time to time by reference to the proportion of the Investment Vehicle’s net assets respectively attributable to each of the Series of Investment Vehicle Interests.

The Conversion Vehicle issues Series of preferred equity certificates (each such certificate is referred to as a “**Conversion Vehicle Interest**”). Series one and two, which will be denominated in Euro and Sterling respectively, will be issued in their entirety to the Company. As of Conversion, and the transfer of the Conversion Vehicle’s assets to the Investment Vehicle, the Conversion Vehicle Interests will be cancelled and the requisite number of Investment Vehicle Interests will be issued to the Company.

For further information on the Investment Vehicle Interests and the Conversion Vehicle Interests and the rights attaching to them, please refer to the section entitled “Rights of Investment Vehicle Interest Holders and Conversion Vehicle Interest Holders” in Part X of this Prospectus.

### **Life of the Company**

The Company has been incorporated with an unlimited life. It is currently the intention of the CECO Directors that the Investment Vehicle will be wound up in 2031. However, the CECO Directors may extend such term at their sole discretion. In the event that the CECO Directors decide, at their sole discretion, not to extend the life of the Investment Vehicle, the Company will no longer be able to fulfil its investment policy and the Board will put resolutions to Shareholders at the time for a change in the Company’s investment policy or proposals for the restructuring or orderly winding up of the Company.

### **Material changes to the investment objective and policy of the Company, the Investment Vehicle or the Conversion Vehicle**

At the time of the IPO, the Company pursued its investment policy by investing the net proceeds of the IPO in the Investment Vehicle. So as to enable the Company to invest the proceeds of any C Share issue while ensuring that any resulting cash drag on existing Shareholders is minimised, the Company will invest the gross proceeds of any C Share issue (less costs, fees and placing commissions in respect of such issue and short-term working capital requirements) into the Conversion Vehicle pending Conversion, at which point such proceeds will be invested directly into the Investment Vehicle. The Conversion Vehicle’s investment policy is essentially the same as that of the Company and Investment Vehicle. Therefore, although amendments will be made to the method through which the Company implements its investment policy in relation to the proceeds of an issue of C Shares, such amendments have no impact on the investment policy itself and such amendments are accordingly not considered to be material by the Company.

The Company’s published investment objective and policy are consistent with those of the Investment Vehicle and the Conversion Vehicle. The Company will receive periodic updates from the Investment Vehicle and the Conversion Vehicle regarding any changes (material or otherwise) to the investment objective, investment policy, Investment Limits and/or Borrowing Limit and the Directors will seek Shareholder approval of any changes which are either material in their own right or, when viewed as a whole together with previous non-material changes, constitute a material change from the published investment objective or policy of the Company.

If Shareholders do not approve the change in investment objective or investment policy of the Company such that it is once again materially consistent with that of the Investment Vehicle and of the Conversion Vehicle (including the Investment Limits and/or the Borrowing Limit), the Directors will redeem the Company’s investment in the Investment Vehicle and/or the Conversion Vehicle, as the case may be, as soon as reasonably practicable.

The Directors do not currently intend to propose any material changes to the Company’s investment objective or investment policy, other than in unforeseen circumstances such as to match any changes made to the Investment Vehicle’s or the Conversion Vehicle’s investment objective or investment policy. As required by the Listing Rules, any material change to the investment policy of the Company would be made only with the approval of Shareholders.

## **TARGET RETURNS AND DIVIDEND POLICY**

### **Target total return**

On the basis of market conditions as at the date of this Prospectus, the Company is targeting an annualised total return over the medium-term for Shareholders of 8 to 12 per cent., net of fees and expenses. This return is expected to be delivered through a combination of dividend payments and capital appreciation.

The target return stated above should not be taken as an indication of the Company's expected future performance or results over any period and does not constitute a profit forecast. It is intended to be a target only and there is no guarantee that it can or will be achieved. It should not be seen as an indication of the Company's expected or actual return. Accordingly, prospective investors should not place any reliance on the target figures stated above in deciding whether to invest in the Placing Shares.

The actual return generated by the Company in pursuing its investment objective will depend on a wide range of factors including, but not limited to, general economic and market conditions, fluctuations in currency exchange rates, prevailing interest rates and credit spreads, the terms of the Investments made by the Investment Vehicle, and the risks highlighted in the section entitled "Risk Factors" in this Prospectus.

### **Target dividend yield and policy**

On the basis of market conditions as at the date of this Prospectus, the Company is targeting an annualised dividend of around £0.05 and €0.05 on the Existing Shares (as applicable). The actual dividend yield generated by the Company in pursuing its investment objective will depend on a wide range of factors including, but not limited to, general economic and market conditions, fluctuations in currency exchange rates, prevailing interest rates and credit spreads, the terms of the Investments made by the Investment Vehicle, and the risks highlighted in the section entitled "Risk Factors" in this Prospectus.

The dividends on Sterling C Shares or on the resultant New Sterling Shares following their Conversion or New Sterling Shares issued directly under the Placing Programme will take account of any hedging cost attributable to such Sterling Shares or Sterling C Shares.

The target dividend yield stated above should not be taken as an indication of the Company's expected future performance or results over any period. It is intended to be a target only and there is no guarantee that it can or will be achieved. It should not be seen as an indication of the Company's expected or actual dividend yield. Accordingly, prospective investors should not place any reliance on the target figure stated above in deciding whether to invest in the Placing Shares.

The Company's financial year ends on 31 December. In respect of each financial year, the Company intends to pay dividends to Shareholders equal to substantially the entire cash income in respect of the relevant class it receives semi-annually from its investment in the Investment Vehicle plus income from cash pending investment less fees and expenses in respect of that year, subject to solvency tests prescribed under Jersey law. To the extent it is able to do so, the Company intends to pay dividends to C Shareholders around the time of Conversion. Cash income will comprise cash received by the Company from the Investment Vehicle or the Conversion Vehicle (as the case may be) attributable to the income from the Investment Vehicle's or the Conversion Vehicle's Portfolio, the income arising from cash held by the Company, the Investment Vehicle or the Conversion Vehicle pending investment or distribution and, in such circumstances as the CECO Directors may determine, capital profits of the Investment Vehicle and the Conversion Vehicle. To the extent that capital profits are distributed, there will be a reduction to the ex-income Series NAV of the relevant Series of Investment Vehicle Interests. The Company intends to meet the income distribution requirement for the purposes of the Investment Trust (Approved Company) (Tax) Regulations 2011 (SI 2011/2999) which, broadly, requires that the Company can only retain the higher of the following in any given accounting period (i) 15 per cent. of its income for the accounting period; (ii) the accumulated revenue losses brought forward from previous accounting periods; and (iii) any amount of income that it is required to retain in respect of an accounting period by virtue of a restriction imposed by law. For these purposes, the Company intends to distribute at least 85 per cent of its income for each accounting period before the filing date for its tax return for that period.

It is anticipated that, once a dividend is resolved to be paid by the Directors, it will be distributed to Shareholders in the first or second month following the end of the six-month period (or any shorter period, in the case of C Shares) to which it relates. In the event that the C Shares remain in issue for more than six months from the the date of the relevant Admission, the Directors may, in their sole discretion, pay an interim dividend to holders of such C Shares. Dividends will be paid in the currency of the relevant class of Shares or C Shares, as the case may be. A dividend distribution in respect of the Shares equivalent to 2.01 per cent. per annum of the Invested IPO Proceeds was paid in February 2014. It is expected that dividends will be paid every six months thereafter under current board authorisation.

The Articles permit the Directors, in their absolute discretion, to offer a scrip dividend alternative to Shareholders (and/or C Shareholders) when a cash dividend is declared from time to time. In the event a scrip dividend is offered in future, an electing Shareholder would be issued new, fully paid up Shares (or Shares reissued from treasury) pursuant to the scrip dividend alternative calculated by reference to the higher of: (i) the prevailing average mid-market quotation of the Shares of that class on the daily Official List over the five trading days following and including the relevant ex-dividend date; or (ii) the Net Asset Value per Share of that class, at the date selected by the Directors for such purposes. The scrip dividend alternative would be available only to those Shareholders to whom Shares might lawfully be marketed by the Company.

Furthermore, the future performance of the Company may be materially adversely affected by the risks discussed in the section entitled “Risk Factors” in this Prospectus.

## DISCOUNT CONTROL: QUARTERLY TENDERS

Subject to the Restrictions set out below, the Company tenders on a quarterly basis for 24.99 per cent. of the Shares of each class in issue as at the relevant Quarter Record Date (a “**Contractual Quarterly Tender**”). The Contractual Quarterly Tender is not applicable to C Shares.

The terms and conditions applicable to each Contractual Quarterly Tender, if made, are set out in Part XIII of this Prospectus and will also be contained, along with specific details for Contractual Quarterly Tenders in a given 12 month period, including all relevant deadlines, in a circular to be distributed to Shareholders in advance of each annual general meeting (each such circular being an “**Annual Circular**”). The Contractual Quarterly Tender commenced in December 2013.

### Tender Price

The price at which Shares will be purchased under any Contractual Quarterly Tenders (subject to annual shareholder approval) are set out in the following table (less the Tender Administration Fee, as discussed below), calculated as at the final Business Day in each quarter or such other date as the Directors in their absolute discretion may determine from time to time (the “**NAV Determination Date**”) (each such price being a “**Tender Price**”):

<u>Year</u>	<u>Tender Price</u>
1 (to March 2014) <sup>12</sup>	NAV per Share minus 2.5% of the IPO Issue Price
2 (June 2014 – March 2015)	NAV per Share minus 2.0% of the IPO Issue Price
3 (June 2015 – March 2016)	NAV per Share minus 1.5% of the IPO Issue Price
4 (June 2016 – March 2017)	NAV per Share minus 1.0% of the IPO Issue Price
5 (June 2017 – March 2018)	NAV per Share minus 0.5% of the IPO Issue Price
6 (June 2018 onwards)	NAV per Share

A fee is built into the Tender Price in years 1 to 5 following the IPO of the Contractual Quarterly Tender facility as set out above. This fee is paid by any tendering Shareholder to the Company and is then paid on by the Company to CVC Investment Services as compensation for the early partial termination of the Corporate Service Agreement (“**Partial Termination Fee**”). This Partial Termination Fee equates to the costs and expenses of, and incidental to, the IPO (including IPO placing commissions) borne by CVC Investment Services amortised over a five year period.

The Shares purchased pursuant to a Contractual Quarterly Tender (“**Tender Purchases**”) will be held by the Company in treasury (“**Treasury Shares**”) and will be available for reissue as described in the section entitled “Treasury Share Sales” in this Part I of this Prospectus. The indicative timeline below sets out the relevant dates applicable to any such reissue.

<sup>12</sup> For the 31 December 2013 and 31 March 2014 Contractual Quarterly Tenders only, for which no acceptances were received.

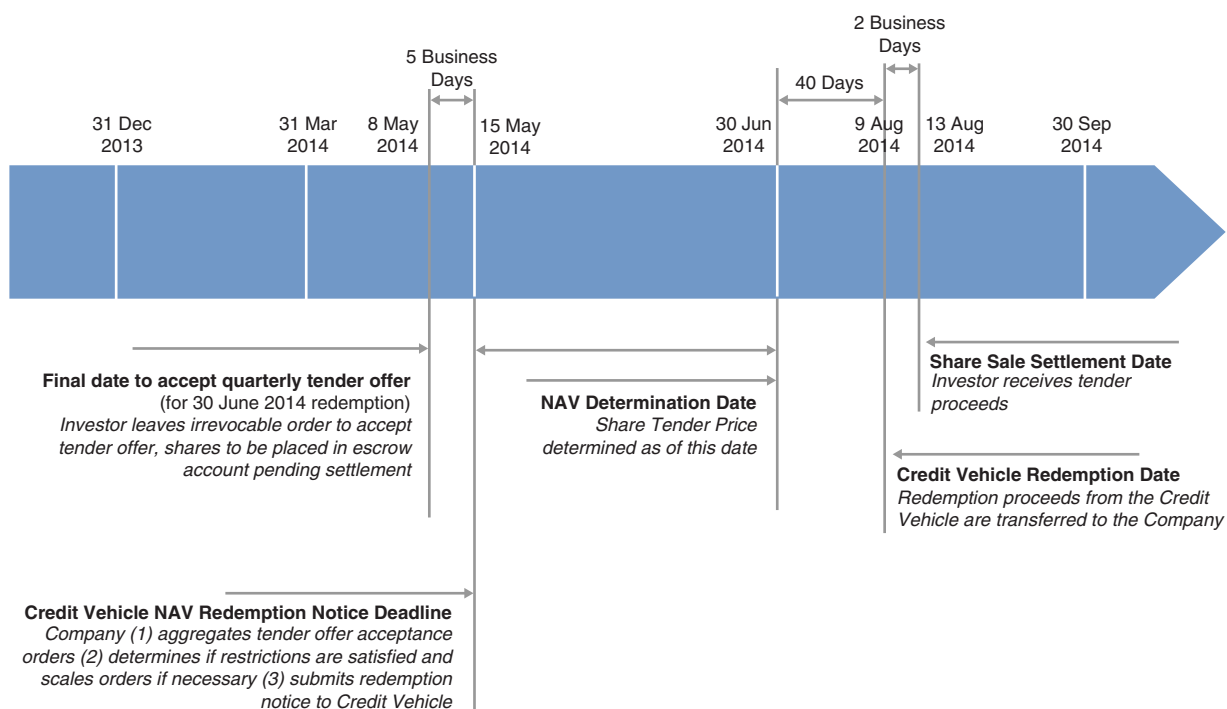
No acceptances were received in respect of the December 2013 and March 2014 Contractual Quarterly Tenders.

### **Tender Administration Fee**

Shareholders making use of the Contractual Quarterly Tender facility are charged an administration fee by the Company of €1,000 (or the Sterling equivalent) per Shareholder per transaction (the “**Tender Administration Fee**”). The Tender Administration Fee is deducted from the amount paid to each relevant Shareholder at the applicable Share Sale Settlement Date.

### **Indicative timeline for Contractual Quarterly Tenders**

The following indicative timeline illustrates the mechanics and timing for Contractual Quarterly Tenders, if made, in any given quarter. The timing of each Contractual Quarterly Tender runs concurrently with the timeline for redemption of the Company Investment Vehicle Interests.



To provide context to the indicative timeline, quarters are deemed to end on the last day of March, June, September and December and the NAV Determination Date is the last Business Day in each relevant quarter (illustrated above as being 30 June 2014). The Company sets out in each Annual Circular the deadlines that would apply to the four Contractual Quarterly Tenders if the Contractual Quarterly Tender facility is approved by Shareholders on the anticipated terms at the relevant annual general meeting. The same details are also published on the Company’s Website. In relation to the Contractual Quarterly Tenders that will have occurred to date up to and including 31 March 2014, the Management Shareholder has granted the Company the authority to undertake Contractual Quarterly Tenders for the period from Admission until the Company’s first annual general meeting (which includes the 31 March 2014 Contractual Quarterly Tender because the Submission Deadline in relation thereto occurs prior to the Company’s first annual general meeting). Approval in respect of the Contractual Quarterly Tender facility for the four quarters ended 30 June 2014, 30 September 2014, 31 December 2014 and 31 March 2015 will be put to Shareholders for approval at the Company’s annual general meeting.

### **Restrictions on the Contractual Quarterly Tender facility**

The Contractual Quarterly Tender facility and the Company’s authority to operate the Contractual Quarterly Tender facility are subject to approval by the Shareholders at a general meeting on an annual basis. Such authority was granted, initially, by the Management Shareholder prior to the IPO and will be sought at each annual general meeting, or at an earlier general meeting if the Directors so resolve.

The principal condition applicable to Tender Purchases by the Company is that every Tender Purchase must be funded by the proceeds of a *pro rata* redemption of Company Investment Vehicle Interests by the Company (the “**Realisation Condition**”).

In addition to the Realisation Condition, Tender Purchases are subject to the Quarterly Restriction, the Annual Restriction and the Gating/Suspension Restriction set out below (together, the “**Restrictions**”):

- (i) In each quarter of a calendar year, the Company may purchase a maximum of 24.99 per cent. of the Shares of each class in issue (excluding Treasury Shares) as at the relevant Quarter Record Date (the “**Quarterly Restriction**”).
- (ii) In each year, no more than 50 per cent. of the Shares of each class in issue (excluding Treasury Shares) as at the Annual Record Date may be purchased (the “**Annual Restriction**”).
- (iii) As a result of the Realisation Condition, the number of Shares in each class eligible for Tender Purchases in any quarter may be restricted by any gating or suspension of redemptions at the Investment Vehicle level (the “**Gating/Suspension Restriction**”).

Where (i) or (iii) applies, the number of Shares tendered for repurchase in excess of the Quarterly Restriction or the Gating/Suspension Restriction, as applicable, will be scaled back on a *pro rata* basis (“**Pro Rata Scaling Back**”) and either: (a) residual Shares will be returned to Shareholders; or (b) where Shareholders have so elected, residual Shares will be retained in escrow until the next Contractual Quarterly Tender and will be eligible for repurchase by the Company in priority to Shares subsequently tendered at the next Contractual Quarterly Tender; this roll-over facility mirrors the treatment of direct investors in the Investment Vehicle. The number of Shares otherwise eligible for repurchase in the following quarter will be decreased to account for the number of Shares rolling-over, if any, which are to be accorded preferential repurchase treatment.

Where (ii) applies, the number of Shares tendered for repurchase in excess of the Annual Restriction will be subject to a Pro Rata Scaling Back, residual Shares will be returned to Shareholders and, following that quarter’s Tender Purchases, Contractual Quarterly Tenders will be suspended for the remaining quarters within the period for which Shareholder authority has been received.

In addition to the Restrictions, the Company’s ability to make Tender Purchases is subject to compliance with the solvency test in the Companies Law. Given that Tender Purchases are dependent on the Realisation Condition being satisfied, and that, accordingly, in advance of any Tender Purchase, a *pro rata* redemption of Company Investment Vehicle Interests to fund such Tender Purchase is made, it is expected that the solvency test will always be satisfied in connection with Tender Purchases.

### **Basic Entitlement and excess tenders**

Pursuant to a Contractual Quarterly Tender, Shareholders (but not, for the avoidance of doubt, C Shareholders) may tender their Shares for purchase by the Company (a “**Tender Request**”). Given the limit imposed by the Quarterly Restriction, upon a Contractual Quarterly Tender each Shareholder is entitled to have up to 24.99 per cent. of the Shares in each class in issue (excluding Treasury Shares) at the relevant Quarter Record Date purchased, unless such percentage needs to be reduced to comply with the Annual Restriction or to take into account the number of un-repurchased Shares rolled-over from a previous quarter’s Contractual Quarterly Tender which are to be accorded preferential repurchase treatment (the “**Basic Entitlement**”). There is no limit to the percentage of their Shareholding that Shareholders may tender, however Tender Requests exceeding the Basic Entitlement (and not subject to a Pro Rata Scaling Back) will only be satisfied to the extent that other Shareholders do not submit Tender Requests or submit Tender Requests for Shares which represent less than their Basic Entitlement. Any such excess tenders will be satisfied on a *pro rata* basis.

### **Contractual Quarterly Tender mechanism, announcements, process and settlement**

#### ***Announcements***

On or around each Redemption Deadline, an RIS announcement will be released informing Shareholders of the aggregate number of Shares in respect of which Tender Requests have been made, and the extent of any Pro Rata Scaling Back due to the aggregated Tender Requests exceeding the Quarterly Restriction and/or the Annual Restriction, as applicable (the “**Tender Size Announcement**”). The Tender Size Announcement will also include the estimated *pro rata* percentage of the Company’s holding of Company Investment Vehicle Interests which the Company has submitted for redemption.

If the Investment Vehicle notifies the Company that it intends to exercise its right to suspend Investment Vehicle Redemptions of Euro-denominated Company Investment Vehicle Interests and/or



Sterling-denominated Company Investment Vehicle Interests, a further RIS announcement will be made, as soon as is practicable after receipt of such notice, informing Shareholders that no Tender Purchases may be made by the Company of Shares in the corresponding class until such time as the suspension has been lifted (the “**Suspension Announcement**”).

If the Investment Vehicle notifies the Company that it intends to exercise any rights to gate Investment Vehicle Redemptions, an RIS announcement will be made, as soon as is practicable after receipt of such notice, informing Shareholders of the extent of the Pro Rata Scaling Back applicable to each class of Shares resulting from the Gating/Suspension Restriction and the number of Shares of each class eligible for the Tender Purchase (the “**Gating Announcement**”).

As soon as is practicable following each NAV Determination Date, an RIS announcement will be made informing Shareholders: (i) of the net asset value of the Company Investment Vehicle Interests, the consequential Net Asset Value per Share for each class of Shares in issue and the resulting Tender Price; (ii) the number of Company Investment Vehicle Interests to be redeemed (as adjusted for any Gating/Suspension Restriction, if applicable); (iii) that the Investment Vehicle Redemption request has been accepted by the Investment Vehicle; and (iv) that the tendered Shares have been accepted for purchase (the “**Contractual Quarterly Tender Size Announcement**”). The Contractual Quarterly Tender Size Announcement will also specify the Basic Entitlement of the next Contractual Quarterly Tender.

The Tender Purchases will result in the relevant number of Shares purchased being held by the Company as Treasury Shares, and therefore the percentage voting rights in the Company attached to each Share remaining in issue will increase proportionately. Accordingly, the RIS announcements will also contain information notifying Shareholders of the percentage increase in voting rights attaching to each of the Shares remaining in issue.

#### ***Process and settlement***

Certificated Shareholders (but not, for the avoidance of doubt, C Shareholders) wishing to use the Contractual Quarterly Tender facility in respect of any relevant quarter must submit the irrevocable tender form (a “**Tender Form**”) to the Receiving Agent by the Submission Deadline, together with the relevant Share certificate(s).

Uncertificated Shareholders wishing to use the Contractual Quarterly Tender facility in respect of any relevant quarter must submit an irrevocable transfer to escrow instruction (a “**TTE Instruction**”) to Euroclear in favour of the Receiving Agent to clear no later than the Submission Deadline.

Any Shares subject to a Pro Rata Scaling Back (and where the Shareholder has not requested that any Shares be rolled-over and held in escrow for the next Contractual Quarterly Tender) will be returned as soon as practicable to the relevant Shareholders and the Shares eligible for Tender Purchase will be purchased by the Company.

Settlement of Tender Purchases will occur on the Share Sale Settlement Date and monies owed to tendering Shareholders will be sent by cheque to the addresses detailed by the relevant Shareholders in the Tender Forms and TTE Instructions.

#### **Restrictions relating to tendered Shares**

Shareholders (but not, for the avoidance of doubt, C Shareholders) may not deal in any way with Shares which are subject to a Tender Form or TTE Instruction unless and until a proportion of such Shares are released back to the relevant Shareholder pursuant to a Pro Rata Scaling Back. During the period of time running from the submission of the Tender Form or TTE Instruction to either: (i) the relevant Share Sale Settlement Date; or (ii) where the Tender Requests are subject to a Pro Rata Scaling Back (and the Shareholder has not requested those Shares tendered but not purchased to be held in escrow for the next Contractual Quarterly Tender), the return of Shares to the relevant Shareholder, the Shareholder holding legal title to the Shares is entitled to exercise its rights to capital, income and/or voting attributable to the Shares and accruing (if at all) during such period.

#### ***Suspension of the Contractual Quarterly Tender facility***

If, at any point, the 50 per cent. threshold in the Annual Restriction is reached for a class of Shares in the relevant annual period, an RIS announcement will be made informing Shareholders that there will be no

further Contractual Quarterly Tenders in respect of that class of Shares until the following annual period. If, at any point, the Investment Vehicle notifies the Company that it has suspended Investment Vehicle Redemptions in respect of a particular Series of Company Investment Vehicle Interests for a period of time or until further notice, an RIS announcement will be made, as soon as is practicable after receipt of such notice, informing Shareholders that a suspension is in operation and that the Contractual Quarterly Tender facility is suspended in respect of the relevant Share class until such time as the suspension is lifted.

When the Investment Vehicle notifies the Company that the suspension has been lifted, a further RIS announcement will be made informing Shareholders of the same.

### ***Annual renewal by the Company of the Contractual Quarterly Tender facility***

Renewal of the authority to operate the Contractual Quarterly Tender facility will be sought from Shareholders through a Special Resolution at the annual general meeting and at each annual general meeting thereafter, or at an earlier general meeting if the Directors so resolve. The Annual Circular will contain a notice convening the annual general meeting and will set out the terms and conditions that will apply to each of the Contractual Quarterly Tenders to which the authority sought from Shareholders will relate. The terms and conditions of the Contractual Quarterly Tenders are also set out in Part XIII of this Prospectus.

In the event that Shareholders (but not, for the avoidance of doubt, C Shareholders) do not vote in favour of the Special Resolution approving the Contractual Quarterly Tender facility, the Directors may, at their sole discretion, convene a subsequent general meeting of the Company and propose an Ordinary Resolution to permit the Company to undertake redemptions of Shares on a quarterly basis in the same manner as the Contractual Quarterly Tender facility. The Restrictions discussed above apply equally to a quarterly redemption as they do to the Contractual Quarterly Tender facility. Shares are redeemable at the discretion of the Directors and are not freely redeemable at the option of Shareholders. Any Shares redeemed by the Company are held as Treasury Shares.

### ***General***

Prospective investors should note that there can be no guarantee that the Contractual Quarterly Tender facility will be provided by the Company and, if provided, there can be no guarantee that the facility will be successful in mitigating any discount at which the Shares of a particular class trade to their net asset value and the Directors accept no responsibility for any failure of such facility to effect a reduction in any discount. Further, prospective investors should note that the operation of the Contractual Quarterly Tender facility is subject to the Restrictions and the provisions of the Companies Law and that, in certain circumstances as described above, such facility may not be available to Shareholders.

### **Treasury Share Sales**

Shares purchased or redeemed by the Company pursuant to a Contractual Quarterly Tender will be held in treasury as Treasury Shares.

The Company may sell Treasury Shares to market makers ("**Treasury Share Sales**") as a means of maintaining its capital base. Treasury Share Sales will take place at a price not less than the prevailing NAV per Share. Treasury Share Sales will take place on a monthly basis in line with the Investment Vehicle's subscription timeline so as to enable the Company to subscribe for Company Investment Vehicle Interests of a corresponding value and denomination. Consequently, the number of Treasury Shares that can be sold to market makers by the Company is dependent upon the availability of Company Investment Vehicle Interests of a corresponding denomination for subscription by the Company.

### **DISCOUNT CONTROL: CLASS CLOSURE RESOLUTION**

If (i) in any rolling 12 month period (a "**Discount Calculation Period**"), the average daily closing market price (as derived from the market data published by Bloomberg or any successor market data service thereto) of any class of Shares (the "**Affected Class**") during such Discount Calculation Period is 10 per cent. or more below the average Net Asset Value per Share (calculated inclusive of current year income) of the Affected Class taken over the 12 monthly calculation dates in that Discount Calculation Period (and calculated on the basis of the latest published Net Asset Value per Share of the Affected Class as at each

Net Asset Value calculation date during that period); or (ii) an Affected Class is delisted for any reason, the Directors shall convene an extraordinary general meeting of the Affected Class (a “**Class Closure Meeting**”). At the Class Closure Meeting, the Directors are required to put forward proposals for the reconstruction or reorganisation of the Affected Class, which may include proposals for the closure of the Affected Class (a “**Class Closure Resolution**”) or compulsory conversion of the Shares of the Affected Class (please refer to the section entitled “Compulsory conversion” in this Part I of this Prospectus).

The passing of a Class Closure Resolution will lead to a partial redemption by the Company of its holding of Company Investment Vehicle Interests and, if passed within five years of the IPO, would trigger the payment of the termination fees set out in the section entitled “Termination Fee” in this Part I of this Prospectus.

## **DISCOUNT CONTROL: CONTINUATION RESOLUTION**

In accordance with the Articles, the Directors are required to propose an Ordinary Resolution that the Company continues its business as a closed-ended investment company (the “**Continuation Resolution**”) if the following occur:

- (i) the Company Net Asset Value falls below €75 million; or
- (ii) the Directors are required to convene Class Closure Meetings for all of the classes of Shares in issue.

If a Continuation Resolution is not passed, the Directors are required to put forward proposals within six months for the reconstruction or reorganisation of the Company to the Shareholders for their approval. These proposals may or may not involve winding up the Company and, accordingly, failure to pass the Continuation Resolution will not necessarily result in the winding up of the Company. A failure to pass a Continuation Resolution may result in the redemption by the Company of its entire holding of Company Investment Vehicle Interests and, if passed within five years of the IPO, would trigger the payment of the termination fees set out in the section entitled “Termination Fee” in this Part I of this Prospectus.

## **CONVERSION AND REDEMPTION**

### **Voluntary conversion**

The Company offers a monthly conversion facility pursuant to which holders of Shares of one class may convert such Shares into Shares of any other class, subject to regulatory considerations. This voluntary conversion facility does not apply to C Shares. For further information on the conversion mechanics, please refer to the section entitled “Share conversion mechanism” in Part IX of this Prospectus.

### **Compulsory conversion**

Should the Directors determine that the continued existence of a class of Shares or C Shares would be impractical due to, for example, the number of Shares or C Shares of any class held in public hands (as such phrase is used in current Listing Rule 6.1.19(4)R) falling below 25 per cent. of the total number of issued Shares or C Shares of that class, then the Directors, in accordance with the Articles, will have the right, at their discretion, compulsorily to convert the Shares or C Shares of such class into Shares or C Shares of the class then in issue with the greatest aggregate Net Asset Value per Share or C Share in Euro terms as at such NAV Calculation Date.

### **Compulsory redemption**

The Investment Vehicle may (at the discretion of the CECO Directors) redeem in full any Series of Investment Vehicle Interests where the Investment Vehicle has a Series NAV of less than €25 million. Therefore, Shareholders whose Shares correspond to a Series of Company Investment Vehicle Interests which is compulsorily redeemed may consequently have their Shares compulsorily redeemed by the Company unless they can be converted by the Company into Shares of another class. Potential investors’ attention is drawn to the risk factor entitled “The Investment Vehicle may mandatorily redeem an entire Series of Investment Vehicle Interests without the consent of investors (including the Company)” in the “Risk Factor” section of this Prospectus.

## WITHDRAWAL RIGHTS FROM THE INVESTMENT VEHICLE AND THE CONVERSION VEHICLE

The Company has the right to request the redemption of all or part of its holding of Company Investment Vehicle Interests at any time (subject to their terms and conditions, including as regards the suspension and gating of redemptions) and shall do so in certain circumstances including:

- (i) a partial redemption in connection with a Contractual Quarterly Tender;
- (ii) a partial redemption following the passing of a Class Closure Resolution;
- (iii) a full redemption following a failure to pass a Continuation Resolution;
- (iv) a full redemption following a material single or aggregate change in the Investment Vehicle's investment objective or investment policy (including the Investment Limits and/or Borrowing Limit) in circumstances where the Company does not obtain Shareholder approval to a change of its own investment objective or investment policy such that it was thereafter materially consistent with that of the Investment Vehicle;
- (v) a partial redemption to fund working capital requirements or liabilities; and
- (vi) in those circumstances set out in the section entitled "Monitoring and safeguard procedure" in this Part I of this Prospectus.

The Board is required to give 45 days' notice to the Investment Vehicle of any redemption request prior to the quarter end, with such redemption taking place on the NAV Determination Date first following the expiration of such notice period. However, redemption in respect of Conversion Vehicle Interests associated with a Conversion of C Shares can be made on not less than 10 days' notice and will not be required to be made on a NAV Determination Date.

If the Company requests a redemption of Company Investment Vehicle Interests in respect of any NAV Determination Date that, if aggregated with redemption and/or with withdrawal requests made by any direct investors in the Investment Vehicle other than the Company, would (if all such redemption and withdrawal requests were carried out in full) in the opinion of the CECO Directors result in prejudice to remaining investors in the Investment Vehicle, then the Investment Vehicle is entitled to suspend or scale down the redemption requests on a *pro rata* basis so as to carry out only such redemptions as may be required to meet this criterion, and the redemption requests in relation to such Investment Vehicle Interests may be deferred rateably and *pro rata* amongst the investors in the Investment Vehicle. Such deferral: (i) may last until sufficient liquidity returns, as determined by the CECO Directors on the advice of the Investment Vehicle Manager; and (ii) rights will apply equally to the Conversion Vehicle and the Conversion Vehicle Interests with the exception that any references to "NAV Determination Date" should be read as "Investment Vehicle Valuation Date".

The attention of investors is drawn to the risk factor entitled "The Company Investment Vehicle Interests and Conversion Vehicle Interests in which the Company invests are not traded on a stock exchange and the Company relies on the operation of the redemption facilities offered by the Investment Vehicle and the Conversion Vehicle in order to realise its investments" in the section entitled "Risk Factors" in this Prospectus in connection with the Company redeeming its investment in the Investment Vehicle in the circumstances contemplated above.

CVC Investment Services will be entitled to the equivalent of 24 months' Investment Vehicle Investment Management Fees and Investment Vehicle Performance Fee (to the extent that less than 24 months' notice has been given) but without double recovery of any amounts received as part of the Termination Fee (see below) in the event that:

- the Company's investment in the Investment Vehicle is redeemed pursuant to any other continuation resolution, class closure or other resolution to redeem the Company's investment in the Investment Vehicle other than as set out above; or
- the Corporate Service Agreement is terminated in whole or in part with respect to any class of shares other than where CVC Investment Services is terminated for cause.

## TERMINATION FEE

In recognition of the fact that CVC Investment Services bore all placing commissions and all of the costs and expenses of, and incidental to, the IPO that exceeded 0.25 per cent. of gross IPO proceeds, in the event that the Corporate Service Agreement is terminated in whole or in part with respect to any class of shares, other than where CVC Investment Services is terminated for cause within the period ending on the fifth

anniversary of the IPO, CVC Investment Services will be entitled to an early termination fee to compensate it for the costs and expenses of, and incidental to, the IPO (including all placing commissions) as more fully described in the section entitled “Discount Control: Quarterly Tenders” in this Part I of this Prospectus (the “**Termination Fee**”).

## **NET ASSET VALUE**

### **Publication of Net Asset Value and monthly factsheet**

The Company intends to publish the Net Asset Value per C Share and Share for each class of C Shares and Shares, as calculated by the process described below, on a monthly basis. There will be two net asset values published for each class of C Shares and Shares: one will be inclusive, and one will be exclusive, of current year income. The Company will also publish weekly estimates of the Net Asset Value per C Share and Share for each class of C Shares and Shares on the same basis. These net asset values will be published in Euro and Sterling (as applicable) by an RIS announcement and on the Company’s Website. The Company also intends to publish a monthly factsheet via an RIS announcement and on the Company’s Website.

### **Valuation methodologies**

The Net Asset Value of the Company or of any class of Share in the Company is equal to the value of its total assets less its total liabilities. As such, the Net Asset Value shall be based on the Series NAV, as adjusted for the costs and expenses of the Company.

The Investment Vehicle Net Asset Value and the Series NAV will be determined at each Investment Vehicle Valuation Date. For more information on the Investment Vehicle Net Asset Value, please refer to the section entitled “Calculation of the Investment Vehicle and Conversion Vehicle Net Asset Values” in Part II of this Prospectus.

In respect of each class of Shares and C Shares, a separate class account has been established in the books of the Company. An amount equal to the Net Placing Proceeds of each Share and C Share Placing will be credited to the relevant class account. Any increase or decrease in the Series NAV of the Euro-denominated Company Investment Vehicle Interests and of the Sterling-denominated Company Investment Vehicle Interests, and Euro-denominated Conversion Vehicle Interests and Sterling-denominated Conversion Vehicle Interests, as calculated by the Investment Vehicle Corporate Service Provider, will be allocated to the relevant class account in the Company. There will then be allocated to each class account the “designated adjustments”, being those costs, pre-paid expenses, profits, gains and income which the Directors determine in their sole discretion relate to a particular class. Expenses which relate to the Company as a whole rather than any specific class will be allocated to each class in the proportion that its net asset value bears to the Company Net Asset Value as a whole.

The NAV per Share of each class and each C Share class will be calculated as at the last Business Day of each month by dividing the net asset value of the relevant class account by the number of Shares of the relevant class in issue as at the close of business on that day.

The Investment Vehicle Corporate Service Provider will provide the Administrator with the valuations of the Series NAV on a timely basis.

### ***Suspension of the calculation of Net Asset Value***

As described above, the calculation of the Net Asset Value per Share and C Share for each class of Shares and C Shares is dependent on the calculation of the Investment Vehicle Net Asset Value and the Conversion Vehicle Net Asset Value, respectively. Consequently, if, at any time, the CECO Directors suspend the calculation of the Investment Vehicle Net Asset Value or Conversion Vehicle Net Asset Value for any of the reasons described in the section entitled “Calculation of the Investment Vehicle and Conversion Vehicle Net Asset Values” in Part II of this Prospectus, the Directors of the Company will suspend the calculation of the relevant Net Asset Value until such time as calculation of the Investment Vehicle Net Asset Value is resumed.



Further, the Directors may at any time, but are not obliged to, temporarily suspend the calculation of the NAV and NAV per Share and/or C Share for each class of Shares or C Shares during:

- (a) any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Directors, disposal or valuation of a substantial part of the Portfolio of the Investment Vehicle or the Conversion Vehicle is, in the opinion of the Directors, not reasonably practicable without this being seriously detrimental to the interests of the Company or if, in the opinion of the Directors, the NAV and/or NAV per Share and/or C Share, as the case may be, cannot be fairly calculated; or
- (b) any breakdown in the means of communication normally employed in determining the value of the Company's investment in the Investment Vehicle or the Conversion Vehicle, as the case may be.

In the event that the calculation of the NAV per Share or C Share for each class of Shares or C Shares is suspended as described above, trading in the Shares or the C Shares on the Main Market and the listing of the Shares or the C Shares on the Official List may also be suspended.

## **REPORTS AND ACCOUNTS**

The accounting period of the Company ends on 31 December in each year. The audited annual accounts will be provided to Shareholders and C Shareholders within four months of the year end to which they relate. Unaudited half-yearly reports, made up to 30 June in each year, will be announced within two months of that date. The Company produces interim management statements in accordance with the Disclosure and Transparency Rules. The Company reports its results of operations and financial position in Euro.

The audited annual accounts and half-yearly reports will also be available at the registered office of the Administrator and the Company and from the Company's Website.

The financial statements of the Company are prepared in accordance with IFRS, and the annual accounts are audited by Ernst & Young LLP using auditing standards in accordance with International Standards on Auditing (UK and Ireland). The Company's financial statements, which will be the responsibility of its Board, consist of a statement of comprehensive income, statement of financial position and statement of cash flows, related notes and any additional information that the Board deems appropriate or that is required by applicable law.

The preparation of financial statements in conformity with IFRS requires that the Directors make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Such estimates and associated assumptions are generally based on historical experience and various other factors that are believed to be reasonable under the circumstances, and form the basis of making the judgements about attributing values of assets and liabilities that are not readily apparent from other sources. Actual results may vary from such accounting estimates in amounts that may have a material impact on the financial statements of the Company.

Any disclosures required to be made to Shareholders pursuant to the AIFM Directive will be contained either in the Company's periodic reports, on the Company's website or communicated to Shareholders in written form.

## **Monitoring and safeguard procedure**

The terms of the Company Investment Vehicle Interests issued to the Company include a requirement for the Investment Vehicle to provide the Company with weekly estimated Investment Vehicle Net Asset Values and estimated and final monthly Investment Vehicle Net Asset Values, together with certain factsheets produced on the Investment Vehicle and other information as may be required by the Company in order to fulfil its reporting obligations under the Listing Rules, the DTRs and as a reporting fund (for further information on the Company's reporting fund status please refer to the section entitled "United Kingdom" in Part VIII of this Prospectus).

Following the Initial Placing and any subsequent Placing of C Shares, by the Company, the terms of the Conversion Vehicle Interests issued to the Company will include a requirement for the Conversion Vehicle to provide the Company with the same information in relation to the Conversion Vehicle as is provided to the Company in respect of the Investment Vehicle, as discussed above.

The purpose of these information sharing arrangements is to ensure that the Directors have sufficient information to enable them to monitor the Company's investment in the Investment Vehicle and the Conversion Vehicle and adhere to the requirements of the Listing Rules, the DTRs and of a reporting fund. In addition, the Directors are entitled to request meetings with representatives of the Investment Vehicle and the Conversion Vehicle and the Investment Vehicle Manager to discuss issues involving the Company.

In order to safeguard Shareholders' interests, in the event that the Directors determine, in their absolute discretion, that it would be materially prejudicial to the interests of Shareholders for the Company to continue to be invested in the Investment Vehicle and/or the Conversion Vehicle (or any successor vehicle) for any reason, the Directors shall, subject to certain restrictions which may apply, be entitled at their sole discretion to redeem the Company's holdings of Company Investment Vehicle Interests and/or its Conversion Vehicle Interests in whole or in part on giving prior written notice, under the quarterly redemption facility offered by the Investment Vehicle as further described in the section entitled "Subscription and Redemption of Investment Vehicle Interests and Conversion Vehicle Interests" in Part II of this Prospectus or otherwise. The Directors may then, in their absolute discretion, put to Shareholders and C Shareholders proposals to wind up the Company in order to return capital to them or to change the investment policy and strategy of the Company.

The attention of investors is drawn to the risk factor entitled "The Company Investment Vehicle Interests and Conversion Vehicle Interests in which the Company invests are not traded on a stock exchange and the Company relies on the operation of the redemption facilities offered by the Investment Vehicle and the Conversion Vehicle in order to realise its investments" in the section entitled "Risk Factors" in this Prospectus in connection with the Company being required or electing to redeem its investment in the Investment Vehicle and/or the Conversion Vehicle in the circumstances contemplated above.

## PART II: THE INVESTMENT VEHICLE AND THE CONVERSION VEHICLE

### INTRODUCTION

CVC Credit Partners Group established CVC European Credit Opportunities S.à.r.l (“**CECO**”) on 2 December 2010. CECO enables different segregated pools of assets to be managed under a single corporate entity which allows the Investment Vehicle Manager to meet the different investment requirements of various investor groups, while reducing certain administration and corporate costs by centralising the financial overhead. CECO has been established so that each pool of assets and liabilities is designated to a cell or Compartment and the assets and liabilities of each Compartment are legally segregated from each other Compartment. This means the assets of one Compartment cannot be used to satisfy the liabilities of other Compartments. This type of company is known as a Luxembourg “compartmentalised” securitisation company and is statutorily assured under the Luxembourg Securitisation Law of 2004 (the “**Securitisation Law**”). Each of the Investment Vehicle and the Conversion Vehicle are Compartments of CECO. CECO is not regulated by the CSSF in Luxembourg or by any regulator in any other country; however, CECO is required to comply with all Luxembourg laws applicable to it (including certain regulations of the European Central Bank). Investment in the Investment Vehicle is only suitable for institutional, professional and high net worth investors and is capped to a maximum number of investors with the minimum investment per investor being ordinarily €5,000,000.

Cordatus Recovery Partners II Limited Partnership (“**CRP II**”) was established in March 2009. CRP II was initially managed by CVC Credit Partners Limited (an affiliate of the Investment Vehicle Manager). As of 19 September 2011, CVC Credit Partners Group established the first Compartment (“**Compartment A**”) of CECO to be its comingled vehicle for its European credit opportunities strategy (the “**Investment Vehicle**”) with substantially the same investment objective as the objective of CRP II. In September 2011, CRP II became a beneficial investor in the Investment Vehicle and all of the assets from CRP II were transferred to the Investment Vehicle. As at 28 February 2014, the Investment Vehicle has in excess of €350 million invested in it by the Company and in excess of €120 million invested in it by CVC Persons. The Investment Vehicle is currently managed by the Investment Vehicle Manager.

The Investment Vehicle is an open-ended vehicle where interests are purchased by investors (including the Company) in the form of different Series of Investment Vehicle Interests. As at 28 February 2014, the Investment Vehicle had issued Investment Vehicle Interests in six different Series, which as at that date were valued at a total of approximately €494 million of which four series were held by investors other than the Company (the “**Non-Company Investment Vehicle Interests**”). The Investment Vehicle has also issued two Series of Investment Vehicle Interests to the Company (the “**Company Investment Vehicle Interests**”) that, as at 28 February 2014, were valued at €368 million.

In order to accommodate the investment associated with C Shares in the Investment Vehicle, CECO has established a new compartment “AA” (the “**Conversion Vehicle**”). The Conversion Vehicle follows essentially the same investment objective as the Investment Vehicle. Its Portfolio will be managed by the Investment Vehicle Manager and it will issue investment interests (the “**Conversion Vehicle Interests**”) to the Company on substantially the same terms as the Company Investment Vehicle Interests. The Conversion Vehicle will not be available for investment by any persons other than the Company. The Conversion Vehicle will issue both Euro and Sterling denominated Conversion Vehicle Interests to reflect the currency investments associated with the C Shares. Upon Conversion, assets held in the Conversion Vehicle will be transferred into the Investment Vehicle and the requisite number of Investment Vehicle Interests will be issued to the Company. The transfer of Conversion Vehicle assets into the Investment Vehicle will occur at the same time as with Conversion.

Please refer to Part X of this Prospectus for further information on the Conversion Vehicle, the Investment Vehicle, the Company Investment Vehicle Interests and the Conversion Vehicle Interests.

### INVESTMENT OBJECTIVE

The investment objective of both the Investment Vehicle and the Conversion Vehicle is to provide investors with regular income returns and capital appreciation from a diversified portfolio of sub-investment grade debt instruments.

## **INVESTMENT POLICY**

The investment policy of both the Investment Vehicle and the Conversion Vehicle is to invest predominantly in companies domiciled, or with material operations, in Western Europe across various industries. The Portfolios will be constructed with a focus on Senior Secured Obligations of such companies but investments will also be made across the capital structure of borrowers.

The Investment Vehicle Manager will pursue the investment policy of both the Investment Vehicle and the Conversion Vehicle subject to the Investment Limits and Borrowing Limit, each as set out below.

### **Investment Limits of the Investment Vehicle**

All Investment Limits of the Investment Vehicle will be measured at the time of investment based on the investment cost as a proportion of the Investment Vehicle's most recent Gross Assets. The Investment Limits are:

- A minimum of 50 per cent. of the Investment Vehicle's Gross Assets will be invested in Senior Secured Obligations (which, for the purposes of this Investment Limit will include Cash and Cash Equivalents).
- A minimum of 70 per cent. of the Investment Vehicle's Gross Assets will be invested in obligations of borrowers domiciled, or with material operations, in Western Europe.
- A maximum of 7.5 per cent. of the Investment Vehicle's Gross Assets will be invested at any given time in obligations of a single borrower subject to a single exception at any one time permitting investment of up to 15 per cent. in order to participate in a loan to a single borrower, provided the exposure is sold down to a maximum of 7.5 per cent. within 12 months of acquisition.
- A maximum of 7.5 per cent. of the Investment Vehicle's Gross Assets will be invested in CLO Securities, with no primary investments permitted to be made in CVC Credit Partners Group managed structured finance transactions.
- A maximum of 25 per cent. of the Investment Vehicle's Gross Assets will be invested in CVC Capital Portfolio Company Debt Obligations.<sup>13</sup>

### **Borrowing Limit of the Investment Vehicle**

The Investment Vehicle is permitted to borrow up to an amount equal to 100 per cent. of the Investment Vehicle Net Asset Value at the time of borrowing. Such borrowing may take the form of bank loans, total return swap structures, repos and other financial instruments in such form as may be considered cost efficient by the Investment Vehicle Manager. Leverage may be applied on a single or multiple asset basis and/or through committed term facilities on a bilateral basis.

### **Investment Limits and Borrowing Limit of the Conversion Vehicle**

The Investment Limits and the Borrowing Limit of the Conversion Vehicle will be the same as those of the Investment Vehicle save that the limits for the Conversion Vehicle will be measured against the aggregate of the Investment Vehicle's and the Conversion Vehicle's Gross Assets and, in the case of the Borrowing Limit of the Conversion Vehicle, the aggregate of the Investment Vehicle and the Conversion Vehicle's Net Asset Values.

### **General**

The CECO Directors may make changes to each of the Investment Vehicle's and the Conversion Vehicle's investment objective, investment policy, Investment Limits or Borrowing Limit without the approval of a majority of the aggregate amount of Investment Vehicle Interests or the Conversion Vehicle Interests, as the case may be, if they determine that such changes are not material. However, the CECO Directors will seek approval from a majority of the aggregate amount of Investment Vehicle Interests or the Conversion Vehicle Interests, as the case may be, to make any material changes to the respective investment objective, investment policy, Investment Limits or Borrowing Limit.

<sup>13</sup> Calculated as invested cost as a percentage of the Investment Vehicle's Gross Assets. Where CVC Funds hold a minority interest in a CVC Capital Portfolio Company, it is calculated as the product of the debt holding and the percentage of equity interest held by CVC Funds.

From Admission of any series of C Shares and continuing during the first 120 to 180 days following the issue of Conversion Vehicle Interests to the Company pursuant to any such Admission, the Investment Limits applicable to the Conversion Vehicle will be suspended allowing the Investment Vehicle Manager to invest within the Conversion Vehicle's investment objective, investment policy, Borrowing Limit and investment strategy, but without reference to the constraints contained in the Conversion Vehicle's Investment Limits. For the avoidance of doubt, in the event that Conversion of such C Shares occurs within the first 120 to 180 days following Admission, the suspension will be lifted.

Any waiver of the Investment Vehicle's or the Conversion Vehicle's Investment Limits requires the approval of a majority of the aggregate amount of Investment Vehicle Interests or Conversion Vehicle Interests, as applicable. The Investment Vehicle Manager will consult with the CECO Directors to the extent changes in the market mean such an approach is no longer, in its opinion, the best way to achieve the investment objective, investment policy and target returns of the Investment Vehicle or the Conversion Vehicle, as applicable.

## **INVESTMENT STRATEGY**

Each of the Investment Vehicle and the Conversion Vehicle has appointed the Investment Vehicle Manager to pursue its investment strategy. The Investment Vehicle Manager seeks to achieve the investment objective of the Investment Vehicle and the Conversion Vehicle by sourcing investment opportunities and actively managing the Portfolios in a manner that is consistent with the investment policy (including their Investment Limits and Borrowing Limit). It seeks to achieve the target total return of the Investment Vehicle and the Conversion Vehicle in the context of the underlying market conditions and the macro-economic environment prevailing at the time.

The Investment Vehicle Manager will make investments for the Conversion Vehicle in accordance with the Investment Vehicle's investment policy with a view to the transfer of such assets to the Investment Vehicle upon Conversion of the C Shares and the corresponding issue of Investment Vehicle Interests to the Company.

The Investment Vehicle Manager expects to hold investments in approximately 25 to 50 companies based on detailed fundamental analysis of the operations and market position of each company and its capital structure.

The Investment Vehicle Manager expects to invest in the debt of larger companies (it expects to invest in companies with a minimum EBITDA of €50 million at the time of investment — the weighted average EBITDA of the companies within the Investment Vehicle's Portfolio was greater than €466 million as at 28 February 2014 (being the latest practicable date prior to publication of the Prospectus)). The Investment Vehicle Manager believes that the debt of larger companies offers a number of differing characteristics relative to the broader market: (i) larger, more defensive market positions; (ii) access to broader management talent; (iii) multinational operations which may reduce individual customer, sector or geographic risk and provide diverse cashflow; (iv) levers such as working capital and capital expenditure which can be managed in the event of a slowdown in economic growth; and (v) access to both debt and equity capital markets for refinancing needs.

Based on the market opportunity, the Investment Vehicle Manager expects to invest in a range of different credit instruments across the capital structure of target companies (including but not limited to senior secured, second lien and mezzanine loans, and senior secured, unsecured and subordinated bonds). Assets are sourced in both the new issue and secondary markets, using the sourcing networks of the Investment Vehicle Manager and CVC Group generally. CVC Credit Partners Group's access to deals is supported by the network of contacts and relationships of the Investment Vehicle Manager's leadership team and investment professionals, as well as the strong positioning of CVC Group in the European leveraged finance markets. CVC Capital Portfolio Companies are among the largest sponsor led issuers of leveraged loan deals in Europe.<sup>14</sup>

Each investment being considered is built around an investment thesis and will generally fall into three categories:

1. Core income

Generally senior secured loans and senior secured high yield bonds sourced in both the primary and secondary markets. The investment decision is primarily driven by a portfolio decision around liquidity, cash yield and volatility.

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<sup>14</sup> Source: Dealogic. YTD Data from 1 January 2013 to 31 December 2013.



## 2. Credit opportunities

Credit opportunities refer to investments where the Investment Vehicle Manager anticipates an event in a specific credit situation is likely to have a positive impact on the value of its investment. This may include events such as a repayment event before maturity, a deleveraging event, a change to the economics of the instrument such as increased margin and/or fees or fundamental or sentiment driven change in the value. The Investment Vehicle Manager seeks relative value opportunities which involve situations where market technicals have diverged from credit fundamentals often driven by selling by mandate constrained investors, CLO managers or hedge funds rebalancing their portfolios, macro views affecting different credit instrument types or sales by banks. The Investment Vehicle Manager has additional flexibility compared to mandate constrained capital and believes these assets have potential for capital gains and early cashflow generation based on the acquisition prices.

## 3. Special situations

These are assets which the Investment Vehicle Manager believes have the potential for high cash yields and/or capital appreciation. These assets may include investments in subordinated debt, including second lien loans, mezzanine and payment in kind (“PIK”) instruments issued by issuers that are perceived by the Investment Vehicle Manager to have strong credit fundamentals, stressed and distressed senior loans and bonds, and, selectively, CLO Securities (within the Investment Limits). Often, special situations investments are purchased at a substantial discount to par and may not generate current yield.

The allocation to each of the above categories will vary over time; however it is currently expected that such allocation will not differ materially to the historic ranges illustrated in the table entitled “Allocation, attribution and return per category” in the section entitled “Track Record” in this Part II of this Prospectus.

### **Asset sourcing**

Assets are sourced in both the new issue and secondary markets, depending on relative value, using the sourcing networks of the Investment Vehicle Manager and CVC Group generally. The Investment Vehicle Manager’s access to deals is supported by the network of contacts and relationships of its leadership team and investment professionals, as well as the strong positioning of the CVC Group in the European leveraged finance markets. CVC Capital Portfolio Companies are among the largest sponsor led issuers of leveraged loan deals in Europe.<sup>15</sup> The Investment Vehicle Manager expects to employ a range of strategies to source investment opportunities for the Investment Vehicle and the Conversion Vehicle, including the following:

- primary lending transactions;
- refinancing of existing transactions;
- selective secondary opportunities including purchasing from banks that are de-leveraging their balance sheets and reducing lending exposure;
- selective commitment to primary credit situations with a hold/sell-down strategy which may generate incremental returns through fees;
- follow on/acquisition financing;
- investment in credits where ratings based investors are constrained; and
- provision of solution capital for stressed and non-control distressed situations.

The Investment Vehicle Manager analyses the risk of credit loss for each investment on the basis it will be held to maturity but takes an active approach to the sale of investments once its investment thesis has been realised. The liquidity terms of the Investment Vehicle or the Conversion Vehicle, as applicable, are also an important factor considered in determining the composition of the Portfolios.

While the Investment Vehicle Manager will invest primarily in a diversified portfolio of sub-investment grade debt instruments from companies domiciled, or with material operations, in Western Europe, it may, within its investment criteria limits, invest in Senior Secured Obligations of U.S., Canadian or other issuers and in other forms of debt issued by borrowers from Western Europe, the United States, Canada or elsewhere. The principal characteristics of the leveraged finance assets to be purchased are set out in Part IV of this Prospectus.

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<sup>15</sup> Source: Dealogic. YTD Data from 1 January 2013 to 31 December 2013.

In the current market, the Investment Vehicle Manager expects to hold the majority of the Portfolios in companies with a minimum EBITDA of at least €50 million at the time of investment and in leveraged loans. In the event that the Investment Vehicle Manager no longer believes that this strategy will best achieve the investment policy and the return and distribution targets of the Investment Vehicle or the Conversion Vehicle, as applicable, it will consult with the CECO Directors.

### **Use of leverage**

The Investment Vehicle Manager currently envisages that no leverage will be employed in the Conversion Vehicle. If leverage is employed in relation to the Investment Vehicle it will be to seek to enhance returns on lower volatility assets in the Portfolios, giving consideration to the liquidity requirements of the Investment Vehicle (for further information on the Investment Vehicle's and the Conversion Vehicle's borrowing limit please refer to the section entitled "Borrowing Limit of the Investment Vehicle" in this Part II of this Prospectus).

## **CASH MANAGEMENT**

Any of the Investment Vehicle's or the Conversion Vehicle's cash not invested in debt obligations may either be retained in a cash account held with Citibank International plc (Luxembourg Branch) or held in high grade Cash and Cash Equivalents.

## **TARGET RETURNS AND INCOME DISTRIBUTION POLICY**

### **Target total return**

On the basis of market conditions as at the date of this Prospectus, the Investment Vehicle and the Investment Vehicle Manager are targeting an annualised total return in the medium-term of 8 to 12 per cent. (net of fees and expenses), once fully invested, on the Company Investment Vehicle Interests. This return is expected to comprise both income and capital appreciation.

The target annualised total return stated above should not be taken as an indication of the Investment Vehicle's expected future performance or results over any period and does not constitute a profit forecast. It is intended to be a target only and there is no guarantee that it can or will be achieved. It should not be seen as an indication of the Investment Vehicle's expected or actual return. Accordingly, prospective investors should not place any reliance on the target figures stated above in deciding whether to invest in the Shares.

The actual return generated by the Investment Vehicle in pursuing its investment objective will depend on a wide range of factors including, but not limited to, general economic and market conditions, fluctuations in currency exchange rates, prevailing interest rates and credit spreads, the terms of the Investments made by the Investment Vehicle, and the risks highlighted in the section entitled "Risk Factors" in this Prospectus.

### **Target income distribution**

The Company Investment Vehicle Interests pay income on a semi-annual basis in January and July that will amount to substantially all of their proportional entitlement to the Investment Vehicle's net income in the relevant semi-annual period to December and June as determined by the Investment Vehicle Manager. From time to time, the CECO Directors may also allocate capital profits to the net income in the relevant semi-annual period (any such allocation would result in a reduction in the ex-income Series NAV of the relevant Series of Investment Vehicle Interests). In January 2014, in respect of the initial semi-annual period during which the Company Investment Vehicle Interests were in existence and during which period the Investment Vehicle was investing the proceeds of the IPO, the Investment Vehicle made an income distribution equal to 2.01 per cent. per annum of the Company Investment Vehicle Interests' investment amount. On the basis of market conditions as at the date of this Prospectus and now that the Investment Vehicle is fully invested, the Investment Vehicle and the Investment Vehicle Manager are targeting an income distribution of around 5.0 per cent. per annum on the initial investment amount of the Investment Vehicle Investments. The actual income distribution generated by the Investment Vehicle in pursuing its investment objective will depend on a wide range of factors including, but not limited to, general economic and market conditions, fluctuations in currency exchange rates, prevailing interest rates and credit spreads, the terms of the Investments made by the Investment Vehicle, and the risks highlighted in the section entitled "Risk Factors" in this Prospectus.

Income on the Company Investment Vehicle Interests is paid within 20 London and Luxembourg Business Days after 30 June and 31 December and in the currency of the relevant Series of Company Investment Vehicle Interests.

The Conversion Vehicle Interests may pay income at the direction of the CECO Directors (see Part V of this Prospectus).

The target income distribution stated above should not be taken as an indication of the Investment Vehicle's expected future performance or results over any period. It is intended as a target only and there is no guarantee that it can or will be achieved. It should not be seen as an indication of the Investment Vehicle's expected or actual income distribution. Accordingly, prospective investors should not place any reliance on the target figure stated above in deciding whether to invest in the Shares. Furthermore, the future performance of the Investment Vehicle may be materially adversely affected by the risks discussed in the section entitled "Risk Factors" in this Prospectus.

## **TRACK RECORD<sup>16</sup>**

The track record and related performance attribution analysis below are the unaudited gross returns of the Investment Vehicle and its predecessor investment vehicle, CRP II. CRP II was established in March 2009 by the Investment Vehicle Manager with substantially the same investment objective as that of the Investment Vehicle. In September 2011, CRP II became a beneficial investor in the Investment Vehicle and all of the assets from CRP II were transferred to the Investment Vehicle. The investment team of the Investment Vehicle and CRP II are the same.

The past performance recorded is not necessarily indicative of the future performance of the Investment Vehicle or the Company. The gross return figures contained in the following tables are reported before performance and management fees have been deducted and are for illustrative purposes only. Please note that gross return figures do not reflect and should not be used as a guide to the actual net returns received by an investor in the Investment Vehicle or the net returns (if any) to be received by a Shareholder in the Company. The attention of investors is also drawn to the risk factor entitled "No reliance should be placed by investors on the past performance of the Investment Vehicle" in the section entitled "Risk Factors" in this Prospectus.

Unless otherwise stated, all track record data contained below is presented as at 28 February 2014, being the latest practicable date prior to publication of the Prospectus.

The following tables provide an overview of the Investment Vehicle's Portfolio, broken down by asset class, country and industry as at 28 February 2014.

### ***Portfolio overview as at 28 February 2014<sup>1</sup>***

Number of positions	64
Number of corporate credits <sup>2</sup>	47
Weighted average EBITDA	circa €466 million
Current asset cash yield <sup>3</sup>	5.8%
Current portfolio cash yield <sup>4</sup>	5.5%
Weighted average debt/EBITDA <sup>5</sup>	4.1x
% Floating Rate Assets	91.3%

1. Unaudited.

2. Number of corporate credits excludes three structured finance positions.

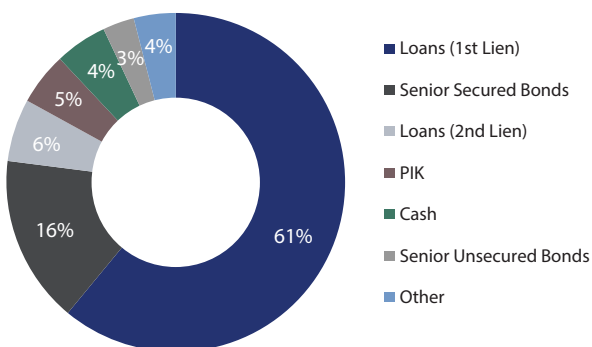
3. Current asset cash yield is calculated as the current cash coupon divided by the current price (excluding interest on portfolio cash and cash balances).

4. The current portfolio cash yield is the current asset cash yield including the cash and interest on the portfolio cash balances.

5. The weighted average debt (through the debt tranche the Investment Vehicle holds in the capital structure) divided by the EBITDA for each position in the Portfolio.

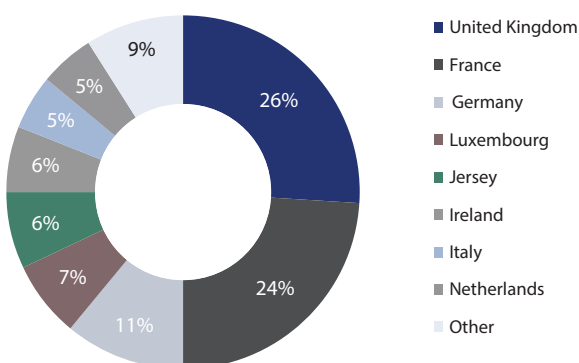
16 Unless otherwise stated, the track record is given to 28 February 2014. There have been no material changes to the track record of the Company from 28 February 2014 to the date of this Prospectus.

**Portfolio breakdown by asset class as at 28 February 2014<sup>1</sup>**



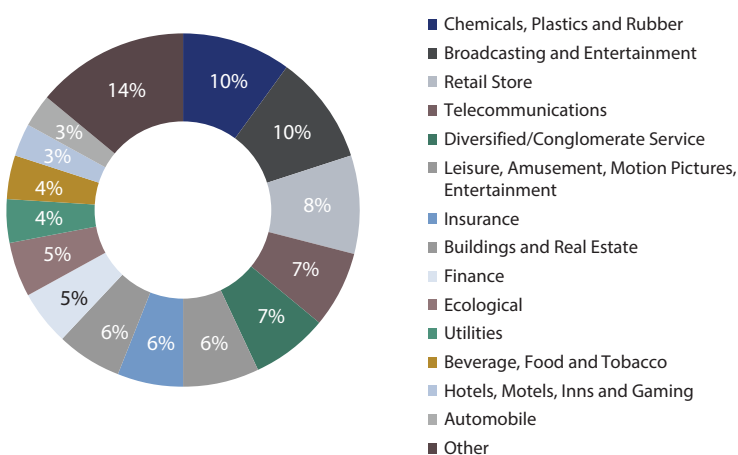
1. Unaudited. Total may not add up to 100% due to rounding.

**Portfolio breakdown by country as at 28 February 2014<sup>1, 2</sup>**



1. Unaudited.  
2. Breakdown excludes three structured finance positions.

**Portfolio breakdown by industry as at 28 February 2014<sup>1, 2</sup>**



1. Unaudited. Total may not add up to 100% due to rounding.  
2. Breakdown excludes three structured finance positions.

The following tables provide track record information on the Investment Vehicle's performance since April 2009. In September 2011, the Investment Vehicle incurred €414,000 of expenses. The track record returns are shown gross of such expenses (unless otherwise stated) which in the opinion of the Investment Vehicle Manager more accurately reflects actual gross return performance. In September 2011, the performance gross of formation expenses was -2.0% and net was -2.3%. In all of the other months the differences were not material. Consistent with existing practice, the Investment Vehicle will continue to produce financial statements in accordance with Luxembourg GAAP where the formation expenses are amortised over five years. For the period from inception to 22 September 2011 certain assumptions have been made with respect to the accrual of receipts and payments to enable the performance data of CECO for the period from inception to 28 February 2014 presented below to be calculated in accordance with consistent

accounting standards. The Investment Vehicle Manager considers the effect of these assumptions to be immaterial. Past performance is not an accurate indicator of current or future returns and potential investors should have no expectation that past performance can or will be replicated in the future.

### Investment Vehicle annual performance vs. benchmarks

Year	2009 (Apr-Dec)	2010	2011	2012	2013	2014 (Jan-Feb)	Annualised (Apr 09- Feb 14)
Investment Vehicle (gross of Sept 2011 set up costs) <sup>1</sup>	29.5%	17.6%	3.5%	17.5%	8.8%	1.3%	15.8%
Investment Vehicle (net of Sept 2011 set up costs) <sup>1</sup>	29.5%	17.6%	3.1%	17.5%	8.8%	1.3%	15.8%
S&P European Leveraged Loan Index <sup>2</sup>	32.5%	9.8%	0.7%	9.7%	8.6%	0.7%	12.3%
iBoxx EUR Liquid High Yield <sup>2</sup>	41.1%	11.9%	-1.1%	22.8%	7.9%	1.7%	16.5%
S&P Europe 350 <sup>2</sup>	36.2%	11.0%	-7.2%	18.3%	21.3%	3.2%	16.3%
HFRX Global Hedge Fund Index <sup>2</sup>	11.0%	4.6%	-8.7%	3.0%	6.1%	1.4%	3.4%

1. Source: CVC Credit Partners. Data relates to Series 1 of the Investment Vehicle Interests. As at 28 February 2014 (unaudited). The Investment Vehicle returns are shown gross and net of the Investment Vehicle formation expenses of €414,000 which were incurred in September 2011. The track record returns are shown gross of these formation expenses which in the opinion of the Investment Vehicle Manager more accurately reflects actual gross return performance. The track record is also shown net of formation expenses to be consistent with the financial information presented in Part XII of this Prospectus in accordance with IFRS requirements. Consistent with existing practice, the Investment Vehicle will continue to produce financial statements in accordance with Luxembourg GAAP where the formation expenses are amortised over five years.

2. Source: Bloomberg.

The Investment Vehicle Manager adopted the categorisation of investment strategies into (a) core income; (b) credit opportunities; and (c) special situations in September 2011 and accordingly the attribution of investment returns as between these three strategies (as illustrated in the table below entitled “Allocation, attribution and return per category”) in respect of periods prior to September 2011 has been made retrospectively by the Investment Vehicle Manager for the purposes of this Prospectus. The attribution of investment returns as between these strategies is necessarily subjective to a certain degree; however, the Investment Vehicle Manager believes that the attribution shown in the following two tables represents a fair and reasonable allocation of investment returns between the respective strategies. For the period from inception to 22 September 2011, certain assumptions have been made with respect to the accrual of receipts and payments to enable the performance data of the Investment Vehicle (as contained in the following two tables) to be calculated in accordance with consistent accounting standards. The Investment Vehicle Manager believes that the effect of these assumptions is not material.

### Allocation, attribution and return per category<sup>1</sup>

	2009 (Apr-Dec)			2010			2011			2012			2013			Annualised		
	Allocat ion % <sup>2</sup>	Attrib ution % <sup>3</sup>	Return % <sup>4</sup>	Allocat ion % <sup>2</sup>	Attrib ution % <sup>3</sup>	Return % <sup>4</sup>	Allocat ion % <sup>2</sup>	Attrib ution % <sup>3</sup>	Return % <sup>4</sup>	Allocat ion % <sup>2</sup>	Attrib ution % <sup>3</sup>	Return % <sup>4</sup>	Allocat ion % <sup>2</sup>	Attrib ution % <sup>3</sup>	Return % <sup>4</sup>	Allocat ion % <sup>2</sup>	Attrib ution % <sup>3</sup>	Return % <sup>4</sup>
Core income	1%	0.4%	32%	18%	3.0%	16%	29%	1.5%	5%	29%	3.0%	10%	55%	3.6%	6%	28%	2.9%	10%
Credit																		
Opportunities	45%	14.8%	33%	46%	6.2%	13%	36%	1.8%	5%	49%	9.3%	19%	23%	2.4%	10%	40%	7.1%	18%
Special Situations	23%	14.6%	64%	22%	8.7%	39%	12%	0.6%	5%	13%	5.7%	45%	11%	2.9%	27%	16%	6.5%	42%
Cash	31%	0.3%	1%	13%	0.1%	0%	23%	0.0%	0%	9%	-0.3%	-4%	11%	0.2%	2%	17%	0.0%	0%
Expenses <sup>5</sup>		-0.5%			-0.3%			-0.4%			-0.1%			-0.2%				-0.3%
<b>Total</b>	<b>100%</b>	<b>29.5%</b>		<b>100%</b>	<b>17.6%</b>		<b>100%</b>	<b>3.5%</b>		<b>100%</b>	<b>17.5%</b>		<b>100%</b>	<b>8.8%</b>		<b>100%</b>	<b>16.1%</b>	

1. Source: CVC Credit Partners. Data relates to Series 1 of the Investment Vehicle Interests. As at 31 December 2013 (unaudited). Totals may not add up to 100 due to rounding.

2. Average allocation is the average of the month end allocation of the Investment Vehicle’s funds for those respective categories in the relevant year.

3. Attribution is the amount of the Investment Vehicle’s total return for that year attributable to that specific category.

4. Return is calculated as the attribution percentage divided by the average allocation for a specific category of Investment in a specific year.

5. Negative cash returns are due to foreign exchange movements for unsettled trades that are offset by gains in the underlying assets.



### Allocation, attribution and return per asset class<sup>1</sup>

	2009 (Apr-Dec)			2010			2011			2012			2013			Annualised		
	Allocat ion % <sup>2</sup>	Attrib ution % <sup>3</sup>	Return % <sup>4</sup>	Allocat ion % <sup>2</sup>	Attrib ution % <sup>3</sup>	Return % <sup>4</sup>	Allocat ion % <sup>2</sup>	Attrib ution % <sup>3</sup>	Return % <sup>4</sup>	Allocat ion % <sup>2</sup>	Attrib ution % <sup>3</sup>	Return % <sup>4</sup>	Allocat ion % <sup>2</sup>	Attrib ution % <sup>3</sup>	Return % <sup>4</sup>	Allocat ion % <sup>2</sup>	Attrib ution % <sup>3</sup>	Return % <sup>4</sup>
Loan .....	60%	25.5%	43%	62%	10.4%	17%	65%	3.4%	5%	71%	10.5%	15%	68%	5%	7%	65%	11.1%	17%
Bond .....	8%	4.0%	49%	20%	3.5%	18%	6%	1.5%	26%	14%	4.0%	29%	16%	2.1%	13%	13%	3.3%	26%
CLO .....	1%	0.2%	18%	5%	4.0%	76%	7%	-1.1%	-16%	6%	3.5%	54%	5%	1.8%	40%	5%	2.0%	39%
Cash <sup>5</sup> .....	31%	0.3%	1%	13%	0.1%	0%	23%	0.0%	0%	9%	-0.3%	-4%	11%	0.2%	2%	17%	0.0%	0%
Expenses ..		-0.5%			-0.3%			-0.4%						-0.2%				-0.3%
<b>Total .....</b>	<b>100%</b>	<b>29.5%</b>		<b>100%</b>	<b>17.6%</b>		<b>100%</b>	<b>3.5%</b>		<b>100%</b>	<b>17.5%</b>		<b>100%</b>	<b>8.8%</b>		<b>100%</b>	<b>16.1%</b>	

1. Source: CVC Credit Partners. Data relates to Series 1 of the Investment Vehicle Interests. As at 31 December 2013 (unaudited). Totals may not add up to 100 due to rounding.
2. Average allocation is the average of the month end allocation of the Investment Vehicle's funds for those respective categories in the relevant year.
3. Attribution is the amount of the Investment Vehicle's total return for that year attributable to that specific category.
4. Return is calculated as the attribution percentage divided by the average allocation for a specific category of Investment in a specific year.
5. Negative cash returns are due to foreign exchange movements for unsettled trades that are offset by gains in the underlying assets.

### Attribution by income and capital appreciation<sup>1</sup>

	2009 (Apr-Dec)	2010	2011	2012	2013	Annualised (Apr 09-Dec 13)
Capital appreciation .....	26.6%	11.7%	-0.2%	9.9%	4.2%	10.3%
Cash interest .....	3.4%	6.2%	4.1%	7.7%	4.9%	6.2%
Expenses .....	-0.5%	-0.3%	-0.4%	-0.1%	-0.2%	-0.3%
<b>Total .....</b>	<b>29.5%</b>	<b>17.6%</b>	<b>3.5%</b>	<b>17.5%</b>	<b>8.8%</b>	<b>16.1%</b>

1. Source: CVC Credit Partners. Data relates to Series 1 of the Investment Vehicle Interests. As at 31 December 2013 (unaudited). Totals may not add up to 100 due to rounding.

### Annualised attribution by income type and share of capital appreciation<sup>1</sup>

Category	Income return since inception	Share of capital appreciation since inception
Short term trading (<3m) .....	0.9%	8.3%
Event/thesis driven (3m < 18m) .....	6.4%	61.8%
Long term capital appreciation (18m+) .....	3.1%	29.9%
Interest & fees .....	6.2%	—
Expenses .....	-0.3%	—
<b>Total .....</b>	<b>16.1%</b>	<b>100%</b>

1. Source: CVC Credit Partners. Data relates to Series 1 of the Investment Vehicle Interests. As at 31 December 2013 (unaudited). Totals may not add up to 100 due to rounding.

The following table sets out the Investment Vehicle's performance across numerous comparators against various indices:

Fund Statistic	Investment Vehicle <sup>1</sup>	S&P European Leveraged Loan Index <sup>2</sup>	iBoxx EUR Liquid High Yield <sup>2</sup> Index (EUR)	S&P Europe 350 <sup>2</sup> Fund	HFRX Global Hedge
Cumulative return (Apr 09 – Feb 14) .....	104.1%	75.9%	110.2%	107.7%	17.5%
Annualised Return (Apr 09 – Feb 14) .....	15.8%	12.3%	16.5%	16.3%	3.4%
Number of positive months .....	47	49	48	36	39
Best month .....	7.9%	6.3%	9.4%	9.5%	3.0%
Worst month .....	-2.3%	-3.2%	-5.2%	-10.4%	-3.4%
Annual standard deviation .....	6.7%	5.2%	8.8%	12.3%	4.4%
Sharpe ratio <sup>3</sup> .....	2.3	2.3	1.8	1.3	0.7
Correlation of investment vehicle to index .....		70%	64%	46%	52%

1. Source: CVC Credit Partners. Data relates to Series 1 of the Investment Vehicle Interests. As at 28 February 2014 (unaudited).

2. Source: Bloomberg.
3. Sharpe ratio is defined as the return of the relevant asset class minus 1 month Euribor, divided by the annualised volatility of the relevant asset class (uses average 1 month Euribor rate of 0.54 per cent.).

The following table sets out the Investment Vehicle's gross monthly returns since April 2009:

<u>Year</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Annual</u>
2009 .....				-0.3%	0.3%	3.6%	6.8%	5.1%	2.7%	3.3%	1.7%	3.1%	29.5%
2010 .....	7.9%	-1.2%	3.1%	2.8%	-2.1%	-1.3%	1.1%	1.6%	1.6%	1.4%	0.5%	1.2%	17.6%
2011 .....	3.1%	1.4%	-0.3%	1.0%	2.0%	-0.8%	-0.2%	-2.2%	-2.0%	2.6%	-2.3%	1.3%	3.5%
2012 .....	4.5%	1.7%	1.3%	0.6%	-1.1%	0.7%	1.5%	1.8%	1.3%	1.0%	1.7%	1.2%	17.5%
2013 .....	1.3%	0.9%	1.0%	1.5%	0.8%	-0.8%	0.4%	0.6%	0.8%	0.8%	0.8%	0.5%	8.8%
2014 .....	0.8%	0.5%											1.3%

1. Source: CVC Credit Partners. Data relates to Series 1 of the Investment Vehicle Interests. As at 28 February 2014 (unaudited).
2. The above table is presented gross of the formation expenses incurred by the Investment Vehicle in September 2011 of €414,000. In September 2011 the performance gross of formation expenses is -2.0% and net is -2.3%.

The following table shows the Investment Vehicle's five largest holdings by issuer as at 28 February 2014:

<u>Issuer</u>	<u>Percentage of Investment Vehicle portfolio<sup>1</sup></u>
Materis .....	5.9%
Boots (AB Acquisitions) .....	5.5%
OGF .....	4.5%
Viridian Group .....	3.9%
Domestic & General (Galaxy Bidco) .....	3.4%

1. Source: CVC Credit Partners. As at 28 February 2014 (unaudited).

## **CALCULATION OF THE INVESTMENT VEHICLE AND CONVERSION VEHICLE NET ASSET VALUES**

**All procedures and calculations in relation to the Investment Vehicle apply *mutatis mutandis* to the Conversion Vehicle and this section should be read accordingly.**

### **Determination of the Investment Vehicle Net Asset Value**

While the CECO Directors have overall authority over, and responsibility for, the operation of the Investment Vehicle, they have delegated to the Investment Vehicle Administrator the calculation of the Investment Vehicle Net Asset Value and the net asset value of each Series of Investment Vehicle Interests ("**Series NAV**"). To the extent that the Investment Vehicle Administrator relies on information supplied to it by the Investment Vehicle Manager, the Investment Vehicle or any brokers or other financial intermediaries engaged by the Investment Vehicle in connection with making any of the aforementioned calculations, the Investment Vehicle Administrator's liability for the accuracy of such calculations is limited to the accuracy of its computations. The Investment Vehicle Administrator is not liable for the accuracy of the underlying data provided to it.

The Investment Vehicle Net Asset Value and the Series NAV will be determined as of 6.00 p.m. Luxembourg time on the last Business Day of each calendar month or at such other times as the CECO Directors may determine (the "**Investment Vehicle Valuation Date**").

The Series NAV as of any Investment Vehicle Valuation Date will be calculated by the Investment Vehicle Administrator by dividing the net asset value of the relevant Series by the number of Investment Vehicle Interests in issue in that Series as at the close of business as of that Investment Vehicle Valuation Date.

Where a Series of Investment Vehicle Interests is denominated in a currency other than Euro, the Series NAV shall be determined in the currency of that Series. The Investment Vehicle Administrator shall convert any sum denominated in a currency other than that of the relevant Series into the currency in which the relevant Series is denominated using the prevailing market exchange rate from time to time.

In respect of each Series of Investment Vehicle Interests, a separate Series account (a "**Series Account**") will be established by the Investment Vehicle Administrator in the books and records of the Investment Vehicle. An amount equal to the initial investment amount of each Series will be credited to the relevant

Series Account. Any increase or decrease in the Series NAV based on the performance of the Investment Vehicle assets (disregarding for these purposes any increases in the Series NAV due to new subscriptions or decreases due to redemptions or any Designated Series Adjustments) will then be allocated by the Investment Vehicle Administrator to the relevant Series Account(s) based on the relevant Series NAV attributable to each Series Account. There will then be allocated to each Series Account the costs, pre-paid expenses, losses, income payments, profits, gains and income which are determined to relate to a single Series (the “**Designated Series Adjustments**”) (for example those items relating to the foreign exchange transactions in respect of each Series of Investment Vehicle Interests that are denominated in a currency other than Euro).

### **Pricing Policy of the Investment Vehicle**

Assets of the Investment Vehicle are valued in accordance with the following principles:

- any security which is listed or quoted on any securities exchange or similar electronic system and regularly traded thereon is valued at its last traded price on the relevant Investment Vehicle Valuation Date or, if no trades occurred on such day, at the closing bid price if held long by the Investment Vehicle and at the closing offer price if sold short by the Investment Vehicle, as at the relevant Investment Vehicle Valuation Date and as adjusted in such manner as the CECO Directors, in their sole discretion, acting in good faith, think fit, having regard to the size of the holding and where prices are available on more than one exchange or system for a particular security the price is the last traded price or closing bid or offer price, as the case may be, on the exchange which constitutes the main market for such security or the one which the CECO Directors, acting in good faith, determine provides the fairest criteria in ascribing a value to such security;
- any security which is not listed or quoted on any securities exchange or similar electronic system or if, being so listed or quoted, is not regularly traded thereon or in respect of which no prices as described above are available, is valued at its probable realisation value as determined by the CECO Directors in good faith having regard to its cost price, the price at which any recent transaction in the security may have been effected, the size of the holding having regard to the total amount of such security in issue and such other factors as the CECO Directors, in their sole discretion, deem relevant in considering a positive or negative adjustment to the valuation;
- Investments, other than securities, which are dealt in or traded through a clearing firm or an exchange or through a financial institution, are valued by reference to the most recent official settlement price quoted by that clearing house, exchange or financial institution. If there is no such price, then the highest bid price at the close of business on any market on which such Investments are or can be dealt in or traded, provided that where such Investments are dealt in or traded on more than one market, the CECO Directors may determine, at their discretion, acting in good faith, which market shall prevail;
- Investments, other than securities, including over-the-counter derivative contracts, which are not dealt in or traded through a clearing firm or an exchange or through a financial institution are valued in good faith on the basis of the latest available valuation provided by the relevant counterparty or an independent valuation agent;
- deposits are valued at their cost plus accrued interest; and
- any value (whether of an Investment, security or cash) otherwise than in Euro are converted into Euro at the prevailing Euro spot rate (whether official or otherwise against such currency as determined by the Investment Vehicle Administrator) as of the relevant Investment Vehicle Valuation Date.

The CECO Directors may, following consultation with the Investment Vehicle Manager, at their sole discretion and acting in good faith, permit any other method of valuation to be used if they consider that such method of valuation better reflects value and is in accordance with good accounting practice.

## CURRENCY HEDGING

**The currency hedging strategies and activities of the Conversion Vehicle will be substantially similar to those of the Investment Vehicle and this section should be read accordingly.**

The base currency of each of the Investment Vehicle and the Conversion Vehicle is Euro. In order to manage the currency risks associated with each Series of Investment Vehicle Interests, the Investment Vehicle may use derivatives and other financial instruments and strategies. The Investment Vehicle has two primary types of currency risk: (i) investments in assets which are based in currencies other than Euro, the base currency of the Investment Vehicle; and (ii) Series which are denominated in currencies other than Euro, the base currency of the Investment Vehicle. The Investment Vehicle cannot give any assurance that it may in all cases be able to hedge or that the hedges may be completely effective. As a result, while the Investment Vehicle may seek to minimise the exposure, Investment Vehicle Interest Holders (including the Company) may potentially be exposed to some currency risk. The Investment Vehicle's hedging policy may only be used for efficient portfolio management and not to attempt to enhance investment returns.

The Investment Vehicle Manager is not obliged to maintain any particular currency hedging and reserves the right to terminate any hedging arrangement in its absolute discretion, including, without limitation, if it considers it to be in the interests of Investment Vehicle Interest Holders (including the Company) to do so or such arrangements may adversely affect the performance of the Investment Vehicle.

To the extent that a currency hedging transaction relates to a specific Series of Investment Vehicle Interests, the profits, losses and expenses of such transaction will be allocated solely to the relevant Series of Investment Vehicle Interests. See the section entitled "Calculation of the Investment Vehicle and Conversion Vehicle Net Asset Values" in this Part II of this Prospectus.

The Investment Vehicle may also use derivative instruments for the purposes of efficient portfolio management and to hedge risk within the Portfolio using single-name credit default swaps, credit default swaps and loan credit default swap indices, equity futures and equity indices. As part of its overall portfolio management obligations and, in any event, prior to entering into a derivative transaction on behalf of the Investment Vehicle, the Investment Vehicle Manager may consider whether and to what extent it is appropriate to diversify the counterparty risk that results from the use of such derivatives and may monitor overall counterparty exposure within the Portfolio on an on-going basis.

Derivative positions are valued as set out in the section entitled "Calculation of the Investment Vehicle and Conversion Vehicle Net Asset Values" in this Part II of this Prospectus by the Investment Vehicle Administrator using standard market valuation practices for the instruments involved.

## SUBSCRIPTION AND REDEMPTION OF INVESTMENT VEHICLE INTERESTS AND CONVERSION VEHICLE INTERESTS

Company Investment Vehicle Interests and Conversion Vehicle Interests may be subscribed for and redeemed as set out below and as further described in the section entitled "Rights of Investment Vehicle Interest Holders and Conversion Vehicle Interest Holders" in Part X of this Prospectus.

### Subscription

The CECO Directors (where so advised by the Investment Vehicle Manager) will have the discretion to adjust the subscription price for Investment Vehicle Interests upwards to a level which reflects the acquisition cost of the Investments comprised in the Portfolio and takes account of the extent to which any relevant bid-offer differentials in the prices of such Investments are not reflected in the Investment Vehicle Net Asset Value (the "**Subscription Price Adjustment**"). A Subscription Price Adjustment will be made if in the opinion of the CECO Directors: (i) the cost of purchasing assets held or to be held by the Investment Vehicle as determined by the Investment Vehicle Administrator would be significantly greater than that reflected in the Investment Vehicle Net Asset Value; and (ii) the amount to be subscribed for further Investment Vehicle Interests is material (as determined by the Directors) relative to the size of the Investment Vehicle prior to such subscription.

Subscription for Conversion Vehicle Interests will be made on the basis of the cash invested. As there will be no third party investors in the Conversion Vehicle there is no intention to apply a Subscription Price Adjustment.

### **Standard redemption**

The Investment Vehicle shall, at the option of the holder of the Company Investment Vehicle Interests (being the Company), upon not less than 45 days' notice to the Investment Vehicle, redeem such Company Investment Vehicle Interests in respect of any NAV Determination Date (being an Investment Vehicle Valuation Date which falls on the last Business Day of each calendar quarter) following payment, if applicable, of all outstanding income with respect to such Company Investment Vehicle Interests (please refer to the section entitled "Discount Control: Quarterly Tenders" in Part I of this Prospectus for further information on the timeline applicable to the Contractual Quarterly Tender facility). Series of Non-Company Investment Vehicle Interests (i.e. those not held by the Company) may have a different redemption notice period, which will be no shorter than that applicable to the Company Investment Vehicle Interests. In all circumstances, the payment date in respect of any Investment Vehicle Interest so redeemed will be the date falling 40 days following the applicable NAV Determination Date. Investment Vehicle Interests will be redeemed at the relevant Series NAV prevailing on the NAV Determination Date as of which they are redeemed.

The Conversion Vehicle shall, upon the Company giving not less than 10 days' notice, redeem such Conversion Vehicle Interests in respect of any Investment Vehicle Valuation Date provided however that the payment date in respect of any Conversion Vehicle Interests so redeemed will be a date determined by the CECO Directors falling not more than 40 days following the applicable Investment Vehicle Valuation Date.

### **Deferred redemption**

If the Investment Vehicle receives redemption requests for Investment Vehicle Interests in respect of any NAV Determination Date for which the CECO Directors determine in their absolute discretion there is insufficient liquidity in the Investment Vehicle to meet those redemption payments in whole or in part, then the CECO Directors are entitled to reduce the requests rateably amongst all Investment Vehicle Interest Holders seeking to redeem Investment Vehicle Interests as of the relevant NAV Determination Date. In such event, the Investment Vehicle will carry out redemptions up to the percentage limit that the CECO Directors will have determined. Investment Vehicle Interests which are not redeemed but which would otherwise have been redeemed will be redeemed as of the next NAV Determination Date (subject to further deferral if applicable) on a preferential basis to any other Investment Vehicle Interests for which subsequent redemption requests have been received.

The CECO Directors intend not to exercise such power to defer redemptions except to the extent they consider that existing Investment Vehicle Interest Holders would otherwise be materially disadvantaged or that such exercise is necessary to comply with applicable law or regulation.

The deferred redemption provisions set out above in relation to the Investment Vehicle will apply equally in relation to the Conversion Vehicle and the Conversion Vehicle Interests with the exception that any references to "NAV Determination Date" should be read as "Investment Vehicle Valuation Date".

### **Compulsory redemption**

The Investment Vehicle may, on giving not less than 180 days' irrevocable notice to all Investment Vehicle Interest Holders, redeem the entirety (not just a portion) of the outstanding Investment Vehicle Interest as of any NAV Determination Date as of which the Investment Vehicle Net Asset Value is less than €50 million. Any such redemption of Investment Vehicle Interests shall be at their respective Series NAV. In addition, the Investment Vehicle may (at the discretion of the CECO Directors) redeem in full any Series of Investment Vehicle Interests with a Series NAV of less than €25 million.

### **SUSPENSION OF CALCULATIONS, PAYMENTS, SUBSCRIPTIONS AND REDEMPTIONS IN RESPECT OF THE INVESTMENT VEHICLE AND THE CONVERSION VEHICLE**

The suspension provisions set out below in relation to the Investment Vehicle will apply equally in relation to the Conversion Vehicle and the Conversion Vehicle Interests with the exception that any references to "NAV Determination Date" should be read as "Investment Vehicle Valuation Date".

The CECO Directors may by resolution and on the advice of the Investment Vehicle Manager suspend all calculations, payments, subscriptions and redemptions under all of the outstanding Investment Vehicle



Interests (including the Company Investment Vehicle Interests) (an “**Investment Vehicle Suspension**”) if any of the following events (each a “**Suspension Event**”) has occurred:

- when one or more stock exchanges or organised securities markets or foreign exchange markets, which provide for the basis of valuing a substantial portion of the Investment Vehicle’s assets, are closed other than for or during holidays, or if dealings therein are restricted or suspended;
- as a result of political, economic, military or monetary events or circumstances outside the control, responsibility and power of the Investment Vehicle including (without limitation) delays in settlement or registration of securities transactions, in the opinion of the CECO Directors, the disposal of the assets of the Investment Vehicle is not reasonably practicable without materially and adversely affecting and prejudicing the interests of Investment Vehicle Interest Holders;
- a breakdown of the means of valuing of any Investment or if, for any reason, the value of any asset of the Investment Vehicle which is material in relation to the Investment Vehicle Net Asset Value (as to which the CECO Directors shall have sole discretion, acting in good faith) may not be determined as rapidly and accurately as required;
- as a result of currency exchange restrictions or other restrictions affecting the transfer of funds, transactions on behalf of the Investment Vehicle are rendered impracticable within the time periods required by the Investment Vehicle to perform its obligations satisfactorily, or purchases, sales, deposits and withdrawals of the assets of the Investment Vehicle cannot be effected at the normal rates of exchange, as determined by a resolution of the CECO Directors; or
- if, at the discretion of the CECO Directors, the Series NAV may not be ascertained or determined for any other reason or if it is necessary or desirable to do so in order to protect the Investment Vehicle or the Investment Vehicle Interest Holders.

Notice of any Investment Vehicle Suspension will be given without delay to all Investment Vehicle Interest Holders. The Investment Vehicle will take all reasonable steps to bring any Investment Vehicle Suspension to an end as soon as reasonably practicable and may lift an Investment Vehicle Suspension at any time and, if in continuance, will be required to ensure that the CECO Directors will have certified to all Investment Vehicle Interest Holders (including the Company), no less frequently than every 90 days, that a Suspension Event has occurred and is continuing.

On the occurrence of such an Investment Vehicle Suspension (which may continue until lifted as set out above) no issue, redemption or income payment of Investment Vehicle Interests will take place. Any redemption or income payment that would have occurred but for the Investment Vehicle Suspension will be postponed to take effect as of the first NAV Determination Date that falls after the applicable Investment Vehicle Suspension has been lifted. In addition, the Investment Vehicle reserves the right to withhold payments of redemption proceeds in respect of Investment Vehicle Interests that have been redeemed as of a NAV Determination Date that occurred prior to such Investment Vehicle Suspension until after the Investment Vehicle Suspension is terminated. Such right will be exercised in circumstances where the CECO Directors believe that to make such payments during the period of Investment Vehicle Suspension would materially and adversely affect and prejudice the interests of the remaining Investment Vehicle Interest Holders. If a request for redemption of Investment Vehicle Interests is not withdrawn, the redemption will take place as of the first NAV Determination Date following termination of the Investment Vehicle Suspension.

In addition the CECO Directors have the right to postpone any Investment Vehicle Valuation Date and, therefore, any NAV Determination Date (with a corresponding postponement in respect of payment days related thereto), for up to one Business Day without the requirement to give notice to Investment Vehicle Interest Holders if, in the opinion of the CECO Directors, a significant portion (likely to be 5 per cent. or more) of the Investment Vehicle Net Asset Value cannot be valued on an equitable basis and such difficulty is expected by the CECO Directors to be overcome within that period.

## REPORTING TO INVESTORS, STATEMENTS AND MEETINGS

**All reporting and meeting provisions set out below in relation to the Investment Vehicle will apply equally in relation to the Conversion Vehicle and the Conversion Vehicle Interests.**

The Investment Vehicle reports to its Investment Vehicle Interest Holders (including the Company) on the basis described below.

Annually, CECO will produce financial statements prepared in accordance with generally accepted accounting principles in Luxembourg in respect of CECO generally and the Investment Vehicle specifically. In addition, CECO will be able to produce financial statements prepared in accordance with International Financial Reporting Standards (IFRS) in relation to the Investment Vehicle and the Conversion Vehicle. Pursuant to the terms of the Company Investment Vehicle Interests, the Investment Vehicle will provide the Company with all information required to fulfil the Company's reporting obligations as a reporting fund. These financial statements will be audited by Ernst & Young S.A. and are required to be delivered by 31 March following the financial year end of 31 December.

Monthly reports are issued to Investment Vehicle Interest Holders (including the Company) by or on behalf of the Investment Vehicle that currently provide the following information as of each month end Investment Vehicle Valuation Date (and delivered within 20 business days thereof):

- monthly Series NAV;
- five largest issuers, the percentage that each represents of the Investment Vehicle's Gross Assets and their respective countries and industries;
- portfolio breakdown by type (that is, loans or bonds), country, currency and industry;
- percentage of the Investment Vehicle's Portfolio in floating and fixed rate investments;
- weighted average price, yield to maturity, current yield, coupon and floating rate plus margin of the Portfolio;
- information on hedging arrangements and leverage arrangements (to the extent the Investment Vehicle employs any leverage facility); and
- look through reporting to underlying assets, to provide aggregate information on the rating, spread duration and market value and currency.

In addition, a quarterly "transparency report" is issued to Investment Vehicle Interest Holders (including the Company) by or on behalf of the Investment Vehicle that classify assets into the following three pricing categories as of each quarter end Investment Vehicle Valuation Date (and delivered within 20 business days thereof):

- pricing service;
- broker quotes; and
- model price.

The information provided in the monthly and quarterly reports is subject to such amendments as the CECO Directors determine from time to time to be commercially appropriate to Investment Vehicle Interest Holders (including the Company).

All financial statements, notices and other documents will be sent, for joint holders of Investment Vehicle Interest Holders, to the holder who is named first in the register of holders of Investment Vehicle Interests of the Investment Vehicle at his registered address. In addition, pursuant to the terms of the Company Investment Vehicle Interests, CECO has agreed that it will deliver on behalf of the Investment Vehicle to the Company as the holder of the Company Investment Vehicle Interests, weekly estimates of the Series NAV in respect of those Company Investment Vehicle Interests and all such information as the Company may require to: (i) disclose to its Shareholders on an on-going basis to ensure that Shareholders have access to the same information as direct investors in the Investment Vehicle; and (ii) fulfil its reporting obligations as a reporting fund.

CECO is required to hold regular annual general meetings. However, as Investment Vehicle Interest Holders are not shareholders of CECO, they have no specific right to receive notice of, attend, speak or vote at any such general meeting.

## **CECO DIRECTORS**

The CECO Directors are responsible for the overall management and control of the Investment Vehicle and the Conversion Vehicle in accordance with the CECO articles of incorporation and the terms and conditions of the Investment Vehicle Interests and of the Conversion Vehicle Interests, respectively. The CECO Directors review the operations of the Investment Vehicle and the Conversion Vehicle at regular meetings and will meet at least quarterly. For this purpose, the CECO Directors receive periodic reports from the Investment Vehicle Manager detailing the performance of the Investment Vehicle and the Conversion Vehicle and providing analysis of the Portfolios. The Investment Vehicle Manager also provides such other information as may from time to time be reasonably required by the CECO Directors for the purpose of such meetings.

The CECO Directors, all of whom are non-executive, are listed below. Jonathan Bowers and Brandon Bradkin are employees of the Investment Vehicle Manager and Brandon Bradkin together with Simon Riley and Douglas Maccabe, are directors, but not employees, of CVC Investment Services.

### **Jonathan Bowers**

Jonathan was appointed as a CECO Director on 2 December 2010. He is a founding partner of CVC Cordatus (a predecessor to CVC Credit Partners Group). Jonathan has over 20 years of investment banking and investment management experience. Previously, he was a senior director of the European leveraged finance group at Deutsche Bank (Bankers Trust), originating and structuring numerous financings for leveraged buyouts, public to privates and corporate re-financings across senior, mezzanine, high yield and PIK investments. Prior to this, Jonathan worked in mergers and acquisitions at Charterhouse Bank after having completed the Citibank analyst programme in London and New York. He is a partner, member of the board of directors and portfolio manager at the Investment Vehicle Manager, responsible with Andrew Davies for portfolio management of the Investment Vehicle and the Conversion Vehicle. Jonathan holds an MA in French and History from the University of Oxford.

### **Brandon Bradkin**

Brandon was appointed as a CECO Director on 3 May 2013 and is a partner and member of the board of directors of the Investment Vehicle Manager. Prior to joining CVC Credit Partners as a Partner, Brandon spent six years at Park Square Capital where he was a Partner and member of its investment committee. Before joining Park Square, he was a Managing Director at Dresdner Anschutz Mezzanine Fund. Previously, Brandon helped lead the restructuring and sale of two distressed portfolio companies. He has also been a Vice President in Investment Banking at Chase in London. Brandon began his career at O'Melveny & Myers LLP in Los Angeles after clerking for Judge John Minor Wisdom. Brandon has a J.D. from Harvard Law School and an A.B. from Harvard College.

### **Mark DeNatale**

Mark was appointed as a CECO Director on 13 March 2014 and is a Partner and Global Head of Trading at CVC Credit Partners. Prior to joining CVC Credit Partners Group, Mark spent 17 years at Goldman Sachs where he was a Managing Director and Head of Loan Trading, managing risk across distressed, stressed and performing credit. Mark actively invested and traded across the capital structure including loans, bonds, equities and derivatives; he was also instrumental in developing a European loan trading platform. Mark is a former member of the board of directors of the Loan Syndications and Trading Association and graduated from Boston College in 1994.

### **Douglas Maccabe**

Douglas was appointed as a CECO Director on 13 December 2011. Douglas has worked in the financial services industry since graduating in 1978 from Exeter University with combined honours in Economic History and Economics. After three years working for Whinney Murray (now Ernst & Young LLP) Douglas joined Chase Manhattan Bank NA (now JPMorgan) and worked in various cash management, finance/strategy and financial market roles before transferring to Jersey as vice president, treasurer offshore markets.

Following the merger with Chemical Bank, Douglas left to start up a new division for Mourant, building one of the largest in-house treasury and banking units in the offshore trust company arena. During his tenure at Mourant (now State Street), Douglas also served on a number of client boards and undertook the Institute of Directors Chartered Director Programme.

### **Maxence Monot**

Maxence was appointed as a CECO Director on 13 November 2013. Maxence is a senior manager of Saltgate and has over 10 years' experience in Luxembourg alternative investment funds and investment vehicles. His area of expertise at Saltgate is mainly focused on legal and regulatory matters.

Prior to joining Saltgate, Maxence previously worked at Deloitte Luxembourg for 7 years as senior manager of the Regulatory Consulting department and at Deloitte's preferred law firm D.Law. Previously, Maxence worked at Linklaters Luxembourg for 3 years as a lawyer specialized in tax issues related to real estate and private equity structures as well as investment funds.

Maxence holds an LLM in international business law from the University of Warwick, UK. He also graduated with a DESS in business law from University of Burgundy, France. Maxence is fluent in English and French.

### **Russell Proffitt-Perchard**

Russell was appointed as a CECO Director on 2 December 2010. Russell is also a director of Saltgate, the Investment Vehicle Registrar and Investment Vehicle Corporate Service Provider. Russell has over 11 years' experience of alternative asset fund and other offshore structures. At Saltgate, Russell currently oversees the accounting, financial reporting, administration and corporate governance of a portfolio of both regulated and unregulated private equity and real estate structures.

Russell has spent the last six years in Luxembourg managing teams specialising in providing administration and accounting services to Luxembourg companies and funds with a focus on mezzanine, private equity and real estate investments. Prior to this Russell worked for Mourant International Finance Administration, a Jersey based international administration firm reporting on mid-size and large private equity funds under IFRS, US GAAP and European Venture Capital Association (or EVCA) level II.

He is a prize winning Association of Chartered Certified Accountants (or ACCA) qualified accountant (2005). In 1999, he graduated from the University of Sheffield with an upper second class Mathematics and Economics (Dual Hons) BA degree and has recently completed an international Executive MBA program with Kellogg (USA) and WHU — Otto Beisheim School of Management (Germany).

### **Simon Riley**

Simon was appointed as a CECO Director on 2 December 2010. Simon is a director of Saltgate Limited and SJT Limited and has over twelve years' experience of alternative asset fund structures and other offshore structures.

Simon joined Saltgate Limited in 2007. Prior to joining Saltgate Limited he spent three years at a large Jersey administrator where he managed a team providing all aspects of administration and accounting services to small and mid-market real estate and private equity fund structures. Simon was admitted as a member of the Institute of Chartered Accountants in England and Wales in 2003 having trained with Arthur Andersen and Deloitte. In 1999, he graduated from the University of Nottingham with an upper second class Geography (Hons) BSc degree.

### **CECO DIRECTORS' INTERESTS**

CECO's articles of incorporation contain, among others, provisions relating to CECO Directors that provide that a CECO Director may be a party to, or otherwise interested in, any transaction or arrangement with the Investment Vehicle or the Conversion Vehicle or in which the Investment Vehicle or the Conversion Vehicle is otherwise interested; provided, however, that, if a Director has a personal interest (rather than any interest that may arise by virtue of any office or corporate position that the CECO Director may hold) in any contract or transaction, then any such interest must be disclosed to the other CECO Directors and the relevant CECO Director may not consider or vote on such transaction. Further information about the CECO Directors and their interests is provided in the section entitled "CECO Directors' and Other Interests" in Part X of this Prospectus.

## MANAGEMENT AND PERFORMANCE FEES PAYABLE BY THE INVESTMENT VEHICLE AND THE CONVERSION VEHICLE

The management fee, performance fee and administration and other fees disclosed in this section (with the exclusion of establishment fees) applicable to the Investment Vehicle apply *mutatis mutandis* to the Conversion Vehicle in respect of the period prior to Conversion.

The Investment Vehicle is required to pay certain fees and expenses to its service providers as follows:

### Investment Management Fees and Performance Fees

The Investment Vehicle pays a base management fee at an annual rate of 1.00 per cent. of each Series NAV (before deduction of the base management fee or any performance fee) ("**Investment Vehicle Investment Management Fee**") to CVC Investment Services. The Investment Vehicle Investment Management Fee is payable monthly in arrear.

In addition to the Investment Vehicle Investment Management Fee, CVC Investment Services may be entitled to payment of a performance fee (the "**Investment Vehicle Performance Fee**"), calculated annually in respect of each Series of Investment Vehicle Interests and payable in cash. This fee will be an amount equal to 15 per cent. of the Excess Total Return (if any) in respect of all Investment Vehicle Interests of the relevant Series in issue as at the close of business on 31 December in the relevant year (the "**Calculation Date**"). The "**Excess Total Return**" will be a monetary amount equal to the amount by which the sum of (a) the increase in the relevant Series NAV (before taking account of all accruals in respect of the Investment Vehicle Performance Fee) and (b) all distributions payable in respect of Investment Vehicle Interests of the relevant Series, in each case over the period (the "**Calculation Period**") from the first Business Day following the previous Calculation Date (or, as the case may be, the date of the first issue of Investment Vehicle Interests of the relevant Series to the Company following their initial issue date (the "**Initial Issue Date**")) to the Calculation Date, exceeds both: (i) the Hurdle; and (ii) the High Water Mark. The "**Hurdle**" will be 5.0 per cent. per annum multiplied by the relevant Series NAV as at the first Business Day of the relevant Calculation Period (or, as the case may be, the Initial Issue Date) *pro rated* in respect of the year in which the Initial Issue Date occurs to reflect the period between the date of issue of the relevant Investment Vehicle Interests and the Calculation Date and in respect of the Investment Vehicle Interests redeemed during a Calculation Period; and the "**High Water Mark**" will be the relevant Series NAV as at the Calculation Date in respect of which an Investment Vehicle Performance Fee was last paid (or, if no such fee has been paid, the relevant Series NAV as at the Initial Issue Date). Where any Investment Vehicle Interest is redeemed during a Calculation Period a performance fee calculation will also be made in respect of such Investment Vehicle Interests as at the relevant Investment Vehicle Redemption Date. In circumstances where further Investment Vehicle Interests of the relevant Series are issued to the Company from time to time in reflection of further issues of Shares or Treasury Share Sales appropriate equalisation adjustments may be made to the issue price of the corresponding Investment Vehicle Interests of the relevant Series in order to take account of any accrual of Investment Vehicle Performance Fee at the relevant time.

CVC Persons may be reimbursed for certain of the Investment Vehicle Investment Management Fees and Investment Vehicle Performance Fees with respect to their Investment Vehicle Interests (held directly and, to the extent that CVC Persons invest in the Company, indirectly), such that the net effect is the Investment Vehicle Interests held by CVC Persons pay lower fees than the Investment Vehicle Interests held by other direct investors in the Investment Vehicle (including the Company). CVC Persons will not hold Conversion Vehicle Interests. CVC Investment Services expects to operate an MFN Policy (see below) with respect to the Investment Vehicle and reserves the right to rebate fees to significant investors as well as to CVC Persons, as outlined above.

An "**MFN Policy**" is a 'most favoured nation' policy under which CVC Credit Partners agrees to disclose the relevant fee terms to certain investors that are of equal or greater commercial significance to CVC Credit Partners (including, but not limited to, the size of the investment in the Investment Vehicle) as other investors who have received fee terms that are more favourable than generally provided and provides the opportunity for such investors to invest as appropriate on some of such terms. For the avoidance of doubt, the Company will not be treated as a single investor for the purpose of accessing such terms. It is expected that any such policy will carve out CVC Persons.



During the continuance of an Investment Vehicle Suspension, the Investment Vehicle Investment Management Fees and any Investment Vehicle Performance Fee shall be accrued by reference to the Series NAV on any substitute day agreed by the CECO Directors or, if none can be agreed, by reference to the Series NAV as of the last Investment Vehicle Valuation Date on which the Investment Vehicle Administrator was able to determine the Series NAV. However, no Investment Vehicle Performance Fee shall be paid until the Business Day on which the Investment Vehicle Administrator is next able to determine the Series NAV and redeem investors accordingly.

CVC Investment Services may pay placement commissions out of its Management Fees and Performance Fees to third parties including Goldman Sachs and Dexion. It is expected that Goldman Sachs will receive on-going fees, payable for up to five years from the date of each Placing, in respect of its placement of certain Investment Vehicle Interests (including certain Company Investment Vehicle Interests).

### **Administration and other fees**

Costs and expenses incurred in connection with the organisation and on-going administration of the Investment Vehicle, including, but not limited to professional fees and expenses in connection with the preparation and distribution of the Investment Vehicle's offering documents, the preparation of its basic corporate and contract documents, the initial and on-going offer and sale of Company Investment Vehicle Interests, will be borne by the Investment Vehicle. The establishment expenses of the Investment Vehicle amounted to €414,000 and are being amortised in its books over its first five years up to 31 December 2016, the Investment Vehicle will accrue an expense of €82,800 per annum, which will be allocated on a pro rata basis to each Series of Investment Vehicle Interests, including those held by the Company.

The establishment expenses of the Conversion Vehicle will be expensed in the first month following issuance of the Conversion Vehicle Interests.

In addition to the Investment Vehicle Investment Management Fee and the Investment Vehicle Performance Fee, the Investment Vehicle incurs on-going annual expenses, including paying the following material expenses in relation to the Investment Vehicle to:

- Citibank International plc (Luxembourg Branch) and its affiliates (in their various capacities as Investment Vehicle Administrator, Investment Vehicle Issuing and Paying Agent, Investment Vehicle Paying Agent and Investment Vehicle Custodian) fees of approximately 0.11 per cent. per annum of the Investment Vehicle Net Asset Value. In addition, Citibank International plc (Luxembourg Branch) and its affiliates receive certain other fees (for audit support and compliance monitoring) that, in total, amount to €82,000 per annum. In addition, all reasonable out of pocket fees are also payable. All such fees and expenses are invoiced monthly in arrears;
- Saltgate S.A. (in its capacity as Investment Vehicle Registrar) fees charged on a fixed basis and on a time spent basis if outside the ordinary course of business. All such fees and expenses are invoiced quarterly in arrears;
- Saltgate S.A. (in its capacity as Investment Vehicle Corporate Service Provider) fees charged on a fixed basis at €140,000 per annum for both registrar services and corporate service provision and on a time spent basis if outside the ordinary course of business. All such fees and expenses are invoiced quarterly in arrears; and
- CECO Directors: please refer to the section entitled "CECO Directors' Remuneration" in Part X of this Prospectus.

Each of the officers, agents and service providers of the Investment Vehicle referred to above are those currently contracted to CECO in respect of the Investment Vehicle and may be terminated, supplemented and/or replaced in accordance with the terms of the applicable contracts, all as outlined in more detail in the section entitled "Material Contracts" in Part X of this Prospectus.

The officers, agents and service providers of the Conversion Vehicle are appointed to act in respect of all Compartments of CECO and pursuant to terms substantially similar to those set out above and as set out in more detail in the section entitled "Material Contracts" in Part X of this Prospectus.

## PART III: THE INVESTMENT VEHICLE MANAGER

### OVERVIEW

CVC Credit Partners Investment Management Limited<sup>17</sup> is a subsidiary of CVC Credit Partners LP (“**CVC Credit Partners Group**”). CVC Credit Partners Group had US\$10.3 billion of assets under management as of 31 December 2013<sup>18</sup>. CVC Credit Partners Group manages the investments of multiple investment vehicles and funds focused on investments in sub-investment grade companies in both Europe and the U.S., including the Investment Vehicle and the Conversion Vehicle. As at 28 February 2014, CVC Credit Partners Group has 34 investment professionals based in London and New York.

CVC Group is one of the world’s largest private equity and investment advisory firms by total funds raised. CVC Group’s private equity business is known as “**CVC Capital Partners**”. CVC Capital Partners was originally established in 1981 as part of the Citibank group of companies. CVC Capital was an early entrant into the European private equity sector, establishing its first third-party private equity fund in 1990. In 1993, CVC Capital Partners was acquired by its management and ceased to be part of the Citibank group. As at 31 December 2013, CVC Capital Partners had secured aggregate commitments of US\$69 billion (including CVC Credit Partners Group, US\$59 billion excluding CVC Credit Partners Group) from over 300 institutional, governmental and private investors worldwide and established itself as the largest European-based, and one of the world’s leading, private equity groups (by funds raised). It has made over 300 investments in a wide range of industries and countries. As of 31 December 2013, CVC Funds were invested in over 55 companies worldwide which employ over 375,000 people and generate combined annual sales of approximately US\$115 billion. The CVC Group employs approximately 160 investment professionals, as at 28 February 2014, across 20 offices throughout Europe, Asia and the United States.

In December 2011, CVC Group agreed to merge its European credit business with Apidos Capital Management (“**Apidos**”), the sub-investment grade credit manager of Resource America, to create CVC Credit Partners Group, a global credit manager specialising in sub-investment grade corporate debt. CVC Credit Partners Group was ranked in the top decile in both Europe and the U.S. with respect to the CLO vehicles that it manages, measured by average equity distributions since inception<sup>19</sup>. In addition, the firm has been recognised by Creditflux magazine as the “Best CLO Manager” 2012 (a global award at the Creditflux Manager Awards 2012) and “Best boutique European CLO Manager 2011”. CVC Credit Partners Group investing clients include banks, insurance companies, sovereign wealth funds and asset management companies.

The Investment Vehicle Manager is regulated by the FCA. In addition to acting as Investment Vehicle Manager for the Investment Vehicle and the Conversion Vehicle, CVC Credit Partners Investment Management Limited acts as investment manager to certain other Compartments established within CECO as well as a separate investment entity. As at 31 December 2013, three CLO vehicles managed by another CVC Credit Partners Group entity, CVC Credit Partners Limited<sup>20</sup> under a sub-collateral manager agreement, had a total of US\$1,775.9 million<sup>21</sup> in assets under management. As at the date hereof, the Conversion Vehicle had no assets under management. As an affiliate of CVC Group and a manager of multiple funds and investment vehicles, the Investment Vehicle Manager has detailed conflicts and allocation policies. (For more information on such policies, please refer to the sections entitled “Conflicts of Interest” and “Allocation Policy” in this Part III of this Prospectus.)

17 CVC Credit Partners Investment Management Limited is incorporated in the United Kingdom on 16 November 2010 with company registration number 07441828 and prior to 24 April 2012 was known as CVC Cordatus Investment Management Limited.

18 Based on the average USD/EUR exchange rate for 2013.

19 Measured in terms of CLO equity returns net of fees since inception.

20 CVC Credit Partners Limited is regulated by the FCA and is registered in the United Kingdom.

21 Based on the average USD/EUR exchange rate for 2013.

## Senior Management of CVC Credit Partners Group

The following are the partners and managing directors within the CVC Credit Partners Group (those based in Europe being denoted with an asterisk):

<u>Name</u>	<u>Title</u>	<u>Years' Experience</u>
Marc Boughton*	Managing Partner	29
Stephen Hickey	Partner, Chief Investment Officer	26
Christopher D. Allen	Partner, Chief Operating Officer	22
Gretchen L. Bergstresser	Partner, Senior Portfolio Manager	26
Jonathan Bowers*	Partner, Senior Portfolio Manager	21
Brandon Bradkin*	Partner	22
Mark DeNatale	Partner, Global Head of Trading	20
Tom Newberry	Partner, Head of Private Funds	29
Oscar Anderson	Managing Director, Portfolio Manager	22
Caroline Benton	Managing Director	16
Neale Broadhead*	Managing Director, Portfolio Manager	27
Scott Bynum	Managing Director, Portfolio Manager	9
Andrew Davies*	Managing Director, Portfolio Manager	12
Benjamin Edgar*	Managing Director	15
Ran Landmann*	Managing Director	15
Stuart Levett*	Managing Director	15
Kevin O'Meara	Managing Director, Assistant Portfolio Manager	12
Philip Raciti	Managing Director, Portfolio Manager	13

### ***Marc Boughton — Managing Partner***

Marc joined the Investment Vehicle Manager in 2008 from CVC Capital after spending 13 years in CVC Capital's private equity business. Whilst at CVC Capital Partners, Marc set up and managed CVC Capital Partners' financing team that advises, structures and arranges financing for CVC Capital Partners' deals. Marc was a member of CVC Capital Partners' investment and portfolio committees. Prior to joining CVC Capital Partners, Marc worked for Electra Partners and at Deloitte Haskins & Sells (now PricewaterhouseCoopers) as a qualified chartered accountant where he specialised in corporate recovery and investigations. Whilst at CVC Capital Partners, Marc was a board director of, among others, Acordis, Armacell, Amatek, Building & Property, Flint, Trench, and Wavin. Marc is a main board director of the Investment Vehicle Manager's ultimate parent and is managing partner of the Investment Vehicle Manager. Marc also sits on the board of directors of the Investment Vehicle Manager.

### ***Stephen Hickey — Partner, Chief Investment Officer***

Stephen joined CVC Credit Partners in April 2012 from Goldman Sachs where he spent 20 years in various senior roles, including global head of leverage finance, co-head of global loans, member of the firmwide risk and firmwide capital committees and head of loan sales and secondary trading (proprietary investing and flow trading). Stephen was a partner at Goldman Sachs from 2004 to 2011. Prior to re-joining Goldman Sachs, Stephen was a managing director and head of loan syndications, sales and trading at Donaldson Lufkin & Jenrette (or DLJ), after starting the business at DLJ in 1996. Stephen was a member of the board of directors for the Loan Syndications and Trading Association from 2001 to 2006. Stephen earned a JD and an MBA from Columbia University in 1987 and a BA from Yale University in 1983. He is a member of the State of Connecticut Bar.

### ***Christopher D. Allen — Partner, Chief Operating Officer***

Christopher is the Chief Operating Officer of CVC Credit Partners LLC. Previously, he co-founded Apidos Capital in 2005 where he was in charge of the oversight of the global leveraged loan platform, business development and strategic initiatives. Prior to founding Apidos Capital in 2005, he was a Senior Managing Director of Resource America, where he helped grow the firm's asset management business. Before 2003, he was a Vice President at Trenwith Securities and an Associate at Citicorp Venture Capital focusing on management buyouts, private equity and debt transactions. Christopher received his B.A. from Harvard University and received his J.D. from New York University School of Law.

***Gretchen L. Bergstresser — Partner, Senior Portfolio Manager***

Gretchen is the Senior Portfolio Manager and Head of U.S. Performing Credit for CVC Credit Partners. Previously, she co-founded Apidos Capital in 2005 where she had a similar role and responsibility. Over her more than 20 years in the industry, she has worked at Eaton Vance, Bank of Boston, ING and other financial institutions. She earned an M.B.A. from Boston University, an M.S. in Chemistry from the Pennsylvania State University and a B.S. from St. Lawrence University.

***Jonathan Bowers — Partner, Senior Portfolio Manager***

Jonathan, who also serves as a director of CECO, founded CVC Cordatus (a predecessor to CVC Credit Partners Group). Jonathan has over 20 years of investment banking and investment management experience. Previously he was a senior director in the European leveraged finance group at Deutsche Bank (Bankers Trust), originating and structuring numerous financings for leveraged buyouts, public to privates and corporate re-financings across senior, mezzanine, high yield and PIK investments. Prior to this, Jonathan worked in mergers and acquisitions at Charterhouse Bank after having completed the Citibank analyst programme in London and New York. He is a partner, member of the board of directors and portfolio manager at the Investment Vehicle Manager, responsible with Andrew Davies for portfolio management of the Investment Vehicle and the Conversion Vehicle. Jonathan holds an MA in French and History from the University of Oxford.

***Brandon Bradkin — Partner***

Prior to joining CVC Credit Partners, Brandon spent six years at Park Square Capital where he was a Partner and member of its investment committee. Before joining Park Square, he was a Managing Director at Dresdner Anschutz Mezzanine Fund. Previously, Brandon helped lead the restructuring and sale of two distressed portfolio companies. He has also been a Vice President in Investment Banking at Chase in London. Brandon began his career at O'Melveny & Myers in Los Angeles after clerking for Judge John Minor Wisdom. Brandon has a J.D. from Harvard Law School and an A.B. from Harvard College. Brandon also serves as a director of CECO and is a member of the board of directors of the Investment Vehicle Manager.

***Mark DeNatale — Partner, Global Head of Trading***

Mark is a Partner and Global Head of Trading at CVC Credit Partners. Prior to joining CVC Credit Partners Group, Mark spent 17 years at Goldman Sachs where he was a Managing Director and Head of Loan Trading, managing risk across distressed, stressed and performing credit. Mark actively invested and traded across the capital structure including loans, bonds, equities and derivatives; he was also instrumental in developing a European loan trading platform. Mark is a former member of the board of directors of the Loan Syndications and Trading Association and graduated from Boston College in 1994.

***Tom Newberry — Partner, Head of Private Funds***

Tom joined the CVC Credit Partners Group in 2012 after spending 11 years at Credit Suisse, where he was a managing director and head of global leveraged finance capital markets and syndicated loans. In this capacity, he was responsible for the underwriting of all high yield bond, mezzanine and syndicated loan transactions, as well as the sale and trading of both par and distressed loan assets. Tom joined Credit Suisse in November 2000 when Credit Suisse First Boston (or CSFB) merged with DLJ, where he was a managing director and head of U.S. loan capital markets. He joined DLJ in 1996 from Deutsche Bank where he was a managing director and head of North American loan syndications, responsible for all aspects of syndicated loan underwriting and distribution. Prior to that, Tom worked at Toronto-Dominion Securities and NCNB National Bank. Tom served on the board of directors of the Loan Syndication & Trading Association for six years, acting as both chairman and vice chairman. Tom received his BA from the University of Virginia in 1984.

***Oscar Anderson — Managing Director, Portfolio Manager***

Oscar joined Apidos (a predecessor to CVC Credit Partners Group) in December 2008. In June 2007, Oscar co-founded Tri-Mountain Partners, LLC, an alternative investment management business focused on hedge fund and direct private equity investments. Previous associations: Director in the high yield sales and trading group of Wachovia Securities in New York City, Executive Director in the leveraged finance group of CIBC World Markets, Equity Research Associate in the Investment Management Policy Group at Brown Brothers Harriman & Co., investment banking analyst at Solomon Brothers Inc. Oscar received his BA from Harvard University.

***Caroline Benton — Managing Director***

Caroline joined CVC Credit Partners Group in July 2013. Previously, Caroline spent 15 years at Goldman Sachs in proprietary investing and risk management functions in the Special Assets, Global Bank Loan Distressed Investing, and Special Situations Investing groups within the Fixed Income division. Caroline holds a BA in Economics and Managerial Studies from Rice University.

***Neale Broadhead — Managing Director, Portfolio Manager***

Neale joined CVC Credit Partners in 2014 from Lloyds Banking Group, where he was a Managing Director and Head of the Mid Market Acquisition Finance Group which he founded in 2004. Prior to this, Neale worked as Executive Director and Originator at BNP Paribas arranging and underwriting mid market debt facilities in the UK and Europe. Neale holds a BSc (Hons) in Economic History from the University of Wales.

***Scott Bynum — Managing Director, Portfolio Manager***

Scott joined CVC Credit Partners Group in January 2013. Prior to joining the Investment Vehicle Manager, Scott spent eight years at Goldman Sachs where he was a Vice President in a proprietary investing capacity. During the most recent six years at Goldman Sachs, he was in the Global Bank Loan Distressed Investing group where he was responsible for hedging and portfolio analytics as well as leading investments across the capital structure in public and private companies. For the prior two years, Scott was an analyst in the Relative Value Trading group within the Structured Credit division. Scott graduated magna cum laude with a B.S.E from Princeton University.

***Andrew Davies — Managing Director, Portfolio Manager***

Andrew joined CVC Credit Partners Group in 2010. Andrew has 12 years of debt capital markets, corporate finance advisory and investment management experience. Most recently, Andrew was at GSC Group (formally Greenwich Street Capital Partners) in London where he was responsible for trading, sourcing, analysis and portfolio management across investment strategies. Prior to this, Andrew provided corporate finance advice to technology and media start-ups at Cobalt Corporate Finance after spending five years at Bear Stearns International's European merger and acquisition finance and fixed income trading. Andrew is a managing director and portfolio manager of the Investment Vehicle Manager, responsible with Jonathan Bowers for portfolio management of the Investment Vehicle and the Conversion Vehicle.

***Benjamin Edgar — Managing Director***

Benjamin founded CVC Cordatus (a predecessor to CVC Credit Partners Group) in 2006. Benjamin has over 14 years of combined investment banking and structured finance experience. He joined the Investment Vehicle Manager from Alcentra where, among other things, he was responsible for analysing, investing and monitoring the technology, media and cable assets across funds. Prior to this, Benjamin spent five years within the debt products group of Deutsche Bank, focusing on structuring and syndicating leveraged finance transactions from senior to subordinated debt instruments.

***Ran Landmann — Managing Director***

Ran joined CVC Credit Partners Group in September 2013. Before that Ran covered European distressed/stressed credits including corporate, sovereign and financial names at Owl Creek Europe Management and Sandell Asset Management. Previously he worked at CVC Equity Partners focussing on European private equity and at Credit Suisse First Boston's media and telecoms team, both in London. Ran graduated with a BSc in Business Economics from Queen Mary and Westfield University, University of London.

***Stuart Levett — Managing Director***

Stuart joined CVC Credit Partners Group in April 2013. Stuart has spent more 16 years in banking with expertise in sourcing/origination, managing and trading of performing, leveraged, stressed and distressed assets. Stuart spent 8 years with Credit Suisse in sales and distressed origination and 2 years with its predecessor Donaldson, Lufkin & Jenrette, in leverage sales. More recently, Stuart was a Managing Director and senior originator of distressed assets and leverage sales at UBS, responsible for sourcing impaired and distressed single line assets, claims, equity and portfolios, trading through capital structures and asset classes. Stuart was also one of the founding members of the London trading platform for Cantor Fitzgerald in 2009.



***Kevin O'Meara — Managing Director, Assistant Portfolio Manager***

Kevin joined CVC Credit Partners in May 2007 and is responsible for covering the Gaming, Cable and Advertising-Dependent Media industries. Prior to joining CVC, Kevin spent five years at Prudential Financial where he received his formal credit training and worked as an Analyst on the company's leveraged loan platform. Kevin earned a BSc Degree in Finance from the University of Scranton and graduated with Honours with an MBA in Finance from Fordham University's Graduate School of Business.

***Philip Raciti — Managing Director, Portfolio Manager***

Philip joined Apidos (a predecessor to CVC Credit Partners Group) in March 2005 and is a portfolio manager and trader across loans, bonds, and equities. During his time at Apidos, he covered numerous industries including Technology, Semiconductors, Aerospace, Defense and Waste. Prior to joining Apidos, he spent 5 years at INVESCO Senior Secured Management as a senior credit analyst. Phillip received a BA in Politics, Philosophy and Law from Binghamton University.

**INVESTMENT PROCESS**

**Identifying Opportunities and Asset Sourcing**

The Investment Vehicle Manager expects to leverage its network of relationships and its capital resources to identify and participate in investment opportunities. These resources include those set out below.

***Network of team relationships***

The Investment Vehicle Manager generates deal flow through its network of team relationships with financial sponsors, arranging banks, management teams, corporates, financial intermediaries and other investment professionals in both Europe and the U.S. As a result of these relationships, the Investment Vehicle Manager may be consulted on structures and terms prior to deal launch subject to applicable law and regulation. This network affords the Investment Vehicle Manager's investment team the opportunity to access and select from the addressable European leveraged loan market and high yield market.

***CVC Capital Partners relationships and investments***

The Investment Vehicle Manager generates deal flow through CVC Capital Partners' relationships with financial sponsors, arranging banks, management teams, corporates, financial intermediaries and other investment professionals in both Europe and the U.S. The Investment Vehicle Manager also benefits from its affiliation with CVC Capital Partners, which provides access to a number of investment opportunities. The CVC Capital Partners financing team has strong, in-depth expertise in European investor relationships, across regional and multinational banks. This team oversees the opportunities which come through a combination of refinancings within CVC Capital's existing portfolio and new deal flow from CVC Capital's existing undrawn commitments. However, the Investment Vehicle Manager is not obliged to invest in these assets. In addition, the Investment Vehicle Manager has certain constraints on the amount of investments it can make in CVC Capital companies. For more information on these constraints, please refer to the sections entitled "Conflicts of Interest" in this Part III and "Investment Policy" in Part II of this Prospectus.

***Access to underwriting***

Underwriting is selectively used, and may be a competitive advantage in certain situations when an issuer is contemplating a strategic or primary acquisition, and where committed financing is critical. By pre-empting a broader placement process, the loan and/or bond provider can often improve the certainty for the sponsor and in return, achieve superior pricing and/or a superior risk profile for the investment.

***Access to the secondary market***

The Investment Vehicle Manager may acquire positions through the secondary market, through its experience and knowledge of the market for sub-investment grade debt instruments. Such opportunities generally arise through the access the Investment Vehicle Manager has with the investment banking, sponsor and asset management communities. The Investment Vehicle Manager uses this access to make opportunistic purchases in accordance with the investment strategy.

## **Investment Selection**

With respect to the Investment Vehicle and the Conversion Vehicle, the Investment Vehicle Manager seeks to invest in companies that meet, *inter alia*, the criteria described below.

### ***Disciplined credit selection***

The Investment Vehicle Manager utilises a stock picking approach for its investments, which consists of fundamental credit analysis, as described in the section entitled “Investment Approval Process” in this Part III of this Prospectus. The Investment Vehicle Manager has constructed a portfolio of investments for the Investment Vehicle in sub-investment grade debt obligations issued by 25 to 50 companies, across the platform of the Investment Vehicle Manager, which consists of investments in approximately 520 companies including both sponsor entities and corporates. The Portfolio is sourced from primary and secondary markets of the European leveraged finance markets and has between 40 and 70 positions, in those 25 to 50 companies, with many investee companies having multiple tranches of debt available for investment.

### ***Debt of large companies***

The Investment Vehicle Manager believes that the debt of larger companies offers a number of differing characteristics relative to the market as a whole, and that larger, broadly syndicated credits generally offer a more attractive liquidity profile than the broader European loan market. The Investment Vehicle Manager also believes that the debt of large companies offers a number of differing characteristics relative to the broader market: (i) larger, more defensive market positions; (ii) access to broader management talent; (iii) multinational operations which may reduce individual customer, sector or geographic risk and provide diverse cashflow; (iv) levers such as working capital and capital expenditure which can be managed in the event of a slowdown in economic growth; and (v) wider access to both debt and equity capital markets.

### ***Strong cash flow and near-term ability to reduce debt***

The Investment Vehicle Manager evaluates an investment in a target company based on the company’s ability to generate free cash flow and service its operational and financing obligations. This analysis takes into account historical and forecast EBITDA and margins, maintenance capital expenditure requirements, growth capital expenditures, working capital needs, cash taxes, foreign exchange risk, amortisation requirements, lease payments, interest payments and interest rate risks, as well as potential contingent cash payments from litigation, earn-outs and other possible cash uses. The Investment Vehicle Manager targets investment in companies which have demonstrated the ability to internally generate cash flow in excess of their cash needs.

### ***Strong sponsorship***

The Investment Vehicle Manager will favour investment opportunities supported by private equity firms with a strong track record, a deep “bench” of experienced investment professionals, a sustainable business model and significant financial resources. The Investment Vehicle Manager focuses on sponsors such as CVC Capital Partners and its peer group, who have a reputation for thorough due diligence, financial expertise, strong operational experience, the ability to partner with management, as well as other providers of capital, and a demonstrated willingness and ability to support portfolio companies with the appropriate level of resource.

### ***Alternative exit financing opportunities***

The ability of a company to service its indebtedness through contractual interest payments and repayment in accordance with contractual maturity is an important component of the Investment Vehicle Manager’s investment selection process. Nonetheless, the Investment Vehicle Manager may favour investment opportunities which provide multiple options to generate realisation or refinancing events. As a result, the Investment Vehicle Manager may target investments that should provide exit opportunities as a trade sale, secondary transaction or an initial public offering.

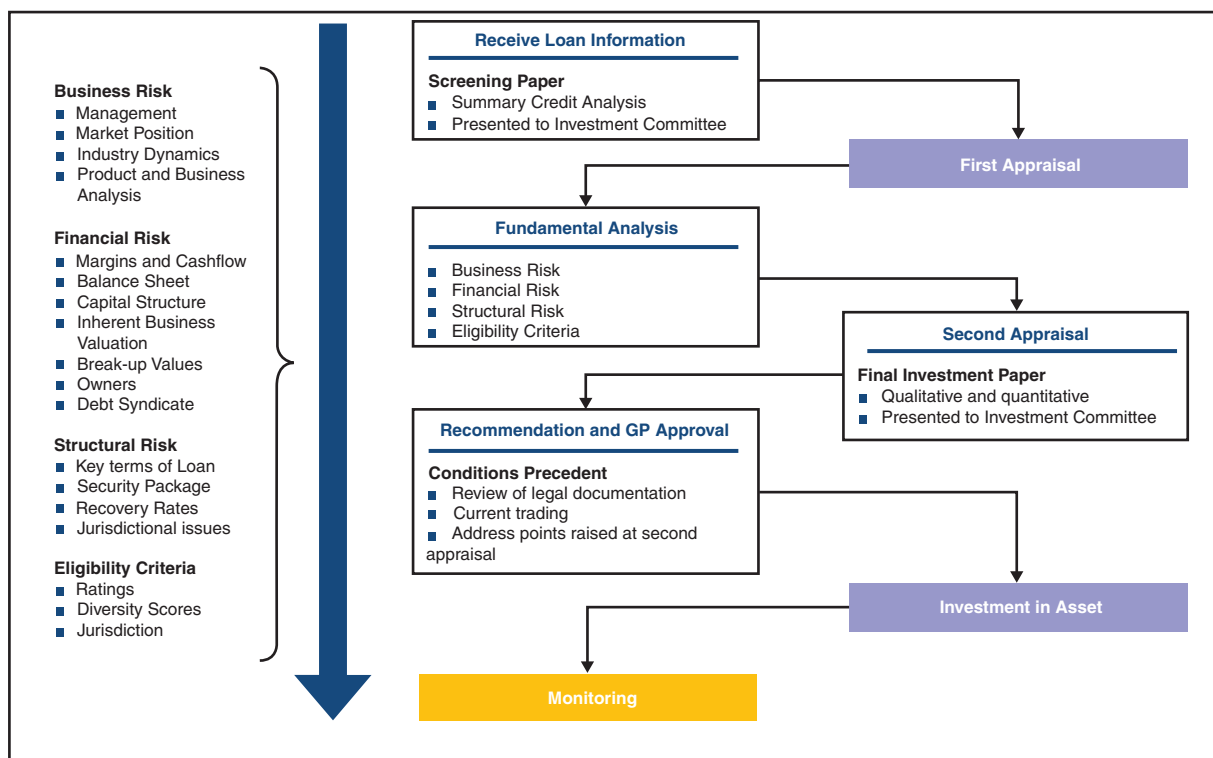
### ***Appropriate capital structure***

The Investment Vehicle Manager invests in the various tranches across the capital structure of target companies and situations, based on the Investment Vehicle Manager’s continual evaluation of relative value

across the debt instruments of such companies. In addition to its focus on Senior Secured Obligations, the Investment Vehicle Manager seeks out opportunistic investments in subordinated debt, including second lien, mezzanine and PIK instruments issued by sub-investment grade issuers that are perceived to have strong credit fundamentals.

## Investment Approval Process

The investment process concentrates on fundamental credit analysis, technical market analysis and portfolio suitability of each potential investment. The Investment Vehicle Manager subjects each investment opportunity to a rigorous and systematic credit evaluation in order to identify, analyse, mitigate and manage risks. A diagram of the Investment Vehicle Manager’s investment process is set out below:



All investment decisions of the Investment Vehicle Manager are approved by committee and supported by a team of investment analysts and other investment professionals, including throughout the wider CVC Group. The Investment Vehicle Manager’s fundamental analysis of investment opportunities can be broken down into three phases: (i) an initial screening paper of the investment, (ii) a formal investment paper requesting approval to invest and giving greater detail of the investment and (iii) a decision by the investment committee.

### Screening Paper

One of the Investment Vehicle Manager’s investment analysts “screens” potential new investments for consideration. In the event this analysis concludes that a potential investment may be an attractive and appropriate investment the analyst(s) will typically prepare a two page screening paper for consideration by committee (a “**Screening Paper**”). The Screening Paper includes basic information about the potential investment including: (i) key considerations; (ii) capital structure; (iii) leverage levels; (iv) sources and uses of capital; (v) historic revenue profitability and cash flow information; (vi) strengths, risks and focus areas for further consideration; (vii) relative value; and (viii) liquidity analysis.

This Screening Paper is then discussed at committee level and an approval at this stage results in the commencement of the next stage of the investment process, which is a production of a full “investment paper”.

### Investment Paper

After approval by committee of a Screening Paper, a full investment paper is produced by the investment analyst, which analyses the potential investment in greater detail (an “**Investment Paper**”). The Investment Paper typically includes the basic information set out in the Screening Paper, as well as the following

additional information about the potential investment including, but not limited to: (i) the transaction, the business and its positioning within its industry sector; (ii) detailed analysis of the historic financials; (iii) management base case projections; (iv) current trading and management projections of the business; (v) quality of management; (vi) legal and structural due diligence including recoverability and jurisdiction analysis; (vii) trading comparables and relative value analysis; (viii) market, trading and syndicate dynamics; and (ix) the environmental, social and governance policies of the borrower.

The final Investment Paper is then presented to the committee for approval.

### **Investment Decision**

After the review of the Investment Paper and any relevant follow-up materials, the committee determines whether to approve the investment or not. In addition to approval in committee, the analyst(s) making the recommendation must support the recommendation. Once an investment is approved it will be placed on an approved list, assigned an internal rating and the portfolio managers, working with the traders, will be able to buy and sell amounts of that specific company's debt instruments within pre-approved amount and pricing bands, a process which is set out in more detail in the section entitled "Active Portfolio Management" in this Part III of this Prospectus. As investment manager of multiple investment vehicles and funds, the Investment Vehicle Manager allocates the approved investments to specific investment vehicles and funds, such as the Investment Vehicle, in accordance with its allocation policy and each respective investment vehicle and fund's investment strategy or investment constraints. For more information on such allocation policy, please refer to the section entitled "Allocation Policy" in this Part III of this Prospectus.

### **Active Portfolio Management**

The Investment Vehicle Manager's investment professionals monitor each existing investment on an ongoing basis. The portfolio managers, working with the traders, are able to buy and sell amounts of that specific issuer's debt instruments within pre-approved amount and pricing bands. Buy, sell, reduce and hold decisions flow from the portfolio manager's monitoring and the relevant strategy of each fund or investment vehicle. Part of this monitoring includes taking into account macro-economic, credit specific and event-driven factors for each investment, the results of which portfolio managers use to make the buy, sell and hold decisions for each respective investment.

The portfolio manager's monitoring of existing investments for its buying, selling and holding decisions of investments includes some of the following factors:

- (i) macroeconomic data, which includes the analysis of: (a) global economic data, such as a country's gross domestic product (GDP); (b) investor inflows into/outflows from the relevant asset classes; (c) central bank policy; (d) exchange rate outlook; and (e) rate curves and indices;
- (ii) credit specific data, which includes the analysis of: (a) the issuer's performance, including its cash flow, de-leveraging metrics and estimated recovery value versus EBITDA performance across different levels of the capital structure as well as its actual performance versus budget; (b) the issuer's industry; (c) the relative value of the investment within the structure, across comparables or against other forms of debt instruments; (d) yields and pricing within the primary and secondary markets, in conjunction with their respective demand and liquidity; (e) rating spreads across assets; and (f) syndicate composition; and
- (iii) credit opportunity events, which includes analysis of: (a) actual or potential merger and acquisition activity; (b) equity capital markets transactions; (c) refinancing; (d) early prepayments; and (e) amend and extends of existing debt.

Once an investment's internal rating is downgraded approaching a series of events including, *inter alia*, a potential covenant breach, lack of liquidity, significant trading concerns or low enterprise value headroom, the investment analyst discusses with the portfolio manager and senior members of the Investment Vehicle Manager and the CVC Credit Partners Group a strategy to ensure the investment is monitored and addressed in a timely manner. If required, a strategy review of the investment is undertaken to evaluate all possible recovery outcomes if underperformance continues resulting in an event of default. Dependant on (i) the asset's liquidity, (ii) the secondary market value, and (iii) the projected performance, the portfolio manager and Investment Vehicle Manager may decide to execute a sale order to remove the underperforming investment from the portfolio if it is envisaged that there is material risk that the principal

recovery will be less than the secondary market price. If recovery is expected to be higher than the secondary market, the decision to continue to hold or increase the position may be agreed by the Investment Vehicle Manager.

Upon an actual event of default, the lead investment analyst on the transaction is assigned a senior colleague to assist and oversee the restructuring negotiation/proposal. If appropriate, dependant on participation size, the Investment Vehicle Manager will be included as a member of the relevant steering committee to ensure all aspects are considered in order to maximize recovery and ensure that the appropriately qualified legal, accounting and other advisors with relevant experience are engaged to lead the restructuring and workout.

## **RISK MANAGEMENT AND OPERATIONS**

In addition to investment decisions in respect of the Investment Vehicle and the Conversion Vehicle, the Investment Vehicle Manager has an overall responsibility to monitor and assess certain risks at the global level of the business.

The Investment Vehicle Manager manages risk tolerance through a variety of metrics — single company risk, industry diversification, country diversification and sponsor risk.

For the Investment Vehicle and the Conversion Vehicle, the Investment Vehicle Manager expects to operate a downside trading tolerance after which the investment is subject to review. The Investment Vehicle Manager may vary the investment's trading range based on the wider market. The Investment Vehicle Manager monitors this exposure daily on a mark to market basis.

A market collapse may result in price volatility, but the Investment Vehicle Manager's investment process is based upon an issuer's ability to service its financing obligations and on the basis of return of investment by maturity or an earlier refinancing event. This process was in place during 2008 for the other funds and investment vehicles it managed, and the Investment Vehicle Manager believes that this contributed strongly to the performance of those entities from 2009 onwards.

### **Compliance and operations**

CVC Credit Partners Group's compliance officer is Darshan Patel. Darshan oversees all aspects of regulatory compliance and conflicts management for the CVC Credit Partners Group, including the Investment Vehicle Manager.

#### ***Darshan Patel — Chief Legal Officer, Chief Compliance Officer***

Darshan Patel serves as Chief Legal Officer of CVC Credit Partners, LLC and Chief Compliance Officer of the CVC Credit Partners Group. Mr. Patel also serves as the Chief Legal Officer and Chief Compliance Officer of Resource Financial Fund Management, Inc. and President and Chief Compliance Officer of Resource Securities, Inc., both of which are wholly owned subsidiaries of Resource America, Inc. Prior to joining the Resource America, Inc. group of companies in 2001, Mr. Patel practiced commercial litigation with the law firms of Berman, Paley, Goldstein & Kannry and Glynn & Associates from 1996 to 2000. Mr. Patel received a Bachelor of Arts degree from Boston University in 1992. He also received a Juris Doctorate from American University's Washington College of Law in 1995.

The CVC Credit Partners Group has dedicated and experienced operations teams both in Europe and the U.S. In Europe there are currently five dedicated operations professionals. The European operations team, overseen by Julia Agafonova, works closely with independent custodians and administrators. Loan trades are settled directly with counterparties either through ClearPar or by direct contact. Bonds, including structured products, clear through Euroclear and Clearstream. For securities the operations team ensures that the counterparty confirms reflect correct details and trading accounts before sending to custodians to book in the clearing systems on any investment vehicle managed by the Investment Vehicle Manager. Further support resources are available at the CVC Group level.

#### ***Julia Agafonova — Director, Fund Administration***

Julia Agafonova joined CVC Credit Partners Group in April 2013 from Chalkhill Partners LLP where she headed Operations and Business Administration. Prior to this role, Julia was the Head of Middle Office and



Operations at Aladdin Capital Management LLP and at Fusion Asset Management LLP. Julia also worked at JPMorgan Chase Bank for seven years in operations roles ranging across Emerging Markets, Credit Markets, Credit Derivatives and Structured Finance products. Julia has over 15 years of experience in management of operations and trade/settlement support of Credit Derivatives, Structured Finance, Money Market, Fixed Income and Foreign Exchange instruments.

#### **OTHER FUNDS/INVESTMENT VEHICLES ADVISED BY THE INVESTMENT VEHICLE MANAGER**

In addition to the Investment Vehicle, the Investment Vehicle Manager manages various other vehicles and managed accounts. CVC Credit Partners Limited<sup>20</sup> manages three European CLOs:<sup>21</sup>

- Cordatus Loan Fund I plc (Irish plc);
- Cordatus Loan Fund II plc (Irish plc); and
- Cordatus Recovery Partners I Limited (Irish private company).

The Investment Vehicle Manager provides CVC Credit Partners Limited with investment advice and management services.

The performance figures disclosed below for Cordatus Loan Fund I, Cordatus Loan Fund II and Cordatus Recovery Partners I are unaudited calculations of those funds' performance. Net capital return, annualised equity distributions, multiple of invested capital and net IRR are not presented in accordance with any accounting standard. However, the actual equity distributions are calculated in accordance with the "Priorities of Payment" as described in the offering circulars of Cordatus Loan Fund I, Cordatus Loan Fund II and Cordatus Recovery Partners I dated 2 February 2007, 31 July 2007 and 23 September 2008, respectively. As a result the calculation of these performance figures may vary from fund to fund and are on a different basis than any similar performance figures of the Investment Vehicle. The performance figures contained in the following tables are reported after performance and management fees have been deducted and are for illustrative purposes only. Additionally, as these performance figures are calculated on a different accounting standard than the performance figures of the Investment Vehicle they are not comparable to any performance figures of the Investment Vehicle. As these funds have different investment strategies, target returns and investment constraints than the Investment Vehicle, these performance figures are not comparable to the Investment Vehicle's past or future performance and are not indicative of the type of returns an investor may expect in the Investment Vehicle. In addition, these funds are cumulative performance figures of each fund's performance since their inception and are calculated over a different time frame than the Investment Vehicle which further reduces comparability as each fund's performance would have been under different market conditions and over different time horizons than that of the Investment Vehicle. No reliance should be placed on these performance figures. The past performance of these funds is not indicative of the future performance of the Investment Vehicle, the Conversion Vehicle or the Company.

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<sup>20</sup> CVC Credit Partners Limited is an FCA regulated, UK subsidiary of the CVC Credit Partners Group.

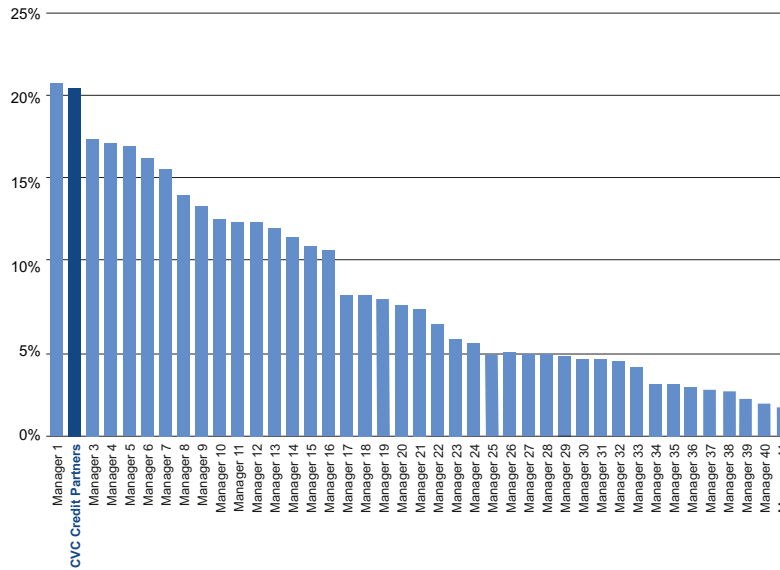
<sup>21</sup> As at the date of this Prospectus, CVC Credit Partners has launched but not closed a further CLO transaction called CVC Cordatus CLO III Limited, under which it will act as collateral manager.

	<b>Cordatus Loan Fund I<sup>1</sup></b>	<b>Cordatus Loan Fund II<sup>1</sup></b>	<b>Cordatus Recovery Partners I<sup>1</sup></b>
<b>Closing Date</b>	January 2007	July 2007	September 2008
<b>AUM<sup>1</sup></b>	€450mm	€450mm	€436mm
<b>Investment Strategy</b>	Highly diversified portfolio of European credits Buy and hold strategy, trading around potential credit issues	Highly diversified portfolio of European credits Buy and hold strategy, trading around potential credit issues	Highly diversified portfolio of European credits Buy and hold strategy, trading around potential credit issues
<b>Assets</b>	>75% Senior Secured <25% Subordinated	>75% Senior Secured <25% Subordinated	>90% Senior Secured <10% Subordinated
<b>Structure / Leverage</b>	9x Levered with non-MTM rated financing at L+57bps	10x Levered with non-MTM rated financing at L+65bps	3x Levered with non-MTM rated financing at L+180bps
<b>Term / Liquidity</b>	10+ year (with option to redeem transaction early)	10+ year (with option to redeem transaction early)	10+ year (with option to redeem transaction early)
<b>Performance (unaudited)</b>	<b>Net Capital Returned<sup>2</sup>: 118.7%</b> <b>Annualized Equity Distributions<sup>2</sup>: 18.3%</b>	<b>Net Capital Returned<sup>3</sup>: 126.5%</b> <b>Annualized Equity Distributions<sup>3</sup>: 21.1%</b>	<b>Net Capital Returned<sup>4</sup>: 41.0%</b> <b>Annualized Equity Distributions<sup>4</sup>: 8.2%</b> <b>Multiple of Invested Capital<sup>5</sup>: 1.81x</b> <b>Net IRR<sup>6</sup>: 13.4%</b>

1. Source: CVC Credit Partners.
2. Underlying data sourced from: Cordatus Loan Fund I P.L.C Noteholder Valuation reports from 18 July 2007 until 18 July 2013, prepared by Deutsche Bank AG, London Branch. Distributions are as of 30 July 2013. Net capital returned is the sum of distributions to the investors as a percentage of initial investment. Annualised equity distributions is the average of the annualised semi-annual distributions.
3. Underlying data sourced from: Cordatus Loan Fund II P.L.C Noteholder Valuation reports from 14 January 2008 until 15 July 2013, prepared by Deutsche Bank AG, London Branch. Distributions are as of 25 July 2013. Net capital returned is the sum of distributions to the investors as a percentage of initial investment. Annualised equity distributions is the average of the annualised semi-annual distributions.
4. Underlying data sourced from: Cordatus Recovery Partners I Limited Noteholder Valuation reports from 20 April 2009 until 8 October 2013, prepared by Deutsche Bank AG, London Branch. Performance numbers are as of 21 October 2013. Net capital returned is the sum of distributions to the investors as a percentage of initial investment. Annualised equity distributions is the average of the annualised semi-annual distributions.
5. The multiple of invested capital is the amount attributed as a return to investors which includes net capital returned to date plus cash on account plus the current market value (excluding accrued PIK) minus outstanding liabilities (which includes management fees and performance fees paid and accrued) over the amount invested to date as per Cordatus Recovery Partners I Limited Noteholder Valuation report dated 31 December 2013, prepared by Deutsche Bank AG, London Branch
6. Net IRR is the internal rate of return of the fund and includes net capital returned to date plus cash on account plus the current market value of the assets (excluding accrued PIK) minus outstanding liabilities (which includes management fees and performance fees paid and accrued) as a percentage of amount invested on an annualized basis as per Cordatus Recovery Partners I Limited Noteholder Valuation report dated 31 December 2013, prepared by Deutsche Bank AG, London Branch

CVC Credit Partners Limited was ranked second out of 41 managers in Europe for annualised equity distributions for 2007 vintage CLOs.

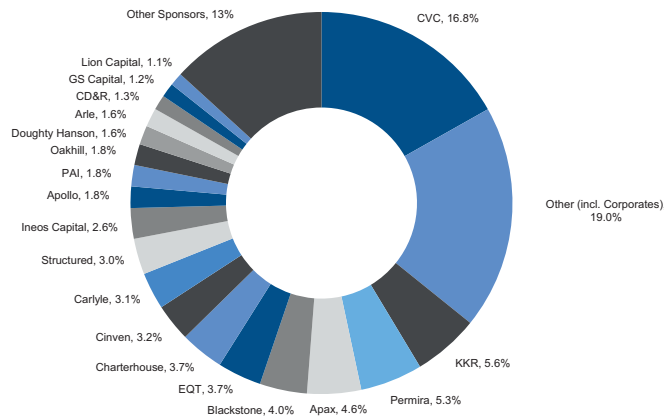
European CLO equity average cash on cash distributions by manager – 2007 vintage<sup>1</sup>



1. Source: Credit Suisse. The CDO Strategist — European CLO Performance Review (2 May 2013)

The following chart shows the breakdown of CVC Credit Partners Group’s investments by sponsor.

Portfolio breakdown by sponsor as at 28 February 2014<sup>1</sup>



1. Unaudited. Total may not add up to 100% due to rounding.

## CONFLICTS OF INTEREST

The Investment Vehicle Manager recognises the importance of managing real and perceived conflicts of interest between itself and activities of CVC Capital Partners. To that end, the CVC Group maintains a detailed conflicts of interest policy (the “Conflicts Policy”).

The Investment Vehicle Manager is separately managed on a day-to-day basis from CVC Capital Partners and the CVC Credit Partners Group’s investment committees and operating board are separate from the private equity side of the business. The Advisory Board, which overviews the strategic direction of the credit business, contains a minority of common membership with the CVC Capital Partners board, but the Advisory Board does not have any access to the Investment Vehicle Manager’s private information (including any information on portfolio holdings). In addition, the Investment Vehicle Manager and its affiliates are separately regulated by the FCA, the SEC, and the JFSC, and maintain information barriers between themselves and CVC Capital Partners. Within CVC Group’s London office, the Investment Vehicle Manager is also located on a separate secured floor from CVC Capital Partners and each of them maintains a separate IT system.

In furtherance of its Conflicts Policy, the Investment Vehicle Manager has implemented the policies set out below to address the potential for conflicts of interest or the perception of conflicts of interest.

### **Independent Sub-committee**

CVC Credit Partners Group has established an independent sub-committee (the “**Independent Sub-committee**”) of independent directors drawn from its group board and the boards of certain of its funds and investment vehicles for the purpose of providing review and guidance to the relevant investment committee with respect to any situation where there is the potential for (or perception of) a material conflict of interest.

The Independent Sub-committee currently consists of two independent directors from CVC Investment Services’ board of directors (being Douglas Maccabe and Stephen Linney), and David Wood. Any such conflict is required to be presented to the Independent Sub-committee by the relevant portfolio manager and, if necessary, CVC Credit Partners Group’s chief executive officer and/or chief investment officer.

### **Purchases**

Any decision to make a primary investment in a company or the initial purchase of an investment in a specific company on the secondary market in a CVC Capital Portfolio Company is required to be reviewed by the relevant portfolio manager and investment committee and the chief compliance officer. Any such purchase which exceeds 10 per cent. of the relevant voting class (including secondary add on purchases which takes the aggregate Investment above 10 per cent.) is required to be automatically referred to the Independent Sub-committee after due consideration by the Investment Vehicle Manager.

### **Corporate Actions**

The relevant portfolio manager is required to review any “material corporate action” (being as determined by the portfolio manager but including amendments, re-leveraging, covenant waivers and any restructuring) of a CVC Capital Portfolio Company with the investment committee and the chief compliance officer.

The relevant portfolio manager is required to be responsible for setting forth in writing in a prescribed form the proposed vote to be taken on the corporate action and the factors relied on in making that recommendation.

In cases where a material corporate action: (a) relates to a debt holding that represents more than 10 per cent. of the relevant voting class (across all portfolios managed by the Investment Vehicle Manager); (b) is likely to have a material price impact (greater than 5 per cent.) on the relevant security or investment; or (c) is likely to involve a capital loss on the relevant security or investment, it is required to be automatically referred to the Independent Sub-committee, after consideration by the relevant investment committee.

The relevant portfolio manager, chief investment officer or chief compliance officer may refer any other corporate action or purchase to the Independent Sub-committee after consideration by the relevant investment committee if, in their judgement, the corporate action creates a potential for (or perception of) a material conflict of interest. If the investment committee does not reach a decision on a unanimous basis, it will automatically be referred to the Independent Sub-committee.

Notwithstanding its Conflicts Policy, the Investment Vehicle Manager is required, in respect of each of the Investment Vehicle’s and the Conversion Vehicle’s Investment Limits, to ensure that it will not:

- hold more than 25 per cent. of the Investment Vehicle’s Gross Assets (or, in the case of the Conversion Vehicle, of the aggregate of the Investment Vehicle’s and the Conversion Vehicle’s Gross Assets) in CVC Capital Portfolio Company Debt Obligations; or
- make any primary investments in CVC Credit Partners Group managed structured finance transactions.

For further details, please refer to the section entitled “Investment Limits of the Investment Vehicle” in Part II of this Prospectus.

## ALLOCATION POLICY

The Investment Vehicle Manager acts as investment manager for other investment vehicles and accounts (including investment vehicles and accounts in which the Investment Vehicle Manager, its affiliates and their respective employees have an interest). The Investment Vehicle Manager has discretion to allocate capital of the Investment Vehicle, the Conversion Vehicle or the other investment vehicles or accounts that it and CVC Credit Partners Group manages and is not obliged to do so on a *pro rata* or any other prescribed basis. It has, however, established allocation policies and practices with a view to ensuring fair treatment across its various portfolios. The key features of this allocation policy are as follows:

- Investments made by the Investment Vehicle and the Conversion Vehicle are acquired from approved issuers or borrowers.
- Allocations are considered across portfolios based on order-size. Order-size is determined by the dynamic composition of each portfolio, investment vehicle and account, taking into consideration a range of factors including but not limited to:
  - suitability;
  - available cash;
  - portfolio specific restrictions (concentration limits, diversity, liquidity, maturity and other portfolio restrictions);
  - participation in the strategy (for example, some portfolios may not be permitted to include investments in subordinated debt); and
  - the size of the portfolio, investment vehicle or account.
- In the case of a small allocation, the Investment Vehicle Manager will consider minimum trading amounts.
- Any variance from the policy is required to be discussed by CVC Credit Partners Group's global portfolio committee which holds quarterly allocation meetings. The global portfolio committee maintains a record of all exceptions to the policy and the reasons for making the determination.
- Secondary block trades are covered by the procedures above.
- Cross-trading is permitted between portfolios. Any such cross-trade is required to be executed with reference to third party pricing services or broker market pricing (and in Europe may be executed through a market broker) and is subject to the approval of the chief investment officer and chief compliance officer.
- Reviews are required to be carried out as follows:
  - quarterly allocation meetings with the global portfolio committee; and
  - independent reviews by the chief compliance officer on a periodic basis.



## PART IV: THE MARKET OPPORTUNITY

### Structural market opportunity — executive summary

#### CVC Credit Partners believes that the European market for leveraged loans is undergoing a structural shift

- Approximately €219 billion European sub-investment grade refinancing required between 2014 and 2017<sup>21</sup>
- Historic lenders (banks and CLOs) have reduced lending capacity
- **Result:** European loans are at wider spreads and have higher equity contributions than both (i) US primary loans and (ii) compared to pre-2008 European levels

### Market structure

#### Introduction to the market

The instruments traded in the sub-investment grade credit market (also called the leveraged loan and high yield market) include syndicated loans, bonds and other debt instruments issued by sub-investment grade companies. Traditionally, the most common forms of these instruments in Europe are senior secured loans and high yield bonds.

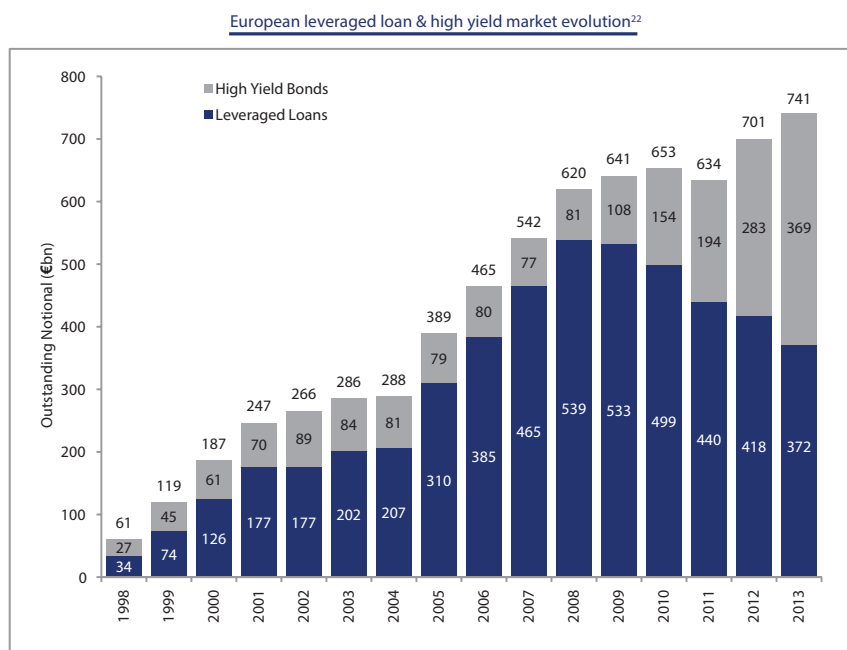
A description of the types of assets which comprise the market is contained in the section entitled “Description of sub-investment grade credit obligations” at the end of this section.

#### Market evolution

The overall European leveraged loan and high yield market has grown significantly over the last 15 years (see Chart 1 below) and has continued to grow since the financial crisis in 2008, albeit with a number of changes in its composition and structure.

#### Chart 1: European leveraged loan and high yield market evolution<sup>22</sup>

Outstanding Notional (€bn)



<sup>21</sup> Source: Credit Suisse, 2014 Leveraged Finance Outlook and 2013 Annual Review, 04 Feb 2014.

<sup>22</sup> Source: Credit Suisse Leveraged Finance Strategy Weekly Report 10 January 2014, loan data as of 30 Sept 2013. Measured by proportion of institutional tranche loans as a proportion of the total market. EUR figures converted to USD assuming 1 EUR = 1.3743 USD (Source: Bloomberg, as of 31 Dec 2013)

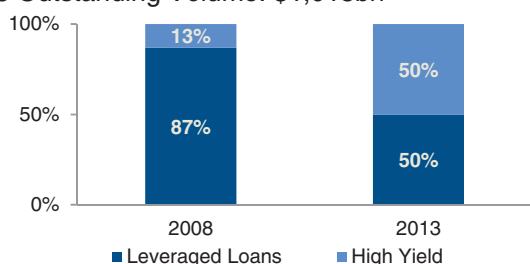
The period between 2004 and 2008 in the European sub-investment grade market was dominated by growth in leveraged loans extended mainly by banks and CLOs. During this period, high yield bonds had a much smaller share of the market (13 per cent. in 2008 vs. 87 per cent. for leveraged loans).<sup>23</sup>

After a period of steady growth from 1998 to 2008, the European leveraged loan market reached its peak in 2008. After 2008, in the aftermath of the financial crisis, appetite from banks and CLOs to invest in new leveraged loans was reduced. Stronger sub-investment grade corporate borrowers increasingly turned to the high yield bond market to satisfy their refinancing requirements. Consequently, the European high yield bond market developed substantially in the years following 2008, from a market heavily dominated by telecoms issuances in the early 2000s to a broadly based range of industrial, retail, service, healthcare and other issuers. By the end of 2013, the high yield bond market had almost equalled the leveraged loans market in terms of outstanding size, making the European market similar to the balanced bond/loan mix that is found in the US market. At the end of 2013 the size of the European sub-investment grade market (loans and bonds) was €741 billion (\$1,018 billion) which is c. 40 per cent. of the \$2,668 billion US market.<sup>24</sup>

The Investment Vehicle Manager believes that the asset mix in European sub-investment grade credit means that selective participation in the high yield market is an important source of return, as the buyer base generally has different drivers (the European High Yield Market is driven by mutual fund flows, whereas loan demand is still driven by bank and CLO activity). Average allocation to bonds by the Investment Vehicle has been 13 per cent.<sup>25</sup> and average annualised gross returns have been 26 per cent. which represents significant outperformance over European Bond Indices, which earned 16.8 per cent. average annualised gross returns.<sup>26</sup>

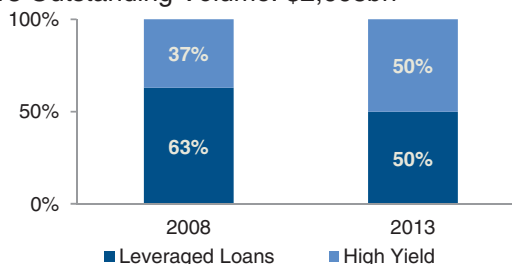
**Chart 2: European leveraged loan & high yield market<sup>23</sup>**

2013 Outstanding Volume: \$1,018bn



**Chart 3: US leveraged loan & high yield market<sup>24</sup>**

2013 Outstanding Volume: \$2,668bn



Over the last 5 years, loans and high yield bonds have generated higher returns than investment-grade corporate bonds or government bonds in both Europe and the US (see Chart 4).

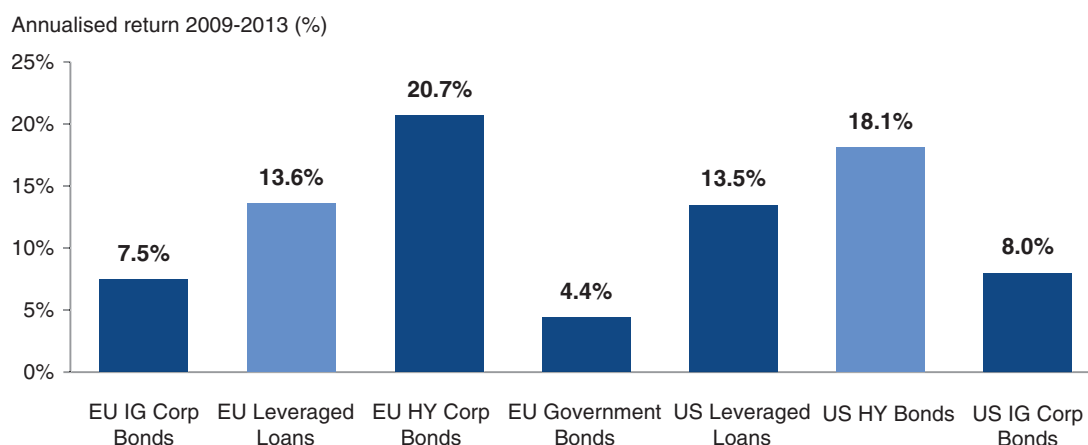
<sup>23</sup> Source: Credit Suisse Leveraged Finance Strategy Weekly Report 10 January 2014, loan data as of 30 Sept 2013. Measured by proportion of institutional tranche loans as a proportion of the total market. EUR figures converted to USD assuming 1 EUR = 1.3743 USD (Source: Bloomberg, as of 31 Dec 2013)

<sup>24</sup> Source: Credit Suisse Leveraged Finance Strategy Weekly Report 10 January 2014, loan data as of 30 Sept 2013. Measured by proportion of institutional tranche loans as a proportion of the total market. EUR figures converted to USD assuming 1 EUR = 1.3743 USD (Source: Bloomberg, as of 31 Dec 2013)

<sup>25</sup> Since inception of the predecessor to the Investment Vehicle in 2009

<sup>26</sup> Based on iBoxx EUR Liquid High Yield Index since 2009

**Chart 4: Fixed income asset class performance comparison 2009-2013<sup>27</sup>**



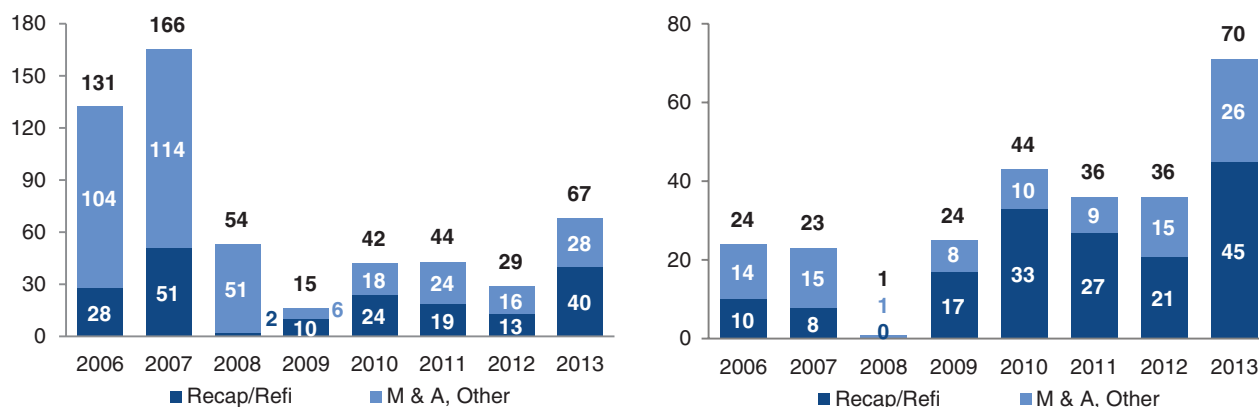
## Market volume

### Primary market

In 2013, new issuance in the European leveraged loan market reached a five-year high of €67.4 billion, with the majority (58 per cent.) of the new loans being issued to fund recapitalisations and refinancing of existing debt (see Chart 5).

The European high yield bond market also recorded a record high of €70.4 billion issuances in 2013, comprising a total of 212 bonds issued from a wide variety of countries, sectors and rating categories. Almost two thirds of the proceeds were intended to be used for recapitalisations and refinancing, with a record €17.6 billion of the supply used to refinance bank debt.

**Chart 5: New issuance in European loans and high yield bonds<sup>28</sup>**



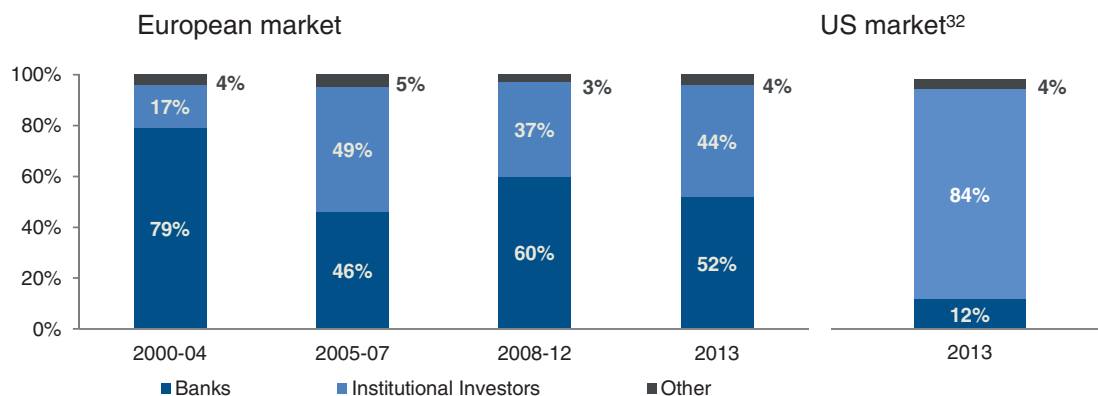
<sup>27</sup> Source: Bloomberg, S&P. Benchmarks used: EU IG Corp Bonds: iBoxx Europe Corporate Overall Performance Index, EU Leveraged Loans: S&P ELLI (S&P European Leveraged Loan Index); EU HY Corp Bonds: Credit Suisse Western Europe High Yield Index; EU Government Bonds: iBoxx Eurozone Sovereign Performance Index; US Leveraged Loans: Credit Suisse Leveraged Loan Index; US HY Bonds: Credit Suisse High Yield Index II. All statistics are unaudited and subject to revision. The information set forth above was compiled from sources CVC Credit Partners believes to be reliable; however CVC Credit Partners makes no representations or guarantees hereby with respect to the accuracy or completeness of such data. Past performance is not an accurate indicator of current or future returns and potential investors should have no expectation that past performance can or will be replicated in the future.

<sup>28</sup> Source S&P Capital IQ: LCD European Leveraged Lending Review, 4Q2013. HY volume excludes PIK instruments & short-term bonds; reflects corporate bonds only. In case of a global issue, the portion allocated to European HY investors is counted (if unknown, the entire global issue is counted). Senior Loan volume includes first and second lien tranches.

Prior to 2004, the investor side of the European primary loan market was dominated by banks. In the years from 2005 to 2007, the institutional sector gained market share, mostly driven by the growth of CLOs as the main institutional investor class. Over the period from 1999 to 2007, banks and CLOs combined were the main lenders with an average combined market share of 86 per cent.<sup>29</sup>

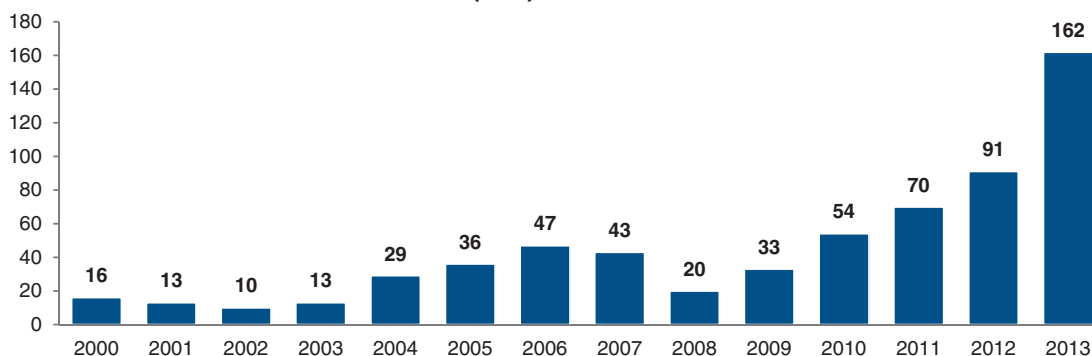
This composition has changed since the crisis as a result of both banks being under pressure and the challenge of new CLO formation. Bank market share has fallen to 52 per cent. in 2013, compared to an average of 69 per cent. over the pre-crisis period of 1999-2007. At the same time, the market share of CLOs has decreased from 35 per cent. in 2007 to 21 per cent. in 2013. Nevertheless, CLOs still represent the most important sub-category of investors within the institutional investor bucket (49 per cent. share).<sup>30</sup>

**Chart 6: EU and US loan primary market by broad investor type<sup>31</sup>**



Compared to the European market, the US Loan market is significantly less dominated by bank lenders. Instead it is driven by institutional investors (84 per cent. primary market share) which have maintained a similar market share over the past 10 years. Loan mutual funds and CLOs are two key participants within the institutional investor segment. Charts 7 and 8 show that these two participants have experienced particularly strong growth in recent years. In Europe, on the other hand, loan mutual fund participation is limited (leveraged loans are generally not UCITS eligible assets) and recent new European CLO formation has been much slower than in the US.

**Chart 7: US loan mutual fund AUM (\$bn)<sup>33</sup>**



29 Source: S&P Capital IQ

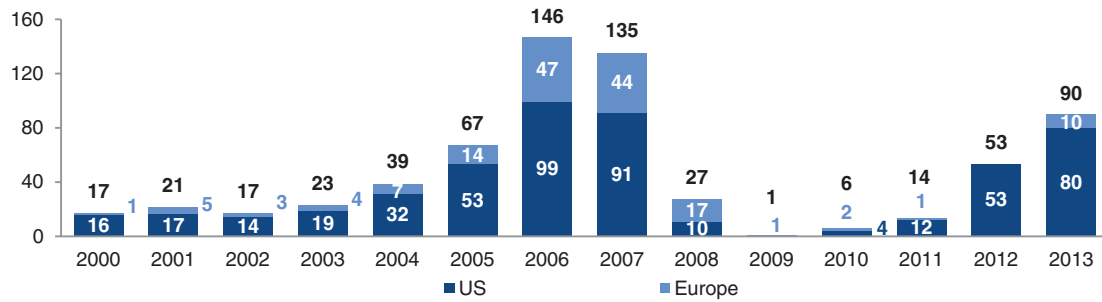
30 Source: S&P Capital IQ

31 Source: S&P LCD European Leveraged Lending Review, 4Q2013, S&P LCD Leveraged Lending Review, 4Q2013.

32 Source: S&P LCD – USD Global Leveraged Lending Report Q4 2013.

33 Source: S&P LCD European Leveraged Lending Review, 4Q2013, S&P LCD Leveraged Lending Review, 4Q2013

**Chart 8: Global CLO issuance (\$bn)<sup>34</sup>**

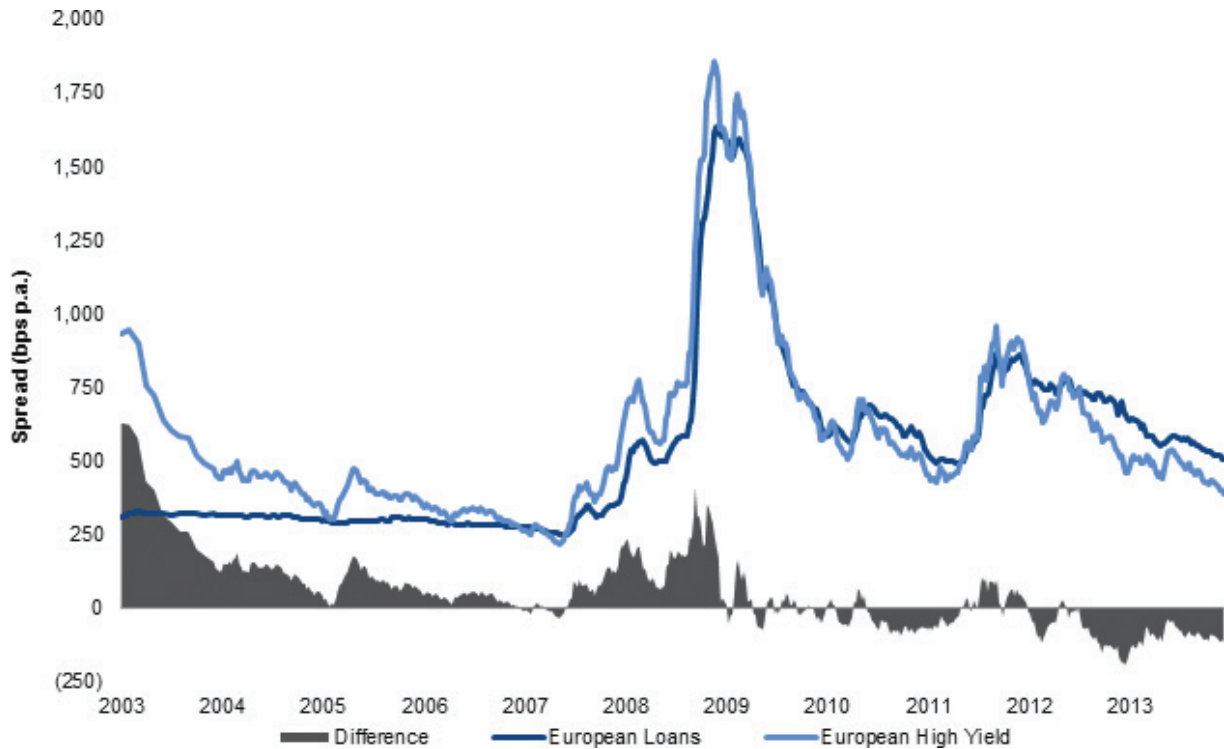


**Secondary market**

In comparison to recent new issue leveraged loans, secondary market leveraged loans issued prior to 2008 will typically pay lower spreads over LIBOR or Euribor. However, even though they typically pay lower margins, these instruments remain potentially attractive based on their relative yield. In comparison to new issues, these loans may trade at a discount to par allowing for the opportunity for capital gains when the loan either matures or is refinanced prior to maturity at par. The Investment Vehicle Manager expects the relative yield relationship between new and secondary issues to continue, given the drivers behind the pricing of new issues.

In the high yield bond markets, spreads were driven lower by inflows into high yield bond mutual funds and ETFs as investors search for yield in a low interest rate environment. Chart 9 illustrates that this has driven yields in the sub-investment grade bond market to record lows (as of January 2014, the Credit Suisse Western European High Yield Index spread was 383 bps, 122 bps tighter than the European leveraged loan market).

**Chart 9: European secondary market spreads bonds vs. loans<sup>35</sup>**



<sup>34</sup> Source: S&P LCD – USD Global Leveraged Lending Report Q4 2013

<sup>35</sup> Source: Loan Spreads: S&P LCD – ELLI Spread to Maturity, HY Bond Spreads: Bloomberg (CS Western Euro High Yield Index, STW)

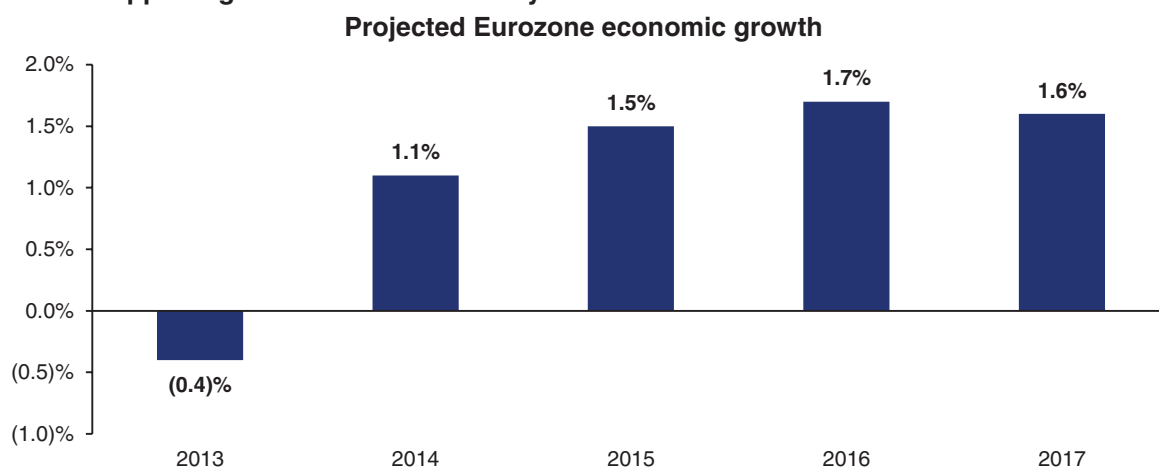


## Merger and Acquisition activity

Mergers and Acquisitions (“M&A”) are traditionally financed with sub-investment grade debt. An increase in M&A activity provides additional appetite for debt funding. M&A activity has been supported by gross domestic product (GDP) growth, which is forecasted to stabilise at around 1.5 per cent. (see Chart 10 below). In addition, financial sponsors’ “dry powder” (i.e. money committed but not yet invested) for European deals has increased from \$116 billion in 2012 to \$131 billion in 2013.

The Investment Vehicle Manager believes that the potential additional need for lending to facilitate M&A activity could form a significant supporting factor underpinning attractive loan pricing and leverage for investors.

**Chart 10: Supporting factors for M&A activity<sup>36</sup>**



## Recent trends and current market pricing

In the view of the Investment Vehicle Manager, key credit statistics in the European leveraged loan market remain attractive to investors.

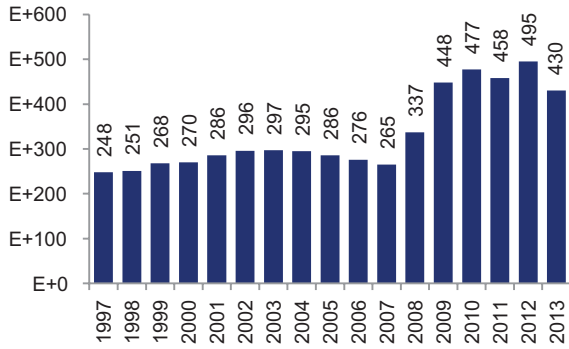
An important credit metric is credit affordability, which is defined as EBITDA/interest expense. This has improved, with average EBITDA/interest expense currently at 4.20x in 2013 (see Chart 12), which implies that borrowers have more cash flows to cover their interest expenses.

Another key credit statistic is the degree of leverage on new leveraged loan issues, which is commonly measured as a multiple of EBITDA. Chart 13 shows that this metric has fallen across Europe from an average multiple of 5.9x in 2007 to 4.7x in 2013.

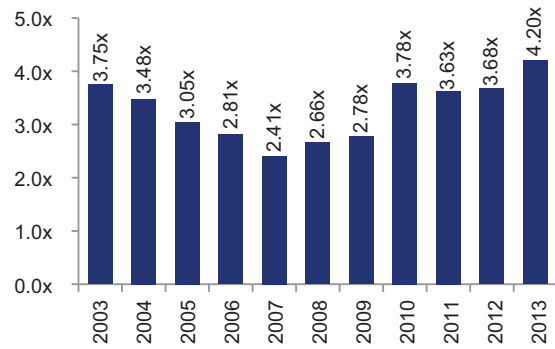
A different measure of leverage often used in LBOs is “equity contribution”. This is defined as the average amount of equity which sponsors are prepared to commit as a percentage of the whole capital structure in an acquisition. Chart 14 illustrates that contributions have risen from 34 per cent. (2005-2007 average) to 44 per cent. in 2013. This increased equity contribution improves the attractiveness of new leveraged loan and bond issues which are part of an acquisition finance package, as it increases the amount of capital in the borrower in relation to the size of the loan.

<sup>36</sup> Sources: GS Research: European Economic Analyst, No 13/41, “The Euro area outlook for 2014-2017” Nov 2013.

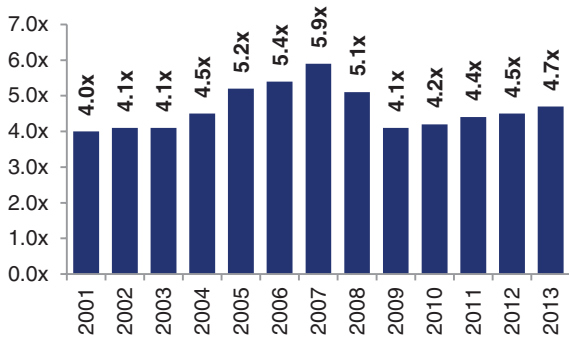
**Chart 11: Lending spreads have expanded since 2007: Western Europe new-issue spreads<sup>37</sup>**



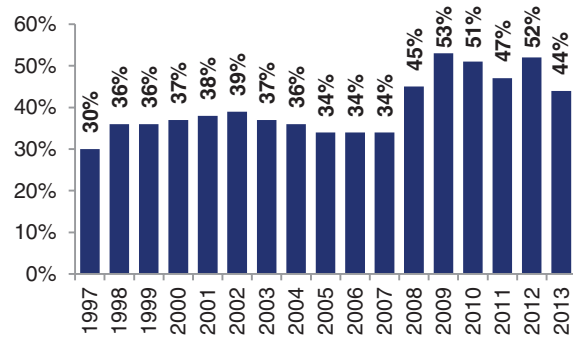
**Chart 12: Credit affordability improving: average EBITDA/interest for LBOs<sup>38</sup>**



**Chart 13: Sensible leverage: debt/EBITDA multiples<sup>39</sup>**



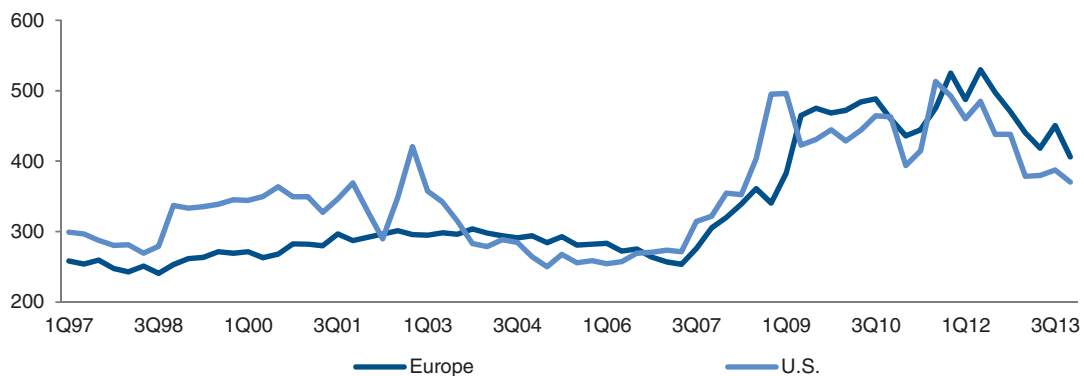
**Chart 14: More equity buffer: average equity contribution to LBOs<sup>40</sup>**



**Primary market pricing**

Since the depths of the credit crisis in early 2009, new issue margins on leveraged loans have risen (as shown in Chart 15 below). Currently, new leveraged loan issues are offered at margins that typically range from 400-450 basis points over Euribor<sup>41</sup>. Leveraged loans sourced from the primary market may provide a high level of current return and may also, when sourced at a discount, offer the opportunity for capital gain if they ultimately redeem at par or are sold at a premium to purchase price.

**Chart 15: Weighted average new-issue spreads Europe vs. US<sup>42</sup>**



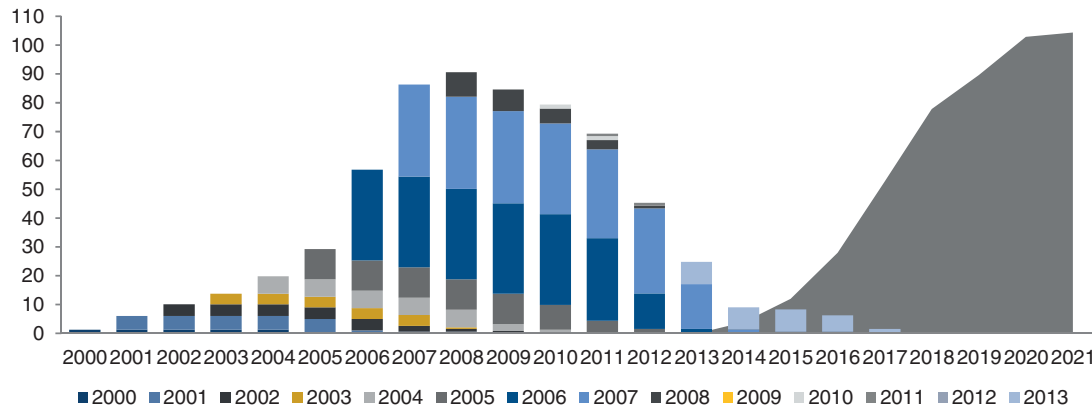
37 Source: S&P LCD European Leveraged Lending Review. Europe Monthly: January 14. – Wtd. Avg. Institutional Spread (WAIS) is the average TLB/TLC spread weighted by the sizes of the TLB and TLC tranches.  
 38 Source: S&P LCD European Leveraged Lending Review. Europe Monthly: January 14. – Excludes Broadcasting, Cable & Telecom loans prior to 2002. Includes only transactions for which Pro Forma financials were made available.  
 39 Source: S&P LCD European Leveraged Lending Review. Europe Monthly: January 14. – Excludes Broadcasting, Cable & Telecom loans prior to 2002. Includes only transactions for which Pro Forma financials were made available.  
 40 Source: S&P LCD European Leveraged Lending Review. Europe Monthly: January 14. – Equity includes shareholder loans, common equity and preferred stock down streamed to the operating company as common equity as well as vendor note proceeds. Includes only transactions for which Sources/Uses were made available.  
 41 Source: S&P LCD – Global Leveraged Lending Report Q4 2013. New-Issue Institutional Spreads  
 42 Source: S&P LCD – Global Leveraged Lending Report Q4 2013. New-Issue Institutional Spreads)

## Issuers and potential investors in European loans: trends and outlook

A significant proportion of the loans issued from 2005 to 2008 are scheduled to mature between 2014 and 2016 (see Chart 16).

Credit Suisse estimates that European sub-investment grade companies need to refinance approximately €219 billion of leveraged loans and high yield bonds between 2014 and 2017. The total refinancing requirement could exceed €430 billion to 2020 if the debt of borrowers who issued debt while rated investment grade, but have been downgraded to sub-investment grade, is included<sup>43</sup>.

**Chart 16: European CLOs in reinvestment period vs. European loan maturities (€bn)<sup>44</sup>**



### Investors: constraints on banks and CLOs

Historically, the two largest investors in the European leveraged loan market were banks and CLOs (86 per cent. average combined market share over 1999 to 2013, see “Primary Market” and Chart 6). However, the Investment Vehicle Manager believes that, going forward, both of these traditional investor classes may face challenges absorbing the additional supply resulting from the refinancing needs mentioned above.

The Investment Vehicle Manager expects bank participation in the leveraged loan market to diminish as banks deleverage balance sheets in order to accommodate the constraints imposed by the many new international and domestic regulatory requirements introduced since the credit crisis. Much of this reduction in available bank capital for investment is expected to coincide with the decline of the investment capacity of the European CLO market which is illustrated previously in Charts 7 and 8.

As mentioned previously, CLOs traditionally formed a large fraction of the European institutional investor segment. By the end of 2014 it is estimated that only approximately €8 billion of existing European CLOs will still be inside their reinvestment period. Post their reinvestment period, CLOs are subject to greater investment restrictions.

In summary, the Investment Vehicle Manager expects that both banks and CLOs will continue to be participants in the market but with significantly lower investment capacity and with higher spread requirements than pre-2008 participation. The Investment Vehicle Manager believes the need for institutional capital will continue to underpin current spread levels for European loans. This will provide a solid investment backdrop for the Investment Vehicle to pursue its strategy. In addition, as outlined above, the European market does not enjoy the additional support from a strong loan mutual fund sector that has driven significant demand in the US market alongside a resurgent US CLO Market (see Chart 8).

### Loans: default history and outlook

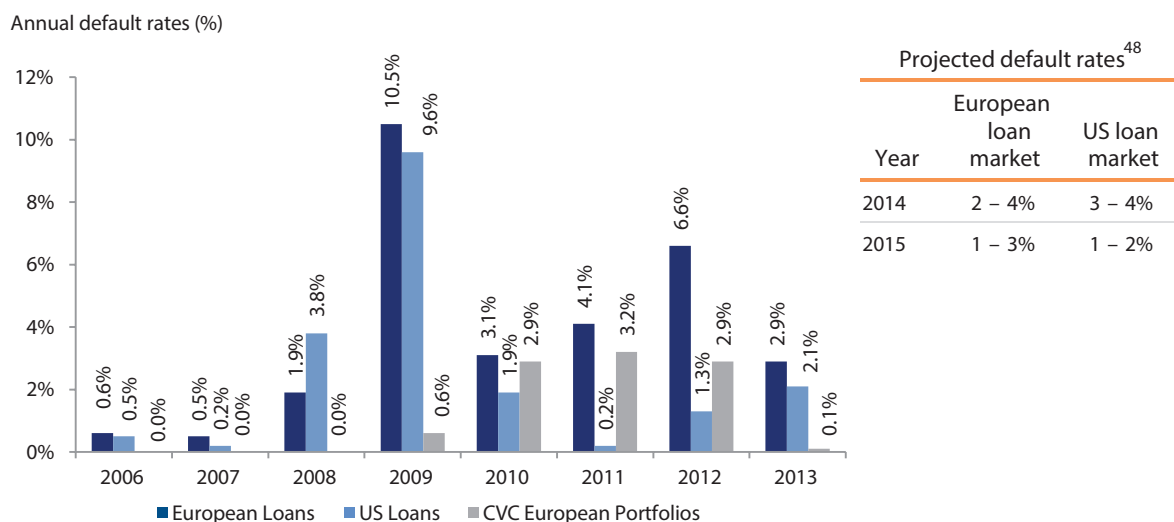
Compared to the US, default rates in European loans have increased in 2011 and 2012. The Investment Vehicle Manager believes that these recent European default rates have been driven by industry specific issues on pre-crisis loans. Over the next two years, Credit Suisse forecasts default rates to fall to similar levels both in Europe and US.

<sup>43</sup> Source: Credit Suisse 2014 Leveraged Finance Outlook and 2013 Annual Review, 04 Feb 2014.

<sup>44</sup> Source: INTEX, S&P LCD. As of 31 December 2013. ELLI refers to the S&P European Leveraged Loan Index. ELLI maturity data as of Q4 2013.

The Investment Vehicle Manager's credit selection strategy across its European business has generated lower default rates and loss rates than the market. CVC Credit Partners average annual loss rate of 0.35<sup>45</sup> per cent. is significantly below the loss rates for the European and the US benchmark loan market indices which are 1.81 per cent. and 1.26 per cent. respectively<sup>46</sup>.

**Chart 17: US vs. European loans; default history<sup>47</sup>**



### Structural market opportunities — conclusion

The Investment Vehicle Manager believes that, over the medium term, pricing power on new issue leveraged loans (and to a degree also on new high yield bonds) will remain balanced towards investors rather than borrowers. The Investment Vehicle Manager believes this will support new issue spreads remaining attractive and deal terms remaining favourable to investors relative to the risk of the investment.

There is a significant amount of debt that needs to be refinanced over the next three years and there are limited sources of capital available to do so. This wall of maturity combined with a number of “amend and pretend” interim solutions over the past few years that have not fully resolved the borrower’s problems should generate a number of opportunities for experienced credit investors who have a deep knowledge of the borrower’s business. For example, if, additional negative factors, such as rising interest-rates increase the cash-outflows for already stressed borrowers, could result in a number of companies encountering significant difficulties, with their debt prices falling to stressed or distressed levels in the secondary markets.

In the view of the Investment Vehicle Manager, the ongoing trend for bank deleveraging could also provide for opportunities to invest in selected special situations arising from asset disposals and banks exiting lending businesses.

Furthermore, the Investment Vehicle Manager believes that, in order to be able to take advantage of the most desirable opportunities, the key ingredients of a successful investment strategy are (i) access; (ii) a good sourcing network; and (iii) flexibility in sourcing assets through both the primary and secondary market channels.

This structural opportunity also allows skilled managers with access to an expansive sourcing network and detailed fundamental analysis of credits to select an asset portfolio which has a below-average default risk

45 Source: CVC. Averages are taken since the establishment of CVC Credit Partners June 2006 until year end 2013.  
 46 Source: Credit Suisse: Leveraged Finance Default Review, 15 Jan 2014. The average Loss Rates refer to the CS Leveraged Loan Indices as S&P currently does not publish loss rates on their indices. Average default rate comparison over 2006-2013: 3.28% (European CS index) vs. 3.76% (European S&P index); 2.55% (US CS index) vs. 2.44% (US S&P index); Past performance is not an accurate indicator of current or future returns and potential investors should have no expectation that past performance can or will be replicated in the future.  
 47 Source: CVC Credit Partners, and S&P LCD: LCD Global Review – US/Europe, 4Q 2013. “European Loans” refers to S&P European Loan Index, “US Loans” refers to the S&P/LSTA Loan Index

without compromising spread or yield. As can be seen from Chart 17, historically, the default rates on CVC Credit Partners European portfolios have been below market default rates every year since 2006, with an average default rate of 1.2 per cent. (vs. ELLI average of 3.8 per cent.).

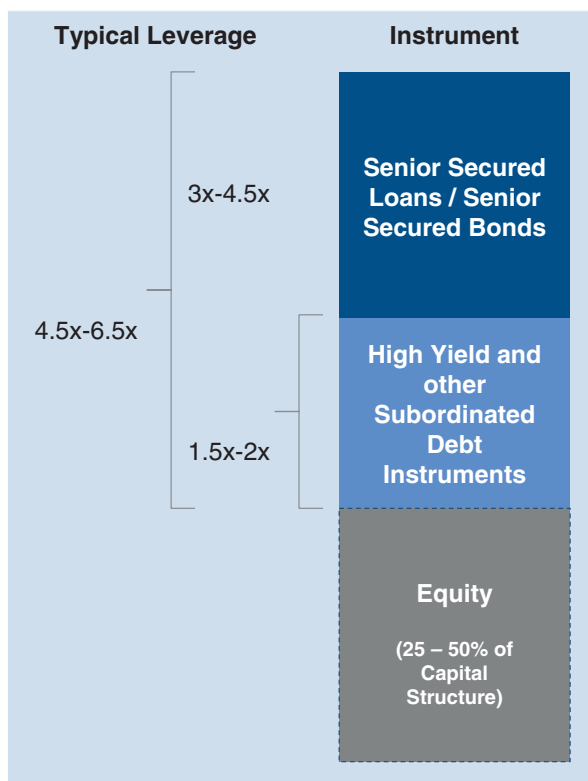
Regarding the high yield bond market, CVC Credit Partners believe that this market has the potential for on-going volatility. The Investment Vehicle Manager expects to invest opportunistically in this market – using its access to invest in primary issues by target companies and in the secondary market when fund flows in ETFs and high yield mutual funds generate attractive relative value situations.

**Description of sub-investment grade credit obligations**

The instruments traded in the sub-investment grade credit market (or leveraged loan and high yield market) include syndicated loans, bonds and other debt instruments issued by sub-investment grade companies.

Chart 18 illustrates the most common debt instruments used by sub-investment-grade companies, the most important of which are explained in more detail below.

**Chart 18: Typical capital structure of a european sub-investment grade borrower<sup>49</sup>**



**Senior secured loans**

Senior secured loans are debt obligations arranged by banks and other financial entities on behalf of corporations, partnerships and other business issuers in respect of which security is granted to the relevant lenders. Such loans are typically used to finance mergers and acquisitions, private equity sponsored leveraged buyouts, recapitalisations, refinancings, capital expenditure and for other general corporate purposes. Secured loans are often referred to as “bank loans”, since it is typically banks that arrange them, or “leveraged loans” since they are often used to finance leveraged buyouts.

Senior secured loans can be bilateral agreements arranged directly between a bank and a borrower, or may be originated by a bank or other financial institution (also known as an “arranger”) and then syndicated to a pool of lenders that collaborate to provide financing for the borrower (loans arranged and distributed in this way are often called “syndicated loans”). Bilateral loans seldom change hands, but there is an active secondary market for syndicated loans.

The Investment Vehicle Manager will invest in syndicated loans which can be sourced in the primary market, also known as “new issues”, or purchased in the secondary market from another lender. The Investment Vehicle Manager may choose to hold a loan until it is repaid at maturity or on any earlier refinancing or may choose to sell the loan to another lender in the secondary market prior to its maturity date.

Senior secured loans typically earn a variable rate of interest that includes a stated “spread” (also known as the margin), which reflects issuer risk, over a widely accepted base rate such as LIBOR or Euribor. The floating rate on bank loans typically resets every 30 to 90 days in line with the prevailing rate of LIBOR or Euribor and, because such loans reset on a regular basis, the yield is described as “floating”. As a result, this component of a lender’s return will fluctuate as interest rates rise and fall. Some loans may set a minimum level of LIBOR or Euribor (known as a “floor”).

The documentation for a secured loan provides for a security package to protect the secured lenders.

<sup>49</sup> For illustration purposes only. Not to scale.



The security package will typically give the lenders a charge over the shares and/or assets of the borrower which, in the event of enforcement, gives them some control over the business and its assets. The loan documentation will also typically contain covenants, the most important of which require the borrower to maintain a minimum level of interest coverage and set a maximum level of leverage.

In the majority of cases, loan documentation is governed by industry standards set by the Loan Markets Association whose stated aim is to ensure and improve liquidity, efficiency and transparency in both the primary and secondary syndicated loan markets by establishing sound and widely accepted market practice.

The senior secured loans that the Investment Vehicle Manager intends to invest in will generally be sub-investment grade, that is issued by borrowers who are rated at or below Ba1 by Moody's Investors Service or at or below BB+ by Standard & Poor's or an equivalent rating from a third party rating agency.

Capital appreciation may occur if senior secured loans are purchased at a discount to par value, either on the primary or secondary market.

### **Second lien secured loans and mezzanine secured loans**

Often a loan financing package will incorporate two or more different debt instruments with different ranked claims on secured assets. Senior secured loans are generally at the top of the capital structure and benefit from a first ranking claim. Second lien secured loans are present in some older loans and rank that of senior secured loans.

Mezzanine secured loans typically rank last in the seniority of secured lenders. Second lien secured loans and mezzanine secured loans usually include cross default provisions and have a subordinated right to the first-ranking security granted in favour of other senior secured loans or (in the case of mezzanine obligations) have a second charge over the same assets of the issuer or issuer group. In the event of the enforcement of security over the assets of a borrower following default, the senior secured lenders are typically paid off first. Any remaining proceeds of the enforcement are then allocated to the second lien lenders until they are paid off in full. Next, any further remaining proceeds are allocated to the mezzanine lenders and finally anything still remaining is allocated to any unsecured lenders, followed by the equity holders.

Second lien secured loans and mezzanine secured loans generally take the form of medium term obligations repayable shortly (perhaps six months or one year) after senior secured loans. Because they are only repayable after senior secured loans they typically carry a higher rate of interest. Further, some loans may defer all or a portion of their coupon through capitalisation (known as a "PIK" coupon).

"Leveraged loans" refers to sub-investment grade senior secured loans as well as sub-investment grade second lien secured loans and mezzanine secured loans.

### **High yield bonds**

High yield bonds are bonds issued by borrowers which are sub-investment grade (i.e. rated at or below Ba1 by Moody's Investors Service or at or below BB+ by Standard & Poor's or an equivalent rating by a third party rating agency) and usually pay a fixed rate of interest. As the borrowers are sub-investment grade, high yield bonds typically pay a higher interest rate than investment grade bonds, which thereby generates a higher yield to par for investors than investment grade bonds. Typically high yield bonds for European issuers are unsecured and are often structurally subordinated to senior bank indebtedness of the issuer, such as senior secured loans, and in the event of an enforcement or a default or on a liquidation, investors in such high yield bonds will rank behind all senior secured lenders. Investors in unsecured high yield bonds will be repaid out of whatever proceeds remain after all the senior secured lenders have been repaid in full. As a result, high yield bonds will typically achieve lower levels of recovery than senior secured debt following default or liquidation.

However, in the last few years, the issuance of senior secured high yield bonds in Western Europe, which rank equally with the senior debt of the issuer, has increased. A senior secured high yield bond shares in the same security pool as a senior secured loan and accordingly would achieve the same or similar levels of recovery of principal on any enforcement. Accordingly, senior secured high yield bonds typically pay a lower interest rate than high yield bonds which are unsecured or structurally subordinated. Some of these bonds have been structured to pay a floating rate of interest.

Senior secured high yield bonds often share the same security as secured loans, while unsecured high yield bonds will likely be structurally subordinated to any of these loan tranches which are senior and/or secured.

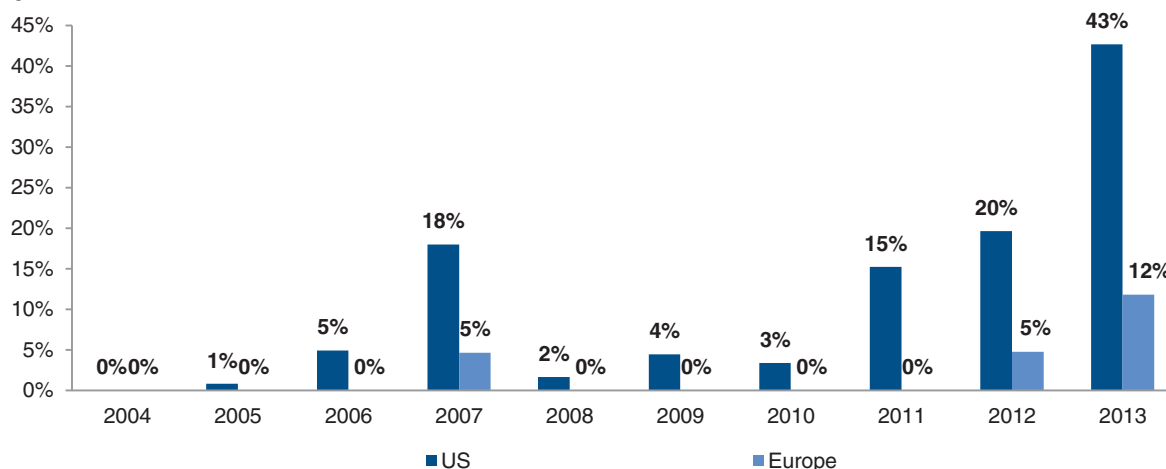
The Investment Vehicle Manager considers senior secured high yield bonds to share many of the characteristics of senior secured loans. The Investment Vehicle Manager may also consider investing in unsecured high yield bonds where it sees specific relative value opportunities.

### Lender information and covenants for European and US leveraged loans

European loan holders typically have stronger covenants and receive more regular detailed information than investors in the US, as depicted in the below table. European leveraged loans typically have maintenance covenants and require bank documentation. Furthermore, European lenders tend to receive more detailed, often private, information about the borrower’s business. This enables the lender to monitor the borrower much more tightly and to intervene more timely should problems arise. “Covenant-lite” loan issuances are usually loans with significantly fewer protective covenants and lender rights to intervene than traditional loans. Covenant-lite loans are much less common in Europe than they are in the US, as illustrated in the table below and Chart 19.

	Europe	US
Due Diligence	Full package from third parties (Market, accounting, legal etc.)	Sell-side information memorandum
Documentation	Bank-style documentation	Often Covenant-lite (43% in 2013 vs. 12% in Europe)
Covenants	Maintenance covenants typical	Incurrence-based covenants typical
Monitoring Information	Private information with projections (Typically monthly)	Only public information style (Typically quarterly)

**Chart 19: Level of covenant protection: Covenant-lite issuance as % total new issuance — US vs Europe<sup>50</sup>**



<sup>50</sup> Source: CVC Credit Partners, and S&P LCD. LCD Global Review, 4Q2013, LCD European Leveraged Lending Review, 4Q2013, LCD Quarterly, 4Q2013, Based on Overall Leveraged Loan New Issuances.

## PART V: C SHARES

### INTRODUCTION

The issue of C Shares is designed to overcome the potential disadvantages for both existing and new investors which could arise out of a conventional fixed price issue of further shares of an existing issued class for cash. In particular:

- the assets representing the net proceeds of a Sterling C Share issue and/or a Euro C Share issue will be accounted for until the Calculation Date as separate pools of assets from the pools of assets representing the assets of Sterling Shares and Euro Shares, respectively. Thereafter, the C Shares will convert into Correspondent Shares at the Conversion Time and the separate pools of assets will merge. By accounting for the net proceeds arising from the issue of the C Shares separately, holders of existing Shares will not be exposed to a portfolio containing a substantial amount of uninvested cash before the Calculation Time;
- the Net Asset Value of the existing Shares will not be diluted by the expenses associated with the issue of C Shares, which will be borne by the subscribers for C Shares and not by existing Shareholders; and
- the basis upon which the C Shares will convert into Correspondent Shares is such that the number of Correspondent Shares to which holders of C Shares will become entitled will reflect the assets attributable to the C Shares and the investment performance and value of the pool of new capital attributable to the C Shares raised pursuant to the issue of C Shares up to the Calculation Time as compared to the assets attributable to the existing Shares at that time. As a result, neither the Net Asset Value attributable to the Shares nor the Net Asset Value attributable to the C Shares will be adversely affected by Conversion.

Pending Conversion, the assets attributable to the C Shares will be invested by the Company in the Conversion Vehicle, whose investment policy is essentially the same as that of the Investment Vehicle and which is managed by the Investment Vehicle Manager, which will in turn invest the proceeds in cash deposits and/or short-term money market instruments pending investment in accordance with its investment policy.

The C Shares will convert into Shares of the relevant currency denomination once the assets attributable to them have been substantially invested in accordance with the Company's investment policy, or upon the Back Stop Date being reached.

The Directors propose to pay a dividend to the holders of C Shares representing the income attributable to the C Shares in respect of the period from Admission of such C Shares up to the Calculation Time. In the event that the C Shares remain in issue for more than six months from the date of the relevant Admission, the Directors may, in their sole discretion, pay an interim dividend to holders of such C Shares. On the basis of market conditions as at the date of this Prospectus, the Company is targeting an annualised dividend yield of around 5 per cent. on the C Shares issued under the Initial Placing, once fully invested, based on the Placing Price.

It is expected that, subject to demand, Euro C Shares and Sterling C Shares will be issued pursuant to the Placing Programme, subject always to there being no more than one tranche of Euro C Shares and one tranche of Sterling C Shares in issue at any time. The Company will limit the number of New Shares in issue at any time prior to the Calculation Time in respect of any issued class of C Shares. When only Sterling C Shares are in issue, the limit will be such number of New Euro Shares as is equal to 20 per cent. of the aggregate number of Shares (excluding such New Shares) and C Shares in issue immediately following completion of the Initial Placing (the "**Aggregate Share Capital**"), with no ability to issue New Sterling Shares, and when two currency classes of C Shares are in issue the limit will be such number of New Euro Shares as is equal to 10 per cent. of the Aggregate Share Capital, with no ability to issue New Sterling Shares. After such Calculation Time these limits will be reset by adding the number of New Shares issued prior to the relevant Calculation Time to the Aggregate Share Capital.

The Correspondent Shares arising on conversion of the C Shares will rank *pari passu* with the Shares then in issue for dividends and other distributions declared, made or paid by reference to a record date falling after the relevant Calculation Time. In accordance with the Articles, fractions of Correspondent Shares arising on Conversion may be dealt with by the Directors in such manner as they see fit. Further details concerning Conversion together with a worked example are set out below.

## SPECIFIED CONVERSION CRITERIA

Pursuant to the Articles, the Directors have determined that the following Specified Conversion Criteria shall apply to the issue of C Shares pursuant to the Placing Programme:

<b>“Back Stop Date”</b>	the last calendar day in the month falling 9 months after the relevant Admission; and
<b>“Specified Proportion”</b>	the Investment Vehicle Manager giving notice to the Directors, and the Directors agreeing, that at least 80 per cent. of the assets attributable to the Sterling C Shares or the Euro C Shares have been invested or committed to be invested in accordance with the Company’s investment policy.

At the Calculation Time for a particular currency denomination of C Shares, the net assets attributable to the Shares of such currency denomination then in issue, the net assets attributable to such C Shares and the Conversion Ratio will be calculated. The Directors currently expect that the Calculation Time in relation to the C Shares issued in the Initial Placing will take place within 6 months following Initial Admission and the Conversion Time will occur within 20 Business Days after the Calculation Time.

The Directors currently expect that holders of C Shares of a particular currency denomination will receive such number of Correspondent Shares as results from applying the Conversion Ratio to their holding of such C Shares at the Conversion Time.

The conversion process is more fully described, and the definitions of the terms **“Calculation Time”**, **“Conversion Ratio”**, **“Conversion Time”** and **“Correspondent Shares”** are set out in the section entitled **“C Share definitions”** in this Part V of this Prospectus.

## EXAMPLE OF CONVERSION

The following example is provided for the purpose of illustrating the basis on which the number of Correspondent Shares arising on Conversion will be calculated. The example is not, and is not intended to be, a profit forecast nor a forecast of the number of Correspondent Shares which will arise on Conversion.

The example below illustrates the number of new Sterling Shares which would arise in respect of the conversion of 1,000 Sterling C Shares at the Conversion Time, using assumed Net Asset Values attributable to the Sterling C Shares and the existing Sterling Shares at the Calculation Time. The assumed Net Asset Value attributable to an existing Sterling Share is €1.03 per Sterling Share. The assumed Net Asset Value attributable to each Sterling C Share is based on the following assumptions: (i) there is no capital growth on the Net Placing Proceeds of the Sterling C Shares in the period to the Calculation Time; (ii) 1,000 Sterling C Shares are issued; and (iii) the expenses of the issue of Sterling C Shares attributable to each Sterling C Share are £0.02.

	<u>Example</u>
Number of Sterling C Shares .....	1,000
Amount subscribed .....	£1,000
Net Asset Value attributable to a Sterling C Share at the Calculation Time <sup>1</sup> .....	£ 0.98
Net Asset Value attributable to a Sterling Share at the Calculation Time <sup>1</sup> .....	£ 1.03
Conversion Ratio .....	0.951
Number of Sterling Shares arising on Conversion for a holder of 1,000 Sterling C Shares .....	951
Dividend attributable on a Sterling C Share following Conversion <sup>1,2</sup> .....	£0.049

### Notes

1: Excluding any accrued income to be paid by way of dividend

2: This assumes that a dividend of £0.05 per Existing Sterling Share

Other than the criteria set out in the section entitled **“Specified Conversion Criteria”** in this Part V of this Prospectus, the rights and restrictions attaching to the C Shares are set out in the Articles. The relevant provisions are reproduced below.

## C SHARE DEFINITIONS

The following definitions apply (for the purposes of this Part V of this Prospectus only) in addition to, or (where applicable) in substitution for, the definitions elsewhere in this Prospectus:

<b>“Back Stop Date”</b>	such date as determined by the Directors and set out in the Specified Conversion Criteria;
<b>“C Share”</b>	a redeemable share of no par value in the capital of the Company issued and designated as a C Share of such class, and convertible into such Correspondent Shares, as may be determined by the Directors at the time of issue;
<b>“C Share Surplus”</b>	in relation to any class of C Shares, the net assets of the Company attributable to the C Shares of that class as recorded in the Class Account for that class;
<b>“Calculation Time”</b>	the earliest of: <ul style="list-style-type: none"><li>(a) the close of business on the last Business Day prior to the day on which Force Majeure Circumstances have arisen or the Directors resolve that they are in contemplation;</li><li>(b) the close of business on such date as the Directors may decide is necessary to enable the Company to comply with its obligations in respect of the Conversion of that class of C Shares;</li><li>(c) the close of business on the Back Stop Date for the relevant class of C Shares; and</li><li>(d) the close of business on such date as the Directors may determine, in the event that the Directors, in their discretion, resolve that any Early Investment Condition for the relevant class of C Shares has been satisfied or that the Specified Proportion of the assets attributable to the relevant class of C Shares has been invested in accordance with the Company’s investment policy, and that the relevant class of C Shares shall be converted;</li></ul>
<b>“Class Account”</b>	a separate class account (in such currency as the Directors may determine) in the books of the Company for each class of Shares;
<b>“Compulsory Class Conversion”</b>	a compulsory conversion of C Shares of one class into C Shares of another class then in issue and with the greatest aggregate net asset value in Euro terms as at the date of such Compulsory Class Conversion following a determination by the Directors that the continued existence of the first class would be impractical due to, for example, the number of C Shares of any class in public hands (as such phrase is used in Listing Rule 6.1.19(4)R (as may be amended, replaced or supplemented from time to time)) falling below 25 per cent. of the total number of issued C Shares of that class;
<b>“Conversion”</b>	in relation to any class of C Shares, conversion of that class of C Shares in accordance with the Articles;
<b>“Conversion Ratio”</b>	in relation to each class of C Shares, A divided by B calculated to four decimal places (with 0.00005 being rounded upwards) where:

$$A = \frac{(C - D)}{E}$$

and

$$B = \frac{(F - G)}{H}$$



and where:

“C” is the aggregate value of all assets and investments of the Company attributable to the relevant class of C Shares (as determined by the Directors) at the relevant Calculation Time calculated in accordance with the accounting principles adopted by the Directors from time to time;

“D” is the amount which (to the extent not otherwise deducted in the calculation of C) in the Directors’ opinion fairly reflects as at the relevant Calculation Time the amount of the liabilities and expenses of the Company attributable to the C Shares of the relevant class (as determined by the Directors);

“E” is the number of C Shares of the relevant class in issue as at the relevant Calculation Time;

“F” is the aggregate value of all assets and investments attributable to the relevant class of Correspondent Shares (as determined by the Directors) at the relevant Calculation Time calculated in accordance with the accounting principles adopted by the Directors from time to time;

“G” is the amount which, (to the extent not otherwise deducted in the calculation of F) in the Directors’ opinion, fairly reflects as at the relevant Calculation Time the amount of the liabilities and expenses of the Company attributable to the relevant Correspondent Shares (as determined by the Directors); and

“H” is the number of Correspondent Shares of the relevant class in issue as at the relevant Calculation Time,

save that:

- (a) the Directors shall be entitled to make such adjustments to the value or amount of A and/or B as they believe to be appropriate having regard to, among other things, the assets of the Company immediately prior to the Issue Date or the Calculation Time or to the reasons for the issue of the C Shares of the relevant class; and
- (b) in relation to any class of C Shares, the Directors may, as part of the terms of issue of such class, amend the definition of Conversion Ratio in relation to that class;

**“Conversion Time”**

a time following the Calculation Time, being the opening of business in London on such Business Day as may be selected by the Directors and falling not more than 20 Business Days after the Calculation Time or (in the case of Force Majeure Circumstances having arisen or the Directors having resolved that they are in contemplation) such earlier date as the Directors may determine;

**“Correspondent Shares”**

the Shares of the relevant class into which C Shares of a particular class are to be converted as determined by the Directors at the time of issue of the relevant class of C Shares, subject as may subsequently be amended by the Directors to reflect any change in the currency classes of the Shares;

**“Correspondent Share Surplus”**

the net assets of the Company attributable to the Correspondent Shares (as determined by the Directors) at the date of winding up or other return of capital;

**“Early Investment Condition”**

any such condition specified in the Specified Conversion Criteria;

<b>“Force Majeure Circumstance”</b>	<p>in relation to any class of C Shares:</p> <ul style="list-style-type: none"> <li>(a) any political and/or economic circumstances and/or actual or anticipated changes in tax or other legislation which, in the reasonable opinion of the Directors, renders Conversion necessary or desirable (and notwithstanding that less than the Specified Proportion of the assets attributable to the relevant class of C Shares has been invested or committed to be invested in accordance with the Company’s investment policy);</li> <li>(b) the issue of any proceedings challenging or seeking to challenge the power of the Company and/or its Directors to issue the C Shares of that class with the rights proposed to be attached to them or to the persons to whom they are, and/or the terms on which they are, proposed to be issued;</li> <li>(c) the convening of any general meeting of the Company at which a resolution is to be proposed to wind up the Company; or</li> <li>(d) the occurrence of a Compulsory Class Conversion in respect of the relevant Correspondent Shares;</li> </ul>
<b>“Issue Date”</b>	<p>in relation to any class of C Shares, the date on which the admission of that class of C Shares to trading on the Main Market becomes effective or, if later, the day on which the Company receives the net proceeds of the issue of the relevant class of C Shares;</p>
<b>“Specified Conversion Criteria”</b>	<p>in respect of any issue of C Shares, such criteria as may be determined by the Directors and announced by the Company through an RIS announcement, setting out, among other things, the Specified Proportion, the Back Stop Date, any post-Conversion dividend limitations and any Early Investment Condition; and</p>
<b>“Specified Proportion”</b>	<p>a specified percentage of the assets attributable to the C Shares of the relevant class as determined by the Directors and set out in the Specified Conversion Criteria.</p>

## **ISSUE OF C SHARES**

Subject to the Articles and the Companies Law, the Directors have the power to issue an unlimited number of C Shares. The Directors are authorised to issue C Shares of such classes (and denominated in such currencies) as they may determine in accordance with the provisions of the Articles and with C Shares of each such class being convertible into Correspondent Shares of such class as the Directors may determine at the time of issue of such C Shares.

The Directors shall, on the issue of each class of C Shares, determine the Specified Conversion Criteria for such class, and the amendments, if any, to the definition of Conversion Ratio attributable to such class. The Directors may, in their absolute discretion, change the Correspondent Shares for any class of C Shares to reflect any change in the currency classes of the Shares by notice to the C Shareholders.

## **DIVIDENDS**

Notwithstanding any other provision of the Articles, the holders of any class of C Shares will be entitled to receive such dividends as the Directors may resolve to pay to such holders out of the assets attributable to such class of C Shares (as determined by the Directors).

No dividend or other distribution shall be made or paid by the Company on any of its C Shares between the Calculation Time and the Conversion Time (both dates inclusive) provided that any dividend announced prior to the Calculation Time shall be taken into account as an adjustment in the calculation of the Conversion Ratio and no dividend shall be declared with a record date falling between the Calculation Time and the Conversion Time (both dates inclusive).

## **RANKING OF C SHARES UPON CONVERSION**

The new Correspondent Shares arising upon Conversion shall rank *pari passu* with all other Correspondent Shares of the same class for dividends and other distributions declared, made or paid by reference to a record date falling after the relevant Calculation Time and will entitle the newly converted holders thereof to participate in any future Contractual Quarterly Tender on the same terms and subject to the same conditions as holders of the relevant Correspondent Shares. For further details on the Contractual Quarterly Tenders, please refer to the section entitled “Discount Control: Quarterly Tenders” in Part I of this Prospectus.

## **RIGHTS AS TO CAPITAL**

The capital and assets of the Company shall on a winding-up or on a return of capital (other than by way of the repurchase or redemption of Shares by the Company) prior, in each case, to Conversion be applied as follows:

- (i) the Correspondent Share Surplus shall be divided amongst the holders of relevant Correspondent Shares *pro rata* to their holdings of Correspondent Shares as if the Correspondent Share Surplus comprised the assets of the Company available for distribution; and
- (ii) the C Share Surplus attributable to each class of C Shares shall be divided amongst the Shareholders of such class *pro rata* according to their holdings of C Shares of that class.

## **VOTING AND TRANSFER**

The C Shares shall not carry any right to attend or vote at (but shall receive notice of) any general meeting of the Company.

The C Shares shall be transferable in the same manner as the Correspondent Shares.

## **REDEMPTION**

The C Shares are issued on the terms that each class of C Shares shall be redeemable by the Company in accordance with the terms of this paragraph.

At any time prior to Conversion, the Company may, at its discretion, redeem all or any of the C Shares of a particular class then in issue by agreement with any holder(s) thereof in accordance with such procedures as the Directors may determine (subject to the facility and procedures of CREST) and in consideration of the payment of such redemption price as may be agreed between the Company and the relevant holder(s) of the relevant class of C Shares.

## **CLASS CONSENTS AND VARIATION OF RIGHTS**

Without prejudice to the generality of the Articles, until Conversion the consent of the holders of each class of C Shares as a class (irrespective of whichever class of C Shares they may hold) shall be required in accordance with the Articles for, and accordingly the special rights attached to any class of C Shares shall be deemed to be varied, *inter alia*, by:

- (i) any alteration to the Memorandum or the Articles; or
- (ii) the passing of any resolution to wind up the Company.

## **CLASS ACCOUNTS**

Until Conversion and without prejudice to its obligations under the Companies Law, the Company shall, in relation to each class of C Shares, establish a separate Class Account for that class in accordance with the Articles and, subject thereto:

- (i) procure that the Company's records and bank accounts shall be operated so that the assets attributable to the relevant class of C Shares can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall procure that separate cash accounts, broker settlement accounts and investment ledger accounts shall be created and maintained in the books of the Company for the assets attributable to each class of C Shares;

- (ii) allocate to the assets attributable to each class of C Shares such proportion of the income, expenses or liabilities of the Company incurred or accrued between the Issue Date and the Calculation Time (both dates inclusive) as the Directors fairly consider to be attributable to such class of C Shares; and
- (iii) manage or, where appropriate, give appropriate instructions to the Administrator to manage, the Company's assets so that such undertakings can be complied with by the Company.

#### **DEEMED REPRESENTATIONS AT THE TIME OF CONVERSION**

Your attention is drawn to the representations and warranties set out in the "Representations and Warranties" in Part XIV of this Prospectus. In particular, at the time of Conversion, each holder of C Shares will be deemed to have represented, acknowledged and agreed that (i) it and the person, if any, for whose account or benefit it is holding the C Shares and receiving the new Correspondent Shares is not a U.S. Person and is not located within the United States; (ii) it acknowledges that the Company reserves the right to make enquiries or any holder of the C Shares, the new Correspondent Shares or interests therein at any time as to such person's status under U.S. federal securities laws, and to require any such person that has not satisfied the Company that the holding by such person will not violate or require registration under U.S. federal securities laws to transfer such C Shares, new Correspondent Shares or interests immediately under the direction of the Company (which may include, but is not limited to, the execution of a power of attorney allowing the Company to effect a transfer on its behalf); and (iii) it agrees to comply with the transfer restrictions set out in the "Purchase and Transfer Restrictions" in Part VI of this Prospectus and will notify the Company if it is holding in contravention of such restrictions.

## **PART VI: THE PLACING PROGRAMME**

### **INTRODUCTION**

The Company intends to issue up to 600 million Placing Shares, being New Shares (which may be denominated as either Euro Shares or Sterling Shares) and/or C Shares (which may be denominated as either Euro C Shares or Sterling C Shares), pursuant to the Placing Programme. New Shares or C Shares will only be issued at times when the Company and the Investment Vehicle Manager consider that suitable investments in accordance with the Company's investment policy will be capable of being secured (the New Shares and the C Shares together being the "**Placing Shares**").

The Placing Programme is flexible and may have a number of closing dates in order to provide the Company with the ability to issue Placing Shares on appropriate occasions over a period of time. The Placing Programme is intended to satisfy market demand for the Shares and to raise further money for investment in accordance with the Company's investment policy.

The Company will limit the number of New Shares in issue at any time prior to the Calculation Time in respect of any issued class of C Shares. When only Sterling C Shares are in issue, the limit will be such number of New Euro Shares as is equal to 20 per cent. of the Aggregate Share Capital, with no ability to issue New Sterling Shares, and when two currency classes of C Shares are in issue the limit will be such number of New Euro Shares as is equal to 10 per cent. of the Aggregate Share Capital, with no ability to issue New Sterling Shares. After such Calculation Time these limits will be reset by adding the number of New Shares issued prior to the relevant Calculation Time to the Aggregate Share Capital.

### **BACKGROUND AND REASONS FOR THE PLACING PROGRAMME**

Pursuant to the IPO in June 2013, the Company raised gross proceeds of approximately €351 million. Since the IPO, the Existing Shares have generally traded at a premium to their respective Net Asset Value. On 19 March 2014 (being the latest practicable date prior to the publication of this Prospectus) the share price premium to the latest published Net Asset Value per Existing Share was 1.9 per cent. for the Euro Shares and 1.7 per cent. for the Sterling Shares.

In light of the continuing demand for Shares and having regard to the benefits of enlarging the Company, the Directors have determined to implement the Placing Programme. Placing Shares will be issued when the Directors consider that it is appropriate to do so. Euro Shares and Sterling Shares issued pursuant to the Placing Programme will be issued at prices which are not less than the latest published Net Asset Value per Existing Share of the relevant class and such issues are therefore expected to be accretive to the Net Asset Value per Share. C Shares issued pursuant to the Placing Programme will typically be at €1.00 per Euro Share and at £1.00 per Sterling C Share and will convert into Correspondent Shares (i.e. Shares of the corresponding currency class) in accordance with the Articles. For further information on the rights attaching to C Shares and Conversion, please refer to Part V of this Prospectus.

In determining to initiate the Placing Programme, the Directors have also taken into account the desirability of limiting the premium to Net Asset Value at which the Shares trade in order to ensure that long-term Shareholders who regularly acquire Shares are not disadvantaged by being required to pay a high premium in order to acquire additional Shares.

Placing Shares will be issued on a non-pre-emptive basis under an existing authority granted to the Directors which expires on 9 June 2018 (unless previously renewed, revoked or varied by the Company in a general meeting). Further details regarding the authority to allot can be found in paragraphs 2.8 and 2.9 of Part IX of this Prospectus.

### **BENEFITS OF THE PLACING PROGRAMME**

The Board believes that the Placing Programme should yield the following principal benefits:

- greater scope to develop and diversify the Portfolio;
- provide additional capital which will allow the Company to be best placed to take advantage of the investment opportunities which the Directors and the Investment Vehicle Manager anticipate arising in the future;



- maintain the Company's ability to issue Shares to better manage the premium at which the Shares trade to the Net Asset Value per Share
- potential to enhance the Net Asset Value per Share of existing Shares through new issuance at a premium to Net Asset Value per Share, after the related costs have been deducted;
- increase the size of the free float with the expectation of greater liquidity in the Shares; and
- reduce the total expense ratio per Share by spreading the Company's fixed running costs over a larger Shareholder base.

## THE PLACING PROGRAMME

The Placing Programme will open on 20 March 2014 and will close on 19 March 2015 (or any earlier date on which it is fully subscribed). The maximum number of Placing Shares to be issued pursuant to the Placing Programme is 600 million, being New Shares (which may be denominated as Euro Shares or Sterling Shares) and/or C Shares (which may be denominated as Euro C Shares or Sterling C Shares). The maximum number of Placing Shares should not be taken as an indication of the number of Placing Shares finally to be issued.

The issue of Placing Shares under the Placing Programme is at the discretion of the Directors. Issuance may take place at any time prior to the final closing date of 16 March 2015 or such earlier time as all the Placing Shares the subject of the Placing Programme are issued. An announcement of each issue will be released through an RIS, including details of the number of Placing Shares allotted, the applicable Placing Price and, in respect of each issue of C Shares, the ISIN for the class of C Shares issued. It is anticipated that dealings in the Placing Shares will commence no more than three Business Days after the trade date for each issue of Placing Shares. Whilst it is expected that all Placing Shares issued pursuant to a particular Placing will be issued in uncertificated form, if any Placing Shares are issued in certificated form it is expected that share certificates would be despatched approximately two weeks after Admission of the relevant Placing Shares. No temporary documents of title will be issued.

The minimum gross proceeds in respect of the Initial Placing of C Shares under the Placing Programme will be €100 million ("**Minimum Gross Proceeds**"). Subject to complying with the public hands test set out in Listing Rule 6.1.19(4)R, there are no minimum gross proceeds required for subsequent issues of C Shares pursuant to the Placing Programme. Applications for Placing Shares under the Placing Programme must be for a minimum subscription amount of €100,000 and £100,000 and thereafter in multiples of €1,000 and £1,000. There is no maximum subscription, unless notified to investors.

As at the date of this Prospectus, the actual number of Placing Shares to be issued under the Placing Programme is not known. The number of Placing Shares available under the Placing Programme should not be taken as an indication of the number of Placing Shares to be finally issued.

The Placing Programme is not being made on a pre-emptive basis and, accordingly, existing Shareholders who do not participate in the Placing Programme may have their percentage holding of the relevant class of Shares diluted (i) on issue of New Shares of such class; and/or (ii) on conversion of the corresponding currency denomination of C Shares.

The Company will limit the number of New Shares in issue at any time prior to the Calculation Time in respect of any issued class of C Shares. When only Sterling C Shares are in issue, the limit will be such number of New Euro Shares as is equal to 20 per cent. of the Aggregate Share Capital, with no ability to issue New Sterling Shares, and when two currency classes of C Shares are in issue the limit will be such number of New Euro Shares as is equal to 10 per cent. of the Aggregate Share Capital, with no ability to issue New Sterling Shares. After such Calculation Time these limits will be reset by adding the number of New Shares issued prior to the relevant Calculation Time to the Aggregate Share Capital.

The Directors intend to seek Shareholder approval for certain matters in connection with the Placing Programme, including the approval of the issue of Placing Shares to BlackRock Inc., an existing Shareholder (the "**Related Party**"). BlackRock Inc. has held over 10 per cent. of the Shares in the period of 12 months immediately preceding the date of this Prospectus and, accordingly, the issue of Placing Shares to the Related Party in excess of the limits provided in the Listing Rules requires approval of the independent Shareholders as a related party transaction pursuant to Chapter 11 of the Listing Rules. Subject thereto, so far as the Directors are aware as at the date of this Prospectus, no major

Shareholders or members of the Company's management, supervisory or administrative bodies intend to make a commitment for Placing Shares under the Placing Programme. In the event that any other related party (as defined in the Listing Rules) wishes to make a commitment for Placing Shares under the Placing Programme, the Company will comply with its obligations under Chapter 11 of the Listing Rules including, if required, seeking Shareholder approval for the issue of Placing Shares to that related party.

Applications will be made to the UK Listing Authority for the Placing Shares issued pursuant to the Placing Programme to be admitted to listing on the Official List. In the case of the New Shares, such applications will be made in relation to a listing on the premium segment of the Official List and, in relation to the C Shares, such applications will be made in relation to a listing on the standard segment of the Official List. Applications will also be made to the London Stock Exchange for all Placing Shares issued pursuant to the Placing Programme to be admitted to trading on the Main Market.

The Placing Programme will be suspended at any time when the Company is unable to issue Placing Shares pursuant to the Placing Programme under any statutory provision or other regulation applicable to the Company or otherwise at the Directors' discretion. The Placing Programme may resume when such conditions cease to exist, subject always to the final closing date of the Placing Programme being 19 March 2015.

### **CONVERSION OF C SHARES**

The C Shares issued pursuant to the Placing Programme will convert into Correspondent Shares of the same currency denomination as the C Shares in accordance with the conversion mechanism described in Part V of this Prospectus. The Directors may, in their absolute discretion, change the Correspondent Shares for any class of C Shares to reflect any change in the currency class of the Shares by notice to the C Shareholders.

Prior to the relevant Calculation Time, the Directors will announce a dividend in respect of the C Shares and, simultaneously, announce a dividend in respect of the Shares in relation to the period up to and including the relevant Calculation Time.

Upon conversion, the Shares arising will rank *pari passu* with all other Correspondent Shares of the same class then in issue for dividends and other distributions declared, made or paid by reference to a record date falling after the relevant Calculation Time and will entitle the newly converted holders thereof to participate in any future Contractual Quarterly Tender on the same terms and subject to the same conditions as existing holders of the relevant Correspondent Shares. For further details on the Contractual Quarterly Tenders, please refer to the section entitled "Discount Control: Quarterly Tenders" in Part I of this Prospectus.

### **CONDITIONS**

Each allotment of Placing Shares pursuant to the Placing Programme is conditional on:

- In the case of an issue of Shares, the Placing Price being not less than the latest published Net Asset Value per Share of the relevant class;
- Admission of the relevant Placing Shares; and
- the Placing Agreement not being terminated in accordance with its terms or a particular Placing not being suspended in accordance with the terms of the Placing Agreement.

In addition, the initial allotment of New Shares pursuant to the Placing Programme is conditional upon the Minimum Gross Proceeds having been raised.

In circumstances where these conditions are not fully met, the relevant issue of Placing Shares pursuant to the Placing Programme will not take place.

The Company reserves the right not to issue C Shares in the event that such issue would result in such class not complying with the public hands test set out in Listing Rule 6.1.19(4)R.

The terms and conditions which will apply to any subscriber for Placing Shares under a Placing procured by either Goldman Sachs or Dexion are set out in Part XIV of this Prospectus.

## **SPONSOR AND PLACING AGREEMENT**

The Company, the Directors, CVC Investment Services, the Investment Vehicle Manager, Goldman Sachs and Dexion have entered into the Sponsor and Placing Agreement pursuant to which Goldman Sachs and Dexion have severally agreed (in the case of Dexion, in relation to the Initial Placing and only those subsequent Placings in respect of which it is appointed as placing agent), subject to: (a) the Company and Goldman Sachs executing and delivering a Purchase Agreement in respect of a Placing; and (b) certain other conditions, to use their reasonable endeavours to procure subscribers for the Placing Shares to be issued by the Company pursuant to such Placing or, failing which, Goldman Sachs shall subscribe itself for such Placing Shares referred to in the relevant Purchase Agreement at the relevant Placing Price.

The costs and expenses of each Placing of C Shares (including placing commissions) up to 0.75 per cent. of the Gross Placing Proceeds in respect of the Initial Placing, and an amount as will be notified to investors at the time of any subsequent Placings, shall be payable out of such Placing proceeds. Any costs or expenses (including placing commissions) in excess of such amounts shall be payable by CVC Investment Services.

The Placing Price for New Shares to be issued pursuant to the Placing Programme shall include a premium to the Net Asset Value per Share of the relevant class of Existing Shares and the costs and expenses of any such issue (including placing commissions) will be borne out of such premium. To the extent that the costs and expenses of such subsequent Placing (including placing commissions) exceed such premium, CVC Investment Services shall bear the excess.

Any placing commissions, costs or expenses borne by CVC Investment Services shall be payable out of its Management Fees, Performance Fees and any amounts due under the Corporate Service Agreement.

Third parties including Goldman Sachs receive on-going fees from CVC Investment Services, payable for up to 5 years, in respect of their placement of certain Investment Vehicle Interests (including certain Company Investment Vehicle Interests). In addition, Goldman Sachs currently receives fees in connection with interests placed both prior to the IPO and following the IPO with investors sourced by Goldman Sachs in the Investment Vehicle and certain other debt funds offered, structured, managed or advised by CVC Credit Partners or its affiliates. The quantum of such fees may reduce depending on the aggregate level of commitments sourced by Goldman Sachs.

Goldman Sachs is acting as arranger and placing agent for the CLO Offer and is providing warehouse financing to fund Cordatus CLO III's initial purchases of loans in the market that overlap with those purchased by the Investment Vehicle. In addition Goldman Sachs is arranging financing (and providing other related services) for CVC Credit Partners Group Limited for some or all of the amounts required for its purchase of 5 per cent. of each tranche of the CLO Offer due to regulatory requirements around risk retention in securitisations.

Dexion is appointed as Lead Placing Agent in connection with the Placing Programme and in respect of the Initial Placing. The Company may appoint Dexion as placing agent in connection with subsequent Placings.

Goldman Sachs and Dexion may also place Placing Shares through or with the assistance of intermediaries and retain the right to pay a portion of their respective placing commissions to such intermediaries.

For a summary of the terms of the Sponsor and Placing Agreement, please refer to paragraph 5.2 in the section entitled "Material Contracts" in Part IX of this Prospectus.

## **THE PLACING PRICE**

Subject to the requirements of the Listing Rules, the price at which each New Share will be issued will be calculated by reference to the latest published Net Asset Value per Existing Share of the relevant class. The premium at which Shares are issued has the potential to ultimately provide an enhancement to Net Asset Value.

C Shares will be issued at a Placing Price of €1.00 per Euro C Share and £1.00 per Sterling C Share. As discussed above, up to 0.75 per cent. of the costs and expenses (including placing commissions) applicable to the Initial Placing shall be payable out of the proceeds of the Initial Placing, and accordingly the expected Net Asset Value per C Share immediately following each Admission will be at least €0.9925 per Euro C Share and at least £0.9925 per Sterling C Share. It is expected that arrangements of a similar nature will apply in relation to subsequent Placings of C Shares, with the percentage of costs and expenses that will be borne by investors being set at the time of the relevant Placing.

The Directors will determine the premium at which Placing Shares are issued and the costs attributable to an issue of C Shares with the intention that the cumulative premium over the life of the Placing Programme should cover the costs and expenses of the Placing Programme for which the Company will be responsible and in addition be accretive to the Net Asset Value for Shareholders.

Goldman Sachs and Dexion reserve the right to pay rebates out of the commissions payable to them in an amount equal to 0.25 per cent. of the Placing Price, to all investors subscribing for C Shares in the Initial Placing with an aggregate Placing Price of £12.5 million or €15.0 million or more and CVC Investment Services will reimburse Goldman Sachs and Dexion in respect of such rebates. To the extent that the costs and expenses of the Initial Placing (including such placing commissions) exceed 0.75 per cent. of the Placing Price such costs and expenses will be payable by CVC Investment Services.

Fractions of Placing Shares will not be issued.

## USE OF PROCEEDS

The Net Placing Programme Proceeds will depend on the number of Placing Shares issued pursuant to the Placing Programme and the relevant Placing Price. The Directors intend to invest the Net Placing Proceeds of each Placing in accordance with the Company's investment policy directly into the Investment Vehicle in the case of a Placing of New Shares or through the Conversion Vehicle in the case of a Placing of C Shares.

## OFFICIAL LIST AND MAIN MARKET

Applications will be made to the UK Listing Authority for the Placing Shares issued pursuant to the Placing Programme to be admitted to listing on the Official List. In the case of the Shares, such application will be made in relation to a listing on the premium segment of the Official List and, in relation to the C Shares, such application will be made in relation to a listing on the standard segment of the Official List. Applications will also be made to the London Stock Exchange for all Placing Shares issued pursuant to the Placing Programme to be admitted to trading on the Main Market.

The Company's existing Euro Shares and Sterling Shares are admitted to listing on the premium segment of the Official List and to trading on the Main Market.

The Company is subject to and complying with the on-going requirements of the Listing Rules, the Prospectus Rules, the Disclosure and Transparency Rules and the Market Abuse Directive (as implemented in the United Kingdom).

## INITIAL PLACING

It is expected that Initial Admission will become effective and that unconditional dealings in the Placing Shares will commence at 8.00 a.m. on 3 April 2014. Dealings in Placing Shares in advance of the crediting of the relevant stock account shall be at the risk of the person concerned. The Placing Price of C Shares will be €1.00 per Euro C Share and £1.00 per Sterling C Share.

The Company does not guarantee that at any particular time any market maker(s) will be willing to make a market in the Placing Shares, nor does it guarantee the price at which a market will be made in the Placing Shares. Accordingly, the dealing price of the Placing Shares may not necessarily reflect changes in the Net Asset Value per Share. Furthermore, the level of the liquidity in the Placing Shares can vary significantly.

On the basis of market conditions as at the date of this Prospectus, the Company is targeting an annualised dividend yield of around 5 per cent. on the C Shares issued under the Initial Placing, once fully invested, based on the Placing Price.

## DEALING CODES

The Shares and C Shares (in respect of the first issue of C Shares pursuant to the Initial Placing) will have the following dealing codes:

	<u>Euro Shares</u>	<u>Sterling Shares</u>	<u>Euro C Shares</u>	<u>Sterling C Shares</u>
<i>ISIN</i> .....	JE00B9G79F59	JE00B9MRHZ51	JE00BKF1X420	JE00BKF1X867
<i>SEDOL</i> .....	B9G79F5	B9MRHZ5	BKF1X42	BKF1X86
<i>Ticker</i> .....	CCPE LN	CCPG LN	CCCE	CCCG

Subsequent issues of C Shares will have security identification numbers issued in consecutive order, namely tranche 2 to 4. The announcement of each allotment and issue will contain details of the relevant security identification numbers for the class of C Share being issued.

In relation to Euro C Shares:

	<u>ISIN</u>	<u>SEDOL</u>	<u>Back Stop Date</u>	<u>Specified Proportion</u>
<i>Tranche 2</i> . . . . .	JE00BKGRDK57	BKGRDK5	last calendar day in the month falling 9 months following relevant Admission	80 per cent. invested or committed to be invested
<i>Tranche 3</i> . . . . .	JE00BKGRDL64	BKGRDL6	as above	as above
<i>Tranche 4</i> . . . . .	JE00BKGRDM71	BKGRDM7	as above	as above

In relation to Sterling C Shares:

	<u>ISIN</u>	<u>SEDOL</u>	<u>Back Stop Date</u>	<u>Specified Proportion</u>
<i>Tranche 2</i> . . . . .	JE00BKGRDN88	BKGRDN8	last calendar day in the month falling 9 months following relevant Admission	80 per cent. invested or committed to be invested
<i>Tranche 3</i> . . . . .	JE00BKGRDP03	BKGRDP0	as above	as above
<i>Tranche 4</i> . . . . .	JE00BKGRDQ10	BKGRDQ1	as above	as above

### SCALING BACK AND ALLOCATION

If aggregate applications for Placing Shares pursuant to a Placing exceed a level that the Directors determine, in their absolute discretion at the time of closing such Placing, to be the appropriate maximum size of that Placing, it would be necessary to scale back applications under that Placing. Goldman Sachs reserves the right, at its sole discretion but after consultation with the Company, to scale back applications in such amounts as it considers appropriate. Goldman Sachs on behalf of the Company reserves the right to decline in whole or in part any application for Placing Shares pursuant to a Placing.

The Company will notify investors of the number of Placing Shares in respect of which their application has been successful and the results of each Placing will be announced by the Company via an RIS announcement.

Subscription monies received in respect of unsuccessful applications (or to the extent applications are scaled back) will be returned without interest at the risk of the applicant to the bank account from which the money was received forthwith following Admission.

### GENERAL

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK and/or Jersey, the Company (and its agents) may require evidence in connection with any application for Placing Shares, including further identification of the applicant(s), before any Placing Shares are issued.

In the event that there are any significant changes affecting any of the matters described in this Prospectus or where any significant new matters have arisen after the publication of this Prospectus, the Company will publish a supplementary prospectus. The supplementary prospectus will give details of the significant change(s) or the significant new matter(s).

The Directors (in consultation with Goldman Sachs) may in their absolute discretion waive the minimum application amounts in respect of any particular application for Placing Shares under the Placing Programme.

Should a Placing be aborted or fail to complete for any reason, monies received will be returned without interest at the risk of the applicant to the bank account from which the money was received forthwith following such abort or failure, as the case may be. Any abort or failure fees and expenses will be borne by the Company.

### CLEARING AND SETTLEMENT

Payment for the Placing Shares should be made in accordance with settlement instructions to be provided to Placees by (or on behalf of) the Company, Goldman Sachs or Dexion. To the extent that any application for Placing Shares is rejected in whole or in part (whether by scaling back or otherwise), monies received will be returned without interest at the risk of the applicant.



Placing Shares will be issued in registered form and may be held in either certificated or uncertificated form and settled through CREST from the relevant Admission. In the case of Placing Shares to be issued in uncertificated form pursuant to a Placing, these will be transferred to successful applicants through the CREST system. Accordingly, settlement of transactions in the Placing Shares following an Admission may take place within the CREST system if any shareholder so wishes.

CREST is a paperless book-entry settlement system operated by Euroclear which enables securities to be evidenced otherwise than by certificates and transferred otherwise than by written instrument. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

It is expected that the Company will arrange for Euroclear to be instructed on each Admission date to credit the appropriate CREST accounts of the subscribers concerned or their nominees with their respective entitlements to Placing Shares. The names of subscribers or their nominees investing through their CREST accounts will be entered directly on to the share register of the Company.

The transfer of Placing Shares outside of the CREST system following a Placing should be arranged directly through CREST. However, an investor's beneficial holding held through the CREST system may be exchanged, in whole or in part, only upon the specific request of the registered holder to CREST for share certificates or an uncertificated holding in definitive registered form. If a Shareholder or transferee requests Placing Shares to be issued in certificated form and is holding such Placing Shares outside CREST, a share certificate will be despatched either to him or his nominated agent (at his risk) within 21 days of completion of the registration process or transfer, as the case may be, of the Placing Shares. Shareholders (other than U.S. Persons and persons acting for the account or benefit of any U.S. Person) holding definitive certificates may elect at a later date to hold such Placing Shares through CREST or in uncertificated form provided they surrender their definitive certificates.

Shareholders holding their Placing Shares through CREST or otherwise in uncertificated form may obtain from the Registrar (as evidence of title) a certified extract from the Register showing their Shareholding.

## **PURCHASE AND TRANSFER RESTRICTIONS**

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, Placing Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company.

The Company has elected to impose the restrictions described below on the Placing Programme and on the future trading of the Placing Shares so that the Company will not be required to register the offer and sale of the Placing Shares under the U.S. Securities Act, so that the Company will not have an obligation to register as an investment company under the U.S. Investment Company Act and related rules and to address certain ERISA, U.S. Tax Code and other considerations. These transfer restrictions, which will remain in effect until the Company determines in its sole discretion to remove them, may adversely affect the ability of Shareholders to trade the Placing Shares. Due to the restrictions described below, potential investors in the United States and U.S. Persons (including persons acting for the account or benefit of any U.S. Person) are advised to consult legal counsel prior to making any offer, resale, exercise, pledge or other transfer of the Placing Shares. The Company and its agents will not be obligated to recognise any resale or other transfer of the Placing Shares made other than in compliance with the restrictions described below.

### **Restrictions due to lack of registration under the U.S. Securities Act and U.S. Investment Company Act**

The Placing Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Placing Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, into or within the United States or to, or for the account or benefit of, U.S. Persons. There will be no public offer of the Placing Shares in the United States.

The Placing Shares are being offered and sold only outside the United States to persons who are not U.S. Persons (and who are not acting for the account or benefit of any U.S. Person) in reliance on the exemption from registration provided by Regulation S under the U.S. Securities Act.

Moreover, the Company has not been and will not be registered under the U.S. Investment Company Act and investors will not be entitled to the benefits of the U.S. Investment Company Act.

The Placing Shares and any beneficial interests therein may only be transferred in an offshore transaction in accordance with Regulation S: (i) to a person outside the United States and not known by the transferor to be, or acting for the account or benefit of, a U.S. Person, by pre-arrangement or otherwise; or (ii) to the Company or a subsidiary thereof.

### **Subscriber and Shareholder warranties**

For the purpose of the following subscriber warranties only, the term “**Share**” shall be used to refer collectively to all Placing Shares, existing Shares and existing C Shares and “**Shareholder**” shall be used to refer collectively to holders thereof.

Each subscriber of Shares in the Placing Programme and each subsequent investor in such Shares as of the date it subscribes for or otherwise receives such Shares, each subsequent investor in the Shares and each Shareholder choosing to convert their Shares into another class of Shares (whether upon Conversion of C Shares or otherwise) will be deemed to have represented, warranted, acknowledged and agreed as follows:

- (a) it is not a U.S. Person, is not located within the United States and is not acquiring the Shares for the account or benefit of a U.S. Person;
- (b) it is acquiring the Shares in an offshore transaction meeting the requirements of Regulation S;
- (c) it acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may only be transferred in an offshore transaction in accordance with Regulation S: (i) to a person outside the United States and not known by the transferor to be a U.S. Person (or acting for the account or benefit of any U.S. Person), by pre-arrangement or otherwise; or (ii) to the Company or a subsidiary thereof;
- (d) it acknowledges that the Company has not registered under the U.S. Investment Company Act and that the Company has put in place restrictions on the purchase of the Shares by persons who are located in the United States or who are, or acting for the account or benefit of any, U.S. Persons, and to ensure that the Company is not and will not be required to register under the U.S. Investment Company Act;
- (e) no portion of the assets used to purchase, and no portion of the assets used to hold, the Shares or any beneficial interest therein constitutes or will constitute the assets of: (i) an “employee benefit plan” as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (ii) a “plan” as defined in Section 4975 of the U.S. Tax Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the U.S. Tax Code; or (iii) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the U.S. Tax Code. In addition, if an investor is a governmental, church, non-U.S. or other employee benefit plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the U.S. Tax Code, its purchase, holding, and disposition of the Shares must not constitute or result in a non-exempt violation of any such substantially similar law;
- (f) that if any Shares offered and sold pursuant to Regulation S are issued in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect unless otherwise determined by the Company in accordance with applicable law:

**CVC CREDIT PARTNERS EUROPEAN OPPORTUNITIES LIMITED (THE “COMPANY”) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “U.S. INVESTMENT COMPANY ACT”). IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. ACCORDINGLY, THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED, EXERCISED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS;**

- (g) if in the future the investor decides to offer, sell, transfer, assign or otherwise dispose of the Shares, it will do so only in compliance with an exemption from the registration requirements of the U.S. Securities Act and under circumstances which will not require the Company to register under

the U.S. Investment Company Act. It acknowledges that any sale, transfer, assignment, pledge or other disposal made other than in compliance with such laws and the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;

- (h) it is purchasing the Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the Shares in any manner that would violate the U.S. Securities Act, the U.S. Investment Company Act or any other applicable securities laws;
- (i) it acknowledges that the Company reserves the right to make enquiries of any holder of the Shares or interests therein at any time as to such person's status under the U.S. federal securities laws and to require any such person that has not satisfied the Company that holding by such person will not violate or require registration under the U.S. securities laws to transfer such Shares or interests in accordance with the Articles;
- (j) it is entitled to acquire the Shares under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, Goldman Sachs, Dexion or their respective directors, officers, agents, affiliates, employees and advisers being in breach of the laws of any jurisdiction in connection with the Placing or its acceptance of participation in the Placing;
- (k) it has received, carefully read and understands this Prospectus or other relevant public disclosure of the Company, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other presentation or offering materials concerning the Shares to within the United States or to any U.S. Persons (or persons acting for the account or benefit of any U.S. Person), nor will it do any of the foregoing;
- (l) if it is acquiring any Shares as a fiduciary or agent for one or more accounts, the investor has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account; and
- (m) the Company, Goldman Sachs, Dexion and their respective directors, officers, agents, affiliates, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements. If any of the representations, warranties, acknowledgments or agreements made by the investor are no longer accurate or have not been complied with the investor will immediately notify the Company.

## PART VII: DIRECTORS AND ADMINISTRATION

### DIRECTORS

The Directors are responsible for managing the business affairs, investment management and risk management of the Company in accordance with the Articles and have overall responsibility for the Company's activities including the review of investment activity and performance and the overall control and supervision of the service providers. The Directors may delegate certain functions to other parties such as CVC Investment Services, the Administrator and the Registrar.

The Board comprises three Directors, two of whom are independent of the Investment Vehicle Manager.

The address of the Directors, all of whom are non-executive, is the registered office of the Company. The Directors of the Company are as follows (save as set out herein, none of the Directors carry on any significant activities not connected with the business of the Company):

**Richard Michael Boléat FCA** (*Chairman*), aged 50 (independent).

Richard qualified as a Chartered Accountant with Coopers & Lybrand in the United Kingdom in 1987, and subsequently worked in the Middle East, Africa and the United Kingdom for a number of commercial and financial services groups, during which time he acted as a buy-side high yield credit analyst for an Arabian investment bank. From 1996, he was a Principal of Channel House, a Jersey based financial services group, which was acquired by Capita Group plc in September 2005. He led Capita's financial services client practice in Jersey until September 2007. He currently acts as a non-executive director of a number of substantial collective investment and investment management entities and is active in a number of asset classes including global macro, super-senior corporate CDS, long/short equity, fund of funds and EM real estate. He presently acts as Chairman of Yatra Capital Limited. He is personally regulated by the Jersey Financial Services Commission in the conduct of financial services business, and is a member of the Alternative Investment Management Association (AIMA), the International Corporate Governance Network and the European Corporate Governance Institute.

**David Alan Wood**, aged 59.

David was a founding partner of CVC Cordatus (a predecessor to CVC Credit Partners Group) in 2006, but retired in April 2012, although he remains a member of CVC Credit Partners Advisory Board. With 36 years of industry experience, David joined from Deutsche Bank where he was Co-Head of European Leveraged Finance. Prior to this, he was a Managing Director at Chase Manhattan (as it was then known) where he worked in leveraged finance and corporate banking.

**Mark Richard Tucker**, aged 51 (independent).

In 1997 Mark joined Arborhedge Investments, Inc. (formally HFR Investments, Inc.) a Chicago based, boutique broker dealer specialising in the placement of hedge fund interests to institutions globally. Mark served as the president and chief executive officer of Arborhedge until his return to Jersey in 2002, after which he remained a director and shareholder until 2012. Previously, Mark held a variety of retail and private banking roles in Jersey with both HSBC and Cater Allen Bank. In 1988 Mark relocated first to London, where he joined GNI Limited in a financial futures business development role, and later to New York where he was responsible for the alternative investment program of Gresham Asset Management, Inc. and later for the asset allocation and manager selection activities of Mitsui & Company. Mark is personally regulated by the Jersey Financial Services Commission in the conduct of financial services business, and he is an Associate of the Chartered Institute of Bankers, a Chartered Fellow of the Chartered Institute for Securities and Investment and a member of the Institute of Directors. Mark currently serves as a non-executive director to several offshore structures and until October 2013 served as a non-executive director and chairman of the Audit Committee of a London listed investment company.

### Management functions of the Board of Directors

As the Company is a self-managed AIF under the AIFM Directive and there are no employees of the Company, the Board performs certain management functions, which include the overseeing of the Company's investment policy and investment strategy, the supervision of any delegated responsibilities to third-party service providers and any necessary investment management functions.

To execute such management functions, the Board intends to:

- hold monthly NAV meetings to review the CECO reports at each NAV meeting and to record the board's conclusions, as part of the performance of its investment management function, prior to which they are to receive regular (at least monthly) reports from CECO in respect of CECO's performance, in advance of the monthly NAV meetings for their review;
- lead the risk management function and will remain responsible for the portfolio management and investment management functions;
- communicate regularly with the investment manager appointed in respect of CECO;
- have a formal process for generating records of its performance of its portfolio and investment management function;
- have a process for assessing (and recording this assessment) the relevant expertise of the board prior to the appointment of each director (including in the event of future replacement of a director); and
- have a process for assessing (and recording this assessment) each instance of delegation of an investment management function by the board.

## **CORPORATE GOVERNANCE**

The Listing Rules require that the Company must “comply or explain” against the UK Corporate Governance Code. In addition, the DTRs require the Company to: (i) make a corporate governance statement in its annual report and accounts based on the code to which it is subject, or with which it voluntarily complies; and (ii) describe its internal control and risk management arrangements. In addition, the Board has agreed to comply with the AIC Code of Corporate Governance (the “**AIC Code**”) produced by the Association of Investment Companies (“**AIC**”), except as set out below. The UK's Financial Reporting Counsel has confirmed that compliance with the AIC Code would satisfy a company's obligations to comply with the UK Corporate Governance Code.

The Directors recognise the value of the AIC Code and have taken appropriate measures to ensure that the Company complies, so far as is possible given the Company's size and nature of business, with the AIC Code. Save as set out below, the Company currently complies, and will continue to comply, with the AIC Code and associated disclosure requirements of the Listing Rules.

There is no chief executive or senior independent director within the Company, which means that the Company cannot comply with Principle 1 of the AIC Code. As an investment company, all the Directors are non-executive and the Company has no employees. Accordingly, Principle 1 of the AIC Code is not relevant to the Company. The Company does not have a senior independent director because all of its Directors are non-executive and the Company has a Chairman. The Company does not have a nomination committee or a remuneration committee and, as such, cannot comply with Principles 5 or 9 of the AIC Code. The Company does not have a nomination committee or a remuneration committee because all of the Directors are non-executive. There are no other instances of non-compliance with the UK Corporate Governance Code by the Company as at the date of this Prospectus.

### **Audit Committee**

The Company's Audit Committee will meet formally at least twice a year for the purpose, amongst other things, of considering the appointment, independence and remuneration of the auditor and to review the Company's annual and half-yearly financial reports. Where audit-related and/or non-audit services are to be provided by the auditors, full consideration of the financial and other implications on the independence of the auditors arising from any such engagement will be considered before proceeding. Mark Tucker acts as chairman of the Audit Committee. The principal duties of the Audit Committee are to consider the appointment of external auditors, to discuss and agree with the external auditors the nature and scope of the audit, to keep under review the scope, results and cost effectiveness of the audit and the independence and objectivity of the auditor, to review the external auditor's letter of engagement and management letter and to analyse the key procedures adopted by the Company's service providers.

The chairmanship of the Audit Committee and each Director's performance is reviewed annually by the Chairman and the performance of the Chairman will be assessed by the other Directors.



## **Directors' Share dealings**

The Directors have adopted a code of directors' dealings in Shares, which is based on the Model Code for directors' dealings contained in the Listing Rules (the "**Model Code**"). The Board is responsible for taking all proper and reasonable steps to ensure compliance with the Model Code by the Directors.

## **Takeover Code**

The Takeover Code applies to the Company.

Given the existence of the Contractual Quarterly Tender facility, as set out in the section entitled "Discount Control: Quarterly Tenders" in Part I of this Prospectus, there are certain considerations that Shareholders should be aware of with regard to the Takeover Code.

Under Rule 9 of the Takeover Code, any person who acquires shares which, taken together with shares already held by him or shares held or acquired by persons acting in concert with him, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares. Similarly, when any person or persons acting in concert already hold more than 30 per cent. but not more than 50 per cent. of the voting rights of such company, a general offer will normally be required if any further shares increasing that person's percentage of voting rights are acquired.

Under Rule 37 of the Takeover Code, when a company purchases its own voting shares a resulting increase in the percentage of voting rights carried by the shareholdings of any person or group of persons acting in concert will be treated as an acquisition for the purposes of Rule 9 of the Takeover Code. A Shareholder who is neither a Director nor acting in concert with a Director will not normally incur an obligation to make an offer under Rule 9 of the Takeover Code in these circumstances.

However, under note 2 to Rule 37 of the Takeover Code, where a shareholder has acquired shares at a time when he had reason to believe that a purchase by the company of its own voting shares would take place, then an obligation to make a mandatory bid under Rule 9 of the Takeover Code may arise.

The Contractual Quarterly Tender facility and market purchases of Shares by the Company, if any, could have implications under Rule 9 of the Takeover Code for Shareholders with significant Shareholdings. The Contractual Quarterly Tender facility and market purchases of Shares by the Company, if any, and RIS announcements made by the Company should enable Shareholders and the Company to anticipate the possibility of such a situation arising. Prior to the Board implementing any market purchase of Shares or when considering Tender Requests, the Board will endeavour to identify any Shareholders who they are aware may be deemed to be acting in concert under note 1 of Rule 37 of the Takeover Code and will seek an appropriate waiver in accordance with note 2 of Rule 37. However, neither the Company, nor any of the Directors, nor members of the CVC Group will incur any liability to any Shareholder(s) if they fail to identify the possibility of a mandatory offer arising or, if having identified such a possibility, they fail to notify the relevant Shareholder(s) or if the relevant Shareholder(s) fails to take appropriate action.

## **AIC Code**

The Board has agreed to comply with the AIC Code. The Company is a member of the AIC.

The Company currently complies with the AIC Code, and, in doing so, meets its obligations in relation to the UK Corporate Governance Code and associated disclosure requirements of the Listing Rules.

In addition, the Directors are appointed for an initial term of three years, subject to re-election on an annual basis.

## **ADMINISTRATOR**

BNP Paribas Securities Services S.C.A., Jersey Branch has been appointed as Administrator of the Company pursuant to the Administration Agreement (further details of which are set out in paragraph 5.3 in the section entitled "Material Contracts" in Part IX of this Prospectus). In such capacity, the Administrator is responsible for the day to day administration of the Company (including but not limited to the calculation and publication of the estimated weekly NAV) and general secretarial functions required by the Companies Law

(including but not limited to the maintenance of the Company's accounting and statutory records). Prospective investors should note that it is not possible for the Administrator to provide any investment advice to investors.

The Administrator is a Societe en Commandite par Actions, created under the laws of France on 17 April 1936 whose registered office is situated at 3 rue d'Antin, 75002 Paris, France acting from its branch in Jersey whose registered business address is Liberte House, 19-23 La Motte Street, St Helier, Jersey, JE2 4SY. As at the date of this document, the issued share capital of the Administrator is €2,490,325,618, all of which is fully paid up. The Administrator is registered under the Financial Services (Jersey) Law 1998, as amended, with the JFSC to provide fund services business. The JFSC is protected by the Financial Services (Jersey) Law 1998, as amended, against liability arising from the discharge of its functions under that law. The Administrator's principal business activity is providing securities services.

## **REGISTRAR**

Capita Registrars (Jersey) Limited has been appointed as Registrar of the Company pursuant to the Registrar Agreement (further details of which are set out in paragraph 5.5 in the section entitled "Material Contracts" in Part IX of this Prospectus)). Capita Registrars (Jersey) Limited is a private limited company incorporated in Jersey.

## **CUSTODIAN**

BNP Paribas Securities Services S.C.A., Jersey Branch has been appointed as Custodian of the Company pursuant to the Custodian Agreement (further details of which are set out in paragraph 5.4 in the section entitled "Material Contracts" in Part IX of this Prospectus)). In acting as custodian of the Company's investments, the Custodian shall provide for the safe keeping of certificates of deposit, shares, notes and in general any instrument evidencing the ownership of securities and may take custody of cash and other assets. Assets will be held in a custody account and registered in the name of the Company or the Custodian, its delegate or a nominee.

The Custodian is a Societe en Commandite par Actions, created under the laws of France on 17 April 1936 whose registered office is situated at 3 rue d'Antin, 75002 Paris, France acting from its branch in Jersey whose registered business address is Liberte House, 19-23 La Motte Street, St Helier, Jersey, JE2 4SY. As at the date of this document, the issued share capital of the Custodian is €2,490,325,618, all of which is fully paid up. The Custodian is registered under the Financial Services (Jersey) Law 1998, as amended, with the JFSC to provide fund services business. The JFSC is protected by the Financial Services (Jersey) Law 1998, as amended, against liability arising from the discharge of its functions under that law. The Custodian's principal business activity is providing securities services.

## **FEES AND EXPENSES**

### **Initial expenses related to the Placing Programme**

The initial expenses of the Company are those which are necessary for the Initial Placing. CVC Investment Services will bear such expenses that exceed 0.75 per cent of the Gross Placing Proceeds of the Initial Placing (being the amount that will be borne by the Company).

The expenses in respect of the Initial Placing will be paid on or around Initial Admission and will include, without limitation: registration, listing and admission fees; the cost of settlement and escrow arrangements; printing, advertising and distribution costs; legal fees; and any other applicable expenses.

It is expected that arrangements of a similar nature will apply in relation to subsequent Placings of C Shares, with the percentage of costs and expenses that will be borne by investors being set at the time of the relevant Placing. It is also expected that similar arrangements will apply to Placings of New Shares, to the extent that the costs and expenses of the relevant Placing (including placing commissions) exceed the premium to the Net Asset Value per Share of the relevant class of Existing Shares at which such New Shares are issued.

### **On-going annual expenses**

The Company will also incur on-going annual fees and expenses which are not currently expected to exceed 0.101 per cent. of Net Asset Value per year.

These expenses will include the following:

(i) *Administrator*

Under the terms of the Administration Agreement, the Administrator is entitled to an annual administration fee of £75,000 per annum (rising to £85,000 per annum from 7 November 2014) in respect of accounting, certain NAV calculation and company secretarial services, together with an additional fee of £2,500 per annum for the provision of a money laundering and compliance officer and £1,000 per board meeting for any meetings in excess of five board meetings per annum with other services (including C Share set up and NAV calculation on the C Shares) charged at time cost or £250 per hour, and other miscellaneous fees and expenses reimbursed, in each case, as determined in the agreement. A termination fee of £10,000 may also be payable in the event of termination by the Company.

(ii) *Registrar*

The Registrar is entitled to an annual fee from the Company for creation and maintenance of the share register equal to £2.00 per holder of ordinary shares appearing on the register during the fee year, with a minimum charge per annum of £7,000. Other registrar activity is charged for in accordance with the Registrar's normal tariff as published from time to time.

(iii) *Custodian*

Under the terms of the Custodian Agreement, the Custodian is entitled to: (i) a safekeeping fee of 0.02% and a settlement fee of £25 per transaction for Euroclear and UK markets; and (ii) a safekeeping fee of £1,800 per line and a settlement fee of £250 per transaction for physical stock in the name of the Company. A termination fee of £10,000 may also be payable in the event of termination by the Company.

(iv) *Directors*

The Directors are remunerated for their services at a fee of £35,000 per annum (£50,000 for the Chairman). The chairman of the Audit Committee will receive an additional £5,000 for his services in this role. For more information in relation to the remuneration of the Directors, please refer to paragraph 4.13 the section entitled "Memorandum and Articles" in Part IX of this Prospectus.

(v) *Other operational expenses*

All other on-going operational expenses of the Company (excluding fees paid to service providers as detailed above) are borne by the Company including, without limitation: the incidental costs of making its investments and the implementation of its investment objective and policy; travel, accommodation and printing costs; the cost of directors' and officers' liability insurance; the costs of maintaining the Company's Website; audit and legal fees; brokerage fees and annual Main Market fees. All reasonably and properly incurred out of pocket expenses of CVC Investment Services, the Administrator, the Registrar, the CREST agent and the Directors relating to the Company are borne by the Company.

## **MEETINGS AND REPORTS TO SHAREHOLDERS**

All general meetings of the Company shall be held in Jersey.

The Company's audited annual report and accounts are prepared to 31 December each year, and it is expected that copies are sent to Shareholders in April each year, or earlier if possible. Shareholders also receive an unaudited interim report each year commencing in respect of the period to 30 June, expected to be despatched in August each year, or earlier if possible.

The Company's accounts are drawn up in Euro and in compliance with IFRS.

## PART VIII: TAXATION

### GENERAL

The information below, which relates only to Jersey, UK and Luxembourg taxation, summarises the advice received by the Board and is applicable to the Company, the Investment Vehicle and the Conversion Vehicle and (except in so far as express reference is made to the treatment of other persons) to persons who are resident or ordinarily resident in Jersey or the United Kingdom for taxation purposes and who hold Shares and/or C Shares as an investment. It is based on current Jersey, UK and Luxembourg tax law and published practice, respectively, which law or practice is, in principle, subject to any subsequent changes therein (potentially with retrospective effect). Certain Shareholders, such as dealers in securities, collective investment schemes, insurance companies and persons acquiring their Placing Shares in connection with their employment may be taxed differently and are not considered. The tax consequences for each Shareholder of investing in the Company may depend upon the Shareholder's own tax position and upon the relevant laws of any jurisdiction to which the Shareholder is subject.

**For the purposes of this Part VIII only, the term "Share" shall be used to refer collectively to Existing Shares, New Shares and C Shares (unless the context otherwise requires).**

**If you are in any doubt about your tax position, you should consult your professional adviser.**

### JERSEY

The following summary of the anticipated tax treatment in Jersey of the Company is based on Jersey taxation law and practice in force at the date of this Prospectus and does not constitute legal or tax advice. Prospective investors should consult their professional advisers on the implications of subscribing for, buying, holding, selling, redeeming or disposing of the Shares under the laws of the jurisdictions in which they may be liable to taxation. Prospective investors should be aware that tax rules and practice and their interpretation may change.

The Company falls under Article 123C of the Income Tax (Jersey) Law 1961, as amended (the "**1961 Law**"), as a Jersey resident company which is neither a "utility company" nor a "financial services company" and as such is charged Jersey income tax at a rate of 0 (zero) per cent. on its income (other than on receipts chargeable to tax under Schedule A of the 1961 Law which broadly relates to income or profits derived from the ownership, disposal or development of land in Jersey).

The Comptroller of Income Tax in Jersey has confirmed that the Company is subject to the above referenced tax treatment and is not subject to any obligation to withhold Jersey income tax from any interest or dividend payments made by it (other than to registered Shareholders resident for tax purposes in Jersey, which payments are made after deduction of Jersey income tax at the standard rate).

Under current Jersey law, there are no death or estate duties, capital gains, gift, wealth, inheritance or capital transfer taxes. No stamp duty is levied in Jersey on the issue or transfer of shares. No duties are payable on the issue or disposal of the Shares on the winding up of the Company. In the event of the death of a sole Shareholder, probate duty at a rate of up to 0.75 per cent. of the value of the Shares at the time of death is levied in Jersey on grants of probate and letters of administration, save where the conditions for small estates exemption (not exceeding £10,000) are satisfied.

The attention of Shareholders who are resident in Jersey is drawn to the provisions of Article 134A of the 1961 Law which may in certain circumstances render such resident liable to income tax on the undistributable income of the Company.

A Jersey goods and services tax ("**GST**") is applied at a standard rate of five per cent. on the majority of goods and services supplied in Jersey for local use or benefit. As a collective investment fund the Company has applied for and obtained "international services entity" status under the Goods and Services Tax (Jersey) Law 2007 (the "**GST Law**"). In connection with its "international services entity" status the Company pays an annual fee to the Comptroller of Income Tax in Jersey which is currently fixed at £200. As an International Services Entity the Company is not liable to charge GST and in most situations is not subject to a GST charge on goods and services provided to it.

## ***European Union Directive on the Taxation of Savings Income***

On 3 June 2003, the European Union Council of Economic and Finance Ministers adopted a directive on the taxation of savings income in the form of interest payments (the “**EU Savings Tax Directive**”). From 1 July 2005, each EU Member State is required to provide to the tax authorities of another EU Member State details of payments of interest (or other similar income) paid by a person within its jurisdiction to, or for the benefit of, an individual resident in such other EU Member State; however, Austria and Luxembourg will instead apply a withholding tax system for a transitional period in relation to such payments. Initially, Belgium also opted to apply such a withholding tax system but has from 1 January 2010 replaced that with a regime of exchange of information to the EU Member State of residence.

Jersey is not subject to the EU Savings Tax Directive. However, in keeping with Jersey’s policy of constructive international engagement, the States of Jersey has introduced a retention tax system in respect of payments of interest, or other similar income, made to an individual beneficial owner resident in an EU Member State by a paying agent situated in Jersey (the terms “beneficial owner” and “paying agent” are defined in the EU Savings Tax Directive). The retention tax system will apply for a transitional period until the implementation of a system of automatic communication to EU Member States of information regarding such payments. The transitional period will end only after all EU Member States have introduced the automatic exchange of information and the EU Member States have unanimously agreed that the United States has committed to exchange of information upon request. During this transitional period, an individual beneficial owner resident in an EU Member State will be entitled to request a paying agent not to retain tax from such payments but instead to apply a system by which the details of such payments are communicated to the tax authorities of the EU Member State in which the beneficial owner is resident.

Under the retention tax system in place in Jersey, the Company is not obliged to levy retention tax in respect of interest payments made by it to a paying agent.

The conversion of Shares may in some jurisdictions be a realisation for the purposes of capital gains taxation.

Investors in any jurisdiction should consult their professional advisers on the potential tax, exchange control and other consequences of subscribing for, purchasing, holding, conversion, redeeming or selling Shares under the laws of their country of citizenship, domicile or residence.

## **UNITED KINGDOM**

### **The Company**

The Directors intend that the Company will be centrally managed and controlled in such a way that it should not be resident in the United Kingdom for United Kingdom tax purposes. Accordingly, and provided that the Company does not carry on a trade in the United Kingdom through a permanent establishment situated in the United Kingdom, the Company should not be subject to United Kingdom income tax or corporation tax other than on any United Kingdom source income.

### **Shareholders**

#### ***UK Offshore Fund Rules and taxation on dividends***

The Directors have been advised that, under current law, each class of Shares in the Company will fall to be an “offshore fund” for the purposes of UK tax and therefore that the offshore fund legislation contained in Part 8 of the Taxation (International and Other Provisions) Act 2010 (“**TIOPA**”) will apply. The Directors have applied for UK reporting fund status in relation to all classes of Shares other than the C Shares which took effect on 25 June 2013. The Directors also intend to make an application for UK reporting fund status for the C Shares. Under the reporting fund regime, individual and other relevant Shareholders will be subject to UK tax on their share of the reportable income attributable to their Shareholding in the Company, whether or not distributed. For these purposes income is calculated in accordance with the reporting fund regulations and may not be the same as the accounting measure of income of the Company. In accordance with the reporting fund regulations, reports will be made available to Shareholders within six months of the end of the reporting period. Relevant UK taxpaying Shareholders may therefore be subject to income tax under the UK offshore funds regime in any tax year on amounts greater than the dividends actually paid out by the Company in the period.



On the basis that the Company will hold, directly or indirectly, more than 60 per cent. of its assets in interest-bearing (or economically similar) assets, any dividends received (and any reportable income in excess of actual dividends paid) will be treated as a payment of yearly interest to UK individual Shareholders and will not qualify for a dividend tax credit. The rates applying will be those applying to interest income (for higher rate taxpayers the rate is currently 40 per cent., for additional rate taxpayers the rate is 45 per cent.).

For Shareholders who are bodies corporate resident in the United Kingdom for tax purposes, on the basis that the Company will hold, directly or indirectly, more than 60 per cent of its assets in interest-bearing (or economically similar) assets, the holding of Shares will be deemed to be a loan relationship for corporation tax purposes and taxed accordingly.

### ***Tax on chargeable gains for individual Shareholders***

If reporting fund status is obtained, individual Shareholders (other than those holding Shares as dealing stock, who are subject to separate rules) who are resident in the United Kingdom, or who carry on business in the United Kingdom through a branch, agency or permanent establishment with which their investment in the Company is connected, will have any gain realised on the disposal of their Shares (which will include any disposal by way of a sale of Shares to the Company pursuant to the Contractual Quarterly Tender mechanism and on final liquidation of the Company) treated as a capital gain which will be subject to taxation in the UK as a chargeable gain.

The amount of any gain or loss on any disposal will depend on the Shareholder's circumstances and subject to any available exemption or relief. For individual Shareholders, capital gains tax at the rate of tax at 18 per cent. (for basic rate taxpayers) or 28 per cent. (for higher or additional rate taxpayers) will be payable on any gain. Individuals may benefit from certain reliefs and allowances (including a personal annual exemption allowance, which exempts the first £10,900 of gains from tax for the tax year 2013-2014, increasing to £11,000 for tax year 2014-2015) depending on their circumstances.

Any undistributed income that has been subject to tax as income under the reporting fund regulations is treated as capital expenditure for the purpose of computing the amount of any chargeable gain.

If reporting fund status is not obtained, any gain on a disposal of Shares would be taxed as an "offshore income gain" subject to UK tax for any relevant Shareholders as income (and not as a capital gain).

For Shareholders who are bodies corporate resident in the United Kingdom for tax purposes, on the basis that the Company will hold, directly or indirectly, more than 60 per cent. of its assets in interest-bearing (or economically similar) assets, the holding of Shares will be deemed to be a loan relationship for corporation tax purposes and taxed accordingly.

### ***Conversion between Share classes***

Any conversion of Shares pursuant to the conversion facility should not be treated as a disposal of Shares for the purposes of the taxation of chargeable gains. Instead, any conversion should be treated as a tax neutral reorganisation of share capital.

### ***Scrip dividends***

Any receipt of Shares pursuant to any offer of a scrip dividend alternative to Shareholders (if such an offer is made by the Directors) should not give rise to any taxable dividend for Shareholders or any immediate disposal for the purposes of the taxation of chargeable gains. Instead it should be treated as a tax neutral reorganisation of share capital. However, any Shareholder who is subject to income tax on any reportable income under the reporting fund regulations will be taxable on any income reported which would otherwise have been paid out by way of dividend if such a Shareholder had not taken up the offer for a scrip dividend.

### ***Stamp duty and stamp duty reserve tax ("SDRT")***

No UK stamp duty or SDRT will arise on the issue of Shares. No UK stamp duty will be payable on a transfer of Shares, provided that no instruments effecting or evidencing the transfer are executed in the UK, relate to any property situate in the UK or relate to any matter or thing done or to be done in the UK.

Provided that the Shares are not registered in any register kept in the United Kingdom by or on behalf of the Company and that the Shares are not paired with shares issued by a company incorporated in the United Kingdom, any agreement to transfer the Shares will not be subject to UK SDRT.

### ***ISAs and SSAS/SIPPs***

Investors resident in the United Kingdom who are considering acquiring Shares are recommended to consult their own tax and/or investment advisers in relation to the eligibility of the Shares for ISAs and SSAS/SIPPs.

Shares acquired pursuant to the Placing will not be eligible for inclusion in a stocks and shares ISA. On admission to the Main Market of the London Stock Exchange, Shares acquired by purchase in the market should be eligible for inclusion in a stocks and shares ISA, subject to applicable subscription limits.

The Shares should be eligible for inclusion in a SSAS or SIPP, subject to the discretion of the trustees of the SSAS or SIPP, as the case may be.

### **Other UK tax considerations**

#### ***Controlled foreign companies (“CFCs”)***

United Kingdom resident companies having an interest in the Company, such that 25 per cent. or more of the Company's profits for an accounting period could be apportioned to them, may be liable to UK corporation tax in respect of their share of the Company's undistributed profits in accordance with the provisions of Part 9A of TIOPA relating to CFCs. These provisions only apply if the Company is controlled by United Kingdom residents. Control for this purpose is established by reference to control of a company's affairs, economic control over a company's income and assets and, in certain cases, where a company is regarded as a parent of a controlled foreign company for accounting purposes.

#### ***Transfer of assets abroad***

Individuals resident in the United Kingdom should note that Chapter 2 of Part 13 of the Income Tax Act 2007, which contains provisions for preventing the avoidance of income tax by transactions resulting in the transfer of income to persons (including companies) abroad, may, in certain circumstances, result in income being treated as arising to the individual to the extent to which income becomes payable to a person abroad as a result of the transactions.

However, the provisions do not apply if such a Shareholder can satisfy HMRC that, either (i) it would not be reasonable to conclude from all the circumstances of the case that avoiding liability to tax was the purpose or one of the purposes of effecting the transaction; or (ii) the transaction was a genuine commercial transaction and it would not be reasonable to conclude from all the circumstances of the case that one or more of the transactions was more than incidentally designed for the purpose of avoiding liability to taxation.

#### ***Close company provisions***

The attention of Shareholders resident in the United Kingdom is drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992 under which, in certain circumstances, a portion of capital gains made by the Company can be attributed to a Shareholder where the attribution to that Shareholder, alone or together with associated persons, would be more than 25 per cent. of the gains made by the Company.

### **Transactions in Securities**

The attention of Shareholders is drawn to anti-avoidance legislation in Chapter 1, Part 13 of the Income Tax Act 2007 and Part 15 of the Corporation Tax Act 2010 that could apply if Shareholders are seeking to obtain tax advantages in prescribed conditions.

**If any Shareholder is in doubt as to his or her taxation position, they are strongly recommended to consult an independent professional adviser without delay.**

### **LUXEMBOURG**

The following is a general description of the Luxembourg tax position of CECO and the Company's holding of the Company Investment Vehicle Interests and the Conversion Vehicle Interests as in effect and as applied by the relevant tax authorities as at the date of this Prospectus.

## **CECO**

CECO is subject to the tax regime applicable in Luxembourg for securitisation vehicles as implemented by the Securitisation Law.

A fixed duty of €75 is payable upon every amendment of the articles of incorporation of CECO (e.g. capital increase).

As of the 2013 financial year, CECO is subject to Luxembourg corporate income tax and municipal business tax at the ordinary tax rate of 29.22 per cent. CECO's taxable basis may however be reduced (possibly to nil) by way of deduction of interest paid to Investment Vehicle Interest Holders or Conversion Vehicle Interest Holders, as applicable, and other deductible expenses (including income paid to certain Investment Vehicle Interest Holders or Conversion Vehicle Interest Holders, as applicable).

CECO is subject to a minimum corporate income tax of €3,000 (increased to €3,210 by the 7 per cent. Luxembourg unemployment surcharge) if the sum of its fixed financial assets, transferrable securities, cash and receivables towards affiliated companies exceeds 90 per cent. of its balance sheet total. Alternatively, to the extent that CECO holds less than 90 per cent. of financial assets, CECO will be subject to a minimum corporate income tax ranging from €535 (for assets not exceeding €350,000) to €21,400 (for assets not exceeding €20,000,000) depending on the total value of assets held by it.

CECO is exempt from Luxembourg net wealth tax.

CECO is treated as a Luxembourg resident company for Luxembourg tax purposes. As such, CECO should, in principle, benefit from the double taxation treaties concluded by Luxembourg. When invoking a taxation treaty it should be verified that Luxembourg and the state in which the contracting party is resident interpret the taxation treaty in the same way.

### **The Company's holding of Company Investment Vehicle Interests and Conversion Vehicle Interests**

Under Luxembourg tax law currently in effect, there is no Luxembourg withholding tax on payments to the Company in respect of the Company Investment Vehicle Interests or the Conversion Vehicle Interests, as applicable, subject to the application of the laws dated 21 June 2005 implementing the EU Savings Tax Directive and several agreements concluded between Luxembourg and certain dependent or associated territories of the EU.

On the basis that the Company is not resident in Luxembourg and does not have a permanent establishment, a permanent representative or a fixed base of business in Luxembourg with which the holding of the Company Investment Vehicle Interests or the Conversion Vehicle Interests, as applicable, is connected, the Company should not be liable for any Luxembourg income tax, whether it receives payments of principal, payments of interest (including accrued but unpaid interest), payments received upon redemptions or repurchases of the Company Investment Vehicle Interests or the Conversion Vehicle Interests, as applicable, or whether it realises capital gains on the sale of any Company Investment Vehicle Interests or any Conversion Vehicle Interests, as applicable.

In the event that, for Luxembourg direct tax purposes, the Company Investment Vehicle Interests or the Conversion Vehicle Interests, as applicable, are considered to be equity held by the Company in the Investment Vehicle or the Conversion Vehicle, as applicable, capital gains derived from the disposal of the Company Investment Vehicle Interests or the Conversion Vehicle Interests, as applicable, should be exempt from taxation in Luxembourg for non-Luxembourg tax residents unless the disposal pertains to a significant shareholding position (being 10 per cent. of the equity instruments of the Investment Vehicle or the Conversion Vehicle, as characterised for Luxembourg direct tax purposes) and occurs within six months following the acquisition of the Company Investment Vehicle Interests or the Conversion Vehicle Interests, as applicable. The Investment Vehicle or the Conversion Vehicle will not have any withholding tax or other reporting obligations with regard to the taxation of capital gains (if any) deriving from the disposal of the Company Investment Vehicle Interests or the Conversion Vehicle Interests, as applicable.

On the basis that the Company is not resident in Luxembourg and does not have a permanent establishment, a permanent representative or a fixed place of business in Luxembourg with which the holding of Company Investment Vehicle Interests or the Conversion Vehicle Interests, as applicable, are connected, the Company should also not be subject to any Luxembourg net wealth tax in respect of its holding of the Company Investment Vehicle Interests or the Conversion Vehicle Interests.

### **Other Luxembourg Tax Considerations**

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by the Company as a consequence of the issuance of the Company Investment Vehicle Interests or the Conversion Vehicle Interests, nor will any of these taxes be payable as a consequence of a subsequent transfer, repurchase or redemption of the Company Investment Vehicle Interests or the Conversion Vehicle Interests.

There is no Luxembourg VAT payable in respect of payments in consideration for the issuance of the Company Investment Vehicle Interests or the Conversion Vehicle Interests or in respect of the payment of interest or principal under the Company Investment Vehicle Interests or the Conversion Vehicle Interests or the transfer of the Company Investment Vehicle Interests or the Conversion Vehicle Interests.

Luxembourg VAT may, however, be payable in respect of fees charged for certain services rendered to CECO if, for Luxembourg VAT purposes, such services are rendered or are deemed to be rendered in Luxembourg and an exemption from Luxembourg VAT does not apply with respect to such services. Management services rendered to CECO are exempt from VAT in Luxembourg.

## PART IX: ADDITIONAL INFORMATION ON THE COMPANY

### 1. INCORPORATION AND ADMINISTRATION

- 1.1 The Company is a registered closed-ended investment company incorporated in Jersey with limited liability on 20 March 2013 under the provisions of the Companies Law, with registered number 112635. The Company continues to be registered and domiciled in Jersey. The registered office and principal place of business of the Company is Liberté House, 19-23 La Motte Street, St Helier, Jersey JE2 4SY. The statutory records of the Company are kept at this address. The Company operates and issues shares in accordance with the Companies Law and ordinances and regulations made thereunder and has no subsidiaries or employees. Subject to the Shareholders not passing a Continuation Resolution, the Company shall have an unlimited life.
- 1.2 The Company's accounting period ends on 31 December of each year.
- 1.3 Ernst & Young LLP has been the only auditor of the Company since its incorporation. Ernst & Young LLP is regulated by the Institute of Chartered Accountants in England and Wales to carry out audit work.
- 1.4 The annual report and accounts will be prepared according to IFRS.
- 1.5 Save for its entry into the material contracts summarised in paragraph 5 of this Part IX of this Prospectus and certain non-material contracts, since its incorporation the Company has not incurred borrowings, issued any debt securities, incurred any contingent liabilities or made any guarantees, nor granted any charges or mortgages.
- 1.6 There has been no significant change in the financial or trading position of the Company since 31 December 2013, being the last date in respect of which the Company has published audited financial information.

### 2. SHARE CAPITAL

- 2.1 As at the date of this Prospectus, the share capital of the Company consists of: (i) an unlimited number of redeemable ordinary Shares of no par value which upon issue the Directors may classify as Euro Shares, Sterling Shares or as Shares of such other classes as the Directors may determine; (ii) an unlimited number of redeemable C Shares of no par value of such classes denominated in such currencies as the Directors may determine; and (iii) 100 Management Shares of no par value. Notwithstanding this, a maximum number of 600 million Shares and/or C Shares will be issued pursuant to the Placing. The Management Shares are designed for organisational purposes only. The Shares are being issued in the form of participating ordinary shares having the rights set out in the Articles. The C Shares are being issued in the form of participating C Shares having the rights set out in the Articles. Shareholders and holders of C Shares have no right to have their shares redeemed.
- 2.2 At incorporation, the Company's issued share capital comprised two ordinary shares which were held by Admiral Nominees Limited and Nelson Representatives Limited (two nominee companies associated with the then Administrator). Following incorporation, Admiral Nominees Limited and Nelson Representatives Limited transferred the Management Shares to SJT Limited, which continues to hold the same as at the date of this Prospectus (the "**Management Shareholder**"). SJT Limited is a Jersey company which is a wholly-owned subsidiary of Saltgate Limited. SJT Limited acts as trustee for the CECO Charitable Trust, which acts for charitable purposes (i.e. purposes recognised as charitable by the law of Jersey wherever in the world such purposes are to be or may be carried into effect; the word "charitable" shall be construed accordingly). On the assumption that the Minimum Gross Proceeds are raised pursuant to the Initial Placing, the total assets of the Company will have increased by at least €99,250,000 immediately following Initial Admission and the Initial Placing would have been earnings neutral for the Company.

The following table shows the issued Share capital of the Company (which is fully paid up) as at 31 December 2013:

Euro Shares .....	166,615,025
Sterling Shares .....	157,690,776

Pursuant to the IPO, the Company issued 174,729,500 Euro Shares and 150,849,080 Sterling Shares. As at the date of this Prospectus, there are no C Shares in issue and the Company's issued share capital consists of two Management Shares, 162,723,384 Euro Shares and 160,891,079 Sterling Shares.



- 2.3 As at 28 February 2014, the (unaudited) Net Asset Value per Euro Share was €1.0308 and the Net Asset Value per Sterling Share was £1.0323.
- 2.4 None of the Shareholders has voting rights attaching to Shares that they hold which are different to the voting rights attached to any other Shares of the same class in the Company.
- 2.5 As at the date of this Prospectus, in so far as is known to the Company, the following persons are directly or in directly interested in 5 per cent. or more of the issued share capital of the Company:

<u>Name</u>	<u>No. of voting rights held</u>	<u>Percentage of total voting rights</u>
BlackRock Inc . . . . .	38,862,740	11.06
Investec Wealth & Investment Limited . . .	30,376,648	8.65
Brit Insurance (Gibraltar) PCC Limited . . .	20,000,000	6.14
SEB Asset Management SA Luxembourg . . . . .	19,720,000	5.61

- 2.6 The consent of the JFSC under the Control of Borrowing (Jersey) Order 1958 (as amended) has been obtained for the issue of an unlimited number of Shares. The JFSC is protected by the Control of Borrowing (Jersey) Law 1947 (as amended) against liability arising from the discharge of its functions under that law.
- 2.7 C Shares of the relevant class will convert into Shares of the corresponding class at the relevant Conversion Time according to the Conversion Ratio (please refer to Part V and to paragraph 4.17 of this Part IX of this Prospectus for further information on C Shares).
- 2.8 The Directors have absolute authority to allot the Placing Shares under the Articles and are expected to resolve to do so shortly prior to Initial Admission in respect of the C Shares to be issued pursuant to the Initial Placing and, thereafter, in advance of any further issue of New Shares or C Shares pursuant to the Placing Programme.
- 2.9 There are no provisions of Jersey law which confer rights of pre-emption in respect of the allotment of the Placing Shares. However, the Articles provide that the Company is not permitted to allot (for cash) equity securities (being Shares or C Shares or rights to subscribe for, or convert securities into, Shares or C Shares) or sell (for cash) any Shares or C Shares held in treasury, unless it shall first have offered to allot to each existing Shareholder and C Shareholder on the same or more favourable terms a proportion of those Shares or C Shares the aggregate value of which (at the proposed issue price) is as nearly as practicable equal to the proportion of the Net Asset Value represented by the Shares and/or C Shares held by such Shareholder or C Shareholder. Pursuant to an extraordinary written resolution of the Management Shareholder dated 10 June 2013 pre-emption rights have been disapplied in relation to up to 1,000,000,000 Shares (including for this purpose C Shares) for a period of five years by the Management Shareholder and it is expected that the Company will seek a further disapplication of such pre-emption rights upon expiry of the five-year period and, thereafter, at each annual general meeting of the Company.
- 2.10 The Placing Shares will be issued and created in accordance with the Articles and the Companies Law.
- 2.11 Under the Articles, the Directors have the right to create new classes of Shares or C Shares in the Company, including Shares or C Shares or other securities convertible into the existing classes of Shares or C Shares and to determine the assets, liabilities, costs and expenses of the Company allocable to any classes of Shares or C Shares or other securities convertible into the existing classes of Shares or C Shares, without Shareholder approval provided that such shares or securities are issued on terms which do not, and any such allocation does not, adversely affect the interests of existing Shareholders or C Shareholders.
- 2.12 The Placing Shares are in registered form and, from Admission, will be capable of being held in uncertificated form and title to such Shares may be transferred by means of a relevant system (as defined in the CREST Regulations). Where the Shares are held in certificated form, share certificates will be sent to the registered members or their nominated agent (at their own risk) within 10 days of the completion of the registration process or transfer, as the case may be, of the Shares. Where Shares are held in CREST, the relevant CREST stock account of the registered members will be credited. The Registrar, whose registered address is set out in the section entitled "Directors, Advisers and Service Providers" of this Prospectus, maintains a register of Shareholders holding their Shares in CREST.

2.13 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.

### 3. DIRECTORS' AND OTHER INTERESTS

3.1 As at the date of this Prospectus, none of the Directors or any person connected with any of the Directors has a Shareholding or any other interest in the share capital of the Company. The Directors and their connected persons may, however, subscribe for Placing Shares pursuant to the Placing Programme.

3.2 There are no outstanding loans from the Company to any of the Directors or any outstanding guarantees provided by the Company in respect of any obligation of any of the Directors.

3.3 The aggregate remuneration and benefits in kind of the Directors in respect of the Company's accounting period ending on 31 December 2014, which will be payable out of the assets of the Company, is not expected to exceed £175,000. Each of the Directors is entitled to receive £35,000 per annum, other than the Chairman who is entitled to receive £50,000 per annum and the chairman of the Audit Committee who is entitled to receive an additional fee of £5,000 per annum. No amount has been set aside or accrued by the Company to provide pension, retirement or other similar benefits.

3.4 No Director has a service contract with the Company, nor are any such contracts proposed. The Directors have been appointed through letters of appointment which can be terminated in accordance with the Articles and without compensation. The notice period specified in the Articles for the removal of Directors is one month. The Articles provide that the office of Director shall be terminated by, among other things: (i) written resignation; (ii) unauthorised absences from board meetings for 12 months or more; (iii) written request of the other Directors; and (iv) an Ordinary Resolution.

3.5 None of the Directors has, or has had, an interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which has been effected by the Company since its incorporation.

3.6 Pursuant to an instrument of indemnity entered into between the Company and each Director, the Company has undertaken, subject to certain limitations, to indemnify each Director out of the assets and profits of the Company against all costs, charges, losses, damages, expenses and liabilities arising out of any claims made against him in connection with the performance of his duties as a Director of the Company.

3.7 In addition to their directorships of the Company, the Directors hold or have held the directorships and are or were members of the partnerships, as listed in the table below, over or within the past five years.

<u>Name</u>	<u>Current directorships/partnerships</u>	<u>Past directorships/partnerships</u>
Richard Michael Boléat	Al Airports International Limited (In Liquidation)	Sardis Limited (Liquidated — Voluntary)
	Airbnb International Holdings Limited	EMAC PF Limited (Liquidated — Voluntary)
	Airbnb International Unlimited	GLS Marketing Development Limited
	Airbnb 1 Unlimited	GLS International Advisors Limited
	Airbnb 2 Unlimited	Cooperatie EMAC Illyrian Land Fund XXV ua (Liquidated — Voluntary)
	Autonomy Capital (Jersey) Limited	Cooperatie EMAC Illyrian Land Fund XXVI ua (Liquidated — Voluntary)
	Autonomy Capital Research Two Limited	Cooperatie EMAC Illyrian Land Fund XXVII ua (Liquidated — Voluntary)
	Autonomy Jersey Service Company Limited	Cooperatie EMAC Illyrian Land Fund XXVIII ua (Liquidated — Voluntary)
	Bennelong Asia Pacific Multi Strategy Equity Fund Limited	
	Bennelong Asia Pacific Multi Strategy Equity Master Fund Limited	

<u>Name</u>	<u>Current directorships/partnerships</u>	<u>Past directorships/partnerships</u>
	Bennelong General Partner Limited	Cooperatie EMAC Illyrian Land Fund XXIX ua (Liquidated — Voluntary)
	Bennelong Tempest Fund Limited	ILF Dva S.à.r.l (Liquidated — Voluntary)
	Bennelong Tempest Master Fund Limited	Nylon Flagship Fund Limited
	Brook Bay General Partner Limited	Nylon Flagship Master Fund Limited
	Buriti 1 S.à.r.l	Rodemadan Holdings Limited
	CDPC Holdings Limited	Cooperatie EMAC Illyrian Land Fund V ua (Liquidated — Voluntary)
	Cooperatie Duba Stonska ua	Cooperatie EMAC Illyrian Land Fund IX ua (Liquidated — Voluntary)
	Cooperatie Emac Illyrian Land Fund III ua	Cooperatie EMAC Illyrian Land Fund XXII ua (Liquidated — Voluntary)
	Cooperatie Emac Illyrian Land Fund ua	Cooperatie EMAC Illyrian Land Fund XX ua (Liquidated — Voluntary)
	Cooperatie Emac Illyrian Land Fund X ua	Cooperatie EMAC Illyrian Land Fund XXI ua (Liquidated — Voluntary)
	Cooperatie Emac Illyrian Land Fund XIV ua	Cooperatie EMAC Illyrian Land Fund XXIII ua (Liquidated — Voluntary)
	Cooperatie Emac Illyrian Land Fund XV ua	Cooperatie EMAC Illyrian Land Fund XXIV ua (Liquidated — Voluntary)
	Cosford Global Opportunities GP Limited	Cooperatie EMAC Illyrian Land Fund VII ua
	Cosford Global Opportunities Fund Limited	Cooperatie EMAC Illyrian Land Fund XVI ua
	Cosford Global Opportunities Master Fund Limited	Cooperatie EMAC Illyrian Land Fund XVII ua
	Druggability Technologies IP Holdco (Jersey) Limited	Cooperatie EMAC Illyrian Land Fund XIX ua
	EMAC Illyrian Ds Limited	Cooperatie EMAC Illyrian Land Fund IV ua
	EMAC Illyrian Duba Stonska GP Limited	Cooperatie EMAC Illyrian Land Fund VI ua
	EMAC Illyrian Land Fund 2 EXUS GP Limited	Cooperatie EMAC Illyrian Land Fund XVIII ua
	EMAC Illyrian Land Fund 2 USTP GP Limited	Cooperatie EMAC Illyrian Land Fund VIII ua
	EMAC Illyrian Land Fund Limited	Cooperatie EMAC Illyrian Land Fund II ua
	GP2 Limited	GNL Offshore Limited
	Gorey Investments Limited	Cooperatie EMAC Illyrian Land Fund XII ua (Liquidated — Voluntary)
	GP Secretaries Limited	Cooperatie EMAC Illyrian Land Fund XIII ua (Liquidated — Voluntary)
	Habrok General Partner Limited	Cooperatie EMAC Illyrian Land Fund XIV ua (Liquidated — Voluntary)
	Habrok Limited	EMAC 1 BV (Liquidated — Voluntary)
	Habrok Master Fund Limited	EMAC 2 BV (Liquidated — Voluntary)
	Ignition Romanian Land Fund #1 Limited (In Liquidation)	
	ILF 1 Sarl	
	IILF2 Limited	
	ILF Dva Sarl	

<u>Name</u>	<u>Current directorships/partnerships</u>	<u>Past directorships/partnerships</u>
	K2 Property Limited	EMAC 3 BV (Liquidated — Voluntary)
	K2A Private Equity Limited	Delff Leveraged Loan Fund 2009 GP Limited (Liquidated — Voluntary)
	K2A Residential Limited	
	K2B Retail Limited	Delff Leveraged Loan Fund 2009 CIP Limited (Liquidated — Voluntary)
	K2C Residential Limited	
	K2C Retail Limited	Securis Income Fund Limited (Liquidated — Voluntary)
	K2F Residential Limited	City Litchfield ABS Fund Limited (Liquidated — Voluntary)
	K2G Residential Limited	
	KAO Corporate Limited	Bennelong Asia Pacific (Mauritius) Limited (Liquidated — Voluntary)
	Landsdowne Road Investments	
	Lorraine & Boleat	Bennelong Global Special Opportunities (Mauritius) Limited (Liquidated — Voluntary)
	Mortality Fund 1	
	PI Power International Limited (In Liquidation)	Autonomy Capital Holdings Limited (Liquidated — Voluntary)
	Rathbone Investment Management International Strategies PCC	Channel House Investments Limited (Liquidated — Voluntary)
	Securis 1 Fund Limited	IPRS Limited (Liquidated — Voluntary)
	Securis 1 Master Fund Limited	Bennelong Tempest General Partner Limited (Liquidated — Voluntary)
	Securis General Partner Limited	
	Securis Investment Partners Limited	AT General Partner Limited (Liquidated — Voluntary)
	Securis Investments Switzerland Sarl	AT Founder Partner GP Limited (Liquidated — Voluntary)
	Securis 2 Fund SPC	
	Securis Non-Life Fund	Glabrio Holdings Limited (Liquidated — Voluntary)
	Securis Non-Life Master Fund	
	Securis Life Fund	Cannon Partners Fund
	Securis Life Master Fund	New Energy Fund GP Limited (Liquidated — Voluntary)
	Securis Opportunities Fund	
	Securis Opportunities Master Fund	Bennelong Global Special Opportunities Master Fund Limited (Liquidated — Voluntary)
	Standsure Fund PCC	
	Tannay Jersey Limited	Bennelong Global Special Opportunities Fund Limited (Liquidated — Voluntary)
	The Lema Jersey Fund Limited	
	TPR 1 Limited	Bennelong Agricultural Investments Limited
	TPR 2 Limited	
	Tradinvest Fund Limited	Cazenove Capital Management Jersey Limited
	Valiance Farmland GP Sarl	
	Valiance Farmland Luxembourg Sarl	Lerisson Nominees Limited
	Viva Partners Sarl	
	Yatra Capital Limited	
	Zynga Game International Limited	

<u>Name</u>	<u>Current directorships/partnerships</u>	<u>Past directorships/partnerships</u>
David Alan Wood	n/a	Cordatus Mezzanine Partners I GP Limited Cordatus Mezzanine I Holdings Limited CVC Credit Partners Limited CVC Credit Partners Investment Management Limited
Mark Richard Tucker	Forten Asset Management Limited Long Lease Management Limited TIS PCC	Arborhedge Investments, Inc (Liquidated — voluntary) Aberdeen Private Equity Fund Limited Damille Investments Limited Stockade Asian Trading Strategies Fund (Liquidated — voluntary) Stockade Asian Trading Strategies Master Fund (Liquidated — voluntary)

3.8 As at the date of this Prospectus, there are no potential conflicts of interest between any duties to the Company of any of the Directors and their private interests and/or other duties. There are no lock-up provisions regarding the disposal by any of the Directors of any shares.

3.9 Save as set out in paragraph 3.10 below, as at the date of this Prospectus:

3.9.1 none of the Directors has had any convictions in relation to fraudulent offences for at least the previous five years;

3.9.2 save as detailed above, none of the Directors was a director of a company, a member of an administrative, management or supervisory body or a senior manager of a company within the previous five years which has entered into any bankruptcy, receivership or liquidation proceedings;

3.9.3 none of the Directors has been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years; and

3.9.4 none of the Directors are aware of any contract or arrangement subsisting in which they are materially interested and which is significant to the business of the Company which is not otherwise disclosed in this Prospectus.

3.10 In respect of the declaration in paragraph 3.9 above, certain of the Directors have been directors of entities which have been dissolved. To the best of each Director's knowledge, no such entity, upon its dissolution, was insolvent or owed any amounts to creditors.

3.11 The Company maintains directors' and officers' liability insurance on behalf of the Directors at the expense of the Company.

3.12 No employees of the Administrator have any service contracts with the Company.

#### **4. MEMORANDUM AND ARTICLES**

4.1 Objects

The Memorandum of the Company provides that the Company shall have unrestricted corporate capacity.

4.2 Dividends and other distributions

4.2.1 The Directors may from time to time declare and pay to holders of Shares or C Shares such dividends as appear to the Directors to be justified.



4.2.2 The Directors may from time to time authorise dividends and distributions to be paid to Shareholders in accordance with the procedure set out in the Companies Law and subject to any Shareholders' rights attaching to their Shares. The amount of such dividends or distributions paid in respect of one class may be different from that of another class.

4.2.3 All dividends shall be apportioned and paid *pro rata* according to the respective number of Shares or C Shares, as the case may be, held by holders of Shares or C Shares of the relevant class.

#### 4.3 Voting

4.3.1 Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to any Shares, Shareholders shall have the right to receive notice of and to attend and vote at general meetings of the Company.

4.3.2 Each Shareholder being present in person or by proxy or by a duly authorised representative (if a corporation) at a meeting shall upon a show of hands have one vote and upon a poll each such Shareholder present in person or by proxy or by a duly authorised representative (if a corporation) shall, in the case of a separate class meeting, have one vote in respect of each Share held by him and, in the case of a general meeting of all Shareholders, have one vote in respect of each Euro Share held by him and 1.17 votes in respect of each Sterling Share held by him, such voting ratio being fixed and reflecting the Euro value of a Sterling Share (at the IPO placing price) on 11 June 2013. In the event that Shares of further classes are issued such Shares shall have such number of votes per Share as may be specified in their terms of issue by the Directors and published on the Company's website and in an RIS announcement and which reflects the approximate Euro value of a Share of the relevant class at its issue price on such date prior to the date of first issue of such Shares as may be chosen for such purpose by the Directors.

4.3.3 C Shares will not carry the right to attend (but shall receive notice of) any general meetings of the Company, nor will they carry the right to vote at such meetings. (For further information on C Shares, please refer to Part V and paragraph 4.17 in this Part IX of this Prospectus.)

#### 4.4 Capital

On a winding-up of the Company or other return of capital (other than by way of a repurchase or redemption of Shares in accordance with the provisions of the Articles and the Companies Law), the surplus assets of the Company attributable to the Shares remaining after payment of all creditors shall, subject to the rights of any Shares, including C Shares, that may be issued with special rights or privileges, be divided amongst the Shareholders of each class *pro rata* to the relative net asset values per class and, within each such class, such assets shall be divided *pari passu* among the Shareholders in proportion to their Shareholdings of that class.

#### 4.5 Pre-emption rights

The Company is not permitted to allot (for cash) equity securities (being Shares or C Shares or rights to subscribe for, or convert securities into, Shares or C Shares) or sell (for cash) any Shares or C Shares held in treasury, unless it shall first have offered to allot to each existing Shareholder and C Shareholder on the same or more favourable terms a proportion of those Shares or C Shares the aggregate value of which (at the proposed issue price) is as nearly as practicable equal to the proportion of the Net Asset Value represented by the Shares and/or C Shares held by such Shareholder and/or C Shareholder. These pre-emption rights may be excluded and disapplied or modified by a Special Resolution and have been so disapplied as described in paragraph 2.9 of this Part IX of this Prospectus.

#### 4.6 Variation of rights

4.6.1 Whenever the capital of the Company is divided into different classes of Shares, the rights attached to any class of Shares may (unless otherwise provided by the terms of issue of the Shares of that class) be varied or abrogated:

(A) with the consent in writing of the Shareholders of more than 75 per cent. of the issued Shares of that class; or

(B) with the sanction of an Extraordinary Resolution passed at a separate meeting of the Shareholders of the Shares of that class.

- 4.6.2 The necessary quorum at any separate class meeting shall be two persons present holding or representing by proxy at least one-third in number of the issued Shares of that class (provided that if any such meeting is adjourned for lack of a quorum, the quorum at the reconvened meeting shall be one person present holding Shares of that class or their proxy) provided always that where the class has only one Shareholder, that Shareholder shall constitute the necessary quorum and any Shareholder in the class in question may demand a poll.
- 4.6.3 The special rights conferred upon the Shareholders of any Shares or class of Shares issued with preferred, deferred or other rights shall (unless otherwise expressly provided by the conditions of issue of such shares) be deemed not to be varied by: (a) the creation or issue of further Shares ranking *pari passu* therewith; or (b) the purchase or redemption by the Company of any of its Shares (or the holding of such Shares as Treasury Shares).
- 4.7 Disclosure of interests in Shares
- 4.7.1 The Directors shall have power by notice in writing (a “**Disclosure Notice**”) to require a Shareholder to disclose to the Company the identity of any person other than the Shareholder (an “**interested party**”) who has any interest (whether direct or indirect) in the Shares held by the Shareholder (or has been so interested at any time during the three years immediately preceding the date on which the Disclosure Notice is issued) and the nature of such interest. Any such Disclosure Notice to be given in writing to the Company within 28 days of the date of service (or 14 days if the Shares concerned represent 0.25 per cent. or more of the number of Shares in issue of the class of Shares concerned).
- 4.7.2 If any Shareholder is in default in supplying to the Company the information required by the Company within the prescribed period (which is 28 days after service of the notice or 14 days if the Shares concerned represent 0.25 per cent, or more in number of the issued Shares of the relevant class), or such other reasonable period as the Directors may determine, the Directors in their absolute discretion may serve a direction notice on the Shareholder (a “**Direction Notice**”). The Direction Notice may direct that in respect of the Shares in respect of which the default has occurred (the “**Default Shares**”) and any other Shares held by the Shareholder shall not be entitled to vote in general meetings or class meetings. Where the Default Shares represent at least 0.25 per cent, in number of the class of Shares concerned, the Direction Notice may additionally direct that dividends on such Shares will be retained by the Company (without interest) and that no transfer of the Default Shares (other than a transfer authorised under the Articles) shall be registered until the default is rectified.
- 4.7.3 The Directors may be required to exercise their power to require disclosure of interested parties on a requisition of Shareholders holding not less than 1/10th of the total voting rights attaching to the Shares in issue at the relevant time.
- 4.8 Transfer of Shares
- 4.8.1 Subject to the Articles (and the restrictions on transfer contained therein), a Shareholder may transfer all or any of his Shares in any manner which is permitted by the Companies Law or in any other manner which is from time to time approved by the Board.
- 4.8.2 A transfer of a certificated Share shall be in the usual common form or in any other form approved by the Board. An instrument of transfer of a certificated Share shall be signed by or on behalf of the transferor and, unless the Share is fully paid, by or on behalf of the transferee.
- 4.8.3 The Articles provide that the Board has power to implement such arrangements as it may, in its absolute discretion, think fit in order for any class of Shares to be admitted to settlement by means of the CREST UK system. If the Board implements any such arrangements, no provision of the Articles will apply or have effect to the extent that it is in any respect inconsistent with:
- (A) the holding of Shares of the relevant class in uncertificated form;
  - (B) the transfer of title to Shares or of the relevant class by means of the CREST UK system; or
  - (C) the CREST Jersey Regulations.

- 4.8.4 Where any class of Shares is, for the time being, admitted to settlement by means of the CREST UK system such Share may be issued in uncertificated form in accordance with and subject to the CREST Jersey Regulations. Unless the Board otherwise determines, Shares held by the same Shareholder or joint Shareholders in certificated form and uncertificated form will be treated as separate Shareholdings. Shares may be changed from uncertificated to certificated form, and from certificated to uncertificated form, in accordance with and subject to the CREST Jersey Regulations. Title to such of the Shares as are recorded on the register as being held in uncertificated form may be transferred only by means of the CREST UK system.
- 4.8.5 The Board may, in its absolute discretion and without giving a reason, refuse to register a transfer of any Share in certificated form or uncertificated form subject to the Articles which is not fully paid, which transfer would violate any purchase and transfer restrictions applicable to the Shares, or on which the Company has a lien provided that, in the case of a Share, this would not prevent dealings in the Shares of that class from taking place on an open and proper basis on the London Stock Exchange.
- 4.8.6 In addition, the Board may decline to transfer, convert or register a transfer of any Share in certificated form or (to the extent permitted by the CREST Jersey Regulations) uncertificated form if: (i) it is in respect of more than one class of Shares; (ii) it is in favour of more than four joint transferees; (iii) it is delivered for registration to the registered office of the Company or such other place as the Board may decide, not accompanied by the certificate for the Shares to which it relates and such other evidence of title as the Board may reasonably require; or (iv) the transfer is in favour of any Non-Qualified Holder or any U.S. Plan Investor.
- 4.8.7 If any Shares are owned directly, indirectly or beneficially by a person believed by the Board to be a Non-Qualified Holder or a U.S. Plan Investor, the Board may give notice to such person requiring him either: (i) to provide the Board within 30 days of receipt of such notice with sufficient satisfactory documentary evidence to satisfy the Board that such person is not a Non-Qualified Holder or a U.S. Plan Investor; or (ii) to sell or transfer his Shares to a person who is not a Non-Qualified Holder or a U.S. Plan Investor within 30 days and within such 30 days to provide the Board with satisfactory evidence of such sale or transfer. Pending such sale or transfer, the Board may suspend the exercise of any voting or consent rights and rights to receive notice of or attend any meeting of the Company and any rights to receive dividends or other distributions with respect to such Shares. Where condition (i) or (ii) is not satisfied within 30 days after the serving of the notice, the person will be deemed, upon the expiration of such 30 days, to have forfeited his Shares. If the Board in its absolute discretion so determines, the Company may dispose of the Shares at the best price reasonably obtainable and pay the net proceeds of such disposal to the former Shareholder.
- 4.8.8 The Board may decline to register a transfer of an uncertificated Share which is traded through the CREST UK system in accordance with the CREST rules where, in the case of a transfer to joint Shareholders, the number of joint Shareholders to whom uncertificated Shares is to be transferred exceeds four.
- 4.9 General meetings
- 4.9.1 The Company shall hold a general meeting as its annual general meeting once in every calendar year at such time and such place not being in the United Kingdom, as may be determined by the Directors and so that not more than eighteen months shall be allowed to elapse between any two such general meetings provided that so long as the Company holds its first annual general meeting within eighteen months of its incorporation it need not hold it in the year of its incorporation or in the following year.
- 4.9.2 Save as otherwise required by the Companies Law, in the case of any general meeting of the Company fourteen days' notice at least (exclusive of the day on which the notice is deemed to be served and the day for which notice is given) specifying the place the day and the hour of the meeting and, subject to the requirements if applicable, of the Listing Rules the general nature of the business to be transacted shall be given in manner hereinafter mentioned or in such other manner (if any) as may be prescribed by the Company in general meeting to such persons as are under the Articles entitled to receive such notices from the Company but the non-receipt of the notice by any such persons

shall not invalidate the proceedings at any general meeting. With the consent of all the members for the time being entitled to be present and to vote at an annual general meeting such meeting may be convened on a shorter notice than fourteen days and in the case of any other general meeting with the consent of a majority in number of the members entitled to attend and vote thereat such majority together holding not less than 95 per cent of the total voting rights of the members of the Company who have the right to attend and vote thereat such meeting may be convened on a shorter notice than fourteen days.

4.9.3 The Shareholders may require the Board to call an extraordinary general meeting in accordance with the Companies Law.

#### 4.10 Restrictions on voting

Unless the Board otherwise decides, no Shareholder shall be entitled to vote at any general meeting or at any separate meeting of the Shareholders of any class of Shares in the Company, either in person or by proxy, in respect of any Share held by him unless all calls and other sums presently payable by him in respect of that Share have been paid. No Shareholder of the Company shall, if the Directors so determine, be entitled in respect of any Share held by him to attend or vote (either personally or by representative or by proxy) at any general meeting or separate class meeting of the Company or to exercise any other right conferred by his holding of Shares in relation to any such meeting if he or any other person appearing to be interested in such Shares has failed to comply with a Disclosure Notice (as described in paragraph 4.7.1 of this Part IX of this Prospectus) within 14 days, in a case where the Shares in question represent at least 0.25 per cent. of their class, or within 28 days, in any other case, from the date of such Disclosure Notice. These restrictions will continue until the information required by the notice is supplied to the Company or until the Shares in question are transferred or sold in the circumstances specified for this purpose in the Articles.

#### 4.11 Appointment, retirement and disqualification of Directors

4.11.1 The Board of Directors shall be composed of at least two Directors and shall not be subject to any maximum unless otherwise determined by an Ordinary Resolution.

4.11.2 A Director need not be a Shareholder. A Director who is not a Shareholder shall nevertheless be entitled to attend and speak at Shareholders' meetings.

4.11.3 Subject to the Articles, Directors may be appointed by the Board (either to fill a vacancy or as an additional Director). No person other than a Director retiring at a general meeting shall, unless recommended by the Directors, be eligible for election by the Company to the office of Director unless not less than seven and not more than 42 clear days before the date appointed for the meeting there shall have been left at the Company's registered office (or, if an electronic address has been specified by the Company for such purposes, sent to the Company's electronic address) notice in writing signed by a Shareholder who is duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election together with notice in writing signed by that person of his willingness to be elected, specifying his tax residency status and containing a declaration that he is not ineligible to be a Director in accordance with the Companies Law.

4.11.4 A Director shall not be required to retire upon reaching a certain age.

4.11.5 Subject to the Articles, at each annual general meeting of the Company, any Director: (i) who has been appointed by the Board since the last annual general meeting; (ii) who held office at the time of the two preceding annual general meetings and who did not retire at either of them, or (iii) who has held office with the Company, other than employment or executive office, for a continuous period of nine years or more at the date of the meeting, shall retire from office and may offer himself for election or re-election by the Shareholders.

4.11.6 A Director who retires at an annual general meeting may, if willing to continue to act, be elected or re-elected at that meeting. If he is elected or re-elected he is treated as continuing in office throughout. If he is not elected or re-elected, he shall remain in office until the end of the meeting or (if earlier) when a resolution is passed to appoint someone in his place or when a resolution to elect or re-elect the Director is put to the meeting and lost.

- 4.11.7 The office of a Director shall be vacated: (i) if he (not being a person holding for a fixed term an executive office subject to termination if he ceases from any cause to be a Director) resigns his office by one month's written notice signed by him, sent to or deposited at the Company's registered office; (ii) if he dies; (iii) if the Company requests that he resigns his office by giving one month's written notice; (iv) if he shall have absented himself (such absence not being absence with leave or by arrangement with the Board on the affairs of the Company) from meetings of the Board for a consecutive period of 12 months and the Board resolves that his office shall be vacated; (v) if he becomes bankrupt or makes any arrangements or composition with his creditors generally; (vi) if he ceases to be a Director by virtue of, or becomes prohibited from being a Director by reason of, an order made under the provisions of any law or enactment; (vii) if he is requested to resign by written notice signed by a majority of his co-Directors (being not less than two in number); (viii) if the Company by Ordinary Resolution shall declare that he shall cease to be a Director; (ix) if he becomes resident in the United Kingdom for UK tax purposes and, as a result thereof, a majority of the Directors would, if he were to remain a Director, be resident in the United Kingdom for tax purposes; or (x) if he becomes ineligible to be a Director in accordance with the Companies Law.
- 4.11.8 Any Director may, by notice in writing, appoint any other person (subject to the provisions in paragraph 4.11.9 below), who is willing to act as his alternate and may remove his alternate from that office.
- 4.11.9 Each alternate Director shall be either: (i) resident for tax purposes in the same jurisdiction as his appointor; or (ii) resident outside the United Kingdom for UK tax purposes, in each case for the duration of the appointment of that alternate Director and in either case shall also be eligible to be a Director under the Companies Law and signs a written consent to act. Every appointment or removal of an alternate Director shall be by notice in writing signed by the appointor and served upon the Company.

#### 4.12 Proceedings of the Board

- 4.12.1 The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. The quorum necessary for the transaction of the business of the Board may be fixed by the Board and unless so fixed shall be two. Subject to the Articles, a meeting of the Board at which a quorum is present shall be competent to exercise all the powers and discretion exercisable by the Board.
- 4.12.2 All meetings of the Board are to take place outside the United Kingdom and any decision reached or resolution passed by the Directors at any meeting of the Board held within the United Kingdom or at which no majority of Directors resident outside the United Kingdom (and not within the United Kingdom) for UK tax purposes is present shall be invalid and of no effect.
- 4.12.3 The Board may elect one of their number as chairman. If no chairman is elected or if at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be chairman of the meeting.
- 4.12.4 Questions arising at any meeting shall be determined by a majority of votes.
- 4.12.5 The Directors may delegate any of their powers to any committee consisting of one or more Directors and (if thought fit) one or more other persons, but a majority of the members of the committee shall be Directors and a majority of the members of the committee shall not be resident in the United Kingdom. No resolution of such a committee shall be effective unless a majority of those present when it is passed are Directors and those Directors are not resident in the United Kingdom. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed upon it by the Directors. The meetings and proceedings of any such committee shall be governed by the provisions of the Articles regulating the meetings and proceedings of the Directors so far as the same are applicable and are not superseded by any regulations made by the Directors and shall be subject to the supervision of the Board.

#### 4.13 Remuneration of Directors

The Directors shall be entitled to receive fees for their services, such sums in aggregate not to exceed €500,000 in any financial year (or such sum as the Company in general meeting shall from



time to time determine). The Directors may be paid all reasonable travel, hotel and other out of pocket expenses properly incurred by them in attending Board or committee meetings or general meetings, and all reasonable expenses properly incurred by them seeking independent professional advice on any matter that concerns them in the furtherance of their duties as a Director.

#### 4.14 Interests of Directors

4.14.1 Subject to and in accordance with the Companies Law, a Director must, immediately after becoming aware of the fact that he is interested in a transaction or proposed transaction with the Company, disclose that fact to the Directors (including, if the monetary value of the Director's interest is quantifiable, the nature and monetary value of that interest, or if the monetary value of the Director's interest is not quantifiable, the nature and extent of that interest).

4.14.2 Subject to the provisions of the Companies Law, and provided that he has disclosed to the Directors the nature and extent of any interests of his, a Director notwithstanding his office:

- (A) may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director on such terms as to the tenure of office and otherwise as the Directors may determine;
- (B) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
- (C) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, a shareholder of or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested;
- (D) shall not, by reason of his office, be accountable to the Company for any remuneration or benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit;
- (E) may act by himself or his firm in a professional capacity for the Company, other than as auditor, and he or his firm shall be entitled to remuneration for professional services as though he were not a Director of the Company; and
- (F) may be counted in the quorum present at any meeting in relation to any resolution in respect of which he has declared an interest (but he may not vote thereon).

#### 4.15 Winding up

4.15.1 If the Company shall be wound up, the liquidator may, with the sanction of an Extraordinary Resolution and any other sanction required by the Companies Law, divide the whole or any part of the assets of the Company among the Shareholders entitled to the same *in specie* and the liquidator or, where there is no liquidator, the Directors may for that purpose value any assets as he or they deem fair and determine how the division shall be carried out as between the Shareholders or different classes of Shareholders and, with the like sanction, may vest the whole or any part of the assets in trustees upon such trusts for the benefit of the Shareholders as he or they may determine, but no Shareholder shall be compelled to accept any assets upon which there is a liability.

4.15.2 Where the Company is proposed to be or is in the course of being wound up and the whole or part of its business or property is proposed to be transferred or sold to another company, the liquidator may, with the sanction of an Ordinary Resolution, receive in compensation shares, policies or other like interests for distribution or may enter into any other arrangements whereby the Shareholders may, in lieu of receiving cash, shares, policies or other like interests, participate in the profits of or receive any other benefit from the transferee.

#### 4.16 Borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to give guarantees, mortgage, hypothecate, pledge or charge all or part of its undertaking, property (present or future) or assets or uncalled capital and to issue debentures and other securities whether outright, or as collateral security for any debt, liability or obligation of the Company or of any third party.

#### 4.17 C Shares

##### 4.17.1 Definitions

The following definitions apply (for the purposes of this paragraph 4.17 of this Part IX of this Prospectus only) in addition to, or (where applicable) in substitution for, the definitions elsewhere in this Prospectus:

- “Back Stop Date”** such date as determined by the Directors and set out in the Specified Conversion Criteria;
- “C Share”** a redeemable share of no par value in the capital of the Company issued and designated as a C Share of such class, and convertible into such Correspondent Shares, as may be determined by the Directors at the time of issue;
- “C Share Surplus”** in relation to any class of C Shares, the net assets of the Company attributable to the C Shares of that class as recorded in the Class Account for that class;
- “Calculation Time”** the earliest of:
- (a) the close of business on the last Business Day prior to the day on which Force Majeure Circumstances have arisen or the Directors resolve that they are in contemplation;
  - (b) the close of business on such date as the Directors may decide is necessary to enable the Company to comply with its obligations in respect of the Conversion of that class of C Shares;
  - (c) the close of business on the Back Stop Date for the relevant class of C Shares; and
  - (d) the close of business on such date as the Directors may determine, in the event that the Directors, in their discretion, resolve that any Early Investment Condition for the relevant class of C Shares has been satisfied or that the Specified Proportion of the assets attributable to the relevant class of C Shares has been invested in accordance with the Company’s investment policy, and that the relevant class of C Shares shall be converted;
- “Class Account”** a separate class account (in such currency as the Directors may determine) in the books of the Company for each class of Shares;
- “Compulsory Class Conversion”** means a compulsory conversion of Shares of one class into Shares of another class then in issue and with the greatest aggregate net asset value in Euro terms as at the date of such Compulsory Class Conversion following a determination by the Directors that the continued existence of the first class would be impractical due to, for example, the number of C Shares of any class in public hands (as such phrase is used in Listing Rule 6.1.19(4)R (as may be amended, replaced or supplemented from time to time)) falling below 25 per cent. of the total number of issued C Shares of that class;
- “Conversion”** in relation to any class of C Shares, conversion of that class of C Shares in accordance with the Articles;

**“Conversion Ratio”**

in relation to each class of C Shares, A divided by B calculated to four decimal places (with 0.00005 being rounded upwards) where:

$$A = \frac{(C - D)}{E}$$

and

$$B = \frac{(F - G)}{H}$$

and where:

“C” is the aggregate value of all assets and investments of the Company attributable to the relevant class of C Shares (as determined by the Directors) at the relevant Calculation Time calculated in accordance with the accounting principles adopted by the Directors from time to time;

“D” is the amount which (to the extent not otherwise deducted in the calculation of C) in the Directors’ opinion fairly reflects as at the relevant Calculation Time the amount of the liabilities and expenses of the Company attributable to the C Shares of the relevant class (as determined by the Directors);

“E” is the number of C Shares of the relevant class in issue as at the relevant Calculation Time;

“F” is the aggregate value of all assets and investments attributable to the relevant class of Correspondent Shares (as determined by the Directors) at the relevant Calculation Time calculated in accordance with the accounting principles adopted by the Directors from time to time;

“G” is the amount which, (to the extent not otherwise deducted in the calculation of F) in the Directors’ opinion, fairly reflects as at the relevant Calculation Time the amount of the liabilities and expenses of the Company attributable to the relevant Correspondent Shares (as determined by the Directors); and

“H” is the number of Correspondent Shares of the relevant class in issue as at the relevant Calculation Time,

save that:

- (a) the Directors shall be entitled to make such adjustments to the value or amount of A and/or B as they believe to be appropriate having regard to, among other things, the assets of the Company immediately prior to the Issue Date or the Calculation Time or to the reasons for the issue of the C Shares of the relevant class; and
- (b) in relation to any class of C Shares, the Directors may, as part of the terms of issue of such class, amend the definition of Conversion Ratio in relation to that class;

**“Conversion Time”**

a time following the Calculation Time, being the opening of business in London on such Business Day as may be selected by the Directors and falling not more than 20 Business Days after the Calculation Time or (in the case of Force Majeure Circumstances having arisen or the Directors having resolved that they are in contemplation) such earlier date as the Directors may determine;

**“Correspondent Shares”**

the Shares of the relevant class into which C Shares of a particular class are to be converted as determined by the Directors at the time of issue of the relevant class of C Shares, subject as may subsequently be amended by the Directors to reflect any change in the currency classes of the Company’s Shares;

<b>“Correspondent Share Surplus”</b>	the net assets of the Company attributable to the Correspondent Shares (as determined by the Directors) at the date of winding up or other return of capital;
<b>“Early Investment Condition”</b>	any such condition specified in the Specified Conversion Criteria;
<b>“Force Majeure Circumstance”</b>	in relation to any class of C Shares: <ul style="list-style-type: none"> <li>(a) any political and/or economic circumstances and/or actual or anticipated changes in tax or other legislation which, in the reasonable opinion of the Directors, renders Conversion necessary or desirable (and notwithstanding that less than the Specified Proportion of the assets attributable to the relevant class of C Shares has been invested or committed to be invested in accordance with the Company’s investment policy);</li> <li>(b) the issue of any proceedings challenging or seeking to challenge the power of the Company and/or its Directors to issue the C Shares of that class with the rights proposed to be attached to them or to the persons to whom they are, and/or the terms on which they are, proposed to be issued;</li> <li>(c) the convening of any general meeting of the Company at which a resolution is to be proposed to wind up the Company; or</li> <li>(d) the occurrence of a Compulsory Class Conversion in respect of the relevant Correspondent Shares;</li> </ul>
<b>“Issue Date”</b>	in relation to any class of C Shares, the date on which the admission of that class of C Shares to trading on the Main Market becomes effective or, if later, the day on which the Company receives the net proceeds of the issue of the relevant class of C Shares;
<b>“Specified Conversion Criteria”</b>	in respect of any issue of C Shares, such criteria as may be determined by the Directors and announced by the Company through an RIS announcement, setting out, among other things, the Specified Proportion, the Back Stop Date, any post-Conversion dividend limitations and any Early Investment Condition; and
<b>“Specified Proportion”</b>	a specified percentage of the assets attributable to the C Shares of the relevant class as determined by the Directors and set out in the Specified Conversion Criteria.

#### 4.17.2 Issue of C Shares

Subject to the Articles and the Companies Law, the Directors have the power to issue an unlimited number of C Shares of no par value each. The Directors are authorised to issue C Shares of such classes (and denominated in such currencies) as they may determine in accordance with the provisions of the Articles and with C Shares of each such class being convertible into Correspondent Shares of such class as the Directors may determine at the time of issue of such C Shares.

The Directors shall, on the issue of each class of C Shares, determine the Specified Conversion Criteria, the latest Calculation Time and Conversion Time for such class, and the amendments, if any, to the definition of Conversion Ratio attributable to such class. The Directors may, in their absolute discretion change the Correspondent Shares for any class of C Shares to reflect any change in the currency classes of the Shares by notice to the C Shareholders.

#### 4.17.3 Dividends

Notwithstanding any other provision of the Articles, the holders of any class of C Shares will be entitled to receive such dividends as the Directors may resolve to pay to such holders out of the assets attributable to such class of C Shares (as determined by the Directors).

No dividend or other distribution shall be made or paid by the Company on any of its Shares between the Calculation Time and the Conversion Time (both dates inclusive) and no dividend shall be declared with a record date falling between the Calculation Time and the Conversion Time (both dates inclusive).

4.17.4 Ranking of the C Shares upon Conversion

The new Correspondent Shares arising upon Conversion shall rank *pari passu* with all other Correspondent Shares of the same class for dividends and other distributions declared, made or paid by reference to a record date falling after the relevant Calculation Time.

4.17.5 Rights as to capital

The capital and assets of the Company shall on a winding up or on a return of capital (other than by way of the repurchase or redemption of Shares by the Company) prior, in each case, to Conversion shall be applied as follows:

- (A) the Correspondent Share Surplus shall be divided amongst the holders of relevant Correspondent Shares *pro rata* to their holdings of Correspondent Shares as if the Correspondent Share Surplus comprised the assets of the Company available for distribution; and
- (B) the C Share Surplus attributable to each class of C Shares shall be divided amongst the Shareholders of such class *pro rata* according to their holdings of C Shares of that class.

4.17.6 Voting and transfer

The C Shares shall not carry any right to attend or vote at (but shall receive notice of) any general meeting of the Company.

The C Shares shall be transferable in the same manner as the Correspondent Shares.

4.17.7 Redemption

The C Shares are issued on the terms that each class of C Shares shall be redeemable by the Company in accordance with the terms of this paragraph 4.17 of this Part IX of this Prospectus.

At any time prior to Conversion, the Company may, at its discretion, redeem all or any of the C Shares of a particular class then in issue by agreement with any holder(s) thereof in accordance with such procedures as the Directors may determine (subject to the facility and procedures of CREST) and in consideration of the payment of such redemption price as may be agreed between the Company and the relevant holder(s) of the relevant class of C Shares.

4.17.8 Class consents and variation of rights

Without prejudice to the generality of the Articles, until Conversion the consent of the holders of C Shares as a class (irrespective of whichever class of C Shares they may hold) shall be required in accordance with the Articles for, and accordingly the special rights attached to any class of C Shares shall be deemed to be varied, *inter alia*, by:

- (A) any alteration to the Memorandum or the Articles; or
- (B) the passing of any resolution to wind up the Company.

4.17.9 Class accounts

Until Conversion and without prejudice to its obligations under the Companies Law, the Company shall in relation to each class of C Shares establish a separate Class Account for that class in accordance with the Articles and, subject thereto:

- (A) procure that the Company's records and bank accounts shall be operated so that the assets attributable to the relevant class of C Shares can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall procure that separate cash accounts, broker settlement accounts and investment ledger accounts shall be created and maintained in the books of the Company for the assets attributable to each class of C Shares;



- (B) allocate to the assets attributable to each class of C Shares such proportion of the income, expenses or liabilities of the Company incurred or accrued between the Issue Date and the Calculation Time (both dates inclusive) as the Directors fairly consider to be attributable to such class of C Shares; and
- (C) manage or, where appropriate, give appropriate instructions to the Administrator to manage, the Company's assets so that such undertakings can be complied with by the Company.

#### 4.18 Share conversion mechanism

The Articles contain the Share conversion mechanism summarised in paragraph 6 of this Part IX of this Prospectus.

### 5. MATERIAL CONTRACTS

The following are all of the contracts, not being contracts entered into in the ordinary course of business, that have been entered into by the Company since its incorporation and are, or may be, material or that contain any provision under which the Company has any obligation or entitlement which is or may be material to it as at the date of this Prospectus.

#### 5.1 Corporate Service Agreement

5.1.1 A corporate service agreement dated 12 June 2013 (as amended and restated) between (i) the Company; and (ii) CVC Investment Services (the "**Corporate Service Agreement**"), whereby CVC Investment Services agreed to pay the costs and expenses of, and incidental to, the IPO that exceed 0.25 per cent of the Gross Placing Proceeds (being the amount to be borne by the Company) and all placing commissions and to provide certain services to the Company, including advice and management in respect of the Company's dealings in Treasury Shares.

5.1.2 In addition, it has been agreed that all costs and expenses of the Initial Placing (including placing commissions) up to 0.75 per cent. of the Gross Placing Proceeds in respect of the Initial Placing will be payable out of the proceeds of the Initial Placing. Any costs or expenses (including placing commissions) in excess of 0.75 per cent. of such Gross Placing Proceeds shall be payable by CVC Investment Services. It is expected that arrangements of a similar nature will apply in relation to subsequent Placings of C Shares, with the percentage of costs and expenses that will be borne by investors being set at the time of the relevant Placing. In relation to a subsequent Placing of New Shares, the Placing Price shall include a premium to the Net Asset Value per Share of the relevant class of Existing Shares and the costs and expenses of such issue (including placing commissions) will be borne out of such premium. To the extent that the costs and expenses of any such subsequent Placing (including placing commissions) exceeds such premium, CVC Investment Services shall bear the excess.

5.1.3 In addition, CVC Investment Services grants the Company a non- exclusive and (save as provided on termination of the Corporate Service Agreement) a royalty-free licence to use the marks "CVC" and "CVC Credit Partners".

#### 5.1.4 Termination

The Company may terminate the Corporate Service Agreement without cause:

- (A) by giving not less than 24 months' written notice to CVC Investment Services, such notice not being given prior to the first anniversary of the date of the Corporate Service Agreement;
- (B) with immediate effect upon the winding up of the Company following an unsuccessful Continuation Resolution; or
- (C) if the Company ceases to hold any Investment Vehicle Interests.

The Company may terminate the Corporate Service Agreement with cause and with immediate effect in certain circumstances, including but not limited to:

- (A) if CVC Investment Services has committed a material breach of its obligations under the Corporate Service Agreement or the Investment Services Manager has

committed a material breach of its obligations under the Investment Vehicle Investment Services Agreement and in each case fails to remedy such breach (if capable of remedy) within 30 days of receiving notice specifying the breach and requiring it to do so;

- (B) if CVC Investment Services (or an affiliated entity) ceases to be the Investment Services Manager of the Investment Vehicle;
- (C) if a verdict or judgement (whether criminal or civil) is reached by any applicable court or government body involving fraud or gross negligence on the part of (i) CVC Investment Services in carrying out its duties pursuant to the Corporate Service Agreement; or (ii) the Investment Services Manager in carrying out its duties pursuant to the Investment Vehicle Investment Services Agreement;
- (D) if CVC Investment Services: (i) ceases to hold any required authorisation or licence required to perform its duties under the Corporate Service Agreement or the Investment Vehicle Investment Services Agreement respectively; or (ii) has any regulatory authorisation, registration, or approval cancelled, suspended, revoked or removed for whatever reason (and in each case, no affiliated entity assumes its responsibilities); or
- (E) if an order has been made or a resolution passed for the liquidation of CVC Investment Services; or CVC Investment Services threatens to cease to carry on its business (and no affiliated entity assumes its responsibilities).

CVC Investment Services may terminate the Corporate Service Agreement with cause and with immediate effect if:

- (A) an order has been made or a resolution passed for the winding up of the Company or the Investment Vehicle;
- (B) the Company has committed a material breach of its obligations under the Corporate Service Agreement and fails to remedy such breach (if capable of remedy) within 30 days of receiving notice specifying the breach and requiring it to do so; or
- (C) the Company amends its investment objective, policy of restrictions as described in this Prospectus without consultation with CVC Investment Services or in a way to which CVC Investment Services, when consulted, objects.

#### 5.1.5 Liability and indemnity

The Corporate Service Agreement contains provisions that limit the liability of CVC Investment Services to the Company or any investor in the Company or otherwise for any loss suffered by any of them unless such loss arises from the negligence, bad faith, fraud or wilful default in the performance or non-performance by CVC Investment Services (or persons designated by it) of its obligations or functions. The Company undertakes to indemnify CVC Investment Services against all potential losses which may be incurred in the performance of its responsibilities under the Corporate Service Agreement, except as shall arise from CVC Investment Services' negligence, bad faith, fraud or wilful default in the performance or non-performance of its obligations and functions but excluding tax in respect of its overall income or profits.

#### 5.1.6 Termination Fee

The Company shall pay to CVC Investment Services the termination fees set out in the sections entitled "Withdrawal rights from the Investment Vehicle" and "Termination Fee" in Part I of this Prospectus.

### 5.2 Sponsor and Placing Agreement

- 5.2.1 A sponsor and placing agreement dated 20 March 2014 between: (i) the Company; (ii) the Directors; (iii) the Investment Vehicle Manager; (iv) CVC Investment Services; (v) Goldman Sachs; and (vi) Dexion (the "**Sponsor and Placing Agreement**"), whereby the Company has appointed, subject to certain conditions that are typical for an agreement of this nature, Goldman Sachs as bookrunner, global co-ordinator and underwriter and Dexion as lead placing agent in connection with the Placing Programme and in respect of the Initial Placing. The Company may (with the prior written consent

of Goldman Sachs, acting reasonably and in good faith) appoint Dexion as placing agent in respect of any subsequent Placing. Under the Sponsor and Placing Agreement, the Company has also appointed Goldman Sachs as sponsor in connection with the application for admission of the Placing Shares to the Official List.

- 5.2.2 Goldman Sachs and Dexion have severally agreed (in the case of Dexion, in relation to the Initial Placing and only those subsequent Placings in respect of which it is appointed as placing agent), subject to: (a) the Company and Goldman Sachs executing and delivering the Purchase Agreement in respect of a Placing; and (b) certain other conditions that are typical for an agreement of this nature, to use their reasonable endeavours to procure subscribers for the Shares to be issued under such Placing at the relevant Placing Price or, failing which, Goldman Sachs shall subscribe itself for such Shares at such Placing Price.
- 5.2.3 In consideration of their services under the Sponsor and Placing Agreement, and subject to their obligations under the Sponsor and Placing Agreement having become unconditional and the Sponsor and Placing Agreement not having been terminated, the Company and CVC Investment Services have agreed to pay (and the Investment Vehicle Manager has undertaken to procure that CVC Investment Services will pay) to Goldman Sachs and Dexion, in aggregate, a commission in relation to each Placing of up to 1.75 per cent. of the Gross Placing Proceeds in respect of such Placing. For the avoidance of doubt, Goldman Sachs and Dexion will not be entitled to any commission in relation to subscriptions for Placing Shares by CVC Persons pursuant to the Placing Programme.
- 5.2.4 Goldman Sachs and Dexion reserve the right to pay rebates out of the commissions payable to them in an amount equal to 0.25 per cent. of the Placing Price, to all investors subscribing for C Shares in the Initial Placing with an aggregate Placing Price of £12.5 million or €15.0 million or more and CVC Investment Services will reimburse Goldman Sachs and Dexion in respect of such rebates.
- 5.2.5 In addition, all costs and expenses of the Initial Placing (including placing commissions) up to 0.75 per cent. of the Gross Placing Proceeds in respect of the Initial Placing will be payable out of the proceeds of the Initial Placing. Any costs or expenses (including placing commissions) in excess of 0.75 per cent. of such Gross Placing Proceeds shall be payable by CVC Investment Services. It is expected that arrangements of a similar nature will apply in relation to subsequent Placings of C Shares, with the percentage of costs and expenses that will be borne by investors being set at the time of the relevant Placing.
- 5.2.6 In relation to a subsequent Placing of New Shares, the Placing Price shall include a premium to the Net Asset Value per Share of the relevant class of Existing Shares and the costs and expenses of such issue (including placing commissions) will be borne out of such premium. To the extent that the costs and expenses of any such subsequent Placing (including placing commissions) exceeds such premium, CVC Investment Services shall bear the excess.
- 5.2.7 Any placing commissions, costs or expenses borne by CVC Investment Services shall be payable out of its Management Fees, Performance Fees and any amounts due under the Corporate Service Agreement.
- 5.2.8 The obligations of Goldman Sachs and Dexion under the Sponsor and Placing Agreement in relation to each Placing will only become effective upon the execution and delivery by the Company and Goldman Sachs of the relevant Purchase Agreement and will be subject to certain conditions that are typical for an agreement of this nature, including amongst others, for the Initial Placing, Initial Admission having occurred by not later than 8.00 a.m. on 3 April 2014 (or such later time and/or date as Goldman Sachs may agree with the Company and the Investment Vehicle Manager).
- 5.2.9 The Company, the Directors and the Investment Vehicle Manager have given certain customary representations and warranties, and the Company and the Investment Vehicle Manager have given certain customary indemnities, to Goldman Sachs and Dexion in the Sponsor and Placing Agreement. In addition, CVC Investment Services has given certain representations and warranties to Goldman Sachs and Dexion. Subject to certain carve-outs in relation to the Investment Vehicle Manager, the liabilities of the Company,

Investment Vehicle Manager and CVC Investment Services under the Sponsor and Placing Agreement are not limited as to time or amount and the liabilities of the Directors are limited as to time and amount.

- 5.2.10 Goldman Sachs may terminate the Sponsor and Placing Agreement in respect of any Placing in certain circumstances that are typical for an agreement of this nature but only prior to Admission of that Placing. These circumstances include: (i) breach by the Company, the Directors, the Investment Vehicle Manager or CVC Investment Services of the warranties given pursuant to the Sponsor and Placing Agreement; (ii) the occurrence of certain material adverse changes in the condition (financial, operational, legal or otherwise) or in the earnings, business affairs, solvency or prospects of the Company, the Investment Vehicle or the Investment Vehicle Manager; and (iii) certain adverse changes in financial, political or economic conditions.

### 5.3 Administration Agreement

- 5.3.1 An administration agreement dated 7 November 2013 between (i) the Company; and (ii) the Administrator, whereby the Administrator was appointed to act as administrator and secretary of the Company and provide related services (the "**Administration Agreement**").
- 5.3.2 The Administration Agreement may be terminated by either party on not less than 90 days' written notice (or such shorter notice as the parties may agree). The Administration Agreement may be terminated immediately by either party: (i) in the event of the winding up of or the appointment of an administrator, examiner or receiver to the other or upon the happening of a like event at the direction of an appropriate regulatory agency or court of competent jurisdiction (except if such event occurs for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the parties, such approval not to be unreasonably withheld or delayed) or if the other party is declared 'en desastre'; or (ii) if the other party commits any material breach of the Administration Agreement and, if such breach is capable of remedy, has not remedied the breach within 30 days after the service of written notice requiring such breach to be remedied; (iii) if there is a breach of any of the representations or warranties set out in the Administration Agreement; or (iv) if the continued performance of the Administration Agreement by either party for any reason ceases to be lawful.
- 5.3.3 Either party may immediately terminate the Administration Agreement in the event that the other party (i) commits an act of fraud, wilful default or negligence; or (ii) ceases to hold the necessary licences, approvals, permits, consents or authorisations required to enable it to perform its obligations under the Administration Agreement.
- 5.3.4 The Company has given certain market standard indemnities in favour of the Administrator in respect of the Administrator's potential losses in carrying out its responsibilities under the Administration Agreement.
- 5.3.5 The Administration Agreement is subject to arbitration governed by the substantive laws of Jersey.
- 5.3.6 The Administration Agreement supersedes the administration agreement dated 12 June 2013 between (i) the Company; and (ii) Northern Trust International Fund Administrators (Jersey) Limited ("**Northern Trust**") which was terminated on 7 November 2013, pursuant to a notice of termination provided by Northern Trust.

### 5.4 Global Custody Agreement and @PB Link Service Agreement

- 5.4.1 A global custody agreement dated 7 November 2013 between (i) the Company; and (ii) the Custodian (the "**Custodian Agreement**"), whereby the Custodian was appointed to act as custodian of the Company's investments, cash and other assets.
- 5.4.2 The Custodian provides custody services in respect of such of the property of the Company which is delivered to and accepted by the Custodian as and when such custody services may be required. Securities are held by the Custodian in one or more cash accounts in the name of the Company and separately designated in the books of the Custodian as belonging to the Company.
- 5.4.3 The Custodian may terminate the Custodian Agreement if (i) any security interest is created or asserted against any of the assets; (ii) any distress, execution, sequestration or

other process is levied or enforced against any of the assets and is not discharged within 20 business days; (iii) a receiver, administrator or administrative receiver is being appointed over any of the assets.

- 5.4.4 The Company has given certain market standard indemnities in favour of the Custodian in respect of the Custodian's potential losses in carrying on its responsibilities under the Custodian Agreement. The liability of the Custodian in respect of the services provided is also subject to market standard limitations.
- 5.4.5 The Custodian Agreement is governed by the laws of Guernsey.
- 5.4.6 In connection with the Custodian Agreement, the Company and the Custodian have also entered into an @PB Link Service Agreement dated 7 November 2014, whereby the Custodian has agreed to make available a secured internet site in order to allow the Company to manage its accounts with the Custodian. The @PB Link Service Agreement is subject to the governing law and disputes provisions set out in the Custodian Agreement.
- 5.4.7 The Custodian Agreement supersedes the custodian agreement dated 12 June 2013 between (i) the Company; and (ii) Northern Trust which was terminated on 7 November 2013, pursuant to a notice of termination provided by Northern Trust.

## 5.5 Registrar Agreement

- 5.5.1 A registrar agreement dated 12 June 2013 between (i) the Company; and (ii) the Registrar (the "**Registrar Agreement**"), pursuant to which the Company appointed the Registrar to act as registrar of the Company.
- 5.5.2 The Registrar Agreement may be terminated by either the Company or the Registrar giving to the other not less than three months' written notice.
- 5.5.3 The Company has given certain market standard indemnities in favour of the Registrar in respect of the Registrar's potential losses in carrying on its responsibilities under the Registrar Agreement.
- 5.5.4 The Registrar Agreement is governed by the laws of Jersey.

## 6. SHARE CONVERSION MECHANISM

- 6.1 The Articles contain a monthly conversion facility pursuant to which Shareholders may convert Shares of one class into Shares of any other class, subject to regulatory considerations. Shareholders wishing to convert Shares may do so by giving the Company not less than ten Business Days' notice in advance of the first Business Day of each month (each first Business Day of the relevant month being a "**Conversion Calculation Date**"), either through submission of the relevant instruction mechanism (for Shareholders holding Shares in uncertificated form) or through submission of a conversion notice and the return of the relevant share certificate to the Registrar (for Shareholders holding Shares in certificated form). Such conversion will be effected on the basis of the ratio of the net asset value per class to be converted (calculated in Euro less the costs of effecting such conversion and adjusting any currency hedging arrangements and taking account of dividends resolved to be paid), to the net asset value per class of the Shares into which they will be converted (also calculated in Euro), in each case on the relevant Conversion Calculation Date.
- 6.2 Conversion will be effected by way of redesignation of Shares of one currency class into Shares of another currency class or in any such other manner as the Board may determine in accordance with the Companies Law. The Directors may deal in such manner as they think fit with fractional entitlements to Shares, including selling any such Shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company.
- 6.3 The Directors may amend the process for conversion (including the timing and frequency of conversions and the procedure for giving notice of conversion) in such manner as they see fit including, without limitation, for the purposes of facilitating conversions of Shares in uncertificated or certificated form or to facilitate electronic communications and to take account of the dividends payable on any class of Shares. Any conversion notice once given will be irrevocable unless the Directors consent to the contrary. The date on which conversion will take place will be a date determined by the Board being not more than 30 days after the relevant Conversion Calculation Date.



- 6.4 The ability to convert Shares of one class into Shares of any other class may be suspended at any time that the calculation and publication of the Net Asset Value is suspended. The Directors will also have the discretion not to operate the conversion facility with respect to any class of Shares or across all classes of Shares from time to time.
- 6.5 Each Shareholder wishing to convert Shares will be deemed to provide certain representations and warranties upon the Conversion Calculation Date specified in the Articles.
- 6.6 This conversion facility does not apply to the C Shares.

## **7. LITIGATION**

There are no, and have not been in the last 12 months, any governmental, legal or arbitration proceedings, nor, so far as the Company is aware, are any such proceedings pending or threatened, which may have, or have in the recent past had, a significant effect on the Company's financial position or profitability.

## **8. RELATED PARTY TRANSACTIONS**

Other than as set out in paragraphs 3.4 and 5.2 of this Part IX of this Prospectus, the Company has not entered into any related party transactions.

## **9. GENERAL**

- 9.1 The principal place of business and registered office of the Company is at Liberté House, 19-23 La Motte Street, St Helier, Jersey JE2 4SY. The Company is the holder of a certificate as a "Company Issuing Units" issued by the JFSC under the Collective Investment Funds (Jersey) Law 1988 (the "CIF Law"). The Commission is protected by the CIF Law against liability arising from the discharge of its functions under the CIF Law. The Company is subject to the Jersey Listed Fund Guide issued by the JFSC. The Company is not regulated by the Financial Conduct Authority or any other non-Jersey regulator.
- 9.2 CVC Credit Partners may be regarded as the promoter of the Company. Save as disclosed in paragraph 5 of this Part IX of this Prospectus, no amount or benefit has been paid, or given, to the promoter or any of their subsidiaries since the incorporation of the Company and none is intended to be paid, or given.
- 9.3 CVC Investment Services' address is 22-24 Seale Street, St. Helier, Jersey, JE2 3QG and its telephone number is +44 (0) 1534 850 750.
- 9.4 CVC European Credit Opportunities S.à.r.l has given and not withdrawn its written consent to the issue of this Prospectus with references to its name in the form and context in which such references appear.
- 9.5 CVC Credit Partners Investment Services Management Limited has given and not withdrawn its written consent to the issue of this Prospectus with references to its name in the form and context in which such references appear.
- 9.6 CVC Credit Partners Investment Management Limited has given and not withdrawn its written consent to the issue of this Prospectus with references to its name in the form and context in which such references appear.
- 9.7 CREST is a paperless settlement procedure enabling securities to be evidenced other than by certificates and transferred other than by written instrument. The Articles permit the holding of the Shares under the CREST system and the Shares were admitted to CREST with effect from Initial Admission. Settlement of transactions in the Shares may therefore take place within the CREST system if the relevant Shareholders (other than U.S. Persons and persons acting for the account or benefit of any U.S. Person) so wish. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so upon request from the Registrars.
- 9.8 Applications will be made to each of the UK Listing Authority and the London Stock Exchange for New Shares and Correspondent Shares to be admitted to the premium segment of the Official List and to trading on the Main Market respectively. Applications will also be made to each of the UK Listing Authority and the London Stock Exchange for the C Shares to be admitted to the standard segment of the Official List and to trading on the Main Market respectively. It is expected that Initial Admission will become effective, and that dealings in those Shares will commence no later than

8.00 a.m. on the third business day after the closing of the Initial Placing. No application is being made for the Placing Shares to be dealt with in or on any stock exchanges or investment exchanges other than the London Stock Exchange.

9.9 The Company does not own any premises and does not lease any premises.

## 10. THIRD PARTY SOURCES

10.1 Where third party information has been referenced in this Prospectus, the source of that third party information has been disclosed. Where information contained in this Prospectus has been so sourced, the Company confirms that such information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

10.2 Both Moody's Investor Services and Standard & Poor's are registered in accordance with the CRA Regulation.

## 11. WORKING CAPITAL

The Company is of the opinion that the working capital available to it is sufficient for its present requirements, that is for at least the next 12 months from the date of this Prospectus.

## 12. CAPITALISATION AND INDEBTEDNESS

The following table shows the Company's capitalisation and gross indebtedness as at 31 December 2013.

<u>Total current debt (€)</u>	<u>As at 31 December 2013</u>
Guaranteed .....	Nil
Secured .....	Nil
Unguaranteed/unsecured .....	99,858
<u>Total non-current debt (excluding current position of non-current debt) (€)</u>	<u>As at 31 December 2013</u>
Guaranteed .....	Nil
Secured .....	Nil
Unguaranteed/unsecured .....	Nil
<u>Shareholders' equity (€)</u>	
Share capital .....	356,152,849
Legal reserves .....	Nil
Other reserves .....	Nil
Total .....	356,152,849

As at 31 December 2013, the Company had net financial receivables of €851,526

<u>Net indebtedness</u>	<u>€</u>
A. Cash .....	595,498
B. Cash equivalents .....	—
C. Trading securities .....	—
<b>D. Liquidity (A+B+C) .....</b>	<b><u>595,498</u></b>
<b>E. Current financial receivables .....</b>	<b>355,886</b>
F. Current bank debt .....	—
G. Current portion of non-current debt .....	—
H. Other current financial debt .....	99,858
<b>I. Current financial debt (F+G+H) .....</b>	<b><u>99,858</u></b>
<b>J. Net current financial indebtedness/(receivables) (I-E-D) .....</b>	<b>(851,526)</b>
K. Non-current bank loans .....	—
L. Bonds issued .....	—
M. Other non-current loans .....	—
<b>N. Non-current financial indebtedness (K+L+M) .....</b>	<b><u>—</u></b>
<b>O. Net financial indebtedness/(receivables) (J+N) .....</b>	<b><u>(851,526)</u></b>

### **13. INVESTMENT RESTRICTIONS**

- 13.1 The Company will, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with the investment policy set out in the section entitled “Investment Policy” in Part I of this Prospectus.
- 13.2 For so long as it remains a requirement of the UK Listing Authority, the Company will not invest in other listed closed-ended investment funds except for listed closed-ended investment funds which themselves have published investment policies to invest no more than 15 per cent. of their total assets in other listed closed-ended funds.

### **14. CAPITAL RESOURCES RESTRICTIONS**

Other than the Investment Policy, there are no restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the Company’s operations.

### **15. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the Articles, this Prospectus, the IPO Prospectus, the Register, the Corporate Service Agreement, the Administration Agreement, the Custodian Agreement and the Registrar Agreement will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays and public holidays excepted) for the twelve month period following Initial Admission. The most recent annual reports and audited accounts of the Company, as well as the most recent half-yearly reports and accounts of the Company will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays and public holidays excepted). Alternatively, a copy of any documents available for inspection may be obtained upon written request to the Company at its registered office.

### **16. RELATIONSHIP BETWEEN SHAREHOLDERS, THE COMPANY AND SERVICE PROVIDERS**

The Company is a closed-ended investment company incorporated in Jersey with limited liability on 20 March 2013. While prospective investors will acquire an interest in the Company on subscribing for Placing Shares, the Company is the sole legal and/or beneficial owner of its investments. Consequently, Shareholders have no direct legal or beneficial interest in those investments. The liability of Shareholders for the debts and other obligations of the Company is limited to the amount unpaid, if any, on the Placing Shares held by them. Shareholders’ rights in respect of their investment in the Company are governed by the Articles, the Companies Law and the investment terms set out in this Prospectus.

### **17. RIGHTS AGAINST THIRD PARTIES, INCLUDING THIRD PARTY SERVICE PROVIDERS**

As the Company has no employees and the Directors have all been appointed on a non-executive basis, the Company is reliant on the performance of service providers listed in this Prospectus (the “Service Providers”).

Without prejudice to any potential right of action in tort that a Shareholder may have to bring a claim against a Service Provider, each Shareholder’s contractual relationship in respect of its investment in Shares is with the Company only. Therefore, no Shareholder will have any contractual claim against any Service Provider with respect to such Service Provider’s default.

### **18. JURISDICTION AND APPLICABLE LAW**

As noted above, Shareholders’ rights are governed by the Articles, the Companies Law and the terms set out in this Prospectus. By subscribing for Placing Shares, investors agree to be bound by the Articles, the Companies Law and the terms set out in this Prospectus.

### **19. RECOGNITION AND ENFORCEMENT OF FOREIGN JUDGMENTS**

A final and conclusive judgment under which a sum of money is payable (not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or penalty) obtained in the superior courts in the reciprocating countries set out in the Judgments (Reciprocal Enforcement)

(Jersey) Act 1973 (presently comprising England and Wales, Scotland, Northern Ireland, Guernsey and the Isle of Man), may be enforced or given effect in Jersey by statutory registration in accordance with and subject to the provisions of the Judgments (Reciprocal Enforcement) (Jersey) Law 1960 (the “**1960 Law**”) as supplemented by the Judgments (Reciprocal Enforcement) (Jersey) Rules 1961.

Where registration is not available under the 1960 Law, a foreign money judgment may be enforced at common law by commencing fresh proceedings in Jersey. The right to enforce such a judgment arises as a matter of Jersey law, on the basis that the judgment of a foreign court of competent jurisdiction imposes an obligation on the judgment debtor to pay the judgment debt, and is therefore not dependent on principles of comity or reciprocity.

Non-money judgments fall outside the scope of the 1960 Law and, historically, have also not been enforceable at common law. However, on 16 September 2008, the Royal Court handed down judgment in *Brunei Investment Agency v Fidelis* [2008] JRC 152 and held that in the interests of comity and to reflect modern-day commercial practices, the common law was expressly amended so that the Royal Court now has a discretion to enforce non-money judgments, albeit this discretion should be exercised “cautiously”. It is not yet clear how this cautious extension of the common law will be applied in practice.

In all cases, the judgment debtor has only limited grounds on which to challenge enforcement, and the Jersey courts ought not to enquire into the merits of the original action, nor review the measure of damages awarded. The key question is usually whether or not the foreign court had jurisdiction over the judgment debtor. This is a complex issue to be determined by the Royal Court as a matter of Jersey law. The jurisdictional rules applied by the foreign court itself are generally irrelevant.

## PART X: ADDITIONAL INFORMATION ON THE INVESTMENT VEHICLE AND THE CONVERSION VEHICLE

### 1. INCORPORATION AND ADMINISTRATION OF CECO, THE INVESTMENT VEHICLE AND THE CONVERSION VEHICLE

- 1.1 CECO was incorporated on 2 December 2010 with company registration number B0158090 and is registered in Luxembourg and organised under the law of the Grand Duchy of Luxembourg as a “*Société à Responsabilité Limitée*” under the Luxembourg company law of 10 August 1915, as amended. CECO was incorporated as Cordatus Credit Partners S.à.r.l, and changed its name to CECO with effect from 23 March 2012. The registered office of CECO is 40 Avenue Monterey, L-2163 Luxembourg, Grand Duchy of Luxembourg (telephone number +352 26 20 51 1).
- 1.2 CECO’s constitution is set out in its articles of incorporation, which were published in the Luxembourg Mémorial on 30 March 2011. A copy of CECO’s articles of incorporation is available for inspection at the offices of the Investment Vehicle Corporate Service Provider. CECO’s objects are set out in article 3 thereof.
- 1.3 CECO has no subsidiaries and has no employees.
- 1.4 The auditors of CECO are Ernst & Young S.A., a member of the Institut des Réviseurs d’Enterprises in Luxembourg.
- 1.5 CECO is incorporated as a securitisation vehicle under the Securitisation Law pursuant to which the directors of CECO (who are the CECO Directors) may create one or more compartments (within CECO) (“**Compartments**” and “**Compartment**” means one of them). The Investment Vehicle is Compartment A of CECO and the Conversion Vehicle is Compartment AA of CECO. For information about the risks associated with investing in a compartment of a Luxembourg securitisation vehicle, please refer to the risk entitled “There is a risk that the assets of the Investment Vehicle or the Conversion Vehicle may be made available to satisfy the liabilities of other Compartments of CECO” in the section entitled “Risk Factors” in this Prospectus.
- 1.6 There has been no significant change in the financial or trading position of (i) the Investment Vehicle since 31 December 2013, being the end of the latest period for which audited financial information has been published; and (ii) the Conversion vehicle since 5 February 2014, being the date of its establishment by CECO.
- 1.7 References to the Investment Vehicle in this Part X should be read as also including the Conversion Vehicle, save where it is expressly stated that such interpretation does not apply.

### 2. SHARE CAPITAL

- 2.1 CECO was incorporated with an initial and fully paid up issued and authorised share capital of €12,500 divided into 1,250,000 ordinary shares with par value of €0.01 each. There have been no changes to CECO’s issued share capital since the incorporation of CECO. CECO is wholly owned by SJT Limited as trustee for the CECO Charitable Trust. The rights attaching to the shares are as set out in CECO’s articles of incorporation and there are no differences between the voting rights attaching to the shares. CECO has the right to redeem its own shares.
- 2.2 Since the Company will invest solely in the Investment Vehicle Interests and the Conversion Vehicle Interests, it will have no interest in CECO’s shares and it is not expected that CECO’s shares will be transferred.
- 2.3 Under CECO’s articles of incorporation, the issued share capital of CECO may be increased by a shareholder resolution. Further shares in CECO may be created and issued in accordance with CECO’s articles of incorporation.
- 2.4 No share or loan capital of CECO is under option or has been agreed, conditionally or unconditionally, to be put under option.

### 3. CECO DIRECTORS’ AND OTHER INTERESTS

- 3.1 As at the date of this Prospectus, the CECO Directors do not directly hold any shares, Investment Vehicle Interests or Conversion Vehicle Interests. The CECO Directors and their connected persons may, however, subscribe for Placing Shares pursuant to the Placing Programme.



- 3.2 The voting rights attached to Placing Shares which the CECO Directors may hold will not be different from the voting rights attached to any other shares of the same class in the Company. Save as disclosed in this Prospectus, as at the date of this Prospectus, none of the CECO Directors or any person connected with any of the CECO Directors, nor any of the CVC Group, the Investment Vehicle Corporate Service Provider, or the Investment Vehicle Registrar has any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company. As at the date of this Prospectus, there are no arrangements known to the Investment Vehicle which may subsequently result in a change of control of the Investment Vehicle.
- 3.3 No loan has been granted to, nor any guarantee provided for the benefit of, any of the CECO Directors.
- 3.4 For the purposes of this Prospectus, the business address of each of the CECO Directors is the registered office of CECO.
- 3.5 The CECO Directors have not entered into service contracts with CECO, with the exception of Douglas Maccabe who entered into a service contract with CECO dated 13 December 2011. The appointments of the CECO Directors are for an indefinite period and CECO Directors are eligible for re-appointment. The CECO Directors' appointments can be terminated in accordance with the articles of incorporation and without compensation. There is no notice period specified in the articles of incorporation for the removal of CECO Directors. The office of CECO Director may be terminated by a shareholder resolution.
- 3.6 No members of the Administrator or the Investment Vehicle Manager have any service contracts with the Investment Vehicle.
- 3.7 In accordance with the articles of incorporation of CECO, each CECO Director shall be indemnified out of the assets and profits of the Investment Vehicle against any liability incurred in connection with the performance of his duties as an CECO Director.
- 3.8 In addition to their directorships of CECO, the CECO Directors hold or have held the directorships and are or were members of the partnerships, as listed in the table below, over or within the past five years.

<u>Name</u>	<u>Current directorship/partnership</u>	<u>Past directorship/partnership</u>
Jonathan Bowers	CVC Credit Partners Holdings Limited	Cordatus Mezzanine Partners GP Limited
	CVC Credit Partners Investment Management Limited	Cordatus Recovery Partners II Investment S.à.r.l
	CVC Credit Partners Limited	Cordatus Recovery Partners II S.à.r.l
	CVC European Credit Opportunities (No.8) S.à.r.l	
Brandon Bradkin	Cordatus Recovery Partners II General Partner Limited	CVC Credit Partners Group Limited Park Square Capital, LLP
	CVC Credit Partners Holdings Limited	
	CVC Credit Partners Investment Holdings Limited	
	CVC Credit Partners Investment Management Limited	
	CVC Credit Partners Investment Services Management Limited	
	CVC Credit Partners Limited	
Mark DeNatale	CVC Credit Partners Investment Management Limited	Broadacre Agriculture
	CVC European Credit Opportunities (No. 8) S.à.r.l	Loan Syndications and Trading Association
Douglas Maccabe	Azaria Limited	Avery (GP) Limited
	Cordatus Recovery Partners II General Partner Limited	BCV Limited BELF 1 Limited

<u>Name</u>	<u>Current directorship/partnership</u>	<u>Past directorship/partnership</u>
	Cordatus Recovery Partners II Holding Limited	BELF 2 Limited
	CPBM Finance Limited	BELF 3 Limited
	CVC Credit Partners General Partner Limited	BELF 4 Limited
	CVC Credit Partners Investment Services Management Limited	BELF 5 Limited
	CVC Credit Strategic Co-Investment GP Limited	BELF 6 Limited
	CVC European Credit Opportunities (No.8) S.à.r.l.	BELF 7 Limited
	European Income Fund Limited	BELF 8 Limited
	Fairfield Services Limited	BELF 9 Limited
	MoREOF Silverstone Limited	BELF 10 Limited
	Ottwood Limited	BELF 11 Limited
	Peter Street Properties Limited	BELF 12 Limited
		BELF 13 Limited
		BELF 14 Limited
		BELF 15 Limited
		BELF 16 Limited
		BELF 17 Limited
		BELF 18 Limited
		BELF 19 Limited
		BELF 20 Limited
		Belgravia European Logistics Fund — Euro Share Class PC Belgravia European Logistics Fund — Sterling Share Class
		Belgravia European Logistics Fund PC
		Belgravia European Property Fund — EUR Accumulation Share Class
		Belgravia European Property Fund — EUR Income Share Class
		Belgravia European Property Fund — GBP Accumulation Share Class
		Belgravia European Property Fund — GBP Income Share Class
		Belgravia European Property Fund — USD Accumulation Share Class
		Belgravia European Property Fund — USD Income Share Class
		Belgravia European Property Funds Limited
		Belgravia Funds PCC Limited
		Belgravia Global Property Funds — Dollar (Standard) PC
		Belgravia Global Property Funds — Euro (Standard) PC
		Belgravia Global Property Funds PCC

Name	Current directorship/partnership	Past directorship/partnership
		Belgravia Global Property Funds — Sterling (Standard) PC
		Belgravia IFN China Property Fund PCC (In liquidation — insolvent)
		Belgravia IFN China Property Fund — Euro Share Class PC
		Belgravia IFN China Property Fund — Sterling Share Class PC
		Belgravia IFN China Property Fund — US Dollar Share Class PC
		Belgravia Property Funds Limited
		Belgravia UK Property Funds Limited (4)
		BPF Growth 12
		Capitalsino Properties Limited
		Cordatus Mezzanine Partners GP Limited
		Cordatus Recovery Holdings III Limited
		Cordatus Recovery Partners III Limited
		Europa Gen Par LLC
		Europa Real Estate S.à.r.l
		Excel Chance Limited
		Fame Well Limited
		Ludgate Environmental Fund Limited
		Ludgate Fund Management (Environmental) (Jersey) Limited
		NextFlower srl
		NextPower 1 srl
		NextPower 2 srl
		NextPower 3 srl
		PC Belgravia European Logistics Fund — US Dollar Share Class PC
		Recetto srl
		SAM Gatehouse Islamic Water Fund Limited
		Sun & Soil srl
		Trodez Capital (Jersey) Limited
		Trodez Capital Management Limited
		Zouk Solar Opportunities Limited
		ZoukSOL S.à.r.l
Maxence Monot	CVC European Credit Opportunities (No. 8) S.à.r.l	
	GIP U&C S.à.r.l.	
	Jupiter Luxembourg S.à.r.l.	

<u>Name</u>	<u>Current directorship/partnership</u>	<u>Past directorship/partnership</u>
	Mountainstream Holding II S.à.r.l.	
	Polder S.à.r.l.	
	Red Heron UBTI	
	Stanley	
	Stanley Munich 1 S.à.r.l.	
	Stanley Munich 2 S.à.r.l.	
	Stanley Munich 3 S.à.r.l.	
	Stanley Munich 4 S.à.r.l.	
	Stanley Primus	
	TA Investment Holdings S.à.r.l.	
	TA EU Acquisitions S.à.r.l.	
	TA EU Acquisitions II S.à.r.l.	
	TA EU Acquisitions III S.à.r.l.	
	TA EU Acquisitions IV S.à.r.l.	
	TA EU Acquisitions V S.à.r.l.	
	TA EU Acquisitions VI S.à.r.l.	
	TA EU Acquisitions Mountainstream S.à.r.l.	
	TA EU Acquisitions Zebra S.à.r.l.	
	TA EU Luxembourg S.à.r.l.	
	TA EU Luxembourg II S.à.r.l.	
	TA EU Luxembourg III S.à.r.l.	
	TA EU Luxembourg V S.à.r.l.	
	TA EU Luxembourg VI S.à.r.l.	
	TA EU Luxembourg Zebra S.à.r.l.	
	Urban&Civic Acquisitions 2	
	Urban&Civic Alconbury	
	Urban&Civic Holdings S.A.	
Russell Proffitt-Perchard	Angerbach S.à.r.l.	Bluegems Soparfi S.à.r.l.
	Artemis Luxembourg Distribution S.à.r.l.	Cordatus Recovery Partners II Investment S.à.r.l.
	CVC European Credit Opportunities (No. 8) S.à.r.l.	Cordatus Recovery Partners II S.à.r.l.
	CVC European Credit Opportunities S.à.r.l.	Dome Finance S.à.r.l.
	Dome Capital S.à.r.l.	Duxford Investment S.à.r.l.
	Evaluating Receivables 1 S.à.r.l.	Eastern Europe Real Estate Opportunities Soparfi S.à.r.l.
	GIP U&C S.à.r.l.	Gaia Property Investments S.à.r.l.
	Gottleuba S.à.r.l.	Gaia Property Investments 2 S.à.r.l.
	Havel Holding S.à.r.l.	Gaia Property Investments 3 S.à.r.l.
	La Grande Tour S.à.r.l.	Gaia Property Investments 4 S.à.r.l.

<u>Name</u>	<u>Current directorship/partnership</u>	<u>Past directorship/partnership</u>
	La Petite Maison S.à.r.l	Gaia Property Investments 5 S.à.r.l
	Lamda Partners (Luxembourg) S.A.	German Residential Holdings S.à.r.l
	Le Grand Château S.à.r.l	Investment Select II S.à.r.l.
	M and M Holdings S.à.r.l	Jupiter Luxembourg S.à.r.l
	Matterhorn Capital Data Centre Group S.à.r.l	Khalana S.à.r.l (In liquidation — insolvent)
	Matterhorn Capital Data Centre Holdings S.à.r.l	LBC Capital S.à.r.l
	Matterhorn Capital DC Bury Green S.à.r.l	Matrix Austria Holdings One S.à.r.l
	Matterhorn Capital DC Chesham S.à.r.l	Matrix Dynamic Real Estate Portfolio S.A.
	MP Kings Lyric S.à.r.l	Matrix EPH Delta S.à.r.l
	MP Kings North 1 S.à.r.l	Matrix EPH S.à.r.l
	MP Kings North 2 S.à.r.l	Matrix EPH 2 S.à.r.l
	MP Kings Retail S.à.r.l	Matrix German Portfolio No. 1 Dusseldorf S.à.r.l
	MP Kings South S.à.r.l	Matrix German Portfolio No. 1 Frankfurt S.à.r.l
	Neisse Holding S.à.r.l	Matrix German Portfolio One Kaiserslautern S.à.r.l
	North Sea Capital General Partner S.à.r.l.	Matrix La Gaude Investment S.à.r.l
	Olympia JV Co S.à.r.l	Matrix La Gaude Property S.à.r.l
	Parthena Reys Private Equity Holding S.A.	Matrix Property Fund Management (Luxembourg) S.A.
	Parthena Reys Property Holdings S.à.r.l	Matrix St Etienne Holdco S.à.r.l
	Polder S.à.r.l	Matrix St Etienne Propco S.à.r.l
	PR Belfast 1 S.à.r.l	MEPV Finance Company S.à.r.l
	PR Kiel I S.à.r.l	Mountainstream Holding II S.à.r.l
	PR Kiel II S.à.r.l	Mountwise Finco S.A.
	PR Retail Asset I S.à.r.l.	NPS European Property Holdings (Luxembourg) S.à.r.l
	PR Retail Asset II S.à.r.l.	NPS European Property Retail (Luxembourg) S.à.r.l
	PR Retail Asset III (Wittland) S.à.r.l	Paladin Realty Brazil Investors III (LUX) SA
	PR Retail Asset IV (Soltau) S.à.r.l	Piccadilly Major Capital S.à.r.l
	PR Retail Asset V (Frohme) S.à.r.l	Piccadilly Minor Capital S.à.r.l
	PR Retail Asset VI (Mirau) S.à.r.l	Poplar (Lux) S.à.r.l.
	Principal Residential Operating Platform	Poplar NIB Holdings (Lux) S.à.r.l.
	Red Heron	Rockspring HBOS FSPS Holdings (Luxembourg) S.à.r.l
	Red Heron UBTI	
	Reva S.à.r.l	SL Bielefeld Capital S.à.r.l
	Saltgate S.A.	SL Bielefeld Management S.à.r.l
	Smartstream Acquisitions S.à.r.l	SL Bielefeld SP S.à.r.l



<u>Name</u>	<u>Current directorship/partnership</u>	<u>Past directorship/partnership</u>
	Stanley	SL GP Capital S.à.r.l
	Stanley Munich 1 S.à.r.l	SL GP S.à.r.l
	Stanley Munich 2 S.à.r.l	SL Group Capital S.à.r.l
	Stanley Munich 3 S.à.r.l	SL Group Management S.à.r.l
	Stanley Munich 4 S.à.r.l	SL Group SP S.à.r.l
	Stanley Primus	SL Munchen Major Capital S.à.r.l
	TA Investment Holdings S.à.r.l	SL Munchen MiNor Capital S.à.r.l
	Urban&Civic Acquisitions 2	SL Munster Capital S.à.r.l
	Urban&Civic Alconbury	SL Munster Management S.à.r.l
	Urban&Civic Holdings S.A.	SL Munster SP S.à.r.l
		SL Option S.à.r.l
		TA EU Acquisition Mountainstream S.à.r.l
		TA EU Acquisitions S.à.r.l
		TA EU Acquisitions II S.à.r.l
		TA EU Acquisitions III S.à.r.l
		TA EU Acquisitions IV S.à.r.l
		TA EU Acquisitions V S.à.r.l
		TA EU Acquisition Zebra S.à.r.l
		TA EU Luxembourg S.à.r.l
		TA EU Luxembourg III S.à.r.l
		TA EU Luxembourg II S.à.r.l
		TA EU Luxembourg V S.à.r.l
		TA EU Luxembourg Zebra S.à.r.l
		Urban&Civic Holdings S.à.r.l
		Vaniciano S.à.r.l (In liquidation – insolvent)
		Weather V S.à.r.l
		Weather VI S.à.r.l
		Weather X S.à.r.l
		Weather Investors S.à.r.l
Simon Riley	42 Cadogan Place (Jersey) Limited	ACP Capital Jersey (HR) Limited
	C&C Properties (Jersey) Limited	ACP Capital Nominee Limited
	Cadogan Investments Limited	ACP Investment Management Limited
	Capital & Counties CG (No.1) Limited	ACP Mezzanine Asset Holdings 1 Limited
	Capital & Counties CG (No.2) Limited	ACP Mezzanine Asset Holdings 2 Limited
	Capvestco China Limited	ACP Mezzanine Limited
	Capvestco Limited	Burrell Limited
	Care Home Properties Limited	Cordatus Mezzanine Partners General Partner Limited
	Cordatus Recovery Partners II	
	Cordatus Recovery Partners II Holding Limited	Cordatus Recovery Partners III General Partner Limited

<u>Name</u>	<u>Current directorship/partnership</u>	<u>Past directorship/partnership</u>
	Covent Garden LP Limited	Cordatus Recovery Partners III Holding Limited
	CPBM Finance Limited	
	CPPF (Above Bar) Jersey Nominee A Limited	Dissous Services Limited EC Properties Holdings (Jersey) Limited
	CPPF (Above Bar) Jersey Nominee B Limited	Emerfield Limited Healthcare Delta Limited
	CPPF (Brandon Road) Jersey Nominee A Limited	Left Break Limited LPI No. 1 Limited
	CPPF (Brandon Road) Jersey Nominee B Limited	LPI No.2 Limited London Property Investments Limited
	CPPF (Hagley Road) Jersey Nominee A Limited	N.A.R. Limited Olive Creek Holding Limited
	CPPF (Hagley Road) Jersey Nominee B Limited	Perseus Holdings Limited Retail Plus Limited
	CPPF (Kingsmead BP) Jersey Nominee A Limited	Reya Investments Limited Rockspring Hanover Solar (Jersey) Limited
	CPPF (Kingsmead BP) Jersey Nominee B Limited	Rockspring UK Value Crawley (Jersey) Limited
	CPPF Jersey Nominee 1 (A) Limited	Rockspring UK Value Guildford (Jersey) Limited
	CPPF Jersey Nominee 1 (B) Limited	
	CPPF Jersey Nominee 2 (A) Limited	Rockspring UK Value Manchester Mansion (Jersey) Limited
	CPPF Jersey Nominee 2 (B) Limited	
	CPPF Jersey Nominee 3 (A) Limited	Rockspring UK Value PROPCO 12 (Jersey) Limited
	CPPF Jersey Nominee 3 (B) Limited	
	CVC Credit Partners Investment Services Management Limited	Seagrave Road Holdings (Jersey) Limited SJ NEW Co 1 Limited
	CVC Credit Strategic Co-Investment GP Limited	Specialised Property Assets Limited Trodez Capital Jersey Limited
	CVC European Credit Opportunities	Trodez Capital Management Limited
	CVC European Credit Opportunities Sarl (No. 8) S.à.r.l.	
	CVC Nominees Limited	
	EC Properties LP Limited	
	Empress State (Jersey) Limited	
	Fairfield Services Limited	
	General Partner Limited	
	Greenfield IP Limited	
	Greenfield Management Co Limited	

**Name****Current directorship/partnership****Past directorship/partnership**

Greenfield Master IPCO Limited  
Greenfield Properties Limited  
HCHP Limited  
Healthcare Finance Limited  
Healthcare Holdings Limited  
Healthcare Property Holdings Limited  
Healthcare Property Investments Limited  
HH Properties Limited  
HHLC Limited  
HIC Limited  
HICS Limited  
HIHP Limited  
IHP Limited  
ISF II Jerseyco PCC  
Kames Capital UK Active Value Nominee 1 Limited  
Kames Capital UK Active Value Nominee 2 Limited  
Kames Target Healthcare Nominee 1 Limited  
Kames Target Healthcare Nominee 2 Limited  
Lillie Square LP Limited  
Mayfair Residential Investments Limited  
MoREOF BG Residential Holdings Limited  
MoREOF Mercury Holdings Limited  
MoREOF Silverstone Holdings Limited  
MoREOF Silverstone Limited  
MRB Residential Holdings Limited  
PM Mercury Holdings Limited  
PM Mercury Two Limited  
PM Portfolio Trustee 1 Limited  
PM Portfolio Trustee 2 Limited  
RCBG Residential (Jersey) Limited  
Reining Holding Limited  
Reining Limited  
Rockspring Hanover Cardiff Trustee 1 Limited  
Rockspring Hanover Cardiff Trustee 2 Limited  
Rockspring Hanover Leatherhead Trustee 1 Limited

<u>Name</u>	<u>Current directorship/partnership</u>	<u>Past directorship/partnership</u>
	Rockspring Hanover Leatherhead Trustee 2 Limited	
	Rockspring Hanover Real Estate Investment Management Limited	
	Rockspring HBOS UK (Tor) Finance Limited	
	Rockspring HBOS UK (Tor) LP Limited	
	Rockspring UK Value Aberdeen (Jersey) Limited	
	Rockspring UK Value Blaydon (Jersey) Limited	
	Rockspring UK Value Brooklands (Jersey) Limited	
	Rockspring UK Value Centurion (Jersey) Limited	
	Rockspring UK Value Edinburgh Mansion (Jersey) Limited	
	Rockspring UK Value Falkirk (Jersey) Limited	
	Rockspring UK Value Falkirk 2 (Jersey) Limited	
	Rockspring UK Value Fund (Jersey) Limited	
	Rockspring UK Value Gloucester (Jersey) Limited	
	Rockspring UK Value Grays (Jersey) Limited	
	Rockspring UK Value Greenridge (Jersey) Limited	
	Rockspring UK Value Holdings (Jersey) Limited	
	Rockspring UK Value Intermediate Holdings (Jersey) Limited	
	Rockspring UK Value Intermediate Holdings 2 (Jersey) Limited	
	Rockspring UK Value Kingston (Jersey) Limited	
	Rockspring UK Value Mansions (Summer) Limited	
	Rockspring UK Value Milton Keynes (Jersey) Limited	
	Rockspring UK Value Quattro (Jersey) Limited	
	Rockspring UK Value Richmond Gateway (Jersey) Limited	
	Rockspring UK Value Richmond Oriel (Jersey) Limited	

<u>Name</u>	<u>Current directorship/partnership</u>	<u>Past directorship/partnership</u>
	Rockspring UK Value Romford (Jersey) Limited	
	Rockspring UK Value Southampton (Jersey) Limited	
	Rockspring UK Value Southwark St (Jersey) Limited	
	Saltgate (Jersey) Limited	
	Saltgate Limited	
	Saltgate Property Trustees Limited	
	Saltgate (UK) Limited	
	SJ Secretaries Limited	
	SJCS Limited	
	SJFS Limited	
	SJN1 Limited	
	SJN2 Limited	
	SJT Limited	
	Specialised Care Properties Limited	
	Supported Living Limited	
	The Black Sea Property Fund Limited	
3.9	Other than as set out in the section entitled “CECO Directors” in Part II of this Prospectus, being that certain of the CECO Directors form part of the senior management of CVC Credit Partners Group or serve as directors of certain of the service providers to the Investment Vehicle and the Conversion Vehicle, as at the date of this Prospectus there are no potential conflicts of interest between any duties to the Investment Vehicle of any of the CECO Directors and their private interests and/or other duties.	
3.10	Save as set out in paragraphs 3.11 to 3.13 below, as at the date of this Prospectus:	
	3.10.1	none of the CECO Directors has had any convictions in relation to fraudulent offences for at least the previous five years;
	3.10.2	save as detailed above, none of the CECO Directors was a director of a company, a member of an administrative, management or supervisory body or a senior manager of a company within the previous five years which has entered into any bankruptcy, receivership or liquidation proceedings;
	3.10.3	none of the CECO Directors has been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years; and
	3.10.4	none of the CECO Directors are aware of any contract or arrangement subsisting in which they are materially interested and which is significant to the business of the Investment Vehicle which is not otherwise disclosed in this Prospectus.
3.11	In respect of the declaration in paragraph 3.10 above, certain of the CECO Directors have been directors of entities which have been dissolved. No such entity, upon its dissolution, was insolvent or owed any amounts to creditors.	
3.12	Russell Proffitt-Perchard was one of two managers (the “ <b>Managers</b> ”) on the board of managers of Khalana S.à.r.l (“ <b>Khalana</b> ”) and its wholly owned subsidiary, Vaniciano S.à.r.l. (“ <b>Vaniciano</b> ”), which were each placed into bankruptcy on 28 March 2011. These companies were involved in the development of real estate property in Taunusstein-Hahn in Germany (the “ <b>Taunusstein</b> ”	



**Property**) with Procon Bautragergesellschaft ("**Procon**"), who also sold the Taunusstein Property to Vaniciano. Khalana and Vaniciano were funded principally by Vaniciano's promoter, aAim Limited ("**aAim**"), which went into administration in December 2008.

Following the placing of aAim into administration and unsuccessful attempts at recovering various sums that each of Khalana and Vaniciano believed were due and recoverable from Procon, it was apparent to the Managers that each of Khalana and Vaniciano had negative net assets and no source or prospect of further financial support and each of the companies were placed into bankruptcy accordingly. The 31 December 2010 Financial Statements of each of Khalana and Vaniciano showed that there was an estimated shortfall to creditors of €25,600 (€19,000 of this was due to aAim) and €4.6 million (€4.4 million of this was due to aAim).

3.13 On 14 January 2010, Douglas Maccabe was appointed a director of Belgravia IFN China Property Fund, a Jersey cell company, of which Belgravia IFN China Property Fund — USD Share Class was one of its three cells. Each of these cells owned real estate in China. On 30 June 2011, Belgravia IFN China Property Fund passed a special resolution to dissolve the company and each of its cells. Due to an outstanding payment in respect of a validly served redemption notice, served upon Belgravia IFN China Property Fund — USD Share Class cell prior to Douglas Maccabe's appointment, that had not been satisfied by the time of the passing of the special resolution to dissolve the company, Belgravia IFN China Property Fund — USD Share Class cell was liquidated on an insolvent basis.

### 3.14 CECO Directors' remuneration

3.14.1 Subject to shareholder resolution, the CECO Directors are entitled to be remunerated for carrying out their office. None of the CECO Directors currently receive remuneration, with the exception of Douglas Maccabe<sup>51</sup>. No amount has been set aside or accrued by the Investment Vehicle to provide pension, retirement or other similar benefits.

3.14.2 The CECO Directors may be paid all reasonable travel, hotel and other out of pocket expenses properly incurred by them in attending board or committee meetings or general meetings, and all reasonable expenses properly incurred by them in seeking independent professional advice on any matter that concerns them in the furtherance of their duties as CECO Directors.

3.14.3 Save as disclosed in paragraph 3.14.1, no CECO Director has a service contract with the Investment Vehicle, nor are any such contracts proposed. The Directors' appointments can be terminated in accordance with the Articles and without compensation. There is no notice period specified in the Articles for the removal of Directors.

### 3.15 Transactions with CECO Directors

3.15.1 Save as disclosed in this Prospectus, no CECO Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Investment Vehicle.

3.15.2 An CECO Director must, immediately after becoming aware of the fact that he is interested in a transaction or proposed transaction with the Investment Vehicle, disclose that fact to the CECO Directors (including, if the monetary value of the CECO Director's interest is quantifiable, the nature and monetary value of that interest, or if the monetary value of the Director's interest is not quantifiable, the nature and extent of that interest). Such personal interest must also be disclosed to the shareholder(s).

3.15.3 Subject to the provisions of the Luxembourg company law of 10 August 1915, and provided that he has disclosed to the CECO Directors the nature and extent of any of his interests, an CECO Director, notwithstanding his office, may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested. An CECO Director shall not, by reason of his office, be accountable to the Company for any remuneration or benefit which he derives from any such transaction or arrangement, and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

<sup>51</sup> Pursuant to a non-executive director services agreement between (i) CECO; (ii) CVC Investment Services; and (iii) Douglas Maccabe dated 13 December 2011, Mr. Maccabe received a total of £31,250 in the last financial year in relation to his services as CECO Director and director of CVC Investment Services.

- 4. SERVICE PROVIDERS TO THE INVESTMENT VEHICLE AND THE CONVERSION VEHICLE (OTHER THAN THE INVESTMENT VEHICLE MANAGER)**
- 4.1 Investment Services Manager
- 4.1.1 CVC Credit Partners Investment Services Management Limited was appointed as Investment Services Manager to the Investment Vehicle and to the Conversion Vehicle pursuant to the Investment Vehicle Investment Services Agreement, a summary of which is provided in paragraph 7.2 in the section entitled “Material Contracts” in this Part X of this Prospectus.
- 4.1.2 CVC Investment Services was incorporated in Jersey (registered number 107665) on 8 March 2011 and its registered address is 1st Floor, 22-24 Seale Street, St. Helier, Jersey, JE2 3QJ. CVC Investment Services was incorporated as Cordatus CP Investments Limited and changed its name to CVC Credit Partners Investment Services Management Limited with effect from 19 September 2012. CVC Investment Services is a subsidiary of CVC Group. CVC Investment Services is registered under the Financial Services (Jersey) Law 1998 as amended with the JFSC to provide fund services business. The JFSC is protected by the Financial Services (Jersey) Law 1998 against liability arising from the discharge of its functions under that law.
- 4.2 Investment Vehicle Registrar
- Saltgate S.A. of 40 Avenue Monterey, L-2163 Luxembourg, Grand Duchy of Luxembourg (the “**Investment Vehicle Registrar**”) acts as the registrar to the Investment Vehicle and to the Conversion Vehicle pursuant to the Investment Vehicle Agency Agreement, a summary of which is provided in paragraph 7.4 in the section entitled “Material Contracts” in this Part X of this Prospectus.
- 4.3 Investment Vehicle Administrator
- 4.3.1 Citibank International plc (Luxembourg Branch) of 31 Z.A. Bourmicht, L-8070 Bertrange, Luxembourg, will serve as administrator to the Investment Vehicle and to the Conversion Vehicle (“**Investment Vehicle Administrator**”) pursuant to the Investment Vehicle Administrative Services Agreement, a summary of which is provided in paragraph 7.5 in the section entitled “Material Contracts” in this Part X of this Prospectus.
- 4.3.2 Citibank International plc (Luxembourg Branch) is the Luxembourg branch of a public limited company incorporated in the United Kingdom on 21 December 1972, and is ultimately owned by Citigroup Inc.
- 4.4 Investment Vehicle Custodian
- 4.4.1 Citibank, N.A., London (the “**Investment Vehicle Custodian**”) acts as the custodian of the Investment Vehicle and of the Conversion Vehicle pursuant to the Investment Vehicle Custodian Agreement, a summary of which is provided in paragraph 7.6 in the section entitled “Material Contracts” in this Part X of this Prospectus. The principal business activity of the Investment Vehicle Custodian is banking, including acting as custodian and depositary.
- 4.4.2 Citibank, N.A. is a company incorporated with limited liability in the United States of America under the laws of the City and State of New York on 14 June 1812 and reorganised as a national banking association formed under the laws of the United States of America on 17 July 1865 with Charter number 1461 and having its principal business office at 399 Park Avenue, New York, NY 10043, USA and having in Great Britain a principal branch office (Citibank, N.A., London) situated at Canada Square, Canary Wharf, London E14 5LB with company number FC001835 and branch number BR001018. Citibank N.A. has a total share capital of \$147,514,000,000, with paid up share capital of \$139,272,000,000 and 37,534,553 shares outstanding.
- 4.5 Investment Vehicle Corporate Service Provider
- Saltgate S.A. (“**Investment Vehicle Corporate Service Provider**”) also acts as corporate service provider to the Investment Vehicle and the Conversion Vehicle pursuant to the Investment Vehicle Corporate Service Agreement, a summary of which is provided in paragraph 7.7 in the section entitled “Material Contracts” in this Part X of this Prospectus.

#### 4.6 Prime Broker(s)

The Investment Vehicle has not appointed any prime brokers but may appoint such prime broker(s) as may be approved by CVC Investment Services. The Conversion Vehicle has not appointed any prime brokers and is not expected to do so.

### 5. RIGHTS OF INVESTMENT VEHICLE INTEREST HOLDERS AND CONVERSION VEHICLE INTEREST HOLDERS

#### 5.1 The Preferred Equity Certificate Programme of the Investment Vehicle

5.1.1 Investment Vehicle Interests are issued by the Investment Vehicle in income distributing and non-income distributing form and pursuant to a Preferred Equity Certificate Programme, under which up to €2,000,000,000 aggregate notional amount of Investment Vehicle Interests may be outstanding at any one time. As at 28 February 2014, there were in existence six Series of Investment Vehicle Interests, including the Company Investment Vehicle Interests.

5.1.2 As at 28 February 2014, the (unaudited) Net Asset Value per Euro-denominated Company Investment Vehicle Interest was €1.0375 and the Net Asset Value per Sterling-denominated Company Investment Vehicle Interest was £1.0394.

#### 5.2 The Preferred Equity Certificate Programme of the Conversion Vehicle

5.2.1 The Conversion Vehicle Interests are issued by the Conversion Vehicle in income distributing and non-income distributing form and pursuant to a Preferred Equity Certificate Programme, under which up to €2,000,000,000 aggregate notional amount of Conversion Vehicle Interests may be outstanding at any one time. The Conversion Vehicle will not make the Conversion Vehicle Interests available to any persons other than the Company.

5.2.2 Following the Placing the Company is expected to acquire the entire issue size of each of the following Series of Conversion Vehicle Interests:

- (A) Series 1 Euro Income Distributing Conversion Vehicle Interests due 2015; and
- (B) Series 2 Sterling Income Distributing Conversion Vehicle Interests due 2015.

The Conversion Vehicle Interests will have substantially the same terms as those of the Investment Vehicle as (and save as) set out below.

#### 5.3 Method of issue

5.3.1 Investment Vehicle Interests are issued in separate series (each a “**Series**”). Each Series of Investment Vehicle Interests will be either income distributing (“**Income Distributing Investment Vehicle Interests**”) or non-income distributing (“**Non-Distributing Investment Vehicle Interests**”) (as described in paragraphs 5.6 and 5.7 in this Part X of this Prospectus), and denominated in either Euro or Sterling. Investment Vehicle Interests of each Series are intended to be interchangeable with all other Investment Vehicle Interests of that Series. In addition, each Series will participate on a *pro rata* basis in the investment Portfolio of the Investment Vehicle.

5.3.2 The specific terms of each Series (which will be supplemented, where necessary, with supplemental terms and conditions) will be set out in a pricing supplement.

#### 5.4 Investment Vehicle Interest issue price

Investment Vehicle Interests are on establishment of a Series issued at par, which may be equivalent to the prevailing Investment Vehicle Net Asset Value as adjusted for any prescribed Subscription Price Adjustment.

#### 5.5 Form of Investment Vehicle Interests

Investment Vehicle Interests are issued in registered form only.

## 5.6 Income payment structure

- 5.6.1 Income payable on the Income Distributing Investment Vehicle Interests will be calculated by applying a rate of return that will ensure that substantially all of the interest collected on its Investments by the Investment Vehicle, less its expenses in the relevant semi-annual accrual periods that end as of the last Business Day of June and December in each year that is allocable to the outstanding Income Distributing Investment Vehicle Interests, is distributed to the relevant Investment Vehicle Interest Holders (including the Company for so long as it holds Income Distributing Investment Vehicle Interests). The Company Investment Vehicle Interests will be Income Distributing Investment Vehicle Interests.
- 5.6.2 The Conversion Vehicle Interests will also be income distributing, payable in respect of accrual periods that may be determined by the CECO Directors from time to time.
- 5.6.3 No income will be payable on the Non-Distributing Investment Vehicle Interests. The Non-Distributing Investment Vehicle Interests will participate on a *pro rata* basis in the Portfolio of the Investment Vehicle, meaning that any income that would have been due were they Income Distributing Investment Vehicle Interests is re-invested in the Investment Vehicle for the benefit of holders of Non-Distributing Investment Vehicle Interests.

## 5.7 Income payment dates

- 5.7.1 Income will be payable in respect of Income Distributing Investment Vehicle Interests (including the Company Investment Vehicle Interests) semi-annually in January and July in each year.
- 5.7.2 No income will be payable on the Non-Distributing Investment Vehicle Interests.

## 5.8 Denomination

Investment Vehicle Interests are issued in denominations of €1 or £1, as applicable.

## 5.9 Maturities

- 5.9.1 Subject to compliance with all relevant laws, regulations and directives, Investment Vehicle Interests may be issued with any maturity from two years or above, with maturities falling up to one year before the scheduled final maturity date for the Preferred Equity Certificate Programme, being a date in 2031. Subject to the closure of the Investment Vehicle in 2031, the maturity of Investment Vehicle Interests may be extended by agreement between the Investment Vehicle Interest Holders and the Investment Vehicle.
- 5.9.2 Absent an agreement to extend maturity, the Company Investment Vehicle Interests will mature in 2030.
- 5.9.3 Subject to compliance with all relevant laws, regulations and directives, Conversion Vehicle Interests may be issued with any maturity of more than seven days, with maturities falling up to one year before the scheduled final maturity date for the Preferred Equity Certificate Programme of the Conversion Vehicle, being a date in 2031.
- 5.9.4 Save where the Conversion Vehicle Interests have been redeemed earlier they will mature on a date approximately one month after the Back Stop Date of the relevant C Shares.

## 5.10 Final maturity date

- 5.10.1 It is the intention of the CECO Directors that the Investment Vehicle will be closed in 2031. However, the CECO Directors may extend such term in their absolute discretion.
- 5.10.2 The Conversion Vehicle Interests will be redeemed in respect of the relevant maturity date at their redemption amount. However, that redemption amount may be satisfied by a payment in kind of the assets attributable to the relevant Conversion Vehicle Interests to or to the order of the holder of the relevant Conversion Vehicle Interests.

## 5.11 Standard Redemption

- 5.11.1 Subject to early redemption and unless the maturity date is extended, Investment Vehicle Interests will be redeemed in respect of the relevant maturity date at their redemption amount, being equivalent to the Series NAV per Investment Vehicle Interest. Payment of the proceeds of the redemption of any Investment Vehicle Interest will be made to the Investment Interest Holder within 40 calendar days of the relevant redemption date.

- 5.11.2 The Investment Vehicle shall, at the option of each Investment Vehicle Holder, upon notice to the Investment Vehicle, redeem Investment Vehicle Interests in respect of any NAV Determination Date following payment, if applicable, of all outstanding income with respect to such Company Investment Vehicle Interests. The redemption notice period for the Company Investment Vehicle Interests will be 45 days and other Series of Investment Vehicle Interests may have a different redemption notice period, which will be no shorter than that applicable to the Company Investment Vehicle Interests. In all circumstances, the payment date in respect of any Investment Vehicle Interest so redeemed will be the date falling 40 days following the applicable NAV Determination Date. Subject to any Investment Vehicle Redemption Fee, Investment Vehicle Interests will be redeemed at the relevant Series NAV per Investment Vehicle Interest prevailing on the NAV Determination Date as of which they are redeemed.
- 5.11.3 The Conversion Vehicle shall, at the option of the Conversion Vehicle Interests holder, upon notice to the Conversion Vehicle, redeem the Conversion Vehicle Interests in respect of any Investment Vehicle Valuation Date following payment, if applicable, of all outstanding income with respect to such Conversion Vehicle Interests. The redemption notice period for the Conversion Vehicle Interests will be 10 days and the payment date will be a date determined by the CECO Directors falling not more than 40 days following the applicable Investment Vehicle Valuation Date.

## 5.12 Deferred redemption

- 5.12.1 If the Investment Vehicle receives redemption requests for Investment Vehicle Interests in respect of any NAV Determination Date for which the CECO Directors determine in their absolute discretion there is insufficient liquidity in the Investment Vehicle to meet those redemption payments in whole or in part, then the CECO Directors are entitled to reduce the requests rateably amongst all Investment Vehicle Interest Holders seeking to redeem Investment Vehicle Interests as of the relevant NAV Determination Date. In such event, the Investment Vehicle will carry out redemptions up to the percentage limit that the Directors will have determined. Investment Vehicle Interests which are not redeemed but which would otherwise have been redeemed will be redeemed as of the next NAV Determination Date (subject to further deferral if applicable) *pro rata* to any other Investment Vehicle Interests for which subsequent redemption requests have been received.
- 5.12.2 The CECO Directors intend not to exercise such power to defer redemptions except to the extent they consider that existing Investment Vehicle Interest Holders would otherwise be materially disadvantaged or that such exercise is necessary to comply with applicable law or regulation.
- 5.12.3 The deferred redemption provisions set out above in relation to the Investment Vehicle will apply equally in relation to the Conversion Vehicle and the Conversion Vehicle Interests with the exception that any references to “NAV Determination Date” should be read as “Investment Vehicle Valuation Date”.

## 5.13 Compulsory redemption

The Investment Vehicle may, on giving not less than 180 days’ irrevocable notice to all Investment Vehicle Interest Holders, redeem the entirety (not just a portion) of the outstanding Investment Vehicle Interest as of any NAV Determination Date as of which the Investment Vehicle Net Asset Value is less than €50 million. Any such redemption of Investment Vehicle Interests shall be at their respective Series NAV. In addition, the Investment Vehicle may (at the discretion of the CECO Directors) redeem in full any Series of Investment Vehicle Interests with a Series NAV of less than €25 million.

Compulsory redemption does not apply to the Conversion Vehicle.

## 5.14 Redemption fee

The Investment Vehicle is required to pay to CVC Investment Services a fee in respect of Investment Vehicle Interests that are redeemed within 24 months of their issue date at the rate of 1.00 per cent. of their redemption (“**Investment Vehicle Redemption Fee**”). The Investment Services Manager has agreed that it will waive the Investment Vehicle Redemption Fee in respect



of the Company Investment Vehicle Interests. However, an Investment Vehicle Redemption Fee will generally be applicable to any Series of Investment Vehicle Interests that are not Company Investment Vehicle Interests.

The Investment Vehicle Redemption Fee does not apply to the Conversion Vehicle Interests.

#### 5.15 Suspension

The CECO Directors may, by resolution, suspend all calculations, payments and redemptions under all of the outstanding Investment Vehicle Interests (including the Company Investment Vehicle Interests). For further information, please refer to the section entitled “Suspension of calculations, payments, subscriptions and redemptions in respect of the Investment Vehicle and the Conversion Vehicle” in Part II of this Prospectus.

#### 5.16 Status of Investment Vehicle Interests

Investment Vehicle Interests constitute unsecured, unsubordinated obligations of the Investment Vehicle.

#### 5.17 Withholding tax

The Investment Vehicle will not pay any additional amounts in the event of the imposition of any withholding tax.

#### 5.18 Governing law

The Investment Vehicle Interests are governed by the laws of England and Wales.

#### 5.19 Transfer restrictions

Investment Vehicle Interests may only be transferred with the prior written consent of the Investment Vehicle. There are also restrictions on the sale and transfer of Investment Vehicle Interests and the distribution of offering materials in various jurisdictions.

#### 5.20 Limited recourse nature of the Investment Vehicle Interests

The terms of the Investment Vehicle Interests provide that they are direct limited recourse obligations solely of the Investment Vehicle and therefore Investment Vehicle Interest Holders have a claim under the Investment Vehicle Interests against the Investment Vehicle only. Such a claim is limited to the Investments attributed to the Investment Vehicle and is subject to the prior payment of amounts ranking in priority in respect of the Investment Vehicle Interests. If there are insufficient funds available to the Investment Vehicle to pay in full all principal, income and other amounts due in respect of the Investment Vehicle Interests in respect of the maturity date of that Series of Investment Vehicle Interests then the Investment Vehicle Interest Holders will have no further claim against the Investment Vehicle or any other Compartment in respect of any such unpaid amounts. No recourse may be had for any amount due in respect of any Investment Vehicle Interests or other obligations of the Investment Vehicle against any officer, member, director, employee, Investment Vehicle Interest Holder or incorporator of CECO or their respective successors or assigns.

#### 5.21 Non-petition

The terms of the Investment Vehicle Interests provide that no Investment Vehicle Interest Holder or any other creditor of CECO (including those whose claims relate to a Compartment other than that constituting the Investment Vehicle) may attach any of the assets of CECO, institute proceedings against CECO or consent to any bankruptcy, insolvency, controlled management, reprieve of payment, composition, moratorium or any similar proceedings, unless so required by law.

## 6. ARTICLES OF INCORPORATION

### 6.1 Objects and powers of CECO Directors

Article 3 of CECO’s articles of incorporation provides that the corporate object of CECO is the entering into and performance of any transactions permitted under the Securitisation Law. Each of the CECO Directors is vested with the broadest powers to perform all acts necessary or useful for accomplishing the object.



- 6.2 Voting
- 6.2.1 Unless there is a single shareholder, shareholders shall have the right to receive notice of and to attend and vote at general meetings of CECO. Where there is a single shareholder, they may carry out the powers ordinarily vested in a general meeting.
- 6.2.2 Each shareholder being present in person or by proxy at a meeting shall upon a show of hands have one vote in respect of each share held by him.
- 6.3 Shareholders and general meetings
- 6.3.1 The articles of incorporation provide that a single shareholder may transfer its shares when CECO is composed of a single shareholder. Where there are several shareholders in CECO, the shares may be transferred amongst the shareholders. Shares in CECO may be transferred to non-shareholders only with the approval of the general meeting of shareholders representing at least 75 per cent. of capital, provided that the number of shareholders in CECO shall not exceed 40.
- 6.3.2 The issued capital of CECO may be increased or reduced by a resolution of the single shareholder. Where there are several shareholders, the issued capital can be changed by a resolution of the shareholders adopted in the manner required by the law.
- 6.3.3 The articles of incorporation do not specify what action is necessary to change the rights of shareholders. As CECO is a private company, there is no obligation to disclose shareholders or threshold above which shareholder ownership must be disclosed.
- 6.3.4 Annual general meetings must be held where CECO has more than 25 shareholders, and shall be held on the second Tuesday of May at CECO's registered office.
- 6.3.5 Where CECO has several shareholders, but no more than 25 shareholders, resolutions of the shareholders may be passed in writing. Shareholders have a period of 15 calendar days from the dispatch of the proposed resolutions by the CECO Directors to cast their written vote and return it to CECO.
- 6.3.6 General meetings may be held where there is more than one shareholder of CECO, upon the issuance of a convening notice. The convening notice shall specify the time and place of the general meeting, as well as the agenda and nature of business to be transacted at the general meeting.
- 6.4 CECO Directors
- 6.4.1 According to the articles of incorporation of CECO, CECO shall be managed by one or several directors who need not be shareholders. The CECO Directors will be appointed by the general meeting of shareholder(s), who will determine their number and the duration of their mandate.
- 6.4.2 Where several CECO Directors have been appointed, they shall form a board of directors. The board of directors may appoint from its members a chairman, and may appoint a secretary who need not be a CECO Director.
- 6.4.3 The CECO Directors are appointed for an unlimited duration and may be removed at any time, with or without cause, by a resolution of the shareholders.
- 6.4.4 For a description of the remuneration of the CECO Directors, please refer to the section entitled "CECO Directors' remuneration" in this Part X of this Prospectus.

## 7. MATERIAL CONTRACTS

### 7.1 Investment Vehicle Investment Management Agreement

- 7.1.1 An investment management agreement was entered into between: (i) CECO; (ii) the Investment Vehicle Manager; and (iii) CVC Investment Services on 19 September 2011 (the "**Investment Vehicle Investment Management Agreement**"), whereby the Investment Vehicle Manager was appointed by CVC Investment Services, as Investment Services Manager to manage the assets of CECO and each of its Compartments. Pursuant to the Investment Vehicle Investment Management Agreement, the Investment Vehicle Manager has day-to-day responsibility for investment, divestment and

reinvestment of the assets of CECO and each of its Compartments, subject to the overall supervision of CVC Investment Services, in its role as Investment Services Manager to the Investment Vehicle and the Conversion Vehicle, and the CECO Directors.

#### 7.1.2 *Termination*

The Investment Vehicle Investment Management Agreement is terminable by any party on written notice to the other parties. The Investment Vehicle Manager must give not less than 60 days' written notice prior to resignation. CVC Investment Services or CECO may terminate the Investment Vehicle Investment Management Agreement by giving written notice not less than 90 days prior to the termination.

The Investment Vehicle Investment Management Agreement is also terminable at any time upon: (i) the liquidation of CECO (or its relevant Compartment) or the Investment Vehicle Manager; (ii) material breach of the obligations of the Investment Vehicle Investment Management Agreement by any party to it and failing to make good such breach within 30 days of receipt of notice of the breach; (iii) the Investment Vehicle Manager ceasing to be permitted by the laws and/or regulations of England and Wales to act as such; or (iv) failure of the Investment Vehicle Manager to perform its functions under the Investment Vehicle Investment Management Agreement to a material extent for a continuous period of 30 days.

#### 7.1.3 *Liability and indemnity*

The Investment Vehicle Investment Management Agreement contains provisions that limit the liability of the Investment Vehicle Manager to CECO or any investor in CECO or otherwise for any loss suffered by any of them unless such loss arises from the negligence, bad faith, fraud or wilful default in the performance or non-performance by the Investment Vehicle Manager (or persons designated by it) of its obligations or functions. CECO and CVC Investment Services severally undertake in respect of each Compartment to indemnify the Investment Vehicle Manager against all potential losses which may be incurred in the performance of the Investment Vehicle Manager's responsibilities under the Investment Vehicle Investment Management Agreement, except as shall arise from the Investment Vehicle Manager's negligence, bad faith, fraud or wilful default in the performance or non-performance of the Investment Vehicle Manager's obligations and functions but excluding tax in respect of the Investment Vehicle Manager's overall income or profits. For the avoidance of doubt, any entitlement under such indemnity from CECO shall be limited to any loss arising from such applicable Compartment and recourse under such claim shall be subject to the non-recourse provisions of the Investment Vehicle Investment Management Agreement, which are set out in similar form in the section entitled "Rights of Investment Vehicle Interest Holders and Conversion Vehicle Interest Holders" in this Part X of the Prospectus, under the sub-headings "Limited recourse nature of the Investment Vehicle Interests" and "Non-petition".

#### 7.1.4 *Fees*

CVC Investment Services shall pay to the Investment Vehicle Manager, in respect of each Compartment, a fee in respect of each quarter. The fee consists of a fee paid in advance for the quarter, being the estimated cumulative cost to the Investment Vehicle Manager of providing services plus 5 per cent. of such cost ("**Advance Fee**") and the amount by which the Investment Vehicle Investment Management Fee exceeds the Advance Fee already paid in respect of that quarter.

### 7.2 Investment Vehicle Investment Services Agreement

7.2.1 An investment services agreement was entered into between: (i) CECO; and (ii) CVC Investment Services on 19 September 2011 (the "**Investment Vehicle Investment Services Agreement**"), whereby CECO appointed CVC Investment Services to act as Investment Services Manager to CECO and each of its Compartments. Pursuant to the Investment Vehicle Investment Services Agreement, CVC Investment Services has responsibility for appointing, monitoring and supervising the Investment Vehicle Manager and advising on and managing each of CECO's Compartments' investment strategy and constraints, subject to the overall control and supervision of the CECO Directors.

### 7.2.2 *Termination*

CVC Investment Services may resign its appointment by giving written notice to CECO and to the Investment Vehicle Manager not less than 60 days prior to resignation. CECO may terminate CVC Investment Services' appointment by notice in writing to CVC Investment Services not less than 90 days prior to the termination.

Either party may terminate the Investment Vehicle Investment Services Agreement at any time if the other party goes into liquidation or commits an act of bankruptcy under the laws of its incorporation.

The appointment of CVC Investment Services may also be terminated at any time by either party if the other party commits any material breach of its obligations under the Investment Vehicle Investment Services Agreement and fails to make good such breach within 30 days of receipt of notice from the other party requiring it to do so or CVC Investment Services ceasing to be permitted by the laws and/or regulations of Jersey to act as such.

### 7.2.3 *Liability and indemnity*

The Investment Vehicle Investment Services Agreement contains provisions that limit the liability of CVC Investment Services to CECO or any investor in CECO or otherwise for any loss suffered by any of them unless such loss arises from the negligence, bad faith, fraud or wilful default in the performance or non-performance by CVC Investment Services (or persons designated by it) of its obligations or functions. CECO shall, in respect of each Compartment, indemnify CVC Investment Services for loss suffered or incurred by reason of its performance of its duties or functions under the Investment Vehicle Investment Services Agreement, unless such loss arises from the negligence, bad faith, wilful default or fraud in the performance or non-performance of CVC Investment Services' obligations but excluding tax in respect of CVC Investment Services' overall income or profits. For the avoidance of doubt, any entitlement under such indemnity from CECO shall be limited to any loss arising from such applicable Compartment and recourse under such claim shall be subject to the non-recourse provisions of the Investment Vehicle Investment Services Agreement, which are set out in similar form in the section entitled "Rights of Investment Vehicle Interest Holders and Conversion Vehicle Interest Holders" in this Part X of the Prospectus, under the sub-headings "Limited recourse nature of the Investment Vehicle Interests" and "Non-petition".

### 7.2.4 *Fees*

CECO shall pay to CVC Investment Services, in respect of the Investment Vehicle and the Conversion Vehicle, the fees set out in the section entitled "Management and Performance Fees Payable by the Investment Vehicle and the Conversion Vehicle" in Part II of this Prospectus. The Investment Vehicle Performance Fee will be calculated annually in respect of each Series of Investment Vehicle Interests as of the close of business on the Calculation Date. If payable, the Investment Vehicle Performance Fee will be paid on the 20th business day following such Calculation Date. The Investment Vehicle Performance Fee will be an amount equal to 15 per cent. of the Excess Total Return (if any) in respect of all Investment Vehicle Interests of the relevant Series in issue as at the close of business on the Calculation Date. The Excess Total Return will be a monetary amount equal to the amount by which the sum of (a) the increase in the relevant Series NAV (before taking account of all accruals in respect of the Investment Vehicle Performance Fee) and (b) all distributions payable in respect of Investment Vehicle Interests of the relevant Series, in each case from the first Business Day of the Calculation Period (or, as the case may be, the Initial Issue Date) to the Calculation Date, exceeds both: (i) the Hurdle; and (ii) the High Water Mark. The Hurdle will be 5.0 per cent. per annum multiplied by the relevant Series NAV as at the first Business Day of the Calculation Period (or, as the case may be, the Initial Issue Date), *pro rated* in respect of the year in which the Initial Issue Date occurs to reflect the period between the date of issue of the relevant Investment Vehicle Interests and the Calculation Date and in respect of the Investment Vehicle Interests redeemed during a Calculation Period; and the High Water Mark will be the relevant Series NAV as at the Calculation Date in respect of which an Investment Vehicle Performance Fee was last paid (or, if no such fee has been paid,

the relevant Series NAV as at the date of the Initial Issue Date). A performance fee calculation will also be made (i) as at the date of termination of the Investment Vehicle Investment Services Agreement and (ii) in respect of any Investment Vehicle Interests redeemed, as at the relevant Investment Vehicle Redemption Date, in each case on the basis of a shortened final Calculation Period in respect of the relevant Investment Vehicle Interests and with the Hurdle being *pro rated* accordingly.

Where the redemption of Investment Vehicle Interests is deferred in accordance with the terms of the Investment Vehicle Interests the payment level of any Investment Vehicle Performance Fee will be calculated in respect of the Investment Vehicle Interests redeemed on any such applicable Investment Vehicle Redemption Date but deferred in equal proportion to the percentage by value of the Investment Vehicle Interests that are deferred and such Investment Vehicle Performance Fee will only be paid on the relevant deferred Investment Vehicle Interests being paid.

During the continuance of an Investment Vehicle Suspension, the Investment Vehicle Investment Management Fees and any Investment Vehicle Performance Fee shall be accrued by reference to the Series NAV on any substitute day agreed by the CECO Directors or, if none can be agreed, by reference to the Series NAV as of the last Investment Vehicle Valuation Date on which the Investment Vehicle Administrator was able to determine the Series NAV. However, no Investment Vehicle Performance Fee shall be paid until the Business Day on which the Investment Vehicle Administrator is next able to determine the Series NAV and redeem investors accordingly.

### 7.3 Investment Vehicle Placing Agreement

7.3.1 A placing letter agreement has been entered into between (i) CVC Credit Partners Group Limited; (ii) CVC Credit Partners Investment Management Limited and (iii) Goldman Sachs dated 19 December 2013 (as amended from time to time) (the “**Investment Vehicle Placing Agreement**”).

#### 7.3.2 *Fees*

Goldman Sachs will receive on-going fees payable for up to five years in respect of its placement of certain Investment Vehicle Interests (including certain Investment Vehicle Interests subscribed for by the Company). In addition, Goldman Sachs currently receives fees in connection with interests placed both prior to the IPO and following the IPO with investors sourced by Goldman Sachs in the Investment Vehicle and certain other debt vehicles offered, structured, managed or advised by CVC Credit Partners or its affiliates. The quantum of such fees may reduce depending on the aggregate level of commitments sourced by Goldman Sachs.

### 7.4 Investment Vehicle Agency Agreement

7.4.1 An amended and restated agency agreement was entered into between: (i) CECO; (ii) Citibank, N.A., London, acting in its capacities as: (a) Investment Vehicle Issuing and Paying Agent; and (b) Investment Vehicle Paying Agent; and (iii) the Investment Vehicle Registrar (together the “**Investment Vehicle Agents**”) on 17 April 2013 (the “**Investment Vehicle Agency Agreement**”), whereby CECO confirmed the appointment of the Investment Vehicle Agents, to act in their respective capacities, in respect of all existing and future Compartments and any Series of interests (including the Investment Vehicle Interests and the Conversion Vehicle Interests) issued by such Compartments.

#### 7.4.2 *Appointment and termination*

In relation to any Compartment and/or Series of preferred equity certificates, CECO may at any time appoint additional paying agents or an additional registrar.

The appointment of any Investment Vehicle Agent may be terminated by CECO by giving that Investment Vehicle Agent at least 60 days' notice. Any Investment Vehicle Agent may resign its appointment by giving CECO at least 60 days' notice. In both cases, notice shall expire at least 30 days before or after any due date for payment in respect of the preferred equity certificates of that Compartment and/or Series.

No termination or resignation of the Investment Vehicle Issuing and Paying Agent or Investment Vehicle Registrar shall take effect until a new Investment Vehicle issuing and paying agent or Investment Vehicle registrar has been appointed.

#### 7.4.3 *Liability and indemnity*

CECO shall separately indemnify each of the Investment Vehicle Agents in respect of any loss incurred arising out of or in connection with its appointment and or the exercise of its functions, except such as may result from a material breach of the Investment Vehicle Agency Agreement by the Investment Vehicle Agents or its own negligence, wilful default or fraud. Any entitlement under such indemnity is limited to any loss arising from such applicable Compartment and recourse under such claim shall be subject to the limited recourse and non-recourse provisions of the Investment Vehicle Agency Agreement, which are set out in similar form in the section entitled “Rights of Investment Vehicle Interest Holders and Conversion Vehicle Interest Holders” in this Part X of the Prospectus, under the sub-headings “Limited recourse nature of the Investment Vehicle Interests” and “Non-petition”.

Each of the Investment Vehicle Agents shall indemnify CECO in respect of each Compartment in respect of any loss that the Compartment may incur as a result of the Agent’s negligence, wilful default or fraud. However, none of the Investment Vehicle Agents shall be liable to CECO for special or punitive damages, or consequential loss or damage.

#### 7.4.4 Fees

Please refer to the section entitled “Management and Performance Fees Payable by the Investment Vehicle and the Conversion Vehicle” in Part II of this Prospectus.

### 7.5 Investment Vehicle Administrative Services Agreement

7.5.1 An administrative services agreement was entered into between: (i) CECO; and (ii) Citibank International plc (Luxembourg Branch) on 8 November 2011, and amended on 12 December 2011 (the “**Investment Vehicle Administrative Services Agreement**”), whereby CECO appointed the Investment Vehicle Administrator to act as administrator in respect of all existing and future Compartments, unless mutually agreed otherwise between the parties in respect of a new Compartment.

7.5.2 The Investment Vehicle Administrator shall provide administrative services to CECO.

The Investment Vehicle Administrator is entitled to engage sub-contractors, agents or other persons in the performance of any of the Investment Vehicle Administrator’s obligations under the Investment Vehicle Administrative Services Agreement.

#### 7.5.3 *Termination*

The Investment Vehicle Administrative Services Agreement has an initial term of three years from 19 September 2011, and thereafter continues in effect for a rolling period of 12 months unless it is terminated as follows:

- (A) either party may terminate the Investment Vehicle Administrative Services Agreement with or without cause by giving 90 days’ written notice to the other party, provided the initial term of three years has expired;
- (B) either party may terminate the Investment Vehicle Administrative Services Agreement with cause on at least 30 days’ written notice to the other party if the other party has materially breached any of its obligations under the Investment Vehicle Administrative Services Agreement, unless the party in breach is able to cure such breach by the date specified in the termination notice; and
- (C) either party may terminate the Investment Vehicle Administrative Services Agreement immediately if the other party is subject to winding up or similar proceedings, or the other party is no longer permitted by the laws and/or regulations which relate to the Investment Vehicle Administrative Services Agreement to perform its obligations thereunder.



#### 7.5.4 *Liability and indemnity*

The Investment Vehicle Administrator must perform its obligations with reasonable care, in accordance with standards and practices of professionals providing services similar to those of the Investment Vehicle Administrator. The Investment Vehicle Administrator must also cause each sub-contractor, agent or other person to perform with reasonable care in accordance with such standards. The Investment Vehicle Administrative Services Agreement contains provisions that limit the liability of the Investment Vehicle Administrator to CECO for any loss suffered by it unless such loss arises from a material breach of the Investment Vehicle Administrative Services Agreement, or the negligence, fraudulent misrepresentation, fraud or wilful default of the Investment Vehicle Administrator or its sub-contractors, agents or other persons.

CECO shall indemnify the Investment Vehicle Administrator and its sub-contractors or agents for any loss incurred in connection with or arising out of:

- (A) the Investment Vehicle Administrator acting pursuant to instructions from CECO, unless such loss resulted from negligence, bad faith, wilful default or fraud of the Investment Vehicle Administrator or its sub-contractors or agents; or
- (B) any untrue statement of material fact, or omission of a statement of material fact, in any offering document of CECO, unless such statement or omission was made by CECO in reliance on information provided to CECO by the Investment Vehicle Administrator specifically for use in the offering document.

Any entitlement under such indemnity is limited to any loss arising from such applicable Compartment and recourse under such claim shall be subject to the limited recourse and non-recourse provisions of the Investment Vehicle Administrative Services Agreement which are set out in similar form in the section entitled “Rights of Investment Vehicle Interest Holders and Conversion Vehicle Interest Holders” in this Part X of this Prospectus, under the sub-headings “Limited recourse nature of the Investment Vehicle Interests” and “Non-petition”.

The Investment Vehicle Administrator shall indemnify CECO in respect of each Compartment for any loss that the relevant Compartment may incur as a result of the negligence, bad faith, wilful default, fraud or material breach of the Investment Vehicle Administrative Services Agreement or any sub-contractor, agent or other person appointed by the Investment

#### 7.5.5 *Fees*

Please refer to the section entitled “Management and Performance Fees Payable by the Investment Vehicle and the Conversion Vehicle” in Part II of this Prospectus.

### 7.6 Investment Vehicle Custodian Agreement

7.6.1 A custodian agreement was entered into between: (i) CECO; and (ii) the Investment Vehicle Custodian on 19 September 2011, and amended and restated on 8 February 2012 (the “**Investment Vehicle Custodian Agreement**”), whereby CECO appointed the Investment Vehicle Custodian to provide custodial services to CECO and all its existing and future Compartments, unless mutually agreed otherwise between the parties in respect of a new Compartment.

#### 7.6.2 *Termination*

Either party may terminate the Investment Vehicle Custodian Agreement by giving not less than 60 days’ prior written notice to the other party.

CECO is further entitled to terminate the appointment of the Investment Vehicle Custodian if:

- (A) the Investment Vehicle Custodian in certain circumstances fails to perform its obligations and fails to restore the provision of services as soon as reasonably possible thereafter;
- (B) the Investment Vehicle Custodian is dissolved or seeks liquidation, winding up, insolvency or other similar relief; or



- (C) the Investment Vehicle Custodian commits material breach of its obligations under the Investment Vehicle Custodian Agreement and fails to make good such breach within 30 days of receipt of notice from CECO.

#### 7.6.3 *Liability and indemnity*

The Investment Vehicle Custodian Agreement contains provisions that limit the liability of the Investment Vehicle Custodian to CECO for any loss suffered by it unless such loss arises from the negligence, fraud or wilful misconduct of the Investment Vehicle Custodian or of its nominees or any branch or subsidiary. The Investment Vehicle Custodian shall not be liable to CECO for special or punitive damages or consequential loss or damage.

CECO shall indemnify the Investment Vehicle Custodian against any loss incurred arising out of or in connection with the Investment Vehicle Custodian Agreement, except any loss resulting from a material breach by the Investment Vehicle Custodian of the Investment Vehicle Custodian Agreement or the negligence, wilful misconduct or fraud of the Investment Vehicle Custodian.

Any entitlement under such indemnity is limited to any loss arising from such applicable Compartment and recourse under such claim shall be subject to the limited recourse and non-recourse provisions of the Investment Vehicle Custodian Agreement, which are set out in similar form in the section entitled “Rights of Investment Vehicle Interest Holders and Conversion Vehicle Interest Holders” in this Part X of the Prospectus, under the sub-headings “Limited recourse nature of the Investment Vehicle Interests” and “Non-petition”.

#### 7.6.4 *Fees*

Please refer to the section entitled “Management and Performance Fees Payable by the Investment Vehicle and the Conversion Vehicle” in Part II of this Prospectus.

### 7.7 Investment Vehicle Corporate Service Agreement

7.7.1 A corporate service agreement was entered into between: (i) CECO; and (ii) the Investment Vehicle Corporate Service Provider on 22 September 2011 (the “**Investment Vehicle Corporate Service Agreement**”), whereby CECO appointed the Investment Vehicle Corporate Service Provider to provide certain corporate service, secretarial and other services to CECO.

7.7.2 The Investment Vehicle Corporate Service Provider is entitled to transfer or delegate all or any of its rights or obligations under the Investment Vehicle Corporate Service Agreement to any of its affiliates, being holding companies or subsidiaries of the Investment Vehicle Corporate Service Provider.

#### 7.7.3 *Termination*

Either party may terminate the Investment Vehicle Corporate Service Agreement by giving the other party not less than three months’ written notice, or by giving notice to the other party of that other party’s material breach of the Investment Vehicle Corporate Service Agreement or any act constituting fraud, wilful misconduct or gross negligence and failure to make good such breach within 30 days’ receipt of written notice. The appointment of the Investment Vehicle Corporate Service Provider shall terminate:

- (A) if it ceases to be registered as a regulated entity under the supervision of the CSSF;
- (B) upon it becoming insolvent; or
- (C) upon it becoming resident for tax purposes in the United Kingdom.

#### 7.7.4 *Liability and indemnity*

The Investment Vehicle Corporate Service Agreement contains provisions that limit the liability of the Investment Vehicle Corporate Service Provider to CECO or any investor in CECO for any loss suffered by any of them unless such loss arises from the fraud, wilful misconduct, material breach of the Investment Vehicle Corporate Service Agreement or gross negligence on the part of the Investment Vehicle Corporate Service Provider.

CECO has irrevocably agreed to indemnify the Investment Vehicle Corporate Service Provider against any loss or claims against the Investment Vehicle Corporate Service Provider, save where such loss or claim arises as a result of fraud, wilful misconduct, material breach of the Investment Vehicle Corporate Service Agreement or gross negligence on the part of the Investment Vehicle Corporate Service Provider.

#### 7.7.5 *Fees*

Please refer to the section entitled "Management and Performance Fees Payable by the Investment Vehicle and the Conversion Vehicle" in Part II of this Prospectus.

### **8. RELATED PARTY TRANSACTIONS**

Other than as set out in paragraphs 3.14, 7.1, 7.2 and 7.3 of this Part X of this Prospectus, CECO has not entered into any related party transactions.

### **9. THIRD PARTY SOURCES**

Where third party information has been referenced in this Prospectus, the source of that third party information has been disclosed. Where information contained in this Prospectus has been so sourced, the Company confirms that such information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### **10. CORPORATE GOVERNANCE**

CECO is an unregulated securitisation company and as such does not fall within the scope of any Luxembourg corporate governance regime.

### **11. LEGAL AND ARBITRATION PROCEEDINGS**

There are no governmental, legal or arbitration proceedings (including in so far as CECO is aware any such governmental, legal or arbitration proceedings pending or threatened) which during the previous 12 months may have, or have had in the recent past, a significant effect on CECO or CECO's financial position or profitability.

### **12. FINANCIAL INFORMATION OF THE CONVERSION VEHICLE**

The Conversion Vehicle has not commenced operations and therefore no financial statements have been made up in respect of the Conversion Vehicle.

## PART XI: FINANCIAL INFORMATION OF THE COMPANY

### 1. STATUTORY ACCOUNTS FOR THE PERIOD 20 MARCH 2013 TO 31 DECEMBER 2013

Statutory accounts for the Company prepared in accordance with International Financial Reporting Standards for the period from 20 March 2013 (incorporation of the Company) to 31 December 2013, in respect of which the Company's auditors, Ernst & Young LLP, 1 More London Place, London SE1 2AF made unqualified reports, have been delivered to the Jersey Financial Services Commission.

### 2. PUBLISHED ANNUAL REPORTS AND ACCOUNTS FOR THE PERIOD 20 MARCH 2013 TO 31 DECEMBER 2013

#### 2.1 Historical financial information

The published annual report and audited accounts of the Company for the period from 20 March 2013 (incorporation of the Company) to 31 December 2013 (which have been incorporated in this Prospectus by reference) included, on the pages specified in the table below, the following information:

	Year ended 31 December 2013
Statement of comprehensive income . . . . .	Page 33
Statement of financial position . . . . .	page 34
Statement of changes in net assets . . . . .	page 35
Statement of cash flows . . . . .	page 36
Notes to financial statements . . . . .	pages 37 to 54
Accounting policies . . . . .	pages 37 to 41
Independent Auditor's report . . . . .	pages 30 to 32

#### 2.2 Selected financial information

The key audited figures that summarise the financial condition of the Company in respect of the period from 20 March 2013 (incorporation of the Company) to 31 December 2013 which have been extracted without material adjustment from the historical financial information referred to in paragraph 2.1 of this Part XI of this Prospectus, are set out in the following table as at 31 December 2013:

<b>Assets</b>	<b>Notes</b>	<b>2013</b>
		€
Cash and cash equivalents . . . . .	9	595,498
Other receivables . . . . .	6	355,886
Prepayments . . . . .		19,185
Financial investments held at fair value through profit/loss . . . . .	7	365,938,563
<b>Total assets</b> . . . . .		<b>366,909,132</b>
<b>Liabilities</b>		
<b>Payables</b> . . . . .	10	<b>(99,858)</b>
<b>Total liabilities</b> . . . . .		<b>(99,858)</b>
 <b>Euro Shares</b>		
		€
Net Asset Value . . . . .		171,500,155
Net Asset Value per Euro Share . . . . .		1.0293
 <b>Sterling Shares</b>		
		£
Net Asset Value . . . . .	162,497,187	195,309,119
Net Asset Value per Sterling Share . . . . .	1.0305	1.2386

### 2.3 Operating and financial review

The published annual report and audited accounts of the Company for the period from 20 March 2013 (incorporation of the Company) to 31 December 2013 (which have been incorporated in this Prospectus by reference) include, on the pages specified in the table below, descriptions of the Company's financial condition (in both capital and revenue terms), changes in its financial condition and details of the Company's portfolio of investments for that period.

#### ***Annual report and accounts for the financial year ending 31 December 2013***

	<u>As at 31 December 2013</u>
Chairman's Statement .....	pages 4 to 6
Strategic report .....	pages 2 to 11
Investment Vehicle Manager's report .....	pages 14 to 16

### 2.4 Availability of annual report and audited accounts for inspection

Copies of the published annual reports and audited accounts of the Company for the period from 20 March 2013 (incorporation of the Company) to 31 December 2013 are available for inspection at the addresses set out in paragraph 15 of Part IX of this Prospectus. The sections of the annual report deemed relevant to investors for the purposes of this Prospectus have been incorporated by reference in paragraph 2 of this Part, the sections which have not been incorporated are not deemed relevant to investors for the purposes of this Prospectus.

**PART XII: FINANCIAL INFORMATION OF THE INVESTMENT VEHICLE**

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**CVC EUROPEAN CREDIT OPPORTUNITIES S.À R.L., IN RESPECT OF ITS COMPARTMENT A**

**FINANCIAL STATEMENTS**  
**For the year ended December 31, 2013**

Registered office:  
40 avenue Monterey  
L-2163, Luxembourg  
B 158.090



## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

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# CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

## **General Information**

### **Directors**

Mr. Jonathan Bowers  
Mr. Marc Boughton (resigned January 31, 2013)  
Mr. Brandon Bradkin (appointed May 2, 2013)  
Mr. Russell Proffitt-Perchard  
Mr. Costas Constantinides (resigned November 13, 2013)  
Mr. Maxence Monot (appointed November 13, 2013)  
Mr. Simon Riley  
Mr. Douglas Maccabe

### **Investment Manager**

CVC Credit Partners Investment Management Limited  
111 Strand  
London, WC2R 0AJ  
United Kingdom

### **Investment Services Manager**

CVC Credit Partners Investment Services Management Limited  
22-24 Seale Street  
St Helier  
JE3 3QG  
Jersey

### **Registered Office of the Company**

40 avenue Monterey  
L-2163, Luxembourg

### **Independent Auditor**

Ernst & Young SA  
7 Rue Gabriel Lippmann  
Parc d'Activité Syrdall 2  
Munsbach L-5365  
Luxembourg

## Independent auditor's report

To the Shareholders of  
CVC European Credit Opportunities S.à r.l. in respect of its compartment A  
40, Avenue Monterey  
L-2163 Luxembourg

We have audited the accompanying financial statements of CVC European Credit Opportunities S.à r.l. in respect of its compartment A, which comprise the statement of financial position as at 31 December 2013, the statement of comprehensive income, the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Board of Managers' responsibility for the financial statements*

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

### *Responsibility of the "réviseur d'entreprises agréé"*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and 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 financial statements. The procedures selected depend on the judgement of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managers, as well as evaluating the overall presentation of the financial statements.

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

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of CVC European Credit Opportunities S.à r.l. in respect of its compartment A as of 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Ernst & Young  
Société anonyme  
Cabinet de révision agréé



Michel Feider

Luxembourg, 12 February 2014

**CVC European Credit Opportunities S.à r.l., in respect of its Compartment A**

**Statement of comprehensive income  
For the year ended December 31, 2013  
(Expressed in EUR)**

	Notes	01-Jan-13 to 31-Dec-13 €000	01-Jan-12 to 31-Dec-12 €000
<b>Income</b>			
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	5	23,671	11,311
Interest revenue	1, 12	10,761	8,599
Other revenue	13	1,246	204
		<u>35,678</u>	<u>20,114</u>
<b>Expenses</b>			
Interest expense	1, 12	(416)	(359)
Organisational fees		-	(54)
Management and performance fees	19	(4,348)	(3,911)
Custodian and administration fees		(621)	(248)
Brokerage fees and other transaction costs		(199)	(96)
Other general expenses		(319)	(117)
Net foreign exchange losses	14	(3,575)	(233)
		<u>(9,478)</u>	<u>(5,018)</u>
<b>Operating profit / (loss)</b>		<u>26,200</u>	<u>15,096</u>
<b>Finance cost</b>			
Distributions to Preferred Equity Certificates ("PEC") holders	10	(3,188)	(5,306)
Income taxes	15	(2)	(1)
Withholding taxes	15	(133)	(49)
<b>Profit for the year</b>		22,877	9,740
Other comprehensive income		-	-
<b>Total comprehensive income for the financial year</b>		<u>22,877</u>	<u>9,740</u>

The financial statements on pages 6 to 26 were authorised by the Board of Directors on 5th February 2014 and authorised for release on 12th February 2014 and were signed on its behalf by:

Director

**Russell Proffitt-Perchard**

The accompanying notes 1 to 20 are an integral part of these financial statements.

**CVC European Credit Opportunities S.à r.l., in respect of its Compartment A**

**Statement of financial position  
As at December 31, 2013  
(Expressed in EUR)**

	Notes	31-Dec-13 €000	31-Dec-12 €000
<b>Assets</b>			
Financial assets at fair value through profit or loss	5, 6, 7	464,470	111,117
Other receivables and prepayments	8	13,058	6,008
Cash and cash equivalents	9	79,985	22,274
<b>Total assets</b>		<b>557,513</b>	<b>139,399</b>
<b>Liabilities</b>			
Financial liabilities at fair value through profit or loss	7	1,263	-
Management and performance fees payable	19	1,174	1,760
Custodian and administration fees payable		329	109
Other payables and accrued expenses	11	62,442	19,029
<b>Total liabilities (excluding net assets attributable to the PEC holders)</b>		<b>65,208</b>	<b>20,898</b>
<b>Net assets attributable to the PEC holders</b>	10	<b>492,305</b>	<b>118,501</b>

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\_\_\_\_\_  
Director

**Russell Proffitt-Perchard**

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**CVC European Credit Opportunities S.à r.l., in respect of its Compartment A**

**Statement of cash flows  
For the year ended December 31, 2013  
(Expressed in EUR)**

	<b>01-Jan-13 to 31-Dec-13 €000</b>	<b>01-Jan-12 to 31-Dec-12 €000</b>
<b>Operating activities</b>		
Proceeds from maturity of financial derivative instruments	4,190	-
Proceeds from sale of financial assets designated at fair value through profit or loss	290,919	197,750
Payments for purchase of financial assets designated at fair value through profit or loss	(590,160)	(204,069)
Proceeds received from brokers	3,487	-
Interest received	11,438	8,364
Interest paid	(354)	(28)
Organisation expenses	(54)	(360)
Management and performance fees paid	(4,934)	(2,453)
Custodian and administration fees paid	(401)	(244)
Other operating expenses paid	(584)	(79)
<b>Net cash (utilised in)/generated by operating activities</b>	<b><u>(286,453)</u></b>	<b><u>(1,119)</u></b>
<b>Financing activities</b>		
Proceeds from issue of PECs	350,927	1,350
Distributions to PEC holders	(3,188)	(5,306)
<b>Net cash flows provided by/(utilised in) financing activities</b>	<b><u>347,739</u></b>	<b><u>(3,956)</u></b>
Net increase/(decrease) in cash and cash equivalents	61,286	(5,075)
Cash and cash equivalents at opening	22,274	27,582
Effect of exchange rate changes on cash and cash equivalents	(3,575)	(233)
<b>Cash and cash equivalents at 31 December</b>	<b><u>79,985</u></b>	<b><u>22,274</u></b>

The financial statements on pages 6 to 26 were authorised by the Board of Directors on 5th February 2014 and authorised for release on 12th February 2014 and were signed on its behalf by:

  
Director

**Russell Proffitt-Perchard**

The accompanying notes 1 to 20 are an integral part of these financial statements.

# CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

## Notes to the Financial Statements

For the year ended December 31, 2013  
(Expressed in EUR)

### 1 Organisation and control

CVC European Credit Opportunities S.à r.l. (the "Company") was incorporated in Luxembourg on December 2, 2010 as Cordatus Credit Partners S.à r.l., a private company limited by shares "société à responsabilité limitée" which has the status of a securitisation company (société de titrisation) within the meaning of the law of 22 March 2004 on securitisation as subsequently amended (the "Securitisation Law") and is subject to and governed by the Securitisation Law and the law of 10 August 1915 governing commercial companies, as subsequently amended (the "Companies Law"), as well as by the present articles of association. The Company however is not authorised by the CSSF under Article 19 of the Securitisation Law. The Company is formed for an unlimited period of time. The Company has its registered office at 40 avenue Monterey, L-2163, Luxembourg (formerly 33 Boulevard Prince Henri, L-1724, Luxembourg). The Company changed its name to CVC European Credit Opportunities S.à r.l. on March 23, 2012. The ultimate parent of the Company is The CECO Charitable Trust. As at December 31, 2013, the Company operates three compartments. These financial statements are solely for Compartment A which has issued PECs with maturity date of 2030 (the "Compartment" or the "Issuer").

The annual accounts of the Compartment which are presented in accordance with International Financial Reporting Standards adopted by the European Union ("IFRS") have been prepared on a contractual basis. The statutory accounts of the Company have been prepared in accordance with Luxembourg legal and regulatory requirements applicable to securitisation vehicles.

These financial statements in respect of Compartment A and prepared in accordance with IFRS were authorised by the Board of Directors on 5th February 2014 and authorised for release on 12th February 2014.

The corporate object of the Company is the entering into and the performance of any transactions permitted under the law of 22 March 2004 on securitisation as amended, including, inter alia, the acquisition and assumption, by any means, directly or through another vehicle, of risks linked to claims, other assets, moveable or immovable, tangible or intangible, receivables or liabilities of third parties or pertaining to all or part of the activities carried out by third parties and the issuing of securities the value or return of which is dependent upon such risks as defined in the Securitisation Law.

It may in particular: acquire by way of subscription, purchase, exchange or in any other manner any assets, hold and dispose of any assets in any manner and/or assume risks relating to any assets; exercise all rights whatsoever attached to these assets and risks; give guarantees and/or grant security interests over its assets to the extent permitted by the law of 22 March 2004 on securitisation as amended; make deposits at banks or with other depositaries; privately raise funds, privately issue bonds, notes, preferred equity certificates and other debt securities and instruments, in order to carry out its activity within the framework of its corporate object; transfer any of its assets against due consideration; raise temporary and/or ancillary financings for securitisation transactions.

The above enumeration is enunciate and not limitative, but is subject to the provisions of the law of 22 March 2004 on securitisation as amended.

The Company may carry out any transactions, whether commercial or financial, which are directly or indirectly connected with its corporate object at the exclusion of any banking activity and engage in any lawful act or activity and exercise any powers permitted for securitisation vehicles under the law of 22 March 2004 on securitisation as amended to which the Company is subject, that, in either case, are incidental to and necessary or convenient for the accomplishment of the above mentioned purposes; provided that the same are not contrary to the foregoing purposes.

The investment objective of the Compartment is to seek periodic current income returns, and capital appreciation from a portfolio of predominantly European and, to a limited extent, non-European issuers, corporations, partnerships and other business entities which operate in various industries and geographical regions. The Issuer may seek to achieve these returns from investments in, inter alia, (i) primary sponsor transactions, (ii) selective secondary opportunities including bank purchases driven by regulation, capital cost and amended risk strategy, (iii) refinancing of existing transactions to reduce or eliminate refinancing risk, (iv) follow on/acquisition financing, (v) corporate refinancings driven by downgrades – "fallen angels", (vi) provision of solution capital for stressed and distressed situations, (vii) acquisition of seller finance and (viii) dividend recapitalisations. The Issuer seeks to provide investors with such returns whilst endeavouring to maintain and preserve investors' capital.

The Compartment receives assistance in formulation of investment strategy and monitoring services from the Investment Services Manager, CVC Credit Partners Investment Services Management Limited and, indirectly, reporting and execution of the pre-determined investment strategies from the Investment Manager, CVC Credit Partners Investment Management Limited.

The Compartment's Preferred Equity Certificates (PECs) are redeemable subject to various conditions at the option of the holder and were issued in September 2011, April 2012, July 2013 and December 2013 (as described further in Note 10).

The Compartment's financial year runs from January 1 to December 31, except for its first year, which ran from the date of incorporation to December 31, 2011.

In these financial statements, certain minor numbers in the statement of comprehensive income for the period to 31 December 2012 have been reclassified compared to those reported in the financial statements as of December 31, 2012, to present numbers comparable with those as of December 31, 2013.

**CVC European Credit Opportunities S.à r.l., in respect of its Compartment A**  
**Notes to the Financial Statements**

**For the year ended December 31, 2013 (Continued)**  
**(Expressed in EUR)**

**2 Accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below.

**2.1 Basis of preparation**

The financial statements of the Compartment have been prepared in accordance with IFRS. The financial statements have been prepared on a historical cost basis, except for financial assets held at fair value through profit or loss, that have been measured at fair value.

The financial statements are presented in euros and all values are rounded to the nearest thousand euros (€000) except where otherwise indicated.

**2.2 Summary of significant accounting policies**

**2.2.1 Financial instruments**

**(i) Classification**

The Compartment classifies its financial assets into the following categories in accordance with *IAS 39 Financial Instruments: Recognition and Measurement*.

**Financial instruments designated at fair value through profit or loss upon initial recognition**

These include debt instruments and equity securities that are not held for trading. These financial assets are designated upon initial recognition on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Compartment, as set out in the Compartment's Private Placement Memorandum, first issued in September 2011, with the current version in force being dated December 2, 2013 (the "PPM"), please see also Note 16. The financial information about these financial assets is provided internally on that basis to the Investment Manager, Investment Services Manager and to the Board of Directors.

**Financial derivative instruments**

The Compartment may engage, for the proportion of its financial assets, cash and cash equivalents and PECs which are denominated in a currency other than Euro, in currency hedging operations with a view to manage exposures to foreign currency risk. These hedging operations are assimilated as economic hedging. The Compartment does not apply hedge accounting. The derivative financial instruments are measured at fair value through profit or loss accounts and carried as assets when the fair value is positive and as liabilities when the fair value is negative. Market values are determined by using valuation techniques.

**Other financial liabilities**

This category includes all financial liabilities. The Compartment includes in this category amounts relating to the PECs and other short-term payables.

The accounting policy relating to the PECs is described in Note 2.2.5 below.

**(ii) Recognition**

The Compartment recognises a financial asset or a financial liability when, and only 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 marketplace (regular way trades) are recognised on the trade date, i.e. the date that the Compartment commits to purchase or sell the asset.

**(iii) Initial measurement**

Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

**(iv) Subsequent measurement**

After initial measurement, the Compartment measures financial assets which are classified as at 'fair value through profit or loss' at fair value (see Note 2.2.4 below). Subsequent changes in the fair value of those financial instruments are recorded in 'Net gain or loss on financial assets at fair value through profit or loss'. Interest earned (or paid) on these instruments are recorded separately in 'interest revenue' (or 'interest expense') apart from accrued not yet due interest receivable at period end, which is included within the fair value of the instruments (or 'other payables and accrued expenses').

# CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

## Notes to the Financial Statements

For the year ended December 31, 2013 (Continued)  
(Expressed in EUR)

### 2 Accounting policies - (continued)

#### 2.2.1 Financial instruments - (continued)

##### (v) 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: (i) the rights to receive cash flows from the asset have expired, (ii) the Compartment 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 (iii) either (a) the Compartment has transferred substantially all the risks and rewards of the asset; or (b) the Compartment has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Compartment has transferred its rights 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 Compartment's continuing involvement in the asset. In that case, the Compartment 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 Compartment has retained.

The Compartment derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

#### 2.2.2 Functional and presentation currency

The Compartment's functional currency is the euro, which is the currency of the primary economic environment in which it operates. The Compartment's performance is evaluated and its liquidity is managed in euros. Therefore, the euro is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Compartment's presentation currency is also the euro.

#### 2.2.3 Foreign currency translations

Transactions during the period, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign currency transaction gains and losses on financial instruments classified as at fair value through profit or loss are included in profit or loss in the statement of comprehensive income as part of the 'Net gain or loss on financial assets and liabilities at fair value through profit or loss'. Exchange differences on other financial instruments are included in profit or loss in the statement of comprehensive income as 'Net foreign exchange gains / (losses)'.

#### 2.2.4 Fair value measurement

The Compartment measures its investments in financial instruments such as interest bearing investments and collateralised loan obligations and derivatives at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments traded in active markets at the reporting date is based on the quoted price or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. Securities defined in these accounts as 'listed' are traded in an active market. For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach i.e., using recent arm's length market transactions and broker quotes, the number of which may be limited, making as much use of available and supportable market data as possible.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

# CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

## Notes to the Financial Statements

For the year ended December 31, 2013 (Continued)  
(Expressed in EUR)

### 2 Accounting policies - (continued)

#### 2.2.4 Fair value measurement - (continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Compartment determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the beginning of each reporting period.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 6.

#### 2.2.5 Preferred Equity Certificates

The PECs are redeemable at the PEC holders option and are classified as financial liabilities. The liabilities arising from the redeemable PECs are carried at net asset value attributable to the PEC holders and consequently the PECs are carried at fair value. The PECs issued by the Compartment as at the statement of financial position are direct limited recourse obligations solely of the Compartment and therefore the PEC holders have a claim under the PECs against the Compartment only.

The Compartment can issue a new series of PECs at par. The holder of the PECs can, subject to restrictions as further described in Note 10, redeem them on a quarterly basis for cash equal to the Series' proportionate share of the Compartment's net asset value (calculated in accordance with redemption requirements).

The Compartment's net asset value per PEC is calculated by dividing the net assets attributable to that Series (calculated in accordance with redemption requirements as detailed in the PPM) by the number of PECs in that Series in issue (please see Note 10 for further details).

#### 2.2.6 Income distributions to PEC holders

In accordance with the Compartment's PPM, every six months the Compartment distributes between 75% and 100% of the Net Income to the holders of income distributing PECs. Net Income comprises (i) income received in cash from the investments of the Compartment plus (ii) any capital receipts that the Directors may decide to allocate from time to time less (iii) the accrued Permitted Expenses (please see the PPM for further details). Income distributions are recognised as a finance cost in the Statement of comprehensive income.

#### 2.2.7 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand, demand deposits, short-term deposits in banks and short-term highly liquid investments, i.e. money market funds, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when applicable.

#### 2.2.8 Interest revenue and expense

Interest revenue and expense are recognised in the statement of comprehensive income for all financial instruments classified at fair value through profit or loss using an accrual basis, apart from accrued not yet due interest at period end, which is included within the fair value of the instruments.

Where an acquisition (disposal) trade is unsettled for a period longer than 10 days for a par loan, 20 days for a distressed loan, further to the Loan Market Association standard terms and conditions for par and distressed trade transactions, the Compartment will receive delayed compensation and pay cost of carry (pay delayed compensation and receive cost of carry), with the effect to put both parties in the equivalent economic position as if the trade had settled within 10 days for a par loan, 20 days for a distressed loan.

Where the Compartment has to pay / receive delayed compensation or cost of carry, this is recognised as 'interest expense' / 'interest revenue' in the statement of comprehensive income.

#### 2.2.9 Net gain or loss on financial assets at fair value through profit or loss

This item includes changes in the fair value of financial assets designated upon initial recognition as 'at fair value through profit or loss' and excludes interest and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the reporting period.

Realised gains and losses on disposals of financial instruments classified as 'at fair value through profit or loss' are calculated using the weighted average cost method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

# CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

## Notes to the Financial Statements

For the year ended December 31, 2013 (Continued)  
(Expressed in EUR)

### 2 Accounting policies - (continued)

#### 2.2.10 Trades not settled

Payables and receivables not settled as at the end of the period represent amounts payable and receivable for financial assets purchased (respectively sold) in a regular way transaction that have been contracted for but not yet delivered on the reporting date.

#### 2.2.11 Fees and commissions

Fees and commissions are recognised on an accrual basis. Legal and audit fees are included within 'other general expenses'.

#### 2.2.12 Taxation

The Company is subject to taxation pursuant to Luxembourg Law.

#### 2.2.13 New and amended standards and interpretations applied by the Company

The accounting policies adopted in the current are consistent with those of the previous year, except that the Compartment has adopted the following new and revised accounting standards:

- IAS 1 Presentation of Financial Statements
- IFRS 13 Fair Value Measurement

None of these standards has a significant impact to the financial performance and position of the Compartment.

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS. IFRS 13 defines fair value as an exit price. As a result of the guidance in IFRS 13, the Compartment reassessed its policies for measuring fair values. In particular, this is true in respect of its valuation inputs such as adjustments to net assets value (NAV) for fair value measurement of managed funds. IFRS 13 also requires additional disclosures, and these are provided in Note 6.

In addition, the Compartment has adopted the amendment to IAS 1 made as part of the Annual Improvements to IFRSs 2009-2011 Cycle issued in May 2012. This amendment clarifies the disclosure requirements in respect of comparative information required in cases of changes of accounting policies, retrospective restatements or reclassifications. The nature and impact of this amendment is described below.

#### **IAS 1 Presentation of Financial Statements**

##### *Presentation of Items of Other Comprehensive Income (OCI) – Amendments to IAS 1*

The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will not be reclassified. The amendment has not impacted the Fund's accounts as the Compartment has no other comprehensive income.

Other amendments also apply for the first time in 2013. However, they do not impact the financial statements of the Compartment.

### 3 Significant accounting judgements, estimates and assumptions

The preparation of the Compartment's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

#### **Judgements**

In the process of applying the Compartment's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

#### **Going Concern**

The Compartment's management has made an assessment of the Compartment's ability to continue as a going concern and is satisfied that the Compartment has the resources to continue in business for the foreseeable future. Pursuant to the terms of the PPM, all PECs are redeemable on a quarterly basis, however the Board of Directors has the ability to determine a Redemption Deferral Event has occurred as and when there is insufficient liquidity to meet all the redemption payments, also certain significant PEC holders have certain restrictions which should result in a maximum 38% of the PECs owned by such PEC holder issued by the Compartment as at December 31, 2013 being redeemable in the next 12 months. In case of such a significant redemption, the Board believes the liquidity requirements could be met by disposal of some of the Financial assets designated at fair value through profit or loss. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Compartment's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.



# CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

## Notes to the Financial Statements

For the year ended December 31, 2013 (Continued)  
(Expressed in EUR)

### 3 Significant accounting judgements, estimates and assumptions - (continued)

#### Functional currency

The primary objective of the Compartment is to generate returns in euro, its capital-raising currency. The liquidity of the Compartment is managed on a day-to-day basis in euro in order to handle the issue, acquisition and resale of the Compartment's PECs. The Compartment's performance is evaluated in euro, therefore, the management considers the euro as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Compartment based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Compartment. Such changes are reflected in the assumptions when they occur.

#### Fair value of financial instruments

When the fair value of financial assets recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include sourcing of broker quotes from multiple sources, the quotes obtained are considered and challenged when there are inconsistencies with other market data. Where the reliable market price cannot be derived from this process, valuation models can be used. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of liquidity and model inputs such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position and the level where the instruments are disclosed in the fair value. If models are used, they are calibrated regularly and tested for validity using prices from any observable current market transactions in the same instrument (without modification or repackaging) or based on any available observable market data and are subject to sensitivity analysis and stress testing techniques to assess the significance of any particular input. The risk of the above process is that the market price reported may not be representative of the eventual price realised by the Compartment.

#### Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and changes in tax laws on foreign withholding tax. Given the wide range of international investments, differences arising between the actual investment income and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax expense already recorded. The Compartment establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it invests. The amounts of such provisions are based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective investment's domicile. As the Compartment assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no liability has been recognised.

### 4 New and amended standards and interpretations (not yet applied by the Company)

Standards issued but not yet effective up to the date of issuance of the Compartment's financial statements are listed below. The Compartment intends to adopt applicable standards when they become effective.

#### *IFRS 9 Financial Instruments: Classification and Measurement*

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

#### *Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32*

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off'. The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Compartment's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

**CVC European Credit Opportunities S.à r.l., in respect of its Compartment A**  
**Notes to the Financial Statements**

For the year ended December 31, 2013 (Continued)  
(Expressed in EUR)

<b>5</b>	<b><u>Financial assets at fair value through profit or loss and financial liabilities at amortised cost</u></b>	<b>31-Dec-13</b>	<b>31-Dec-12</b>
		<b>€000</b>	<b>€000</b>
	<b>Derivative financial instruments</b>		
	Forward currency contracts	3,378	-
	<b>Total derivative financial instruments</b>	<b>3,378</b>	<b>-</b>
	<b>Financial assets designated at fair value through profit or loss</b>		
	<b>Interest bearing securities</b>		
	Corporate bonds and debt securities	452,284	101,718
	Collateralised loan obligations	8,808	9,399
	<b>Total financial assets designated at fair value through profit or loss</b>	<b>461,092</b>	<b>111,117</b>
	<b>Total financial assets at fair value through profit or loss</b>	<b>464,470</b>	<b>111,117</b>
	<b>Net changes in fair value on financial assets at fair value through profit or loss:</b>		
	<i><u>Derivative financial instruments</u></i>		
	Realised	4,190	-
	Unrealised	2,115	-
		<b>6,305</b>	<b>-</b>
	<i><u>Designated at fair value through profit or loss</u></i>		
	Realised	6,562	6,597
	Unrealised	10,804	4,714
		<b>17,366</b>	<b>11,311</b>
	<b>Total gains / (losses) on financial assets</b>	<b>23,671</b>	<b>11,311</b>
	<b>Financial liabilities</b>		
	<b>Derivative financial instruments</b>		
	Forward currency contracts	1,263	-
	<b>Financial liabilities measured at amortised cost *</b>	62,442	20,898
		<b>63,705</b>	<b>20,898</b>

\* Financial liabilities measured at amortised cost include: €58.7 million payables for unsettled trades (2012: €18.8 million), fees and other payables and accrued expenses.

**6 Fair value of financial instruments**

**Fair value hierarchy**

IFRS 13 requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability. The following table shows financial instruments recognised at fair value, categorised between those whose fair value is based on:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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**6 Fair value of financial instruments - (continued)**

**Fair value hierarchy - (continued)**

	December 31, 2013			Total €000
	Level 1 €000	Level 2 €000	Level 3 €000	
<b>Interest bearing securities</b>				
Corporate bonds and debt securities	92,712	299,167	60,405	452,284
Collateralised loan obligations	-	-	8,808	8,808
<b>Derivatives financial instruments</b>				
Forward currency contracts	-	3,378	-	3,378
<b>Total</b>	<b>92,712</b>	<b>302,545</b>	<b>69,213</b>	<b>464,470</b>

	December 31, 2012			Total €000
	Level 1 €000	Level 2 €000	Level 3 €000	
<b>Interest bearing securities</b>				
Corporate bonds and debt securities	14,682	64,641	22,395	101,718
Collateralised loan obligations	-	-	9,399	9,399
<b>Total</b>	<b>14,682</b>	<b>64,641</b>	<b>31,794</b>	<b>111,117</b>

**Transfers between Level 2 and Level 3**

During 2013, following further developments in the liquidity of certain debt securities, seven of the Compartment's investments totalling € 3.4m were reclassified from Level 2 to Level 3. During 2013, the Compartment disposed of three of these investments for € 992k, realising gains of €13k. Transfers between levels of the fair value hierarchy, are deemed to have occurred at the beginning of the reporting period.

**Listed corporate bonds**

The fair values of listed corporate bond at the reporting date are based on quoted market prices or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. The listed corporate bonds are included within Level 1 of the hierarchy.

**Unlisted debt securities**

For all other financial instruments, fair value is determined using valuation techniques.

The Compartment invests in some unlisted debt securities and corporate bonds and securities. When these instruments are not measured at the quoted price in an active market they are valued using observable inputs, initially sourcing broker quotes from a number of sources and, where this data does not yield a reliable market price, utilising appropriate valuation techniques such as recently executed transaction prices in securities of the issuer or comparable issuers. Adjustments are made to the valuations when necessary to recognise differences in the instrument's terms. To the extent that these inputs are observable, the Compartment classifies the fair value of these investments as Level 2.

The Compartment invests in corporate debt and managed collateralised loan obligations, or CLOs. These investments which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods. Transactions in these assets do not occur on a regular basis. Investments in these debt instruments are valued based on an appraisal of the performance of the issuing company and utilising appropriate valuation techniques such as recently executed transaction prices in securities of the issuer or comparable issuers. The Compartment classifies the fair value of these investment as Level 3.

**Valuation process for Level 3 valuations**

Valuations are the responsibility of the Board of directors of the Compartment, who have engaged the Investment Services Manager, Investment Manager and the independent service provider to independently value the assets on a monthly basis, and perform a price challenge process. Following the completion of the price challenge process, the Investment Manager presents the valuation of the assets to the Board of directors on a monthly basis, including a discussion on the assumptions used and significant fair value changes during the period.

Investments in these CLOS are valued based on the Net Assets Value (NAV) published by the administrator of the CLOs. Such a NAV is adjusted when necessary, to reflect the effect of the time passed since the calculation date, liquidity risk, limitations on redemptions and other factors. Depending on the fair value level of a CLOs assets and liabilities and on the adjustments needed to the NAV published by that CLO, the Compartment classifies the fair value of these investment as Level 3.

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**6 Fair value of financial instruments - (continued)**

**Valuation process for Level 3 valuations - (continued)**

Investments in debt securities for which limited broker quotes and for which no other evidence of liquidity exists are classified as Level 3, these are then valued by considering in detail the limited broker quotes available for evidence of outliers (which may skew the average) which if existent are then removed, and then by calculating the average of the remaining quotes.

If the Investment Manager and the independent service provider have difficulty in establishing an agreed upon valuation for an asset, they will discuss and agree alternative valuation methods. No such discussions were held in 2013.

**Level 3 reconciliation**

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period.

	Debt securities €000	CLOs €000	Total €000
<b>Opening balances</b>	<b>9,316</b>	<b>6,210</b>	<b>15,526</b>
Total gains and losses in profit or loss in the year	303	2,268	2,571
Purchases	18,981	921	19,902
Sales / redemptions	(6,205)	-	(6,205)
<b>Balances as at December 31, 2012</b>	<b>22,395</b>	<b>9,399</b>	<b>31,794</b>
Total gains and losses in profit or loss in the year	1,392	1,886	3,278
Purchases	68,646	3,296	71,942
Sales / redemptions	(35,425)	(5,773)	(41,198)
Transfers into / (out of) Level 3	3,397	-	3,397
<b>Balances as at December 31, 2013</b>	<b>60,405</b>	<b>8,808</b>	<b>69,213</b>
Total gains and losses for the year ended December 31, 2012 included in profit or loss for assets held at the end of the year	<b>303</b>	<b>2,268</b>	<b>2,571</b>
Total gains and losses for the year ended December 31, 2013 included in profit or loss for assets held at the end of the year	<b>783</b>	<b>1,558</b>	<b>2,341</b>

**Quantitative information of significant unobservable inputs – Level 3**

Description	December 31, 2013 €000	Valuation technique	Unobservable input	Range (weighted average)
Collateralised loan obligations	8,808	Broker quotes	N/a	N/a
Credit facilities	60,405	Broker quotes	N/a	N/a

The Board of Directors and the Investment Manager believe it is appropriate to value the CLOs at the mid-price without discount as communicated by a broker as deemed to represent the best approximation of the fair value given the illiquidity of such CLOs. The Board of Directors and the Investment Manager believe that where certain credit facilities are classified as Level 3 due to limited number of broker quotes, there is still sufficient supporting evidence of liquidity to value these at an undiscounted bid price.

**Sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy – Level 3**

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 December 2013 are as shown below:

Description	Input	Sensitivity used	Effect on fair value
Collateralised loan obligations	Discount to broker quotes	20%	1,762
Credit facilities	Discount to broker quotes	10%	6,041

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**7 Derivative contracts**

The Compartment enters into derivative contracts for two purposes. Firstly to serve as a component of the Compartment's investment strategy. They are utilised primarily to structure and hedge investments, to enhance performance and reduce risk to the Compartment, and ultimately the PEC holders. Secondly to align the performance of the PECs, as one series is issued in a non-Euro currency. The performance of the derivative contracts taken out further to purpose (i) are allocated to all PEC holders, the performance of the derivative contracts taken out further to purpose (ii) are allocated to the non-Euro PEC series further to the Designated Series Adjustment mechanism in the PPM.

The derivative contracts that the Compartment may hold pursuant to the PPM from time to time or issue include: futures; over-the-counter (OTC) options; forward currency contracts; exchange-traded options; currency swap agreements; interest caps and floors and interest rate swap agreements. To date, only forward currency contracts have been entered into to economically hedge the risks associated with foreign currency fluctuations.

The Investment Manager is instructed to closely monitor the Compartment's exposure under derivative contracts as part of the overall management of the Compartment's market risk, this also extends to regular appraisals of the counter-parties to any such derivatives and consideration of any necessary credit valuation adjustments for such counter-party risk. To date, no credit valuation adjustments have been undertaken.

**Forwards**

Forward contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the OTC market.

The main differences in the risk associated with forward contracts are credit risk and liquidity risk. The Compartment has credit exposure to the counterparties of forward contracts. Forward contracts are settled net. This type of contract results in market risk exposure.

	<b>December 31, 2013</b>		
	<b>Assets</b>	<b>Liabilities</b>	<b>Net</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>Derivatives primarily held for risk management purposes</b>			
Forward currency contracts undertaken to hedge exposure to:			
PECs denominated in non-Euro	3,378	-	3,378
financial assets denominated in non-Euro	-	(1,263)	(1,263)
	<b>3,378</b>	<b>(1,263)</b>	<b>2,115</b>
	<b>3,378</b>	<b>(1,263)</b>	<b>2,115</b>

**8 Other receivables and prepayments**

Receivables on trades not settled as at end of the year  
 Other receivables

	<b>31-Dec-13</b>	<b>31-Dec-12</b>
	<b>€000</b>	<b>€000</b>
	12,565	5,949
	493	59
	<b>13,058</b>	<b>6,008</b>
	<b>13,058</b>	<b>6,008</b>

**9 Cash and cash equivalents**

Cash at banks  
 Money market funds

	<b>31-Dec-13</b>	<b>31-Dec-12</b>
	<b>€000</b>	<b>€000</b>
	39,985	6,974
	40,000	15,300
	<b>79,985</b>	<b>22,274</b>
	<b>79,985</b>	<b>22,274</b>

**10 Preferred Equity Certificates**

The Compartment's investment capital consists of funds received for subscriptions to the PECs. Quantitative information about the Compartment's investment capital is provided in the tables below.

The Issuer can issue several series of PECs. The PECs issued are divided into two classes: income distributing PECs which entitles the holders to income distributions, non-distributing PECs whose holders are not entitled to income distributions. As at December 31, 2013 the Compartment has issued six series of income distributing PECs (2012: three series).

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**10 Preferred Equity Certificates - (continued)**

The income distributing PECs are entitled to receive income distributions every six months and the classes are entitled to payment of a proportionate share of the Compartment's net asset value on the optional redemption date or upon winding up of the Compartment. During the year Compartment paid income distributions of €3.2 million for the period October 2012 to March 2013. The next income distribution was paid in January 2014, please see Note 20 for further details.

The total expected cash outflow on redemption of all the PECs equals the Compartment's residual value after settling all other payables. For the purpose of calculating the NAV attributable to holders of the PECs in accordance with the Compartment's PPM, the Compartment's assets and liabilities are valued on the basis of current bid prices. Based on historical information to the date of signing of these accounts, none of the Compartment's PECs have been redeemed.

During 2013, due to the material size of the new PEC series 4 and 5 issued in comparison to the already issued PECs, the Subscription Price Adjustment, as detailed in the PPM, was applied to compensate the holders of the PECs series 1 to 3 for the cost of purchasing the portfolio. The Subscription Price Adjustment was determined pursuant to the determined by considering the differential between the bid and mid prices of the portfolio held at the time of issuance of PEC series 4 and 5. This resulted in an aggregate adjustment of EUR335k.

A reconciliation of the number of PECs outstanding at the beginning and at the end of each of the reporting periods is provided below.

	<b>Nominal 000</b>	<b>Issued, fully paid and outstanding PECs €000</b>
<b>At 1 January 2012</b>	<b>107,250</b>	<b>107,411</b>
Issuance of PECs	1,350	1,350
Increase in net assets attributable to the PEC holders from operations	-	9,740
<b>At 31 December 2012</b>	<b>108,600</b>	<b>118,501</b>
Issuance of PECs	324,517	350,927
Net movement in nominal PECs resulting from conversions between series between Euro and non-Euro currencies	(1,247)	-
Increase in net assets attributable to the PEC holders from operations	-	22,877
<b>At 31 December 2013</b>	<b>431,870</b>	<b>492,305</b>

**Capital and net assets attributable to PEC holders management**

As a result of the ability to issue, repurchase and resell PECs, the net assets attributable to PEC holders of the Compartment can vary depending on the demand for redemptions and subscriptions to the Compartment. The Compartment is not subject to externally imposed requirements in regards of net assets attributable to PEC holders and has no legal restrictions on the issue, repurchase or resale of PECs beyond those included in the Compartment's PPM.

The Compartment's objectives for managing net assets attributable to PEC holders are:

To invest the net assets attributable to PEC holders in investments meeting the description, risk exposure and expected return indicated in the PPM

To achieve consistent returns while safeguarding capital by investing in a diversified portfolio of assets and by using various investment strategies and hedging techniques

To maintain sufficient liquidity to meet the expenses of the Compartment and to meet redemption requests as they arise

To maintain sufficient size to make the operation of the Compartment cost-efficient

Refer to 'Financial risk management objectives and policies' (Note 16) for the policies and processes applied by the Compartment in managing its capital and its obligation to repurchase the PECs.

**11 Other payables and accrued expenses**

	<b>31-Dec-13 €000</b>	<b>31-Dec-12 €000</b>
Payables on trades not settled as at end of the year	58,718	18,779
Organisational expenses	-	54
Other payables and expenses	3,724	196
	<b>62,442</b>	<b>19,029</b>



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**12 Interest income and expense**

	<b>2013</b>	<b>2012</b>
	<b>€000</b>	<b>€000</b>
Interest income		
Cash and cash equivalents	38	-
Debt securities designated at fair value through profit or loss	10,723	8,599
	<b>10,761</b>	<b>8,599</b>
<b>Interest expense</b>		
Other*	(416)	(359)
	<b>(416)</b>	<b>(359)</b>

\*This caption consists of delayed compensation and cost of carry paid by the Compartment in the year. Please see Note 2.2.8 for further details.

**13 Other financial income**

	<b>2013</b>	<b>2012</b>
	<b>€000</b>	<b>€000</b>
Other revenue received on debt securities designated at fair value through profit or loss*	1,246	204

\* This caption includes amendment and waiver fees received from debt securities held by the Compartment.

**14 Foreign exchange gains and losses**

The net foreign exchange loss of € 3.6m includes €2.3m of foreign exchange loss on the money market funds denominated in British pound the Compartment entered into during the year. These money market funds were utilised as a temporary foreign exchange hedging technique against the British pound PECs which were issued in the year.

**15 Taxation**

The Company, of which the Compartment as at December 31, 2013 was one of three compartments, is subject to the minimum corporate income tax payable in Luxembourg of €3,210 per annum, this is allocated between the compartments based on the respective closing NAV of the three compartments. Investment income is subject to withholding tax in certain foreign jurisdictions and is the only item subject to taxation, at an average applicable withholding tax rate of 1% on the interest revenue in certain jurisdictions for the year 2013. The withholding tax attributable to the Compartment in 2013 is € 133,000 (2012 € 49,000).

**16 Financial risk and management objectives and policies**

**Introduction**

The Compartment's objective in managing risk is the creation and protection of PEC holder value. Risk is inherent in the Compartment's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risks limits and other controls. The process of risk management is critical to the Compartment's continuing profitability. The Compartment is exposed to market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

**Risk management structure**

The Board of Directors are ultimately responsible for overall risk management of the Compartment including identifying and controlling the risks of the Compartment. The Board of Directors has chosen to delegate certain risk management oversight functions to the Investment Services Manager and the Investment Manager.

**Risk measurement and reporting system**

The Compartment's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses that are an estimate of the ultimate actual loss based on analytical models.

Monitoring and controlling risks is primarily set up to be performed based on limits established by the Board of Directors. These limits reflect the business strategy including the risk that the Compartment is willing to accept and the market environment of the Compartment. In addition, the Compartment monitors and measures the overall risk in relation to the aggregate risk exposure across all risks type and activities.

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**16 Financial risk and management objectives and policies - (continued)**

**Risk mitigation**

The Compartment has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy.

The Compartment can make limited use of derivatives and other instruments for trading purposes and in connection with its risk management activities. During the period, the Compartment undertook foreign exchange hedging strategies to mitigate the risk arising from the fluctuations in the foreign exchange rates, please refer to Note 7 for more details.

**Excessive risk concentration**

Concentration indicates the relative sensitivity of the Compartment's performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowing facilities or reliance on a particular market in which to realise liquid assets. Concentrations of foreign exchange risk may arise if the Compartment has a significant net open position in a single foreign currency, or aggregate net open positions in several currencies that tend to move together.

In order to avoid excessive concentrations of risk, the Compartment's PPM include specific guidelines to focus on maintaining a diversified portfolio. The Investment Services Manager and the Investment Manager are instructed to monitor and act to reduce exposure or to agree with the Board of the Company if and when to use derivative instruments to manage excessive risk concentrations when they arise.

**Market risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, credit risk and equity prices.

**Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The majority of interest rate exposure arises on investments in debt securities in the European Union and surrounding countries. Most of the Compartment's investments in debt securities carry variable interest rates and mature within seven years.

The following table demonstrates the sensitivity of the Compartment's profit or loss for the financial period to a reasonably possible change in interest rates, with all other variables held constant. There is no sensitivity effect on other comprehensive income as the Compartment has no assets classified as available for sale or designated hedging instruments. Therefore, the impact on equity is the same as the impact on the profit and loss

The sensitivity of the profit or loss for the financial period is the effect of the assumed changes in interest rates on the net interest income for one year, based on the variable rate financial assets held at the end of the reporting period.

In practice, the investment results may differ from the sensitivity analysis presented below.

	<b>Change in basis points</b>	<b>Sensitivity of interest income increase/(decrease)</b>	<b>As % of financial assets</b>
		<b>€000</b>	<b>%</b>
<b>31-Dec-13</b>			
EUR	+25 / -25	556 / (556)	0.1%
GBP	+25 / -25	137 / (137)	0.0%
USD	+25 / -25	18 / (18)	0.0%
CHF	+25 / -25	4 / (4)	0.0%
<b>31-Dec-12</b>			
EUR	+25 / -25	215 / (215)	0.2%
GBP	+25 / -25	20 / (20)	0.0%
USD	+25 / -25	19 / (19)	0.0%
Other	+25 / -25	4 / (4)	0.0%

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**16 Financial risk and management objectives and policies - (continued)**

**Interest rate risk - (continued)**

As 9% of the portfolio (on a fair value basis) has a fixed interest rate, and the Board does not consider it likely that interest rates will change significantly in the near future, the Board considers that a change of + 25 / -25 basis points would lead to an immaterial change in the aggregate portfolio value.

The following table analyses the Compartment's interest rate risk exposure. The Compartment's assets and liabilities are included at fair value and categorised by the earlier of contractual re-pricing or maturity dates.

*Interest rate risk exposure analysis 2013*

	<b>0-6 months</b>	<b>Non-interest bearing</b>	<b>Total</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>As at December 31, 2013</b>			
<b>Assets</b>			
Cash and cash equivalents	79,985	-	79,985
Interest and other receivables	12,565	493	13,058
Financial assets at fair value through profit or loss	461,092	-	461,092
<b>Total Assets</b>	<b>553,642</b>	<b>493</b>	<b>554,135</b>
<b>Liabilities</b>			
Other liabilities and accrued expenses	58,718	5,227	63,945
<b>Total liabilities</b>	<b>58,718</b>	<b>5,227</b>	<b>63,945</b>
<b>Total interest sensitivity gap</b>	<b>494,924</b>	<b>(4,734)</b>	<b>490,190</b>

*Interest rate risk exposure analysis 2012*

	<b>0-6 months</b>	<b>Non-interest bearing</b>	<b>Total</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>As at December 31, 2012</b>			
<b>Assets</b>			
Cash and cash equivalents	22,274	-	22,274
Interest and other receivables	5,948	60	6,008
Financial assets at fair value through profit or loss	111,117	-	111,117
<b>Total assets</b>	<b>139,339</b>	<b>60</b>	<b>139,399</b>
<b>Liabilities</b>			
Other liabilities and accrued expenses	18,779	2,119	20,898
<b>Total liabilities</b>	<b>18,779</b>	<b>2,119</b>	<b>20,898</b>
<b>Total interest sensitivity gap</b>	<b>120,560</b>	<b>(2,059)</b>	<b>118,501</b>

**Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Compartment invests in securities and other investments that are denominated in currencies other than the euro. Accordingly, the value of the Compartment's assets may be affected favourably or unfavourably by fluctuations in currency rates and therefore the Compartment will necessarily be subject to foreign exchange risks. The Compartment can have in place foreign exchange hedging strategies to mitigate the currency risk, please refer to Note 7 for more details, the impact of this hedging strategy has been included in the below estimates.

The following table indicates the currencies to which the Compartment had significant exposure as at 31 December on its financial assets and liabilities. The analysis calculates the total effect of a reasonably possible movement of the currency rate against the euro on the net assets attributable to PEC holders with all other variables held constant.

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**16 Financial risk and management objectives and policies - (continued)**

**Currency risk - (continued)**

Currency	Change in currency rate %	Effect on net assets attributable to PEC holders and on the change in net assets attributable to PEC holders from operations	
		2013 €000	2012 €000
GBP	10%	515	1,023
USD	10%	379	926
CHF	10%	36	-

An equivalent decrease in each of the aforementioned currencies against the euro would have resulted in an equivalent but opposite impact.

*Concentration of foreign currency exposure*

The following tables set out the Compartment's exposure to foreign currency exchange rates on monetary financial assets and liabilities and total financial assets and liabilities at the reporting date:

	31-Dec-13	31-Dec-12
	% of total financial assets	
<b>Financial assets</b>		
GBP	25%	11%
USD	6%	7%
CHF	0%	2%
	<b>31%</b>	<b>20%</b>
	31-Dec-13	31-Dec-12
	% of total financial liabilities	
<b>Financial liabilities</b>		
GBP	36%	26%
USD	1%	4%
	<b>37%</b>	<b>30%</b>

**Liquidity risk**

Liquidity risk is defined as the risk that the Compartment will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Compartment could be required to pay its liabilities or redeem its PECs earlier than expected. The Compartment is exposed to cash redemptions of its PECs on a quarterly basis. PECS are redeemable at the holder's option based on the Compartment's NAV per PEC at the time of redemption calculated in accordance with the Compartment's PPM. The Board of the Company has the ability to determine that a Redemption Deferral Event has occurred where there is insufficient liquidity to meet the redemption payments (please see the PPM for further details). In the prior year, there existed a restriction such that PECS totalling not more than 5% of the NAV at any one Dealing Date or more than 20% of NAV over the three previous Dealing Dates could be redeemed (please see the September 19, 2011 PPM for further details).

The Compartment manages its obligation to repurchase the PECs when required to do so and its overall liquidity risk by allowing for redemptions only quarterly, with eighty two days notice and subject to the restrictions detailed above, along with the redemption payment date falling ninety days after the applicable Dealing Date.

The Compartment's policy is to satisfy redemption requests by the following means (in decreasing order of priority): sourcing replacement investors; withdrawal of cash deposits; disposal of highly liquid assets (i.e. short-term, low-risk debt investments) and disposal of other assets.

The Compartment invests primarily in marketable securities and other financial instruments which, under normal market conditions, are readily convertible to cash. In addition, the Compartment's policy is to maintain sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests.

It is the Compartment's policy that the Investment Manager and a representative of the Board of Directors monitors the Compartment's liquidity position on a daily basis and that the Board of Directors reviews it on a monthly basis.

The following table summarises the maturity profile of the Compartment's PECs (classified as liability instruments) and financial liabilities. Balances due within one year equal their carrying amounts, as the impact of discounting is insignificant. The table also analyses the maturity profile of the Compartment's financial assets (undiscounted where appropriate) in order to provide a complete view of the Compartment's contractual commitments and liquidity.

**CVC European Credit Opportunities S.à r.l., in respect of its Compartment A**  
**Notes to the Financial Statements**

**For the year ended December 31, 2013 (Continued)**  
**(Expressed in EUR)**

**16 Financial risk and management objectives and policies - (continued)**

*Financial liabilities*

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When a counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Compartment can be required to pay.

Pursuant to the terms of the PPM, all PECs are redeemable on a quarterly basis, however the Board of Directors has the ability to determine a Redemption Deferral Event has occurred as and when there is insufficient liquidity to meet all the redemption payments, also certain significant PEC holders have certain restrictions which should result in a maximum 38% of the PECs owned by such PEC holder issued by the Compartment as at December 31, 2013 being redeemable in the next 12 months.

*Financial assets*

Analysis of debt securities at fair value through profit or loss into maturity groupings is based on the expected date on which these assets will be realised. For other assets, the analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or, if earlier, the expected date on which the assets will be realised.

A significant proportion of the assets and liabilities are expected to be realised or settled, respectively, within no more than 10 years after the reporting date.

*Liquidity risk exposure analysis*

	Within 1 year	1-10 years	Greater than 10 years	Total
<b>As at December 31, 2013</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>Financial assets</b>				
Cash and cash equivalents	79,985	-	-	79,985
Other receivables and prepayments	13,058	-	-	13,058
Derivative financial instruments	3,378	-	-	3,378
Financial assets at fair value through profit or loss	11,785	432,339	16,968	461,092
<b>Total undiscounted financial assets</b>	<b>108,206</b>	<b>432,339</b>	<b>16,968</b>	<b>557,513</b>
<b>Financial liabilities</b>				
Derivative financial instruments	1,263	-	-	1,263
Management and performance fees payable	1,174	-	-	1,174
Administration fees payable	329	-	-	329
Other payables and accrued expenses	62,442	-	-	62,442
Net assets attributable to PEC holders *	492,305	-	-	492,305
<b>Total undiscounted financial liabilities</b>	<b>557,513</b>	<b>-</b>	<b>-</b>	<b>557,513</b>
<b>Liquidity gap</b>	<b>(449,307)</b>	<b>432,339</b>	<b>16,968</b>	<b>-</b>

*Liquidity risk exposure analysis*

	Within 1 year	1-7 years	Total
<b>As at December 31, 2012</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>Financial assets</b>			
Cash and cash equivalents	22,274	-	22,274
Other receivables and prepayments	6,008	-	6,008
Financial assets at fair value through profit or loss	626	110,491	111,117
<b>Total undiscounted financial assets</b>	<b>28,908</b>	<b>110,491</b>	<b>139,399</b>
<b>Financial liabilities</b>			
Management and performance fees payable	1,760	-	1,760
Administration fees payable	109	-	109
Other payables and accrued expenses	19,029	-	19,029
Net assets attributable to PEC holders *	7,589	101,011	108,600
<b>Total undiscounted financial liabilities</b>	<b>28,487</b>	<b>101,011</b>	<b>129,498</b>
<b>Liquidity gap</b>	<b>421</b>	<b>9,480</b>	<b>9,901</b>

\* Please see the first paragraph of this section on liquidity risk for further information on the rights of redemption of the PEC holders pursuant to the terms of the PPM.

**CVC European Credit Opportunities S.à r.l., in respect of its Compartment A**  
**Notes to the Financial Statements**

**For the year ended December 31, 2013 (Continued)**  
**(Expressed in EUR)**

**16 Financial risk and management objectives and policies - (continued)**

**Credit risk**

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Compartment by failing to discharge an obligation.

The Compartment is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations. These credit exposures exist within financing relationships, derivatives and other transactions.

It is the Compartment's policy to enter into financial instruments with reputable counterparties.

The Investment Manager and the Investment Services Manager closely monitor the creditworthiness of the Compartment's counterparties (e.g. banks, money market funds and the issuers of the debt securities) by a combination of reviewing their credit ratings, financial statements and press releases on a regular basis.

The following table analyses the Compartment's maximum exposure to credit risk, which is the instrument's carrying amount in the financial statements.

	<b>31-Dec-13</b>	<b>31-Dec-12</b>
	<b>€000</b>	<b>€000</b>
Cash and cash equivalents	79,985	22,274
Other receivables and prepayments	13,058	6,008
Derivative financial instruments	3,378	-
Interest bearing securities designated at fair value through profit or loss	461,092	111,117
<b>Total credit risk exposure</b>	<b><u>557,513</u></b>	<b><u>139,399</u></b>

**Risk concentrations of the maximum exposure to credit risk**

Concentration of credit risk is managed by the Investment Manager and the Investment Services Manager by monitoring the exposure to counterparty, geographical region and industry sector.

The Compartment has no counterparty comprising more than 6% of the whole portfolio as at December 31, 2013 (2012: 5%).

**Risk concentrations of the maximum exposure to credit risk - (continued)**

The following table analyses the concentration of credit risk in the Compartment's debt portfolio by geographical distribution (based on counterparties' country of domicile):

	<b>31-Dec-13</b>	<b>31-Dec-12</b>
	<b>% of debt securities</b>	
European Union (excluding United Kingdom) and European Economic Area	61%	72%
United Kingdom and British Isles	35%	26%
United States of America	4%	1%
Others	0%	1%
	<b><u>100%</u></b>	<b><u>100%</u></b>

The following table analyses the concentration of credit risk in the Compartment's debt portfolio by industrial distribution.

	<b>31-Dec-13</b>	<b>31-Dec-12</b>
	<b>% of debt securities</b>	
Broadcasting and entertainment	10%	10%
Chemicals, plastics and rubber	10%	13%
Retail	9%	5%
Buildings and Real Estate	7%	3%
Leisure, Amusement, Motion Pictures, Entertainment	7%	7%
Telecommunications	7%	20%
Other	50%	42%
	<b><u>100%</u></b>	<b><u>100%</u></b>



**CVC European Credit Opportunities S.à r.l., in respect of its Compartment A**  
**Notes to the Financial Statements**

**For the year ended December 31, 2013 (Continued)**  
**(Expressed in EUR)**

**17 Personnel**

The Compartment did not employ any personnel during the period.

**18 Commitments and contingencies**

Apart from the commitment under the redemption of the PECs as disclosed in Note 10, there are no other commitments or contingencies at the reporting date.

**19 Related party disclosures**

The following parties are considered related parties of the Compartment.

*Investment Manager*

CVC Credit Partners Investment Services Management Limited (CCPISM) is an investor into the Series 1 PECs issued by the Company and is also the Investment Services Manager of the Company under the Investment Services Agreement dated September 19, 2011 under which CCPISM has the right to receive the Management Fee, Performance Fee and Redemption Fee as detailed below. Each of S. Riley, D. Maccabe and B. Bradkin are members of the Board of directors of CCPISM.

*Management fees*

The amount recognised for Management Fees for the period ended December 31, 2013 in the income statement was € 3,016,341 (2012: € 1,161,274) of which € 411,510 remains outstanding as at December 31, 2013 (2012: € 295,926). The fees are calculated based on a percentage of 1% of the gross asset value of each Series, depending on the quantum of PECs the subscriber currently holds, payable monthly in arrears (please refer to the PPM for further details on the calculation).

*Performance fees*

The amount recognised for Performance Fee for the period ended December 31, 2013 was € 1,331,900 (2012: € 2,749,526), of which € 762,029 remains outstanding as at December 31, 2013 (2012: € 1,464,011). The Performance Fee is calculated based on a percentage multiplied by the net realised and unrealised increase in value over and above the High Water Mark of each Series, subject to the appreciation in value exceeding the Hurdle Amount, payable annually in arrears (please refer to the PPM for further details on the calculation).

*Redemption fees*

Redemption Fees are payable only on the early redemption of the PECs at the option of the holder, there is no accrual for Redemption Fees as at December 31, 2013 (2012: € nil).

*Other related party transactions*

During 2013 the Compartment subscribed for debt at primary issuance from the following companies: the AA, BJ's Wholesale Club, Cerved Technologies, Domestic and General, Gabriel, Ista and Sunrise. CVC Capital Partners has an interest in these companies. These positions were entered into pari pasu with third party investors.

**20 Post balance sheet events**

During January 2014, the Compartment paid an income distribution of € 6.1m to the PEC holders.

**FINANCIAL INFORMATION OF THE INVESTMENT VEHICLE FOR THE YEARS ENDED  
31 DECEMBER 2012 AND 31 DECEMBER 2011**

The information contained in this section has been incorporated by reference from the prospectus of the Company dated 12 June 2013 (the “**IPO Prospectus**”). Where information contained in the IPO Prospectus has not been incorporated by reference, it is not relevant to investors in the Placing Programme or is otherwise covered in this Prospectus.

**1. STATUTORY ACCOUNTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2011**

**1.1 General**

Statutory accounts of the Investment Vehicle prepared in accordance with IFRS for the financial years ended 31 December 2012 and 31 December 2011, in respect of which the Investment Vehicle’s auditors, Ernst & Young S.A., 7, rue Gabriel Lippmann, Parc d’Activité Syrdall 2, L-5365 Munsbach, Luxembourg, made unqualified reports, have been delivered to the Luxembourg register of companies.

**1.2 Historical financial information**

The financial information on the Investment Vehicle set out in the IPO Prospectus for the financial years ended 31 December 2012 and 31 December 2011 (which has been incorporated in this document by reference) included, on the pages specified in the table below, the following information:

	<u>Year ended 31 December 2012</u>
Statement of comprehensive income . . . . .	page 182
Statement of financial position . . . . .	page 183
Statement of cash flows . . . . .	page 184
Notes to financial statements . . . . .	pages 185 to 203
Summary of significant accounting policies . . . . .	pages 186 to 189
Independent auditor’s report . . . . .	pages 180 to 181
Related party disclosures . . . . .	pages 202 to 203

**1.3 Selected financial information**

The key audited figures that summarise the financial condition of the Investment Vehicle in respect of the financial years ended 31 December 2012 and 31 December 2011 which have been extracted without material adjustment from the historical financial information referred to in paragraph 1.2 of this Part XII of this Prospectus are set out in the following table:

	<u>Notes</u>	<u>31-Dec-12</u>	<u>31-Dec-11</u>
		€000	€000
<b>Assets</b>			
Financial assets at fair value through profit or loss . . . . .	6,7,10	111,117	95,425
Other receivables and prepayments . . . . .	8	6,008	1
Cash and cash equivalents . . . . .	9	<u>22,274</u>	<u>27,582</u>
<b>Total assets</b> . . . . .		<b><u>139,399</u></b>	<b><u>123,008</u></b>
<b>Liabilities</b>			
Management and performance fees payable . . . . .	19	1,760	302
Custodian and administration fees payable . . . . .		109	105
Other payables and accrued expenses . . . . .	12	<u>19,029</u>	<u>15,190</u>
<b>Total liabilities (excluding net assets attributable to the PEC holders)</b> . . . . .		<b><u>20,898</u></b>	<b><u>15,597</u></b>
<b>Net assets attributable to the PEC holders</b> . . . . .	11	<b><u>118,501</u></b>	<b><u>107,411</u></b>

#### 1.4 **Availability of statutory accounts for inspection**

Copies of the IPO Prospectus (containing the statutory accounts of the Investment Vehicle for the financial periods ending 31 December 2012 and 31 December 2011) are available for inspection at the address set out in paragraph 15 of Part IX of this Prospectus. The sections of the statutory accounts deemed relevant to investors for the purposes of this Prospectus have been incorporated by reference in paragraph 1 of this Part XII of this Prospectus, the sections which have not been incorporated are not deemed relevant to investors for the purposes of this Prospectus.

## **PART XIII: TERMS AND CONDITIONS OF THE CONTRACTUAL QUARTERLY TENDERS**

### **1. ANNUAL CIRCULARS**

- 1.1 Shareholders have no right to have their Shares repurchased or redeemed, however, subject to Shareholder approval, the Directors will offer Contractual Quarterly Tenders which will be subject to the terms and conditions set out in this Part XIII of this Prospectus and in the Annual Circular to be distributed to Shareholders in advance of each annual general meeting.
- 1.2 Each Annual Circular will be accompanied by a Tender Form which may be used in respect of any of the four Contractual Quarterly Tenders which, if approved by Shareholders, would occur in the year to which that Annual Circular relates. Annual Circulars and Tender Forms will be available for download from the Company's Website and will be available in hard copy upon request from the Registrar.
- 1.3 The terms and conditions of each Contractual Quarterly Tender contained in an Annual Circular will be substantially the same as set out in this Part XIII of this Prospectus, but will provide the specific terms, including all relevant dates for Shareholder actions, for each of the four Contractual Quarterly Tenders to which that Annual Circular relates (the "**Tender Terms and Conditions**").
- 1.4 Changes of a technical or administrative nature to the Tender Terms and Conditions may be made at the Directors' discretion and will be published as the Company's Website. Shareholders accepting a tender offer will be deemed to have accepted such changes, if any.

### **2. CONTRACTUAL QUARTERLY TENDERS**

- 2.1 When the Company is conducting a Contractual Quarterly Tender, all Shareholders (other than Restricted Shareholders) who held Shares on the relevant Quarter Record Date may tender Shares for purchase by the Company subject to the Tender Terms and Conditions.
- 2.2 Shareholders are not obliged to tender any Shares during a Contractual Quarterly Tender.
- 2.3 The Company will calculate the Tender Price for each Contractual Quarterly Tender as at the relevant NAV Determination Date. Tender Purchases will be made at the Tender Price. The calculations approved by the Directors will be conclusive and binding on all Shareholders.
- 2.4 The consideration for each Tender Purchase will be paid in accordance with the settlement procedures set out in paragraph 6.4 in this Part XIII of this Prospectus.
- 2.5 Subject to the Restrictions, on a Contractual Quarterly Tender becoming unconditional and unless such Contractual Quarterly Tender has been terminated in accordance with the provisions of the section entitled "Termination of a Contractual Quarterly Tender" in this Part XIII of this Prospectus, the Company will purchase the validly and successfully tendered Shares of Shareholders in accordance with the Tender Terms and Conditions.
- 2.6 C Shares are not eligible for Contractual Quarterly Tenders.

### **3. CONDITIONS AND RESTRICTIONS ON CONTRACTUAL QUARTERLY TENDERS**

- 3.1 Whether tender offers are made and the Company's authority to operate the Contractual Quarterly Tender facility each year is conditional on the approval by Shareholders by way of a Special Resolution, which will be presented at each annual general meeting or at an extraordinary general meeting held around the time of the relevant annual general meeting.
- 3.2 Tender Purchases are conditional on satisfaction of the Realisation Condition.
- 3.3 A Tender Purchase may not be made to the extent that such Tender Purchase would cause the Company to exceed the Quarterly Restriction.
- 3.4 A Tender Purchase may not be made to the extent that such Tender Purchase would cause the Company to exceed the Annual Restriction.
- 3.5 A Tender Purchase may not be made to the extent that a Gating/Suspension Restriction is in place and the Company is accordingly unable to make a pro rata Investment Vehicle Redemption for such Tender Purchase.
- 3.6 The Company will not purchase any Shares pursuant to a particular Contractual Quarterly Tender unless the conditions in this paragraph 3 of this Part XIII of this Prospectus are satisfied.

- 3.7 The conditions and Restrictions may not be waived by the Company, save with the prior approval of Shareholders by a Special Resolution, which may be general or specific in nature.

#### **4. BASIC ENTITLEMENT AND EXCESS TENDERS**

- 4.1 In respect of each Contractual Quarterly Tender, each Shareholder (other than a Restricted Shareholder) whose name appears on the register at the relevant Quarter Record Date will be entitled to sell to the Company up to their Basic Entitlement, unless such percentage is subject to any Pro Rata Scaling Back to comply with the Annual Restriction and/or a Gating/Suspension Restriction.
- 4.2 Shareholders will be entitled to sell more Shares than their Basic Entitlement, but such orders will only be filled by the Company to the extent that other Shareholders tender less than the aggregate of their Basic Entitlements. In these circumstances, excess Tender Requests will be satisfied pro rata and in proportion to the amounts of Shares tendered by each relevant Shareholder in excess of their Basic Entitlement (rounded down to the nearest whole number of Shares).
- 4.3 To the extent that a Shareholder's Tender Requests are subject to a Pro Rata Scaling Back because of a breach of the Quarterly Restriction or the Gating/Suspension Restriction has been imposed, that Shareholder may request that the residual Shares tendered but not purchased are retained in escrow until the next Contractual Quarterly Tender. At such next Contractual Quarterly Tender, those Shares will then be repurchased by the Company in priority to Shares tendered for repurchase during the normal time frame for that Contractual Quarterly Tender.
- 4.4 Registered Shareholders who hold Shares for multiple beneficial owners may decide the allocation between such beneficial owners at their own discretion.

#### **5. PROCEDURE FOR TENDERING SHARES**

##### **5.1 Shares held in certificated form (that is, not in CREST)**

###### **5.1.1 Completion of Tender Forms**

If Shares are held in certificated form, separate Tender Forms should be completed for Shares held under different designations. Additional Tender Forms will be available from the Receiving Agent, whose details will be provided in the relevant Annual Circular and on the Company's Website.

###### **5.1.2 Return of Tender Forms**

The completed and signed Tender Form should be sent either by post using your own envelope or delivering by hand (during normal business hours) to the Receiving Agent, whose details will be provided in the relevant Annual Circular, so as to arrive no later than the time and date specified for the relevant Contractual Quarterly Tender in the Annual Circular (the "**Submission Deadline**"). No Tender Forms received after a relevant Submission Deadline will be accepted. No acknowledgement of receipt of documents will be given. Any Tender Form received in an envelope postmarked from a Restricted Territory or otherwise appearing to the Company or its agents to have been sent from any Restricted Territory may be rejected as an invalid tender. Further provisions relating to Restricted Shareholders are contained in the section entitled "Restricted Shareholders and Overseas Shareholders" in this Part XIII of this Prospectus.

The completed and signed Tender Form should be accompanied by the relevant share certificate(s) and/or other document(s) of title. If share certificate(s) and/or other document(s) of title are not readily available (for example, if they are with a stockbroker, bank or other agent), the Tender Form should nevertheless be completed, signed and returned as described above so as to be received by the Receiving Agent no later than the relevant Submission Deadline together with any share certificate(s) and/or other document(s) of title the Shareholder may have available, accompanied by a letter stating that the (remaining) share certificate(s) and/or other document(s) of title will be forwarded as soon as possible thereafter and, in any event, not later than the relevant Submission Deadline.

The Receiving Agent, acting as each Shareholder's agent, will effect such procedures as are required to transfer the Shareholder's Shares to the Company under the Contractual Quarterly Tender.

If Share certificate(s) and/or other document(s) of title have been lost, the Shareholder should either call the Receiving Agent using the telephone numbers provided in the relevant Annual Circular or write to the Receiving Agent at the address provided in the relevant Annual Circular for a letter of indemnity in respect of the lost share certificate(s) and/or any other document(s) of title which, when completed in accordance with the instructions given, should be returned to the Receiving Agent at the address provided in the relevant Annual Circular so as to be received no later than the relevant Submission Deadline.

## 5.2 **Shares held in uncertificated form (that is, in CREST)**

### 5.2.1 Completion of TTE Instruction

If the Shares to be tendered are held in uncertificated form, each Shareholder should take (or procure to be taken) the action set out below to transfer (by means of a TTE Instruction) the number of Shares which such Shareholder wishes to tender in respect of a Contractual Quarterly Tender to an escrow balance, specifying the Receiving Agent under its participant ID (referred to below) as the escrow agent, as soon as possible and, in any event, so that the transfer to escrow settles not later than the relevant Submission Deadline.

Shareholders who are CREST sponsored members should refer to their CREST sponsor before taking any action. The CREST sponsor will be able to send the TTE Instruction to Euroclear in relation to the Shares which the Shareholder wishes to tender.

Shareholders should send (or, if a Shareholder is a CREST sponsored member, procure that their CREST sponsor sends) a TTE Instruction to Euroclear, which must be properly authenticated in accordance with Euroclear's specification and which must contain, in addition to the other information that is required for the TTE Instruction to settle in CREST, the following details:

- the ISIN number for the Shares, this is JE00B9G79F59 in relation to the Euro Shares and JE00B9MRHZ51 in relation to the Sterling Shares;
- the number of Shares to be transferred to an escrow balance;
- the Shareholder's member account ID;
- the Shareholder's participant ID;
- the Receiving Agent's participant ID as the escrow agent (whose details are set out in the Annual Circular);
- the Receiving Agent's member account ID of the escrow agent (whose details are set out in the Annual Circular);
- the Corporate Action Number for the Contractual Quarterly Tender. This is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST;
- the intended settlement date for the transfer to escrow. This should be as soon as possible and in any event no later than the relevant Submission Deadline; and
- input with standard delivery instruction priority of 80.

After settlement of the TTE Instruction, Shareholders will not be able to access the Shares concerned in CREST for any transaction or for charging purposes, notwithstanding that they will be held by the Receiving Agent as agent of the Shareholder until completion or termination or lapse of the relevant Contractual Quarterly Tender. If a Contractual Quarterly Tender becomes unconditional, the Receiving Agent will transfer the Shares which are accepted for purchase by the Company to itself as the Shareholder's agent for onward sale to the Company.

Shareholders are recommended to refer to the CREST Manual published by Euroclear for further information on the CREST procedures outlined above.



Shareholders should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE Instruction and its settlement. Shareholders should therefore ensure that they (or their CREST sponsor) take all necessary action to enable a TTE Instruction relating to their Shares to settle prior to the relevant Submission Deadline. In connection with this, Shareholders are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

#### 5.2.2 *Deposits of Shares into, and withdrawals of Shares from, CREST*

Normal CREST procedures (including timings) apply in relation to any Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of a Contractual Quarterly Tender (whether such conversion arises as a result of a transfer of Shares or otherwise). Shareholders who are proposing to convert any such Shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Shares as a result of the conversion to take all necessary steps in connection with such person's participation in the Contractual Quarterly Tender (in particular, as regards delivery of share certificate(s) and/or other document(s) of title or transfers to an escrow balance as described above) prior to the relevant Submission Deadline.

### 5.3 **Validity of Tender Forms and TTE Instructions**

- 5.3.1 Notwithstanding the powers in paragraph 10.4 in this Part XIII of this Prospectus, the Company reserves the right to treat as valid only Tender Forms and TTE Instructions which are received entirely in order by the relevant Submission Deadline, which are accompanied (in the case of Shares held in certificated form) by the relevant share certificate(s) and/or other document(s) of title or a satisfactory indemnity in lieu thereof.
- 5.3.2 Notwithstanding the completion of a valid Tender Form or TTE Instruction, a Contractual Quarterly Tender may terminate in accordance with the Tender Terms and Conditions.
- 5.3.3 The decision of the Company as to which Shares have been validly tendered shall be conclusive and binding on Shareholders who participate in a Contractual Quarterly Tender.
- 5.3.4 Shareholders should contact the Receiving Agent using the details provided in the relevant Annual Circular if they are in any doubt as to how to complete the Tender Form or submit a TTE Instruction or as to the procedures for tendering Shares. Shareholders who are CREST sponsored members should contact their CREST sponsor before taking any action.

### 6. **ANNOUNCEMENT OF THE TENDER PRICE AND SETTLEMENT**

- 6.1 Unless terminated in accordance with the provisions set out in the section entitled "Termination of a Contractual Quarterly Tender" in this Part XIII of this Prospectus, a Contractual Quarterly Tender will close for Shareholders at the Submission Deadline specified for that Contractual Quarterly Tender in the relevant Annual Circular. It is expected that on the next Business Day following each NAV Determination Date specified in an Annual Circular, the Company will make a public announcement of the Tender Price for the relevant Contractual Quarterly Tender, the total number of Shares tendered in that quarter and, if applicable, either the extent to which Tender Requests will be subject to a Pro Rata Scaling Back, or the aggregate number of Shares tendered for purchase in excess of Shareholders' Basic Entitlements which will be purchased by the Company from those Shareholders who submitted Tender Requests in excess of their Basic Entitlement.
- 6.2 Delivery of cash to Shareholders for the Shares to be purchased pursuant to a Contractual Quarterly Tender will be made by the Receiving Agent. The Receiving Agent will act as agent for tendering Shareholders for the purpose of receiving the cash and transmitting such cash to tendering Shareholders. Under no circumstances will interest be paid on the cash to be paid by the Company or the Receiving Agent regardless of any delay in making such payment.
- 6.3 If any tendered Shares are not purchased because of an invalid tender, the termination of a Contractual Quarterly Tender or otherwise, relevant share certificate(s) and/or other document(s) of title, if any, will be returned or sent as promptly as practicable, without expense to, but at the risk of,

the relevant tendering Shareholder, or in the case of Shares held in uncertificated form (that is, in CREST), the Receiving Agent will provide instructions to Euroclear to transfer all Shares held in escrow balances by a transfer from escrow instruction (“**TFE Instruction**”) to the original available balances to which those Shares relate.

6.4 For each Contractual Quarterly Tender, settlement of the consideration to which any Shareholder is entitled pursuant to valid Tender Requests accepted by the Company is expected to be made at the Share Sale Settlement Date specified for that Contractual Quarterly Tender in the relevant Annual Circular as follows:

6.4.1 *Shares held in certificated form (that is, not in CREST)*

Where an accepted Tender Request relates to Shares held in certificated form, cheques for the consideration due will be despatched by the Receiving Agent by first class post to the person or agent whose name and address is set out in Box 1 (or, if relevant, Box 3) of the Tender Form or, if none is set out, to the registered address of the tendering Shareholder shown in Box 2 of the Tender Form or, in the case of joint holders, the address of the Shareholder first named in the Register. All cash payments will be made in the currency to which the tendered Shares correspond by cheque drawn on a branch of a UK clearing bank.

6.4.2 *Shares held in uncertificated form (that is, in CREST)*

Where an accepted Tender Request relates to Shares held in uncertificated form, the consideration due will be paid by means of CREST by the Company procuring the creation of a CREST payment in favour of the tendering Shareholder’s payment bank in accordance with the CREST payment arrangements.

6.4.3 *Timing of settlement*

The payment of any consideration to Shareholders for Tender Purchases will be made only after the relevant TTE Instruction has settled or (as the case may be) timely receipt by the Receiving Agent of share certificate(s) and/or other requisite document(s) of title evidencing such Shares and any other documents required for a Contractual Quarterly Tender.

6.5 If only part of a Shareholding is sold in a Contractual Quarterly Tender or if, because of any Pro Rata Scaling Back, any Shares tendered are not purchased during a Contractual Quarterly Tender, then:

6.5.1 where the Shares are held in certificated form, the relevant Shareholder will be entitled to receive a balance share certificate in respect of the remaining Shares;

6.5.2 where the Shares are held in uncertificated form (that is, in CREST) the unsold Shares will be transferred by the Receiving Agent by means of a TFE Instruction to the original available balance from which those Shares came; or

6.5.3 where such Pro Rata Scaling back is due to the Quarterly Restriction or the Gating/Suspension Restriction, unsold Shares of tendering Shareholders who have requested that such Shares are submitted for the next Contractual Quarterly Tender will be held in escrow and will be repurchased by the Company on a preferential basis in the next Contractual Quarterly Tender.

## 7. **TENDER FORM AND TTE INSTRUCTION**

Each Shareholder by whom, or on whose behalf, a Tender Form and/or TTE Instruction (as applicable) is executed, irrevocably undertakes, represents, warrants and agrees to and with the Company (so as to bind himself, and his respective personal representatives, heirs, successors and assigns) that:

7.1 the execution of the Tender Form or TTE Instruction shall constitute an offer to sell to the Company such Shareholder’s Basic Entitlement or, if relevant, the number of Shares inserted in Box 1B of the Tender Form or submitted in the TTE Instruction (as applicable), on and subject to the Tender Terms and Conditions and, once a Tender Form and/or TTE Instruction is submitted, such offer shall be irrevocable;

- 7.2 such Shareholder has full power and authority to tender, sell, assign or transfer the Shares in respect of which such offer is accepted (together with all rights attaching thereto) and, when the same are purchased by the Company, the Company will acquire such Shares with full title guarantee and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after the relevant Share Sale Settlement Date, including the right to receive all dividends and other distributions declared, paid or made after that date;
- 7.3 the execution of the Tender Form or the input of a TTE Instruction will, subject to the Contractual Quarterly Tender becoming unconditional, constitute the irrevocable appointment of any Director or officer of the Company as such Shareholder's attorney and/or agent, and an irrevocable instruction to the attorney to complete and execute all or any instruments of transfer and/or other documents at the attorney's discretion in relation to the Shares referred to in paragraph 7.1 in this Part XIII of this Prospectus in favour of the Company or such other person or persons as the Company may direct and to deliver such instrument(s) of transfer and/or other documents at the discretion of the attorney, together with the share certificate(s) and/or other document(s) of title relating to such Shares, for registration within six months of the Contractual Quarterly Tender becoming unconditional and to do all such other acts and things as may in the opinion of such attorney be necessary or expedient for the purpose of, or in connection with, the Contractual Quarterly Tender and to vest such Shares in the Company or its nominee(s) or such other person(s) as the Company may direct;
- 7.4 such Shareholder will ratify and confirm each and every act or thing which may be done or effected by the Company or any of its Directors or any person nominated by the Company in the proper exercise of its or their powers and/or authorities hereunder;
- 7.5 if such Shareholder holds Shares in certificated form, he will deliver to the Receiving Agent his share certificate(s) and/or other document(s) of title in respect of the Shares referred to in paragraph 7.1 in this Part XIII of this Prospectus, or an indemnity acceptable to the Receiving Agent in lieu thereof, or will procure the delivery of such document(s) to such person as soon as possible thereafter and, in any event, no later than the relevant Submission Deadline;
- 7.6 such Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by the Company to be desirable, in each case to complete the purchase of the successfully tendered Shares and/or to perfect any of the authorities expressed to be given hereunder;
- 7.7 such Shareholder, if an Overseas Shareholder, has fully observed any applicable legal requirements and that the invitation under a Contractual Quarterly Tender may be made to and accepted by him under the laws of the relevant jurisdiction;
- 7.8 such Shareholder has not received or sent copies or originals of an Annual Circular or the Tender Form or any related documents to a Restricted Territory and has not otherwise utilised in connection with a Contractual Quarterly Tender, directly or indirectly, the mails or any means or instrumentality (including, without limitation, facsimile transmission, internet, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of any Restricted Territory, that the Tender Form has not been mailed or otherwise sent in, into or from any Restricted Territory and that such Shareholder is not accepting a Contractual Quarterly Tender from any Restricted Territory;
- 7.9 the provisions of the Tender Form shall be deemed to be incorporated into the Tender Terms and Conditions;
- 7.10 in the case of Shares held in certificated form, the despatch of cheques in respect of the Tender Price to such Shareholder at their registered address or such other relevant address as may be specified in the Tender Form will constitute a complete discharge by the Company of its obligations to make such payments to such Shareholder;
- 7.11 in the case of Shares held in uncertificated form (that is, in CREST), the creation of a CREST payment in favour of such Shareholder's payment bank in accordance with the CREST payment arrangements as referred to in the section entitled "Announcement of the Tender Price and Settlement" in this Part XIII of this Prospectus will, to the extent of the obligations so created, discharge fully any obligation of the Company to pay to such Shareholders the cash consideration to which they are entitled in a Contractual Quarterly Tender;

- 7.12 on execution, the Tender Form takes effect as a deed; and
- 7.13 the execution of the Tender Form or the input of a TTE Instruction constitutes such Shareholder's submission to the jurisdiction of the courts of England and Wales in relation to all matters arising out of or in connection with a Contractual Quarterly Tender.

A reference in this paragraph 7 of this Part XIII of this Prospectus to a Shareholder includes a reference to the person or persons executing the Tender Form or submitting a TTE Instruction and in the event of more than one person executing a Tender Form or submitting a TTE Instruction, the provisions of this paragraph 7 of this Part XIII of this Prospectus will apply to them jointly and to each of them.

## **8. ADDITIONAL PROVISIONS**

- 8.1 When a Contractual Quarterly Tender takes place, Shareholders (other than a Restricted Shareholder) will be entitled, subject to the conditions and the Restrictions, to have accepted valid tenders to the Company up to their Basic Entitlement. In addition, Shareholders may tender Shares in excess of their Basic Entitlement where other Shareholders tender less than their Basic Entitlement and subject to the Pro Rata Scaling Back of Tender Requests, as set out in paragraph 4.1 in this Part XIII of this Prospectus. If in the Receiving Agent's determination (in its absolute discretion) Box 1 of any Tender Form has not been validly completed in respect of the number of Shares to be tendered, provided that that Tender Form is otherwise in order and accompanied by all other relevant documents, the relevant Shareholders may be deemed to have tendered such numbers of Shares as are equal to their respective Basic Entitlements.
- 8.2 Shares sold by Shareholders pursuant to a Contractual Quarterly Tender will be acquired with full title guarantee and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after the Share Settlement Date, including the right to receive all dividends and other distributions declared, paid or made after that date.
- 8.3 Shareholders who tender or procure the tender of Shares will thereby be deemed to have agreed that, in consideration of the Company agreeing to process their Tender Request, such Shareholders will not revoke their tender or withdraw their Shares. Shareholders should note that once tendered, Shares may not be sold, transferred, charged or otherwise disposed of.
- 8.4 Any omission to despatch an Annual Circular or the Tender Form or any notice required to be despatched under the terms of a Contractual Quarterly Tender to, or any failure to receive the same by, any person entitled to participate in a Contractual Quarterly Tender shall not invalidate a Contractual Quarterly Tender in any way or create any implication that a Contractual Quarterly Tender has not been made to any such person.
- 8.5 No acknowledgement of receipt of any Tender Form, TTE Instruction, share certificate(s) and/or other document(s) of title will be given. All communications, notices, certificates, documents of title and remittances to be delivered by or sent to or from Shareholders (or their designated agents) will be delivered by or sent to or from such Shareholders at their own risk.
- 8.6 All powers of attorney and authorities on the terms conferred by or referred to in this Part XIII of this Prospectus or in the Tender Form are given by way of security for the performance of the obligations of the Shareholders concerned and are irrevocable in accordance with section 4 of the Powers of Attorney Act 1971.
- 8.7 Subject to paragraphs 10 and 11 of this Part XIII of this Prospectus, all Tender Requests in relation to certificated Shareholders must be made on the relevant prescribed Tender Form, fully completed in accordance with the instructions set out thereon which constitute part of the Tender Terms and Conditions of a Contractual Quarterly Tender and, for uncertificated holders, a TTE Instruction must be submitted in accordance with the instructions provided in paragraph 5.2 of this Part XIII of this Prospectus. A Tender Form or TTE Instruction will only be valid when the procedures contained in the Tender Terms and Conditions and in the Tender Form or TTE Instruction are complied with. Each Contractual Quarterly Tender will be governed by and construed in accordance with the laws of England and Wales.
- 8.8 If a Contractual Quarterly Tender is terminated in accordance with the Tender Terms and Conditions, all documents lodged pursuant to a Contractual Quarterly Tender will be returned promptly by post, within 14 Business Days of a Contractual Quarterly Tender terminating, the

person or agent whose name and address is set out in Box 1 (or, if relevant, Box 3) of the Tender Form or, if none is set out, to the registered address of the tendering Shareholder shown in Box 2 of the Tender Form or, in the case of joint holders, the address of the Shareholder first named in the Register. In the case of Shares held in uncertificated form, the Receiving Agent in its capacity as the escrow agent will, within 14 Business Days of a Contractual Quarterly Tender terminating, give instructions to Euroclear to transfer all Shares held in escrow balances and in relation to which it is the escrow agent for the purposes of a Contractual Quarterly Tender by TFE Instruction to the original available balances from which those Shares came. In any of these circumstances, Tender Forms and TTE Instructions will cease to have any effect.

- 8.9 The instructions, terms, provisions and authorities contained in or deemed to be incorporated in the Tender Form shall constitute part of the Tender Terms and Conditions. The definitions set out in an Annual Circular apply to all Tender Terms and Conditions of Contractual Quarterly Tenders during the year to which that Annual Circular relates, including the Tender Form.
- 8.10 Subject to the sections entitled “Miscellaneous” and “Restricted Shareholders and Overseas Shareholders” in this Part XIII of this Prospectus, a Contractual Quarterly Tender is open to those Shareholders whose name appeared on the register on the relevant Quarter Record Date. A Contractual Quarterly Tender will close at the time and date specified in the Annual Circular relating to that Contractual Quarterly Tender. Subject to paragraphs 5.1.2 and 10.4 in this Part XIII of this Prospectus, no Tender Form, share certificate(s) and/or other document(s) of title or indemnity or TTE Instruction received after that time will be accepted.
- 8.11 Further copies of Annual Circulars and copies of the Tender Forms may be obtained on request from the Receiving Agent at the address set out in the Tender Form and on the Company’s Website.

## **9. TERMINATION OF A CONTRACTUAL QUARTERLY TENDER**

- 9.1 A Contractual Quarterly Tender will terminate if, at any time prior to effecting the purchase of the successfully tendered Shares:
- 9.1.1 the Company and/or the Investment Vehicle suspends the calculation of their respective NAVs for any reason;
- 9.1.2 the Investment Vehicle notifies the Company that it has suspended redemptions.
- 9.2 If the Contractual Quarterly Tender terminates in accordance with this paragraph 9 of this Part XIII of this Prospectus, the Company shall by an RIS announcement withdraw a Contractual Quarterly Tender and, in such event, a Contractual Quarterly Tender shall cease and determine absolutely.

## **10. MISCELLANEOUS**

- 10.1 Any change to the terms, or any extension or termination of a Contractual Quarterly Tender will be followed as promptly as practicable by an RIS announcement thereof, to be issued by no later than 3.00 p.m. on the Business Day following the date of such change. In such cases, the definitions, times and dates mentioned in relation to a Contractual Quarterly Tender in the relevant Annual Circular shall be deemed to be adjusted accordingly. References to the making of an announcement by the Company include the release of an announcement on behalf of the Company by the Registrar to the press and the delivery of, or telephone or facsimile or other electronic transmission of, such announcement to an RIS of the London Stock Exchange.
- 10.2 Shares purchased pursuant to a Contractual Quarterly Tender will, following the completion of such Tender Purchase, be acquired by the Company and such Shares will subsequently be held in treasury.
- 10.3 The expenses of a Contractual Quarterly Tender (including stamp duty, and Portfolio realisation costs) together with the applicable VAT will be borne by the tendering Shareholders and the Company will also levy a €1,000 administration charge per Shareholder for satisfying repurchase request pursuant to a Contractual Quarterly Tender.
- 10.4 The Company reserves the absolute right to inspect (either itself or through its agents) all Tender Forms and TTE Instructions and may consider void and reject any Tender Requests that does not in the Company’s sole judgement (acting reasonably) meet the requirements of the Contractual Quarterly Tender to which such Tender Form or TTE Instruction relates. The Company also



reserves the absolute right to waive any defect or irregularity in the tender of any Shares, including any Tender Form (in whole or in part) which is not entirely in order, the related share certificate(s) and/or other document(s) of title or an indemnity acceptable to the Company in lieu thereof. However, in that event, the consideration in a Contractual Quarterly Tender for successfully tendered Shares held in certificated form will only be despatched when the relevant Tender Form is entirely in order and the relevant share certificate(s) and/or other document(s) of title or indemnities satisfactory to the Company has/have been received. The Company, the Receiving Agent or any other person will not be under any duty to give notification of any defects or irregularities in Tender Requests or incur any liability for failure to give any such notification.

- 10.5 The provisions of the Contracts (Rights of Third Parties) Act 1999 do not apply to Contractual Quarterly Tenders.

## **11. RESTRICTED SHAREHOLDERS AND OVERSEAS SHAREHOLDERS**

- 11.1 The provisions of this paragraph 11 of this Part XIII of this Prospectus and any other terms of a Contractual Quarterly Tender relating to Restricted Shareholders and Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company but only if the Company is satisfied that such a waiver, variance or modification will not constitute or give rise to a breach of applicable securities or other laws.

- 11.2 Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such Overseas Shareholder wishing to tender Shares to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection herewith, the compliance with other necessary formalities and the payment of any transfer or other taxes or other requisite payments due in such jurisdiction. Any such Overseas Shareholders will be responsible for the payment of any such transfer or other taxes or other requisite payments due by whomsoever payable and the Company and any person acting on their behalf shall be fully indemnified and held harmless by such Overseas Shareholder for any such transfer or other taxes or other requisite payments such person may be required to pay. No steps have been taken to qualify Contractual Quarterly Tenders or to authorise the extending of Contractual Quarterly Tenders or the distribution of Annual Circulars and Tender Forms in any territory outside the United Kingdom.

- 11.3 Contractual Quarterly Tenders will not be made to Restricted Shareholders. Restricted Shareholders will be excluded from the Contractual Quarterly Tenders in order to avoid breaching applicable local laws relating to the implementation of a Contractual Quarterly Tender. Accordingly, copies of Annual Circulars, Tender Forms and any related documents will not be and must not be mailed or otherwise distributed into a Restricted Territory, including to any Shareholder with a registered addresses in any Restricted Territory, or to persons who the Company knows to be custodians, nominees or trustees holding Shares for persons in Restricted Territories. Persons receiving such documents (including, without limitation, custodians, nominees and trustees) should not distribute or send them in or into a Restricted Territory or use such mails or any such means, instrumentality or facility in connection with a Contractual Quarterly Tender, as doing so will render invalid any related purported acceptance of a Contractual Quarterly Tender. Persons wishing to accept a Contractual Quarterly Tender should not use such mails or any such means, instrumentality or facility for any purpose directly or indirectly relating to acceptance of that Contractual Quarterly Tender. Envelopes containing Tender Forms should not be postmarked from a Restricted Territory or otherwise despatched to a Restricted Territory and accepting Shareholders must not provide Restricted Territory addresses for the remittance of cash or return of Tender Forms.

- 11.4 A Shareholder will be deemed not to have made a valid Tender Request if:

- 11.4.1 such Shareholder is unable to make the representations and warranties set out in paragraph 7.7 (if relevant) and 7.8 in this Part XIII of this Prospectus;
- 11.4.2 such Shareholder inserts in Box 1 (or, if relevant, Box 3) of the Tender Form the name and address of a person or agent in a Restricted Territory to whom they wish the consideration to which such Shareholder is entitled in a Contractual Quarterly Tender to be sent; or
- 11.4.3 the Tender Form received from them is in an envelope postmarked in, or which otherwise appeared to the Company or its agents to have been sent from, a Restricted Territory. The



Company reserves the right, in its absolute discretion, to investigate, in relation to any acceptance, whether the representations and warranties referred to in paragraph 7.7 (if relevant) and 7.8 in this Part XIII of this Prospectus given by any Shareholder are correct and, if such investigation is undertaken and as a result the Company determines (for any reason) that such representations and warranties are not correct, such acceptance shall not be valid.

- 11.5 If, in connection with a Contractual Quarterly Tender, notwithstanding the restrictions described above, any person (including, without limitation, custodians, nominees and trustees), whether pursuant to a contractual or legal obligation or otherwise, forwards an Annual Circular, the Tender Form or any related documents in or into a Restricted Territory or uses the mails of, or any means or instrumentality (including, without limitation, facsimile transmission, telex, internet and telephone) of interstate or foreign commerce of, or any facility of a national securities exchange in, a Restricted Territory in connection with such forwarding, such person should:
- 11.5.1 inform the recipient of such fact;
  - 11.5.2 explain to the recipient that such action may invalidate any purported acceptance by the recipient; and
  - 11.5.3 draw the attention of the recipient to this paragraph 11 of this Part XIII of this Prospectus.
- 11.6 If you are in any doubt about your position, you should consult your professional adviser in the relevant territory.

## **12. MODIFICATIONS**

The Tender Terms and Conditions shall have effect subject to such non material modifications or additions as the Company may from time to time approve in writing. The relevant Submission Deadlines referred to in an Annual Circular in respect of a Contractual Quarterly Tender may be amended by the Company. Details of any such changes will appear on the Company's Website.

## **PART XIV: TERMS AND CONDITIONS OF THE PLACING PROGRAMME**

### **1. INTRODUCTION**

Each Placee which confirms its agreement (whether orally or in writing) to Goldman Sachs and/or Dexion and/or Pershing Securities Limited (“PSL”) (acting as settlement agent for Dexion in connection with the Placing) to subscribe for Placing Shares under the Placing Programme will be bound by these terms and conditions and will be deemed to have accepted them. The Company and/or Goldman Sachs and/or Dexion may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit and/or may require any such Placee to execute a separate placing letter (a “Placing Letter”).

### **2. AGREEMENT TO SUBSCRIBE FOR PLACING SHARES**

Conditional on: (i) Admission occurring and becoming effective by 8.00 a.m. (London time) no later than five Business Days following the relevant trade date (or such other time as Goldman Sachs may agree with the Company and the Investment Vehicle Manager); (ii) the Sponsor and Placing Agreement becoming otherwise unconditional in all respects and not having been terminated in accordance with its terms; and (iii) Goldman Sachs and/or Dexion confirming to the Placees their allocation of Placing Shares, a Placee agrees to become a member of the Company and agrees to subscribe for those Placing Shares allocated to it by Goldman Sachs and/or Dexion at the Placing Price in respect of the Placing Shares allocated to the Placee. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

### **3. PAYMENT FOR PLACING SHARES**

Each Placee must pay the Placing Price for the Placing Shares issued to the Placee in the manner and by the time directed by Goldman Sachs and/or Dexion. If any Placee fails to pay as so directed and/or by the time required, the relevant Placee’s application for Placing Shares shall be rejected.

### **4. REPRESENTATIONS AND WARRANTIES**

By agreeing to subscribe for Placing Shares, each Placee which enters into a commitment to subscribe for Placing Shares will (for itself and any person(s) procured by it to subscribe for Placing Shares and any nominee(s) for any such person(s)) be deemed to agree, represent and warrant to each of the Company, the Registrar and Goldman Sachs, Dexion and PSL that:

- 4.1 in agreeing to subscribe for Placing Shares under the Placing Programme, it is relying solely on this Prospectus and any supplementary prospectus published by the Company subsequent to the date of this Prospectus and not on any other information given, or representation or statement made at any time, by any person concerning the Company or the Placing Programme. It agrees that none of the Company, Goldman Sachs, Dexion, PSL or the Registrar, nor any of their respective officers, agents (which, for the avoidance of doubt, in this Prospectus in respect of Dexion includes PSL) or employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- 4.2 the contents of this Prospectus and any supplementary prospectus published by the Company subsequent to the date of this Prospectus are exclusively the responsibility of the Company and its Directors and apart from the responsibilities and liabilities, if any, which may be imposed on Goldman Sachs, Dexion or PSL by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of Goldman Sachs, Dexion nor any person acting on their behalf nor any of their affiliates accept any responsibility whatsoever for, and makes no representation or warranty, express or implied, as to the contents of this Prospectus or any supplementary prospectus published by the Company subsequent to the date of this Prospectus or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Placing Shares or the Placing Programme and nothing in this Prospectus and any supplementary prospectus published by the Company subsequent to the date of this Prospectus will be relied upon as a promise or representation in this respect, whether or not to the past or future. Goldman Sachs and Dexion accordingly disclaim all and any responsibility or

liability, whether arising in tort, contract or otherwise (save as referred to above), which they might otherwise have in respect of this Prospectus or any supplementary prospectus published by the Company subsequent to the date of this Prospectus or any such statement;

- 4.3 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Placing Shares under the Placing Programme, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its placing commitment in any territory and that it has not taken any action or omitted to take any action which will result in the Company, Goldman Sachs, Dexion, PSL, the Registrar or any of their respective officers, agents, affiliates or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Placing Programme;
- 4.4 it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Placing Shares and it is not acting on a non-discretionary basis for any such person;
- 4.5 it agrees that, having had the opportunity to read this Prospectus, it shall be deemed to have had notice of all information and representations contained in this Prospectus, that it is acquiring Placing Shares solely on the basis of this Prospectus and any supplementary prospectus published by the Company subsequent to the date of this Prospectus and no other information and that in accepting a participation in the Placing Programme it has had access to all information it believes necessary or appropriate in connection with its decision to subscribe for Placing Shares;
- 4.6 it acknowledges that no person is authorised in connection with the Placing Programme to give any information or make any representation other than as contained in this Prospectus and any supplementary prospectus published by the Company subsequent to the date of this Prospectus and, if given or made, any information or representation must not be relied upon as having been authorised by Goldman Sachs, Dexion, PSL or the Company;
- 4.7 it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;
- 4.8 it accepts that none of the Placing Shares have been or will be registered under the laws of any Restricted Territory. Accordingly, the Placing Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Restricted Territory unless an exemption from any registration requirement is available;
- 4.9 if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the Placing Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- 4.10 if it is a resident in the EEA (other than the United Kingdom), it is a "Qualified Investor" within the meaning of the law in the Relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive;
- 4.11 if it is outside the United Kingdom, neither this Prospectus nor any other offering, marketing or other material in connection with the Placing Programme constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for Placing Shares pursuant to the Placing Programme unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Placing Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- 4.12 it acknowledges that none of Goldman Sachs or Dexion nor any of their respective affiliates nor any person acting on its or their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing Programme or providing any advice in relation to the Placing Programme and participation in the Placing Programme is on the basis that it is not and will not be a client of Goldman Sachs or Dexion nor any of their respective affiliates and that none of Goldman Sachs, Dexion or any of their respective affiliates have any duties or responsibilities to it for providing protection afforded to its or their

respective clients or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertaking or indemnities contained in these terms and conditions or in any Placing Letter, where relevant;

- 4.13 it acknowledges the representations, warranties and agreements set out in this Prospectus, including those set out in the section entitled “Purchase and Transfer Restrictions” in Part VI of this Prospectus, and further acknowledges that it is not a U.S. Person, it is not located within the United States, it is subscribing for Placing Shares in an “offshore transaction” as defined in Regulation S and it is not acquiring the Placing Shares for the account or benefit of a U.S. Person, and where it is subscribing for Placing Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the Placing Shares for each such account; (ii) to make on each such account’s behalf the representations, warranties and agreements set out in this Prospectus or in any Placing Letter, where relevant; and (iii) to receive on behalf of each such account any documentation relating to the Placing Programme in the form provided by the Company and/or Goldman Sachs and/or Dexion and/or PSL. It agrees that the provision of this paragraph shall survive any resale of the Placing Shares by or on behalf of any such account;
- 4.14 it confirms that any of its clients, whether or not identified to Goldman Sachs or Dexion or any of their affiliates or agents, will remain its sole responsibility and will not become clients of Goldman Sachs or Dexion or any of their affiliates or agents for the purposes of the rules of the Financial Conduct Authority or the JFSC or for the purposes of any other statutory or regulatory provision;
- 4.15 where it or any person acting on its behalf is dealing with Goldman Sachs and/or Dexion and/or PSL, any money held in an account with Goldman Sachs and/or Dexion and/or PSL on its behalf and/or any person acting on its behalf will not be treated as client money within the meaning of the relevant rules and regulations of the Financial Conduct Authority or the JFSC which therefore will not require Goldman Sachs and/or Dexion and/or PSL to segregate such money as that money will be held by Goldman Sachs and/or Dexion and/or PSL under a banking relationship and not as trustee;
- 4.16 it has not and will not offer or sell any Placing Shares to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 102B of the FSMA;
- 4.17 it is an “eligible counterparty” within the meaning of Chapter 3 of the FCA’s Conduct of Business Sourcebook and it is subscribing for or purchasing the Shares for investment only and not for resale or distribution;
- 4.18 it irrevocably appoints any Director of the Company and any director of Goldman Sachs or Dexion to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the Placing Shares for which it has given a commitment under the Placing Programme, in the event of its own failure to do so;
- 4.19 it accepts that if the Placing in respect of which the Placee has subscribed for Placing Shares does not proceed or the conditions to the Banks’ obligations in respect of such Placing under the Sponsor and Placing Agreement are not satisfied, the Sponsor and Placing Agreement is terminated prior to the admission of the Placing Shares for which valid application are received and accepted to the Official List and to trading on the Main Market for any reason whatsoever or such Placing Shares are not admitted to the Official List and to trading on the Main Market for any reason whatsoever, then none of Goldman Sachs, Dexion the Company or any of their respective affiliates, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- 4.20 it has not taken any action or omitted to take any action which will or may result in Goldman Sachs, Dexion, the Company or any of their respective directors, officers, agents, affiliates, employees or advisers being in breach of the legal or regulatory requirements of any territory in connection with the Placing Programme or its subscription of Placing Shares pursuant to the Placing Programme;
- 4.21 in connection with its participation in the Placing Programme it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and

countering terrorist financing and that its placing commitment is only made on the basis that it accepts full responsibility for any requirement to identify and verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations 2007 in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or (iii) subject to the Jersey AML Requirements; or (iv) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;

- 4.22 due to anti-money laundering and the countering of terrorist financing requirements, Goldman Sachs, Dexion, PSL and/or the Company may require proof of identity of the Placee and related parties and verification of the source of the payment before the placing commitment can be processed and that, in the event of delay or failure by the Placee to produce any information required for verification purposes, Goldman Sachs, Dexion, PSL and/or the Company may refuse to accept the placing commitment and the subscription moneys relating thereto. It holds harmless and will indemnify Goldman Sachs, Dexion, PSL and the Company against any liability, loss or cost ensuing due to the failure to process the placing commitment, if such information as has been required has not been provided by it or has not been provided timeously;
- 4.23 any person in Jersey involved in the business of the Company (including PSL) who knows or suspects or has reasonable grounds for knowing or suspecting that any other person (including the Company or any person subscribing for Placing Shares) is involved in money laundering activities, is under an obligation to report such suspicion to the relevant authorities pursuant to the Jersey AML Requirements. Similar disclosures may be required under other legislation;
- 4.24 it and each person or body (including, without limitation, any local authority or the managers of any pension fund) on whose behalf it accepts Placing Shares pursuant to the Placing or to whom it allocates such Placing Shares have the capacity and authority to enter into and to perform their obligations as a Placee of the Placing Shares and will honour those obligations;
- 4.25 as far as it is aware it is not acting in concert (within the meaning given in The City Code on Takeovers and Mergers) with any other person in relation to the Company and it is not a related party of the Company for the purposes of the Listing Rules;
- 4.26 Goldman Sachs, Dexion and the Company (and any agent on their behalf) are entitled to exercise any of their rights under the Sponsor and Placing Agreement or any other right in their absolute discretion without any liability whatsoever to them (or any agent acting on their behalf);
- 4.27 the representations, undertakings and warranties contained in this Prospectus or in any Placing Letter, where relevant, are irrevocable. It acknowledges that Goldman Sachs, Dexion and the Company and their respective affiliates will rely upon the truth and accuracy of such representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of the Shares are no longer accurate, it shall promptly notify Goldman Sachs, Dexion and the Company;
- 4.28 it confirms that it is not, and at each Admission will not be, an affiliate of the Company or a person acting on behalf of such affiliate, and it is not acquiring Placing Shares for the account or benefit of an affiliate of the Company or of a person acting on behalf of such an affiliate;
- 4.29 it will (or will procure that its nominee will) if applicable, make notification to the Company of the interest in its Shares in accordance with Rule 5 of the Disclosure Rules and Transparency Rules issued by the FCA and made under Part VI of the FSMA as they apply to the Company;
- 4.30 it accepts that the allocation of Placing Shares shall be determined by Goldman Sachs and the Company in their absolute discretion and that such persons may scale down any placing commitments for this purpose on such basis as they may determine; and
- 4.31 time shall be of the essence as regards its obligations to settle payment for the Placing Shares and to comply with its other obligations under the Placing Programme.



## 5. SUPPLY AND DISCLOSURE OF INFORMATION

If Goldman Sachs, Dexion, PSL, the Registrar or the Company or any of their agents request any information in connection with a Placee's agreement to subscribe for Placing Shares under the Placing Programme or to comply with any relevant legislation, such Placee must promptly disclose it to them.

## 6. DATA PROTECTION

- 6.1 Pursuant to the Data Protection (Jersey) Law 2005, (the "**DP Law**") the Company, Goldman Sachs, Dexion, PSL, the Registrar and/or the Administrator may hold personal data (as defined in the DP Law) relating to past and present Shareholders.
- 6.2 Such personal data held is used by those parties in relation to the Placing Programme and to maintain a register of the Shareholders and mailing lists and this may include sharing such data with third parties in one or more of the countries mentioned below when (a) effecting the payment of dividends and redemption proceeds to Shareholders (in each case, where applicable) and, if applicable, the payment of commissions to third parties; and (b) filing returns of Shareholders and their respective transactions in shares with statutory bodies and regulatory authorities. Personal data may be retained on record for a period exceeding six years after it is no longer used.
- 6.3 The countries referred to above include, but need not be limited to, those in the European Economic Area or the European Union and any of their respective dependent territories overseas, Argentina, Australia, Brazil, Canada, Hong Kong, Hungary, Japan, New Zealand, Singapore, South Africa, Switzerland and the United States.
- 6.4 By becoming registered as a holder of Placing Shares in the Company a person becomes a data subject (as defined in the DP Law) and is deemed to have consented to the processing by the Company, the Administrator, the Registrar, Goldman Sachs, Dexion or PSL of any personal data relating to them in the manner described above.
- 6.5 The Company will be the "data controller" in respect of the personal data, but has appointed the Administrator, the Registrar, Goldman Sachs, Dexion and PSL as "data processors" of such data (each as defined in the DP Law). Details of the registration of the Company as data controller can be found on the website of the Jersey Data Protection Commissioner: [www.dataprotection.gov.je](http://www.dataprotection.gov.je).

## 7. MISCELLANEOUS

- 7.1 PSL is acting as receiving agent for Dexion in connection with the Placing Programme and for no-one else and it will not treat a Placee or any other person as its customer by virtue of such application being accepted or owe a Placee or any other person any duties or responsibilities concerning the price of Placing Shares or concerning the suitability of Placing Shares for a Placee or for any other person or be responsible to a Placee or for any other person for providing the protections afforded to its customers.
- 7.2 The rights and remedies of the Company, Goldman Sachs, Dexion, PSL, the Registrar and the Administrator under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 7.3 On the acceptance of their placing commitment, if a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Placing will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.
- 7.4 Each Placee agrees to be bound by the Articles (as amended from time to time) once the Placing Shares, which the Placee has agreed to subscribe for pursuant to the Placing Programme, have been acquired by the Placee. The contract to subscribe for Placing Shares under the Placing Programme and the appointments and authorities mentioned in this Prospectus will be governed by, and construed in accordance with, the laws of England. For the exclusive benefit of Goldman Sachs, the Company, Dexion, PSL, the Registrar and the Administrator, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against a Placee in any other jurisdiction.



- 7.5 In the case of a joint agreement to subscribe for Placing Shares under the Placing Programme, references to a “Placee” in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.
- 7.6 Goldman Sachs and the Company expressly reserve the right to modify the Placing Programme (including, without limitation, its timetable and settlement) at any time before allocations are determined.
- 7.7 The Placing Programme (and each Placing therein) is subject to the satisfaction of the conditions contained in the Sponsor and Placing Agreement and the Sponsor and Placing Agreement not having been terminated. For further details of the terms of the Sponsor and Placing Agreement please refer to the section entitled “Material Contracts” in Part IX of this Prospectus.

## PART XV: DEFINITIONS

The following definitions apply in this Prospectus unless the context otherwise requires:

<b>“1961 Law”</b>	the Income Tax (Jersey) Law 1961, as amended
<b>“2010 PD Amending Directive”</b>	Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010 amending Directives 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading and 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market
<b>“Administration Agreement”</b>	the administration agreement between the Company and the Administrator, a summary of which is set out in paragraph 5.3 of Part IX of this Prospectus
<b>“Administrator”</b>	BNP Paribas Securities Services S.C.A., Jersey Branch or such other person or persons from time to time appointed by the Company
<b>“Admission”</b>	admission to trading on the London Stock Exchange’s Main Market of the Placing Shares becoming effective in accordance with the LSE Admission Standards and admission of the Placing Shares to listing on the Official List becoming effective in accordance with the Listing Rules
<b>“Advance Fee”</b>	the fee paid in respect of each quarter by CVC Investment Services, in its role as Investment Services Manager to the Investment Vehicle and the Conversion Vehicle, to the Investment Vehicle Manager, in respect of each Compartment in advance for the quarter, being the estimated cumulative cost to the Investment Vehicle Manager of providing services plus 5 per cent. of such cost
<b>“Affected Class”</b>	has the meaning given in the section entitled “Discount Control: Class Closure Resolution” in Part I of this Prospectus
<b>“Aggregate Share Capital”</b>	has the meaning given in Part V of this Prospectus
<b>“AIC”</b>	the Association of Investment Companies
<b>“AIC Code”</b>	the AIC Code of Corporate Governance
<b>“AIF”</b>	an alternative investment fund, as defined in the AIFM Directive
<b>“AIFM”</b>	an alternative investment fund manager, as defined in the AIFM Directive
<b>“AIFM Directive”</b>	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directive 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010
<b>“Annual Circular”</b>	has the meaning given in the section entitled “Discount Control: Quarterly Tenders” in Part I of this Prospectus
<b>“Annual Record Date”</b>	the date specified in an Annual Circular as being the date on which the number of Shares then in issue will be recorded for the purposes of determining the Annual Restriction applicable to the Contractual Quarterly Tenders in the relevant annual period
<b>“Annual Restriction”</b>	has the meaning given in the section entitled “Discount Control: Quarterly Tenders” in Part I of this Prospectus

<b>“Articles”</b>	the articles of association of the Company
<b>“Audit Committee”</b>	the audit committee of the Company, as more fully described in the section entitled “Audit Committee” in Part VII of this Prospectus
<b>“Basic Entitlement”</b>	has the meaning given in the section entitled “Discount Control: Quarterly Tenders” in Part I of this Prospectus
<b>“basis points”</b>	basis points (one basis point being equal to 1/100 of 1 per cent.)
<b>“Bookrunner”</b>	Goldman Sachs
<b>“Borrowing Limit”</b>	means the borrowing limit applicable to the Company, the Investment Vehicle or the Conversion Vehicle (as applicable) as further described in the sections entitled “Investment Policy” in Parts I and II of this Prospectus
<b>“Business Day”</b>	a day on which the London Stock Exchange and banks in Jersey are normally open for business
<b>“C Share”</b>	a redeemable ordinary share of no par value in the capital of the Company issued as a “C Share” of such class (and denominated in such currency) as the Directors may determine in accordance with the Articles, and having such rights and being subject to such restrictions as are contained in the Articles and which will convert into Correspondent Shares in accordance with the Articles
<b>“C Shareholder”</b>	a holder of C Shares
<b>“Calculation Date”</b>	has the meaning given in the section entitled “Investment Management Fees and Performance Fees” in Part II of this Prospectus
<b>“Calculation Period”</b>	has the meaning given in the section entitled “Investment Management Fees and Performance Fees” in Part II of this Prospectus
<b>“Calculation Time”</b>	has the meaning given in the section entitled “C Share Definitions” in Part V of this Prospectus
<b>“Cash and Cash Equivalents”</b>	short term debt obligations, demand or time deposits and certificates of deposit (including commercial paper and money market funds), in each case provided that the unsecured, unguaranteed and unsubordinated securities of the issuing entity or the entity with which the demand or time deposits are made is rated A-1 or better by Standard & Poor’s, P-1 or better by Moody’s, or in the case of money market funds AAmmf by Fitch, AAAM by Standard & Poor’s or Aaa/MR1+ by Moody’s; such Cash and Cash Equivalents are expected under normal circumstances to be held in principle on a temporary and ancillary basis
<b>“CECO”</b>	CVC European Credit Opportunities S.à.r.l, a company incorporated in Luxembourg with registered number B0158090 and established as a Luxembourg compartmentalised securitisation company (société de titrisation) within the meaning of the Securitisation Law
<b>“CECO Directors”</b>	the directors of CECO
<b>“certificated” or “certificated form”</b>	not in uncertificated form

<b>“CFCs”</b>	controlled foreign companies
<b>“Chairman”</b>	the chairman of the Board
<b>“CIF Law”</b>	the Collective Investment Funds (Jersey) Law 1988
<b>“Class Closure Meeting”</b>	has the meaning given in the section entitled “Discount Control: Class Closure Resolution” in Part I of this Prospectus
<b>“Class Closure Resolution”</b>	has the meaning given in the section entitled “Discount Control: Class Closure Resolution” in Part I of this Prospectus
<b>“ClearPar”</b>	the par loan settlement system operated by the Markit Group Limited
<b>“Clearstream”</b>	the settlement system operated by the Deutsche Boerse Group
<b>“CLO Offer”</b>	has the meaning given in the section entitled “Sponsor and Placing Agreement” in Part VI of this Prospectus
<b>“CLO Securities”</b>	an asset backed security (known as a “CLO”) issued as part of a securitisation of a pool consisting primarily of loans which are held by the issuer, with rights to the collateral and payments in order of seniority of the relevant tranche of security
<b>“Companies Law”</b>	the Companies (Jersey) Law, 1991, as amended, extended or replaced and any ordinance, statutory instrument or regulation made thereunder
<b>“Company”</b>	CVC Credit Partners European Opportunities Limited, a closed-ended investment company incorporated in Jersey under the Companies Law on 20 March 2013 with registered number 112635
<b>“Company Investment Vehicle Interest”</b>	a Euro-denominated Company Investment Vehicle Interest and/or a Sterling-denominated Company Investment Vehicle Interest within the fourth and fifth Series of Investment Vehicle Interests, respectively, issued by the Investment Vehicle to the Company and “Company Investment Vehicle Interests” shall be construed accordingly
<b>“Company’s Website”</b>	the website of the Company
<b>“Compartment”</b>	one or more of the compartments of CECO as may be in existence for time to time
<b>“Conflicts Policy”</b>	has the meaning given in the section entitled “Conflicts of Interest” in Part III of this Prospectus
<b>“Continuation Resolution”</b>	has the meaning given in the section entitled “Discount Control: Continuation Resolution” in Part I of this Prospectus
<b>“Contractual Quarterly Tender”</b>	has the meaning given in the section entitled “Discount Control: Quarterly Tenders” in Part I of this Prospectus
<b>“Contractual Quarterly Tender Size Announcement”</b>	has the meaning given in the section entitled “Contractual Quarterly Tender mechanism, announcements, process and settlement” in Part I of this Prospectus
<b>“Conversion”</b>	has the meaning given in the section entitled “C Share Definitions” in Part V of this Prospectus
<b>“Conversion Calculation Date”</b>	has the meaning given in the section entitled “C Share Definitions” in Part V of this Prospectus

<b>“Conversion Ratio”</b>	has the meaning given in the section entitled “C Share Definitions” in Part V of this Prospectus
<b>“Conversion Vehicle” or “Compartment AA”</b>	compartment AA of CECO
<b>“Conversion Vehicle Interest”</b>	a Euro-denominated Conversion Vehicle Interest and/or a Sterling-denominated Conversion Vehicle Interest within the first and second Series of Conversion Vehicle Interests, respectively, issued by the Conversion Vehicle to the Company and “Conversion Vehicle Interests” shall be construed accordingly
<b>“Conversion Vehicle Investment Management Fee”</b>	means the management fee payable by the Conversion Vehicle as discussed in the section entitled “Management and Performance Fees payable by the Investment Vehicle and the Conversion Vehicle” in Part II of this Prospectus
<b>“Conversion Vehicle Net Asset Value” or “Conversion Vehicle NAV”</b>	the net asset value of the Conversion Vehicle calculated in accordance with the section entitled “Calculation of the Investment Vehicle and Conversion Vehicle Net Asset Values” in Part II of this Prospectus
<b>“Conversion Vehicle Performance Fee”</b>	means the performance fee payable by the Conversion Vehicle as discussed in the section entitled “Management and Performance Fees payable by the Investment Vehicle and the Conversion Vehicle” in Part II of this Prospectus
<b>“Cordatus CLO III”</b>	CVC Cordatus Loan Fund III Limited
<b>“Corporate Action Number”</b>	a corporate action number allocated by Euroclear which can be found by viewing the relevant corporate action details in CREST
<b>“Corporate Service Agreement”</b>	the Corporate Service Agreement between the Company and CVC Investment Services, a summary of which is set out in paragraph 5.1 of Part IX of this Prospectus
<b>“Correspondent Shares”</b>	has the meaning given in the section entitled “C Share Definitions” in Part V of this Prospectus
<b>“CRA Regulation”</b>	Regulation (EC) 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies
<b>“CREST”</b>	the facilities and procedures for the time being of the relevant system of which Euroclear has been approved as operator pursuant to the CREST Regulations
<b>“CREST Jersey Regulations”</b>	the Companies (Uncertificated Securities) (Jersey) Order 1999
<b>“CREST Manual”</b>	the compendium of documents entitled CREST Manual issued by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, the CREST Rules, CCSS Operations Manual and the CREST Glossary of Terms
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 of the United Kingdom (SI No. 2001/3755) and the CREST Jersey Regulations
<b>“CRP II”</b>	Cordatus Recovery Partners II Limited Partnership
<b>“CSSF”</b>	the Luxembourg financial services regulator (Commission de Surveillance du Secteur Financier)

<b>“Custodian”</b>	BNP Paribas Securities Services S.C.A., Jersey Branch or such other person or persons from time to time appointed by the Company as custodian of the Company’s assets
<b>“Custodian Agreement”</b>	the custodian agreement between the Company and the Custodian, a summary of which is set out in paragraph 5.4 of Part IX of this Prospectus
<b>“CVC Capital”</b>	CVC Capital Partners SICAV-FIS S.A.
<b>“CVC Capital Partners”</b>	CVC Group’s private equity business
<b>“CVC Capital Portfolio Company”</b>	a company in which one or more CVC Funds: (i) has board representation; (ii) holds more than 25 per cent. of the share capital; or (iii) has an economic interest in excess of €100 million
<b>“CVC Capital Portfolio Company Debt Obligations”</b>	debt obligations of CVC Capital Portfolio Companies, with the Investment Vehicle’s holding of any such CVC Capital Portfolio Company Debt Obligations measured for the purpose of compliance with the Investment Constraints and the Investment Guidelines on the basis of the accounting treatment of such holdings in the books and records in the relevant CVC Fund
<b>“CVC Cordatus”</b>	CVC Cordatus Investment Management Limited
<b>“CVC Credit Partners”</b>	CVC Credit Partners Investment Management Limited
<b>“CVC Credit Partners Group”</b>	CVC Credit Partners L.P., together with its affiliates and subsidiaries
<b>“CVC Fund”</b>	a fund managed and/or advised by the CVC Group
<b>“CVC Group”</b>	CVC Capital and each of its direct and indirect subsidiaries and their respective affiliates, but excluding (i) any funds or vehicles managed and/or advised by any of the foregoing and (ii) any of the portfolio investments of any fund or vehicle referenced in (i)
<b>“CVC Investment Services”</b>	CVC Credit Partners Investment Services Management Limited
<b>“CVC Person”</b>	means each of: (i) the CVC Group and any funds, separate accounts, similar investment products or vehicles offered, structured, managed or advised by any member of the CVC Group; (ii) any present or former employees of, or present or former long term consultant or contractor who provides or provided services similar to those of an employee, to the CVC Group, or any of its associated investment funds, together with any spouse, co-habitee, descendant or adopted child of such CVC Person, or persons acting in their capacity as trustee or trustees of a trust of which a CVC Person or such other individual is a settler or beneficiary, or any undertaking controlled by such person (each a “CVC Related Person”); (iii) any investment fund controlled by a CVC Group entity or its affiliates for any CVC Related Person; and (iv) any other person as agreed between the parties to the Sponsor and Placing Agreement to be a CVC Person
<b>“Default Shares”</b>	has the meaning given in paragraph 4.7.2 of Part IX of this Prospectus
<b>“Designated Series Adjustments”</b>	has the meaning given in the section entitled “Calculation of the Investment Vehicle and Conversion Vehicle Net Asset Values” in Part II of this Prospectus



<b>“Dexion”</b>	Dexion Capital plc
<b>“Direction Notice”</b>	has the meaning given in paragraph 4.7.2 of Part IX of this Prospectus
<b>“Directors” or “Board” or “Board of Directors”</b>	the directors of the Company
<b>“Disclosure and Transparency Rules” or “DTRs”</b>	the disclosure rules and transparency rules made by the FCA under Part VI of FSMA
<b>“Disclosure Notice”</b>	has the meaning given in paragraph 4.7.1 of Part IX of this Prospectus
<b>“Discount Calculation Period”</b>	has the meaning given in the section entitled “Discount Control: Class Closure Resolution” in Part I of this Prospectus
<b>“DP Law”</b>	Data Protection (Jersey) Law 2005
<b>“EBITDA”</b>	earnings before interest, taxes, depreciation and amortisation
<b>“EEA”</b>	the European Economic Area being the countries included as such in the Agreement on European Economic Area, dated 1 January 1994, among Iceland, Liechtenstein, Norway, the European Community and the EU Member States, as may be modified, supplemented or replaced
<b>“ERISA”</b>	the U.S. Employee Retirement Income Security Act of 1974, as amended from time to time, and the applicable regulations thereunder
<b>“ETF”</b>	an exchange-traded fund
<b>“EU”</b>	the European Union
<b>“EU Member State”</b>	a member country of the EU
<b>“EU Savings Tax Directive”</b>	Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments
<b>“EURIBOR”</b>	Euro interbank offered rate, a benchmark interest rate
<b>“Euro” or “€”</b>	the lawful currency of the EU
<b>“Euro-denominated Company Investment Vehicle Interest”</b>	a Euro denominated Investment Vehicle Interest issued to the Company by the Investment Vehicle and such Euro-denominated Company Investment Vehicle Interests constitute the fourth Series of Investment Vehicle Interests issued by the Investment Vehicle
<b>“Euro-denominated Conversion Vehicle Interest”</b>	a Euro denominated Conversion Vehicle Interest issued to the Company by the Conversion Vehicle
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited
<b>“Euro Share”</b>	a Euro denominated Share
<b>“Eurozone”</b>	the European countries which have adopted the Euro
<b>“Excess Total Return”</b>	has the meaning given in the section entitled “Investment Management Fees and Performance Fees” in Part II of this Prospectus

<b>“Existing Share”</b>	a Share in issue
<b>“Extraordinary Resolution”</b>	a resolution a class of Shareholders passed as an extraordinary resolution in accordance with the Articles: (i) at a meeting or class meeting, by a majority of not less than seventy five per cent. of the votes of the Shareholders entitled to vote and voting in person or by attorney or by proxy; or (ii) in writing, by seventy five per cent. of the total voting rights of Shareholders entitled to vote at the date of circulation of the resolution
<b>“FATCA”</b>	the U.S. Foreign Account Tax Compliance Act 2010
<b>“Financial Conduct Authority” or “FCA”</b>	the UK Financial Conduct Authority and any successor regulatory authority
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 of the United Kingdom, as amended
<b>“Gating Announcement”</b>	has the meaning given in the section entitled “Discount Control: Quarterly Tenders” in Part I of this Prospectus
<b>“Gating/Suspension Restriction”</b>	has the meaning given in the section entitled “Discount Control: Quarterly Tenders” in Part I of this Prospectus
<b>“Global Co-Ordinator”</b>	Goldman Sachs
<b>“Goldman Sachs”</b>	Goldman Sachs International
<b>“Gross Assets”</b>	aggregate value of the assets of the Company, the Investment Vehicle or the Conversion Vehicle (as applicable in the circumstances)
<b>“Gross Placing Proceeds”</b>	the aggregate value of the Placing Shares issued pursuant to any Placing at the Placing Price
<b>“Gross Placing Programme Proceeds”</b>	the aggregate value of the Placing Shares issued pursuant to the Placing Programme at the Placing Price
<b>“GST”</b>	a Jersey goods and services tax applied at a standard rate of five per cent. on the majority of goods and services supplied in Jersey for local use or benefit
<b>“High Water Mark”</b>	has the meaning given in the section entitled “Investment Management Fees and Performance Fees” in Part II of this Prospectus
<b>“HMRC”</b>	Her Majesty’s Revenue and Customs
<b>“Hurdle”</b>	has the meaning given in the section entitled “Investment Management Fees and Performance Fees” in Part II of this Prospectus
<b>“IFRS”</b>	the International Financial Reporting Standards as adopted by the EU
<b>“Income Distributing Investment Vehicle Interests”</b>	has the meaning given in the section entitled “Rights of Investment Vehicle Interest Holders and Conversion Vehicle Interest Holders” in Part X of this Prospectus
<b>“Independent Sub-committee”</b>	has the meaning given in the section entitled “Conflicts of Interest” in Part III of this Prospectus

<b>“Initial Admission”</b>	Admission pursuant to the Initial Placing
<b>“Initial Issue Date”</b>	has the meaning given in the section entitled “Investment Management Fees and Performance Fees” in Part II of this Prospectus
<b>“Initial Placing”</b>	the first Placing of Placing Shares which is expected to close on or around 3 April 2014
<b>“interested party”</b>	has the meaning given in paragraph 4.7.1 of Part IX of this Prospectus
<b>“Invested IPO Proceeds”</b>	means the amount of the IPO proceeds invested by the Company in the Investment Vehicle, being 99.75 per cent. of the gross IPO placing proceeds, less short term working capital requirements
<b>“Investment”</b>	each investment asset which may be acquired, held and/or disposed of from time to time by the Investment Vehicle and/or the Conversion Vehicle (as the context so requires)
<b>“Investment Limits”</b>	has the meaning given in the section entitled “Investment Policy” in Part I of this Prospectus
<b>“Investment Services Manager”</b>	CVC Investment Services, in its capacity as the investment services manager to the Investment Vehicle and the Conversion Vehicle
<b>“Investment Vehicle” or “Compartment A”</b>	compartment A of CECO
<b>“Investment Vehicle Administrative Services Agreement”</b>	the administrative services agreement between CECO and the Investment Vehicle Administrator, a summary of which is set out in paragraph 7.5 of Part X of this Prospectus
<b>“Investment Vehicle Administrator”</b>	Citibank International plc (Luxembourg Branch)
<b>“Investment Vehicle Agency Agreement”</b>	the agency agreement between CECO and the Investment Vehicle Agents, a summary of which is set out in paragraph 7.4 of Part X of this Prospectus
<b>“Investment Vehicle Agent”</b>	has the meaning given in paragraph 7.4 of Part X of this Prospectus
<b>“Investment Vehicle Corporate Service Agreement”</b>	the corporate service agreement between CECO and the Investment Vehicle Corporate Service Provider, a summary of which is set out in paragraph 7.7 of Part X of this Prospectus
<b>“Investment Vehicle Corporate Service Provider”</b>	Saltgate S.A.
<b>“Investment Vehicle Custodian”</b>	Citibank, N.A., London
<b>“Investment Vehicle Custodian Agreement”</b>	the custodian agreement between CECO and the Investment Vehicle Custodian, a summary of which is set out in paragraph 7.6 of Part X of this Prospectus
<b>“Investment Vehicle Interest”</b>	a preferred equity certificate issued by the Investment Vehicle in a Series. As at the date of this Prospectus, Series 1, 2 and 3 are Non-Company Investment Vehicle Interests. Series 4 and 5 are Company Investment Vehicle Interests which are subscribed for solely by the Company

<b>“Investment Vehicle Interest Holder”</b>	the holder of an Investment Vehicle Interest as recorded in the Investment Vehicle’s register of Investment Vehicle Interest holders
<b>“Investment Vehicle Investment Management Agreement”</b>	the investment management agreement between CECO and the Investment Vehicle Manager, a summary of which is set out in paragraph 7.1 of Part X of this Prospectus
<b>“Investment Vehicle Investment Management Fee”</b>	has the meaning given in the section entitled “Management and Performance Fees payable by the Investment Vehicle and the Conversion Vehicle” in Part II of this Prospectus
<b>“Investment Vehicle Investment Services Agreement”</b>	the investment services agreement between CECO and CVC Investment Services, a summary of which is set out in paragraph 7.2 of Part X of this Prospectus
<b>“Investment Vehicle Issuing and Paying Agent”</b>	Citibank, N.A., London
<b>“Investment Vehicle Manager”</b>	CVC Credit Partners Investment Management Limited, being the investment manager of the Investment Vehicle and the Conversion Vehicle
<b>“Investment Vehicle Net Asset Value” or “Investment Vehicle NAV”</b>	has the meaning given in the section entitled “Calculation of the Investment Vehicle and Conversion Vehicle Net Asset Values” in Part II of this Prospectus
<b>“Investment Vehicle Paying Agent”</b>	Citibank, N.A., London
<b>“Investment Vehicle Performance Fee”</b>	has the meaning given in the section entitled “Investment Management Fees and Performance Fees” in Part II of this Prospectus
<b>“Investment Vehicle Redemption”</b>	has the meaning given in the section entitled “Discount Control: Quarterly Tenders” in Part I of this Prospectus
<b>“Investment Vehicle Redemption Date”</b>	has the meaning given in the section entitled “Discount Control: Quarterly Tenders” in Part I of this Prospectus
<b>“Investment Vehicle Redemption Fee”</b>	has the meaning given in paragraph 5.14 of Part X of this Prospectus
<b>“Investment Vehicle Registrar”</b>	Saltgate S.A.
<b>“Investment Vehicle Suspension”</b>	has the meaning given in the section entitled “Suspension of calculations, payments, subscriptions and redemptions in respect of the Investment Vehicle and the Conversion Vehicle” in Part II of this Prospectus
<b>“Investment Vehicle Valuation Date”</b>	6.00 p.m. Luxembourg time on the last Business Day of each calendar month, or at such other times as the CECO Directors may determine
<b>“IPO”</b>	the initial public offering of the Company in June 2013
<b>“IPO Issue Price”</b>	the price at which each Euro Share and Sterling Share was issued pursuant to the IPO, being €1.00 and £1.00, respectively
<b>“IPO Prospectus”</b>	the prospectus of the Company published on 12 June 2013 in relation to the IPO

<b>“IRS”</b>	U.S. Internal Revenue Service
<b>“ISA”</b>	an individual savings account
<b>“ISIN”</b>	International Securities Identification Number
<b>“Jersey AML Requirements”</b>	the Proceeds of Crime (Jersey) Law 1999, the Drug Trafficking Offences (Jersey) Law 1988, the Terrorism (Jersey) Law 2002 and any applicable regulations from time to time relating to prevention of use of the financial system for the purpose of money laundering and made pursuant thereto including the Money Laundering (Jersey) Order 2008
<b>“JFSC” or “Commission”</b>	Jersey Financial Services Commission
<b>“LCD”</b>	Standard & Poor’s leveraged commentary and data
<b>“Lead Placing Agent”</b>	Dexion Capital plc
<b>“LIBOR”</b>	London interbank offered rate, a benchmark interest rate
<b>“Listing Rules”</b>	the listing rules made by the UK Listing Authority pursuant to Part VI of FSMA
<b>“London Stock Exchange” or “LSE”</b>	London Stock Exchange plc
<b>“LSE Admission Standards”</b>	the rules issued by the London Stock Exchange in relation to the admission to trading of, and continuing requirements for, securities admitted to the Main Market
<b>“Main Market”</b>	the London Stock Exchange’s main market for listed securities
<b>“Management Fees”</b>	the Investment Vehicle Investment Management Fee and the Conversion Vehicle Investment Management Fee
<b>“Management Shareholder”</b>	SJT Limited
<b>“Management Shares”</b>	non-redeemable management shares of no par value in the Company
<b>“Market Abuse Directive”</b>	Directive 2003/6/EC of the European Parliament and of the Council on insider dealing and market manipulation (market abuse)
<b>“Memorandum”</b>	the memorandum of association of the Company
<b>“mezzanine”</b>	in reference to a loan or other debt instrument, means a form of Subordinated Secured Obligation
<b>“MFN Policy”</b>	has the meaning given to it in the section entitled “Management and performance fees payable by the Investment Vehicle and the Conversion Vehicle” in Part II of this Prospectus
<b>“Minimum Gross Proceeds”</b>	has the meaning given to it in the section entitled “The Placing Programme” in Part VI of this Prospectus
<b>“Model Code”</b>	the Model Code for directors’ dealings contained in the Listing Rules
<b>“Money Laundering Directive”</b>	2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing

<b>“NAV Calculation Date”</b>	each Business Day on which NAV is calculated
<b>“NAV Determination Date”</b>	the quarterly Investment Vehicle Valuation Date or such other date as the CECO Directors in their absolute discretion may determine from time to time
<b>“Net Asset Value”, “NAV”, “Company Net Asset Value” or “Company NAV”</b>	the Gross Assets of the Company less its liabilities (including accrued but unpaid fees) determined in accordance with the section entitled “Net Asset Value” in Part I of this Prospectus
<b>“Net Asset Value per class” or “NAV per class”</b>	the Net Asset Value specifically attributable to a class of Shares determined by the Directors in their absolute discretion in accordance with the accounting principles adopted by the Directors
<b>“Net Asset Value per Share” or “NAV per Share”</b>	the Net Asset Value per class divided by the number of Shares of that class in issue at the relevant time
<b>“Net Placing Proceeds”</b>	the Gross Placing Proceeds less applicable fees, costs and expenses of the relevant Placing and short-term working capital requirements
<b>“Net Placing Programme Proceeds”</b>	the Gross Placing Programme Proceeds less applicable fees, costs and expenses of the Placing Programme and short-term working capital requirements
<b>“New Euro Shares”</b>	a Euro Share to be issued pursuant to the Placing Programme
<b>“New Share”</b>	a New Euro Share and/or a New Sterling Share, in each case issued under the Placing Programme, as the context so requires
<b>“New Sterling Share”</b>	a Sterling Share to be issued pursuant to the Placing Programme
<b>“Non-Company Investment Vehicle Interests”</b>	the Investment Vehicle Interests which are held by investors in the Investment Vehicle other than the Company
<b>“Non-Distributing Investment Vehicle Interest”</b>	has the meaning given in the section entitled “Rights of Investment Vehicle Interest Holders and Conversion Vehicle Interest Holders” in Part X of this Prospectus
<b>“Non-Qualified Holder”</b>	any person whose ownership of Shares (i) may result in the U.S. Plan Threshold being exceeded causing the Company’s assets to be deemed “plan assets” for the purpose of ERISA or the U.S. Tax Code; (ii) may cause the Company to be required to register as an “investment company” under the U.S. Investment Company Act (including because the holder of the shares is not a “qualified purchaser” as defined in the U.S. Investment Company Act) or to lose an exemption or a status thereunder to which it might be entitled; (iii) may cause the Company to have to register under the U.S. Exchange Act or any similar legislation; (iv) may cause the Company not to be considered a “Foreign Private Issuer” as such term is defined in rule 3b-4(c) under the U.S. Exchange Act; (v) may result in a person holding shares in violation of the transfer restrictions put forth in any prospectus published by the Company, from time to time; and (vi) may cause the Company to be a “controlled foreign corporation” for the purposes of the U.S. Tax Code
<b>“Official List”</b>	the list maintained by the UK Listing Authority pursuant to Part VI of FSMA



<b>“Ordinary Resolution”</b>	a resolution of the Company passed as an ordinary resolution in accordance with the Companies Law: (i) at a duly convened meeting, by a simple majority of the votes of Shareholders entitled to vote and voting in person or by attorney or by proxy; or (ii) in writing, by a simple majority of the total voting rights of Shareholders entitled to vote at the date of circulation of the resolution
<b>“Overseas Shareholders”</b>	all non-UK Shareholders and non-Restricted Shareholders
<b>“Partial Termination Fee”</b>	has the meaning given in the Section entitled “Discount Control: Quarterly Tenders” in Part I of this Prospectus
<b>“payment in kind” or “PIK”</b>	in reference to a loan or other debt instrument, means a form of Subordinated Secured Obligation
<b>“Performance Fees”</b>	the Investment Vehicle Performance Fee and the Conversion Vehicle Performance Fee
<b>“Placee”</b>	a person subscribing for Shares under the Placing
<b>“Placing”</b>	a placing of Placing Shares at the Placing Price to one or more investors made pursuant to the Placing Programme, including the Initial Placing
<b>“Placing Letter”</b>	has the meaning given in paragraph 1 of Part XIV of this Prospectus
<b>“Placing Price”</b>	the price at which Placing Shares will be issued to Placees pursuant to the Placing, being such price as shall be determined by the Directors, subject to the requirements of the Listing Rules, as set out under the section entitled “The Placing Price” in Part VI of this Prospectus
<b>“Placing Programme”</b>	the proposed programme of Placings of up to 600 million Placing Shares, being New Shares and/or C Shares, as described in this Prospectus
<b>“Placing Share”</b>	a New Share and/or a C Share (as the context so requires) to be issued pursuant to the Placing Programme
<b>“Portfolio”</b>	at any time, the portfolio of Investments in which the assets of the Investment Vehicle or of the Conversion Vehicle (or in aggregate), as applicable, are directly and/or indirectly invested
<b>“Preferred Equity Certificate Programme”</b>	in each of: (i) the programme for the issuance of Investment Vehicle Interests, pursuant to which the Investment Vehicle Interests (including the Company Investment Vehicle Interests) are or may be issued, established as of 19 September 2011; and (ii) the programme for the issuance of Conversion Vehicle Interests, that is expected to be established prior to the issue of the C Shares, in each case as the context so requires
<b>“Pro Rata Scaling Back”</b>	has the meaning given in the section entitled “Discount Control: Quarterly Tenders” in Part I of this Prospectus
<b>“Prospectus”</b>	this prospectus
<b>“Prospectus Directive”</b>	Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading

<b>“Prospectus Rules”</b>	the prospectus rules made by the UK Listing Authority under section 73A of FSMA
<b>“Prudential Regulation Authority” or “PRA”</b>	the UK Prudential Regulation Authority and any successor regulatory authority
<b>“PSL”</b>	Pershing Securities Limited, settlement agent for Dexion in connection with the Placing
<b>“Purchase Agreement”</b>	the Purchase Agreement to be executed by the Company and Goldman Sachs prior to announcement of the total number of Placing Shares to be issued pursuant to each Placing
<b>“Quarter Record Date”</b>	the date specified in an Annual Circular as being the date on which the number of Shares then in issue will be recorded for the purposes of determining the Quarterly Restriction applicable to that Contractual Quarterly Tender
<b>“Quarterly Restriction”</b>	has the meaning given in the section entitled “Discount Control: Quarterly Tenders” in Part I of this Prospectus
<b>“Realisation Condition”</b>	has the meaning given in the section entitled “Discount Control: Quarterly Tenders” in Part I of this Prospectus
<b>“Receiving Agent”</b>	Capita Registrars Limited
<b>“Redemption Deadline”</b>	has the meaning given in the indicative timeline contained in the section entitled “Indicative timeline for Contractual Quarterly Tenders” in Part I of this Prospectus
<b>“Register”</b>	the register of Shareholders
<b>“Registrar” or “Capita”</b>	Capita Registrars (Jersey) Limited or such other person or persons from time to time appointed by the Company
<b>“Registrar Agreement”</b>	the registrar agreement between the Company and the Registrar, a summary of which is set out in paragraph 5.5 of Part IX of this Prospectus
<b>“Regulation S”</b>	Regulation S promulgated under the U.S. Securities Act
<b>“Relevant Member State”</b>	each member state of the European Economic Area which has implemented the Prospectus Directive
<b>“Restricted Shareholders”</b>	Shareholders who are resident in, or citizens of, a Restricted Territory
<b>“Restricted Territory”</b>	the United States, Canada, South Africa, or Japan and any other jurisdiction where the extension or availability of the Placing would breach any applicable law
<b>“Restrictions”</b>	has the meaning given in the section entitled “Discount Control: Quarterly Tenders” in Part I of this Prospectus
<b>“RIS”</b>	a regulatory information service, being any of the regulatory information services set out in Appendix 2 of the Listing Rules
<b>“Risk Factors”</b>	the risk factors pertaining to the Company set out in the section entitled “Risk Factors” in this Prospectus

<b>“Saltgate”</b>	Saltgate S.A.
<b>“SDRT”</b>	UK Stamp Duty Reserve Tax
<b>“SEC”</b>	the U.S. Securities and Exchange Commission
<b>“second lien”</b>	in reference to a loan or other debt instrument, means a form of Subordinated Secured Obligation
<b>“Secretary”</b>	the secretary of the Company
<b>“Securitisation Law”</b>	the Luxembourg Law of 22 March 2004 on securitisation, as amended
<b>“SEDOL”</b>	the Stock Exchange Daily Official List
<b>“senior secured high yield bond”</b>	a form of Senior Secured Obligation
<b>“senior secured loan”</b>	a form of Senior Secured Obligation
<b>“Senior Secured Obligation”</b>	an obligation, debt instrument or participation which is senior in terms of priority or repayment to other debt obligations (if any) of a borrower or borrower group, has a first charge or other first ranking security interest over assets of the borrower or within the borrower group and may be in loan (“senior secured loan”) or bond form (“senior secured high yield bond”)
<b>“Series”</b>	a series of Investment Vehicle Interests and/or a series of Conversion Vehicle Interests (as the context so requires) issued by the Investment Vehicle and/or the Conversion Vehicle (as applicable) from time to time
<b>“Series Account”</b>	has the meaning given in the section entitled “Calculation of the Investment Vehicle and Conversion Vehicle Net Asset Values” in Part II of this Prospectus
<b>“Series NAV”</b>	has the meaning given in the section entitled “Calculation of the Investment Vehicle and Conversion Vehicle Net Asset Values” in Part II of this Prospectus
<b>“Share”</b>	a redeemable ordinary share of no par value in the capital of the Company issued as a “Share” of such class (denominated in such currency) as the Directors may determine in accordance with the Articles and having such rights and being subject to such restrictions as are contained in the Articles
<b>“Shareholder”</b>	a holder of Shares
<b>“Shareholding”</b>	a holding of Shares
<b>“Share Sale Settlement Date”</b>	has the meaning given in the section entitled “Discount Control: Quarterly Tenders” in Part I of this Prospectus
<b>“SIPP”</b>	a self-invested personal pension
<b>“Special Resolution”</b>	a resolution passed by a two-thirds majority of the Shareholders who (being entitled to do so) vote in person, or by proxy, at a general meeting of the Company of which not less than 14 days’ notice, specifying the intention to propose the resolution as a special resolution, has been duly given

<b>“Sponsor”</b>	Goldman Sachs
<b>“Sponsor and Placing Agreement”</b>	the conditional agreement between the Company, the Directors, the Investment Vehicle Manager, CVC Investment Services, Goldman Sachs and Dexion, dated 20 March 2014 a summary of which is set out in paragraph 5.2 of Part IX of this Prospectus
<b>“SSAS”</b>	a small self-administered scheme
<b>“Sterling” or “£”</b>	the lawful currency of the United Kingdom
<b>“Sterling-denominated Company Investment Vehicle Interest”</b>	a Sterling denominated Investment Vehicle Interest issued to the Company by the Investment Vehicle and such Sterling-denominated Company Investment Vehicle Interests constitute the fifth Series of Investment Vehicle Interests issued by the Investment Vehicle
<b>“Sterling-denominated Conversion Vehicle Interest”</b>	a Sterling denominated Conversion Vehicle Interest issued to the Company by the Conversion Vehicle
<b>“Sterling Share”</b>	a Sterling denominated Share
<b>“Submission Deadline”</b>	the date by which Tender Forms and/or TTE Instructions need to be delivered to the Receiving Agent (together with supporting documentation, as applicable). The relevant Submission Deadline for each quarter will be communicated to Shareholders and market makers via the Annual Circular sent to Shareholders in advance of each annual general meeting and such information will also be available on the Company’s Website at the beginning of the relevant quarter
<b>“Subordinated Secured Obligation”</b>	an obligation, debt instrument or participation which is subordinated in terms of priority of repayment behind other debt obligations of an borrower or borrower group and has a charge or other security interest (ordinarily second-ranking) over assets of the borrower or within the borrower group and may be in loan or bond form and includes second lien, mezzanine and payment in kind or PIK obligations
<b>“Subscription Price Adjustment”</b>	has the meaning given in the section entitled “Subscription and Redemption of Investment Vehicle Interests and Conversion Vehicle Interests” in Part II of this Prospectus
<b>“Suspension Announcement”</b>	has the meaning given in the section entitled “Discount Control: Quarterly Tenders” in Part I of this Prospectus
<b>“Suspension Event”</b>	has the meaning given in the section entitled “Suspension of calculations, payments, subscriptions and redemptions in respect of the Investment Vehicle and the Conversion Vehicle” in Part II of this Prospectus
<b>“Takeover Code”</b>	the City Code on Takeovers and Mergers, as amended from time to time
<b>“Tender Administration Fee”</b>	has the meaning given in the section entitled “Discount Control: Quarterly Tenders” in Part I of this Prospectus
<b>“Tender Form”</b>	the prescribed form of irrevocable sell order to be used by Shareholders wishing to make use of the Contractual Quarterly Tender facility. The Tender Form is available for download from the Company’s Website as explained in the section entitled “Discount Control: Quarterly Tenders” in Part I of this Prospectus

<b>“Tender Price”</b>	has the meaning given in the section entitled “Discount Control: Quarterly Tenders” in Part I of this Prospectus
<b>“Tender Purchase”</b>	has the meaning given in the section entitled “Discount Control: Quarterly Tenders” in Part I of this Prospectus
<b>“Tender Request”</b>	has the meaning given in the section entitled “Discount Control: Quarterly Tenders” in Part I of this Prospectus
<b>“Tender Size Announcement”</b>	has the meaning given in the section entitled “Discount Control: Quarterly Tenders” in Part I of this Prospectus
<b>“Tender Terms and Conditions”</b>	has the meaning given in the section entitled “Annual Circulars” in Part XIII of this Prospectus
<b>“Termination Fee”</b>	has the meaning given to it in the section entitled “Termination Fee” in Part I of this Prospectus
<b>“TFE Instruction”</b>	a transfer from escrow instruction
<b>“Treasury Shares”</b>	has the meaning given in the section entitled “Discount Control: Quarterly Tenders” in Part I of this Prospectus
<b>“Treasury Share Sales”</b>	has the meaning given in the section entitled “Treasury Share Sales” in Part I of this Prospectus
<b>“TTE Instruction”</b>	a transfer to escrow instruction
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“UK Corporate Governance Code”</b>	the UK Corporate Governance Code as published by the Financial Reporting Council
<b>“UK Listing Authority”</b>	the Financial Conduct Authority as the competent authority for listing in the United Kingdom
<b>“UK Shareholders”</b>	Shareholders who are resident in, or citizens of, the United Kingdom
<b>“uncertificated” or “uncertificated form”</b>	recorded on the register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
<b>“United States” or “U.S.”</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
<b>“unsecured high yield bonds”</b>	a form of Unsecured Obligation
<b>“Unsecured Obligation”</b>	an unsecured obligation, debt instrument or participation which is senior in terms of priority of repayment to subordinated unsecured debt obligations (if any) of an borrower or borrower group and includes unsecured high yield bonds
<b>“U.S. Dollar” or “US\$”</b>	the lawful currency of the United States
<b>“U.S. Exchange Act”</b>	the U.S. Securities Exchange Act of 1934, as amended
<b>“U.S. Investment Advisers Act”</b>	the U.S. Investment Advisers Act of 1940, as amended
<b>“U.S. Investment Company Act”</b>	the U.S. Investment Company Act of 1940, as amended
<b>“U.S. Person”</b>	has the meaning given in Regulation S under the U.S. Securities Act

<b>“U.S. Plan”</b>	any plan subject to Title 1 of ERISA or section 4975 of the U.S. Tax Code
<b>“U.S. Plan Assets Regulations”</b>	the regulations promulgated by the U.S. Department of Labour at 29 CFR 2510.3-101, as modified by section 3(42) of ERISA
<b>“U.S. Plan Investor”</b>	(i) an “employee benefit plan” as defined in section 3(3) of ERISA that is subject to Title I of ERISA; (ii) a “plan” as defined in Section 4975 of the U.S. Tax Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the U.S. Tax Code; or (iii) an entity whose underlying assets are considered to include “plan assets” by reason of investment by an “employee benefit plan” or “plan” described in the preceding clause (i) or (ii) in such entity pursuant to the U.S. Plan Assets Regulations
<b>“U.S. Plan Threshold”</b>	ownership by benefit plan investors, as defined under section 3(42) of ERISA, in the aggregate of 25 per cent. or more of the value of any class of equity in the Company (calculated by excluding the value of any equity interest held by any person (other than a benefit plan investor, as defined under section 3(42) of ERISA) that has discretionary authority or control with respect to the assets of the Company or that provides investment advice for a fee (direct or indirect) with respect to such assets, or any affiliate of such a person); the term shall be amended to reflect such new ownership threshold that may be established by a change in the Plan Asset Regulations or other applicable law
<b>“U.S. Securities Act”</b>	the U.S. Securities Act of 1933, as amended
<b>“U.S. Tax Code”</b>	the U.S. Internal Revenue Code of 1986, as amended
<b>“VAT”</b>	value added tax or a similar consumption tax
<b>“Western Europe”</b>	means Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom



