

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") and the admission of the Placing Shares to trading on the premium segment or the standard segment (as applicable) of the London Stock Exchange's Main Market for securities admitted to trading, 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 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 portfolio; 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 and that shareholders may not receive, on sale or the cancellation or redemption of their Placing Shares, the amount that they invested.

Applications will be made to the UK Listing Authority and the London Stock Exchange for the Placing Shares issued pursuant to each placing under the Placing Programme (each, a "Placing") to be admitted to the premium segment or the standard segment (as applicable) of the Official List and to trading on the premium segment or the standard segment (as applicable) of the London Stock Exchange's Main Market for securities admitted to trading ("Admission"). It is expected that Admissions will become effective between 29 March 2019 and 28 March 2020 and dealings in Placing Shares that are the subject of a Placing will commence at 8.00 a.m. on the Business Day that is not later than three Business Days after the Placing Shares are issued.

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") accepts responsibility for the information contained in this Prospectus relating to it. To the best of the knowledge of CECO (which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus relating to it 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" or the "Investment Vehicle Manager") 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 28 March 2020 or such earlier time at which the maximum number of Placing Shares 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 500 million Placing Shares, being New Shares  
(to be denominated as either Euro Shares, Sterling Shares or U.S. Dollar Shares)  
and/or C Shares (to be denominated as either Euro C Shares,  
Sterling C Shares or U.S. Dollar C Shares)**

**Sponsor and Sole Bookrunner**

Winterflood Securities Limited

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This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or the solicitation of any offer to purchase, subscribe for or otherwise acquire, any securities by any person in any circumstances or jurisdiction in which such offer or solicitation would be unlawful.

The offer and sale of Placing Shares have not been and will not be registered under the securities laws of South Africa, Canada or Japan. The Placing Shares may not be offered or sold into or within South Africa, Canada or Japan 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 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 as such investors will not be entitled to the benefits of the U.S. Investment Company Act. The 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 with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered, sold, exercised, resold, pledged, delivered or otherwise transferred, 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 under the U.S. Securities Act (“U.S. Persons”), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States and in a manner which would not require the Company to register under the U.S. Investment Company Act. In connection with the Placing Programme, subject to certain exceptions, the Placing Shares will be offered and sold only outside the United States in “offshore transactions” to non-U.S. Persons pursuant to Regulation S under the U.S. Securities Act. There has been and will be no public offering of the Placing Shares in the United States.

**Neither the U.S. Securities and Exchange Commission (the “SEC”) nor any state securities commission has approved or disapproved of the Placing Shares or passed upon or endorsed the merits of the offering of the Placing 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, Winterflood Securities Limited (“Winterflood”), nor any of their respective affiliates or advisors, accepts any legal responsibility to 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 and under the Articles. 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 and may subject the holder to the forced transfer and other provisions set out in the Articles. 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 Winterflood or any person affiliated with Winterflood 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, Winterflood nor 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 their own legal, financial or tax adviser for legal, financial or tax advice.

Winterflood, 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 Placing Programme. It will not regard any person (whether or not a recipient of this Prospectus) as its client in relation to any Placing 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 Winterflood 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, Winterflood accepts no responsibility whatsoever for, and makes 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. Winterflood accordingly disclaims 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 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 29 March 2019.

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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”.

<b>Section A — Introduction and warnings</b>																	
<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>															
A1	Warning	This summary should be read as an introduction to the Prospectus. Any decision to acquire Placing Shares should be based on a consideration of the Prospectus as a whole by an investor. 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 of the European Union, have to bear the costs of translating that Prospectus before the legal proceedings are initiated. 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.															
A2	Use of prospectus by financial intermediaries	Not applicable. The Company has not given its consent to the use of the Prospectus for subsequent resale or final placement of securities by financial intermediaries.															
<b>Section B — Issuer</b>																	
<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>															
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>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:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><b>Name</b></th> <th style="text-align: right;"><b>No. of voting rights held</b></th> <th style="text-align: right;"><b>Percentage of total voting rights</b></th> </tr> </thead> <tbody> <tr> <td>Quilter</td> <td style="text-align: right;">107,114,073</td> <td style="text-align: right;">20.25</td> </tr> <tr> <td>Investec Wealth &amp; Investment Limited</td> <td style="text-align: right;">35,506,216</td> <td style="text-align: right;">6.71</td> </tr> <tr> <td>Canaccord Genuity Group Inc</td> <td style="text-align: right;">30,853,182</td> <td style="text-align: right;">5.83</td> </tr> <tr> <td>FIL Limited</td> <td style="text-align: right;">27,659,046</td> <td style="text-align: right;">5.22</td> </tr> </tbody> </table>	<b>Name</b>	<b>No. of voting rights held</b>	<b>Percentage of total voting rights</b>	Quilter	107,114,073	20.25	Investec Wealth & Investment Limited	35,506,216	6.71	Canaccord Genuity Group Inc	30,853,182	5.83	FIL Limited	27,659,046	5.22
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B7	Key financial information	<p><b>Audited financial data for the financial years ended 31 December 2018, 31 December 2017 and 31 December 2016</b></p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">31 December 2018</th> <th style="text-align: right;">31 December 2017</th> <th style="text-align: right;">31 December 2016</th> </tr> <tr> <th></th> <th style="text-align: right;">€</th> <th style="text-align: right;">€</th> <th style="text-align: right;">€</th> </tr> </thead> <tbody> <tr> <td colspan="4"><b>Assets</b></td> </tr> <tr> <td>Financial investments held at fair value through profit or loss</td> <td style="text-align: right;">537,640,863</td> <td style="text-align: right;">507,308,415</td> <td style="text-align: right;">404,603,610</td> </tr> <tr> <td>Financial assets receivable</td> <td style="text-align: right;">448,289</td> <td style="text-align: right;">–</td> <td style="text-align: right;">–</td> </tr> <tr> <td>Prepayments</td> <td style="text-align: right;">33,962</td> <td style="text-align: right;">36,856</td> <td style="text-align: right;">50,185</td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;">1,208,254</td> <td style="text-align: right;">588,911</td> <td style="text-align: right;">1,567,742</td> </tr> <tr> <td><b>Total assets</b></td> <td style="text-align: right;"><b>539,331,368</b></td> <td style="text-align: right;"><b>507,934,182</b></td> <td style="text-align: right;"><b>406,221,537</b></td> </tr> <tr> <td colspan="4"><b>Liabilities</b></td> </tr> <tr> <td>Payables</td> <td style="text-align: right;">(366,166)</td> <td style="text-align: right;">(256,050)</td> <td style="text-align: right;">(695,258)</td> </tr> <tr> <td><b>Total liabilities</b></td> <td style="text-align: right;"><b>(366,166)</b></td> <td style="text-align: right;"><b>(256,050)</b></td> <td style="text-align: right;"><b>(695,258)</b></td> </tr> </tbody> </table> <p>The key audited figures in respect of the financial years ended 31 December 2018, 31 December 2017 and 31 December 2016, as set out above, have been extracted without material adjustment from the Company's 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 for each of the financial periods set out above or subsequent to those periods up to the date of this Prospectus.</p> <p>The Company completed the following tenders under its Contractual Quarterly Tender mechanism during the year ended 31 December 2016. All of the shares tendered were transferred into the Company's name and held in treasury.</p> <ul style="list-style-type: none"> <li>On 12 February 2016, 29,210,354 Euro Shares and 262,055 Sterling Shares were tendered under the Company's December 2015 tender at a price of €1.0107 and £1.0202 per share respectively.</li> <li>On 13 May 2016, 118,000 Euro Shares and 9,966,666 Sterling Shares were tendered under the Company's March 2016 tender at a price of €0.9868 and £0.9969 per share respectively.</li> <li>On 12 August 2016, 27,426,944 Euro Shares and 7,786,215 Sterling Shares were tendered under the Company's June 2016 tender at a price of €1.0099 and £1.0225 per share respectively.</li> <li>On 14 November 2016, 7,128,382 Euro Shares and 39,612,080 Sterling Shares were tendered under the Company's September 2016 tender at a price of €1.0195 and £1.0349 respectively.</li> </ul> <p>The Company completed the sale of 14,158,528 Euro Shares and 92,297,338 Sterling Shares during the year ended 31 December 2017, receiving gross proceeds of €15,569,935 and £103,634,790 respectively.</p> <p>The Company completed the following tenders under its Contractual Quarterly Tender mechanism during the year ended 31 December 2017. All of the shares tendered were transferred into the Company's name and held in treasury.</p> <ul style="list-style-type: none"> <li>On 13 February 2017, 6,270,498 Euro Shares and 7,972,725 Sterling Shares were tendered under the Company's December 2016 tender at a price of €1.0441 and £1.0596 per share respectively.</li> <li>On 15 May 2017, 5,543,631 Euro Shares and 6,965,625 Sterling Shares were tendered under the Company's March 2017 tender at a price of €1.0679 and £1.0861 per share respectively.</li> <li>On 14 August 2017, 4,013,564 Euro Shares were tendered under the Company's June 2017 tender at a price of €1.0854 per share.</li> </ul> <p>On the 19 May 2017, the Board announced that it had revised the Company's dividend target from 5 Euro cents per Euro Share and 5 pence per Sterling Share of no par value per annum respectively, to target a dividend of 5.5 Euro cents/5.5 pence per Euro or Sterling Share.</p> <p>On 24 October 2017, the Company announced that it had put in place a scrip dividend scheme whereby shareholders are offered an opportunity to elect to receive dividends in the form of new Euro or Sterling Shares rather than cash. 308,419 Euro Shares and 22,140 Sterling Shares were issued on 18 December 2017 under the scheme.</p> <p>At the 2016 Annual General Meeting the Company requested, and received, shareholder approval to create a mechanism whereby Treasury Shares held by the Company be converted from one currency denomination to another in accordance</p>		31 December 2018	31 December 2017	31 December 2016		€	€	€	<b>Assets</b>				Financial investments held at fair value through profit or loss	537,640,863	507,308,415	404,603,610	Financial assets receivable	448,289	–	–	Prepayments	33,962	36,856	50,185	Cash and cash equivalents	1,208,254	588,911	1,567,742	<b>Total assets</b>	<b>539,331,368</b>	<b>507,934,182</b>	<b>406,221,537</b>	<b>Liabilities</b>				Payables	(366,166)	(256,050)	(695,258)	<b>Total liabilities</b>	<b>(366,166)</b>	<b>(256,050)</b>	<b>(695,258)</b>
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		<p>with the procedure set out in the Articles. Accordingly on 11 September 2017, the Company settled the CCPEOL Purpose Trust, to facilitate the conversion of Treasury Shares by the incorporation of a company, Conversion SPV Limited (the “<b>Conversion Company</b>”), who would purchase the Treasury Shares from the Company, convert them into shares of the other currency denomination and sell those converted shares back to the Company.</p> <p>On 6 October 2017, the Company announced the sale of 50,000,000 Euro Treasury Shares to the Conversion Company. The 50,000,000 Euro Shares were converted into 45,167,540 Sterling Shares at a ratio of 0.903351, calculated in accordance with the share conversion provisions appearing in the Company’s Articles. On 13 October 2017, the conversion process was completed with the Company purchasing 45,167,540 Sterling Shares from the Conversion Company and holding them in treasury. The transactions had no material impact on the Company’s liquidity or its NAV.</p> <p>The Company completed the sale of 6,550,000 Euro Shares and 22,107,240 Sterling Shares during the year ended 31 December 2018, receiving gross proceeds of €7,233,528 and £25,142,172 respectively.</p> <p>The Company completed the following tenders under its Contractual Quarterly Tender mechanism during the year ended 31 December 2018. All of the shares tendered were transferred into the Company’s name and held in treasury.</p> <ul style="list-style-type: none"> <li>• On 12 February 2018, 14,660 Sterling Shares were tendered under the Company’s December 2017 tender at a price of £1.1090 per share respectively.</li> <li>• On 15 May 2018, 3,933,091 Euro Shares and 24,433 Sterling Shares were tendered under the Company’s March 2018 tender at a price of €1.0855 and £1.1135 per share respectively.</li> <li>• On 17 August 2018, 25 Euro Shares and 608 Sterling Shares were tendered under the Company’s June 2018 tender at a price of €1.0862 and £1.1173 per share respectively.</li> </ul> <p>Following requests made by shareholders, the Company converted a total of 1,435,149 Euro Shares into 1,236,403 Sterling Shares and 149,325 Sterling Shares into 173,268 Euro Shares under the monthly conversion facility during the year ended 31 December 2018.</p> <p>The Company announced and paid four quarterly dividends totalling €0.0550 and £0.0550 per Euro Share and Sterling Share respectively in 2018.</p> <p>Under the scrip dividend scheme, the Company issued: 311,042 Euro Shares and 105,310 Sterling Shares on 16 March 2018; 71,534 Euro Shares and 20,912 Sterling Shares on 15 June 2018; 308,921 Euro Shares and 450,777 Sterling Shares on 21 September 2018; and 314,613 Euro Shares and 34,641 Sterling Shares on 14 December 2018.</p> <p>On 21 June 2018, the Company announced the sale of 41,564,426 Euro Treasury Shares to the Conversion Company. The 41,564,426 Euro Shares were converted into 35,477,357 Sterling Shares at a ratio of 0.853551, calculated in accordance with the share conversion provisions appearing in the Company’s Articles. On 28 June 2018 the conversion process was completed, with the Company purchasing 35,477,357 Sterling Shares from the Conversion Company and holding them in treasury. The transactions had no material impact on the Company’s liquidity or its NAV.</p> <p>On 29 January 2019, the Company announced a dividend of €0.01375 per Euro Share and £0.01375 per Sterling Share respectively.</p> <p>On 15 February 2019, 144,501 Sterling Shares were tendered under the Company’s December 2018 tender at a price of £1.0662 per share. All of the shares tendered were transferred into the Company’s name and held in treasury.</p> <p>Under the scrip dividend scheme, the Company issued: 336,017 Euro Shares and 29,296 Sterling Shares on 25 March 2019.</p> <p>Following requests made by shareholders, the Company converted 500,000 Sterling Shares at a conversion ratio of 1.210614 Euro Shares per Sterling Share and, accordingly 605,307 Euro Shares were admitted to the Official List on 29 March 2019.</p>
B8	Key <i>pro forma</i> financial information	Not applicable. No <i>pro forma</i> 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 predominantly 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 the capital structure of such companies.</p> <p>The Company pursues its investment policy by investing the net proceeds from issues of Shares in the Investment Vehicle, and by investing the net proceeds from issues of C Shares in the Conversion Vehicle pending the Conversion of such 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> <p>The investment policy of the Investment Vehicle is subject to the following limits (the "<b>Investment Limits</b>"): </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 60 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;</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; and</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 costs as a percentage of the Investment Vehicle's Gross Assets.</li> </ul> <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 (the "<b>Investment Vehicle Net Asset Value</b>") at the time of borrowing (the "<b>Borrowing Limit</b>").</p> <p><b>General</b></p> <p>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 below "Material changes to the investment objective and policy of the Company, the Investment Vehicle and the Conversion Vehicle" will apply.</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>Company Borrowing Limit</b></p> <p>The Company does not have any borrowings but may, pursuant to an Ordinary Resolution passed on 4 April 2016, borrow an amount equal to 15 per cent. of the net asset value of the Company (the "<b>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> <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 would seek to 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 have any borrowings but may, pursuant to an Ordinary Resolution passed on 4 April 2016, borrow an amount equal to 15 per cent. of the 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 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 Jersey Financial Services Commission (" <b>JFSC</b> "). In addition, the Company is subject to the continuing obligations imposed by the UK Listing Authority and the London Stock Exchange on all investment companies whose shares are admitted to the Official List and to trading on the Main Market.									
B37	Typical investors	The Placing Shares are 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 portfolio; and (iii) who fully understand and are willing to assume the risks involved in such an investment programme. 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	<p>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.</p> <table border="1"> <thead> <tr> <th colspan="3"><b>Section B: Summary of Investment Vehicle and the Conversion Vehicle</b></th> </tr> <tr> <th><i>Element</i></th> <th><i>Disclosure requirement</i></th> <th><i>Disclosure</i></th> </tr> </thead> <tbody> <tr> <td>B1</td> <td>Legal and commercial name</td> <td> <p><b>Investment Vehicle:</b> Compartment A of CVC European Credit Opportunities S.à.r.l</p> <p><b>Conversion Vehicle:</b> Compartment AA of CVC European Credit Opportunities S.à.r.l</p> </td> </tr> </tbody> </table>	<b>Section B: Summary of Investment Vehicle and the Conversion Vehicle</b>			<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>	B1	Legal and commercial name	<p><b>Investment Vehicle:</b> Compartment A of CVC European Credit Opportunities S.à.r.l</p> <p><b>Conversion Vehicle:</b> Compartment AA of CVC European Credit Opportunities S.à.r.l</p>
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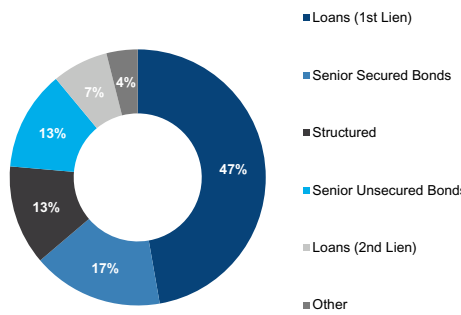
		B2	Domicile and legal form	CVC European Credit Opportunities S.à.r.l is a Luxembourg “compartmentalised” securitisation company statutorily assured under the Luxembourg Securitisation Law of 2004, incorporated on 2 December 2010 with company registration number B0158090. Each of the Investment Vehicle 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><b>Investment Vehicle</b></p> <p><b>Audited financial data for the financial years ended 31 December 2018, 31 December 2017 and 31 December 2016</b></p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">31 December 2018 €000</th> <th style="text-align: right;">31 December 2017 €000</th> <th style="text-align: right;">31 December 2016 €000</th> </tr> </thead> <tbody> <tr> <td colspan="4"><b>Assets</b></td> </tr> <tr> <td>Financial assets at fair value through profit or loss</td> <td style="text-align: right;">818,192</td> <td style="text-align: right;">752,727</td> <td style="text-align: right;">641,365</td> </tr> <tr> <td>Other receivables and prepayments</td> <td style="text-align: right;">29,057</td> <td style="text-align: right;">44,420</td> <td style="text-align: right;">12,372</td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;">247,850</td> <td style="text-align: right;">167,040</td> <td style="text-align: right;">121,934</td> </tr> <tr> <td><b>Total assets</b></td> <td style="text-align: right;"><b>1,095,099</b></td> <td style="text-align: right;"><b>964,187</b></td> <td style="text-align: right;"><b>775,671</b></td> </tr> <tr> <td colspan="4"><b>Liabilities</b></td> </tr> <tr> <td>Financial liabilities at fair value through profit/loss</td> <td style="text-align: right;">(59,298)</td> <td style="text-align: right;">(23,500)</td> <td style="text-align: right;">(28,576)</td> </tr> <tr> <td>Financial liabilities measured at amortised cost</td> <td style="text-align: right;">(174,337)</td> <td style="text-align: right;">(173,727)</td> <td style="text-align: right;">(153,155)</td> </tr> <tr> <td>Custodian and administration fees payable</td> <td style="text-align: right;">(213)</td> <td style="text-align: right;">(142)</td> <td style="text-align: right;">(126)</td> </tr> <tr> <td>Other payables and accrued expenses</td> <td style="text-align: right;">(81,873)</td> <td style="text-align: right;">(71,027)</td> <td style="text-align: right;">(53,091)</td> </tr> <tr> <td><b>Total liabilities (excluding net assets attributable to the Investment Vehicle Interest holders)</b></td> <td style="text-align: right;"><b>(315,721)</b></td> <td style="text-align: right;"><b>(268,396)</b></td> <td style="text-align: right;"><b>(234,948)</b></td> </tr> <tr> <td><b>Net assets attributable to the Investment Vehicle Interest holders</b></td> <td style="text-align: right;"><b>779,378</b></td> <td style="text-align: right;"><b>695,791</b></td> <td style="text-align: right;"><b>540,723</b></td> </tr> </tbody> </table> <p>The key audited figures in respect of the three financial years ended 31 December 2018, 31 December 2017 and 31 December 2016, as set out above, summarise the financial condition of the Investment Vehicle and have been extracted without material adjustment from the Investment Vehicle’s historical financial information, which is set out at Part XII of this Prospectus.</p> <p>There has been no significant change in the financial condition and operating results of the Investment Vehicle for each of the financial periods set out above or subsequent to those periods up to the date of this Prospectus.</p> <p><b>Conversion Vehicle</b></p> <p>The Conversion Vehicle has been dormant since 22 July 2014 and therefore no financial statements have been made up in respect of the Conversion</p>		31 December 2018 €000	31 December 2017 €000	31 December 2016 €000	<b>Assets</b>				Financial assets at fair value through profit or loss	818,192	752,727	641,365	Other receivables and prepayments	29,057	44,420	12,372	Cash and cash equivalents	247,850	167,040	121,934	<b>Total assets</b>	<b>1,095,099</b>	<b>964,187</b>	<b>775,671</b>	<b>Liabilities</b>				Financial liabilities at fair value through profit/loss	(59,298)	(23,500)	(28,576)	Financial liabilities measured at amortised cost	(174,337)	(173,727)	(153,155)	Custodian and administration fees payable	(213)	(142)	(126)	Other payables and accrued expenses	(81,873)	(71,027)	(53,091)	<b>Total liabilities (excluding net assets attributable to the Investment Vehicle Interest holders)</b>	<b>(315,721)</b>	<b>(268,396)</b>	<b>(234,948)</b>	<b>Net assets attributable to the Investment Vehicle Interest holders</b>	<b>779,378</b>	<b>695,791</b>	<b>540,723</b>
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			Vehicle during the period of the historical financial information contained in this Prospectus.
B8	Key <i>pro forma</i> financial information		Not applicable. No <i>pro forma</i> 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 the 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>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 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.</p> <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 60 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; and</li> <li>• a maximum of 25 per cent. of the Investment Vehicle's Gross Assets will be invested in CVC</li> </ul>

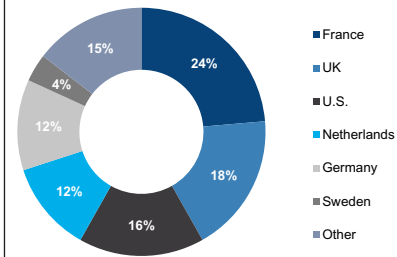
				Capital Portfolio Company Debt Obligations (calculated as invested cost as a percentage of the Investment Vehicle's Gross Assets; where CVC Funds hold a minority interest in a CVC Capital Portfolio Company, it is calculated as the product of the debt holding and the percentage of equity interest held by CVC Funds).
		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.
		B40	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 per cent. of each Series NAV (before deduction of the base management fee or any performance fee) payable monthly in arrear,</li> </ul> <p>and may be entitled to receive:</p> <ul style="list-style-type: none"> <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</li> </ul>

				<p>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 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).</p> <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 quarter 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 (iii) Mr. Maccabe dated 13 December 2011, Mr. Maccabe is entitled to receive a total of £80,000 per annum (plus : (i) £500 per board meeting for each board meeting of CECO in excess of 12 meetings in a one year period; and (ii) £500 per board meeting for each board meeting of CVC Investment Services in excess of 12 meetings in a one year period) for 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 fixed basis and on a time-spent basis if outside the ordinary course of business as agreed between Saltgate S.A. and CECO.</p> <p><b>Investment Vehicle Administrator</b></p> <p>SS&amp;C (Luxembourg) S.à.r.l (formerly known as SS&amp;C GlobeOp (Luxembourg) S.à.r.l) (in its capacity as Investment Vehicle Administrator and for the provision of loan administration services), fees of approximately 0.0815 per cent. per annum of the Investment Vehicle Net Asset Value (as such fee is dependent on the Investment Vehicle Net Asset Value, it may increase or decrease accordingly). In addition, SS&amp;C (Luxembourg) S.à.r.l receives certain other fees (for audit support, financial statements, reporting and compliance monitoring) that, in total, amount to circa €36,000 per annum. In addition, all reasonable out of pocket fees are also payable. All such fees and expenses are invoiced quarterly in arrear.</p>
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			<p><b>Investment Vehicle Custodian</b></p> <p>Citibank, N.A., London acts as the Investment Vehicle Custodian 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 0.02 per cent. per annum of the Investment Vehicle Net Asset Value; and</li> <li>• in addition, all reasonable out of pocket fees are also payable. All such fees and expenses are invoiced monthly in arrear.</li> </ul> <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 fixed basis at €240,000 per annum for both registrar services and corporate service provision and on a time-spent basis if outside the ordinary course of business as agreed between Saltgate S.A. and CECO.</p> <p><b>Investment Vehicle Prime Broker(s)</b></p> <p>Goldman Sachs International acts as the Investment Vehicle Prime Broker and CECO may appoint further prime brokers as may be approved by the Investment Services Manager. The Investment Vehicle Prime Broker is entitled to receive fees and brokerage commissions as agreed from time to time in accordance with agreed brokerage rates plus any transfer fees, registration costs, taxes (including, without limitation, stamp duty, stamp duty reserve tax and registration taxes) and other similar costs and transaction-related expenses which may include additional expenses attributed by the Investment Vehicle Prime Broker or its affiliates and fees arising out of transactions carried out on behalf of the Investment Vehicle.</p> <p><b>Investment Vehicle Currency Risk Advisor</b></p> <p>Validus Risk Management Limited acts as the Investment Vehicle Currency Risk Advisor and is entitled to receive fees that may not exceed 0.01 per cent of the Investment Vehicle's Gross Assets per calendar quarter. In addition, all reasonable out of pocket fees are also payable. All such fees and expenses are invoiced quarterly in advance.</p>
		B41	<p>Regulatory status of investment manager and custodian</p> <p>The Investment Vehicle Manager is regulated by the FCA.</p> <p>The Investment Vehicle Custodian is regulated by the FCA.</p>
		B42	<p>Calculation of Net Asset Value</p> <p>The Investment Vehicle Net Asset Value and the Series NAV are 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 net asset value of each Investment Vehicle Interest within a Series as of any Investment Vehicle Valuation</p>

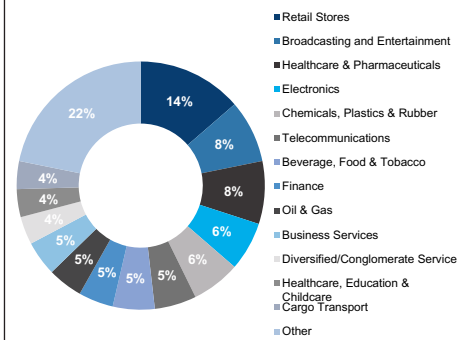
			<p>Date is calculated by the Investment Vehicle Administrator by dividing the net asset value of the relevant Series by the number of Investment Vehicle Interests in issue in that Series as at the close of business as of that Investment Vehicle Valuation Date.</p> <p>Where a Series of Investment Vehicle 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	<p>Cross liability</p> <p>Not applicable. Neither the Investment Vehicle nor the Conversion Vehicle is an umbrella collective investment undertaking.</p>														
		B44	<p>No financial statements have been made up</p> <p>The Investment Vehicle's financial statements for the financial years ended 31 December 2018, 31 December 2017 and 31 December 2016 are contained in this Prospectus.</p> <p>The Conversion Vehicle has been dormant since 22 July 2014 and therefore no financial statements have been made up in respect of the Conversion Vehicle during the period of the historical financial information contained in this Prospectus.</p>														
		B45	<p>Portfolio</p> <p>The following charts provide an unaudited overview of the Investment Vehicle's Portfolio based on the portfolio as at the date of this Prospectus. The portfolio breakdown is based on the number of positions and corporate credits.</p> <p>Number of positions: 126 Number of corporate credits<sup>1</sup>: 90</p> <p>1. Number of corporate credits excludes 16 structured finance positions.</p> <p><b>Portfolio breakdown by asset class<sup>1</sup></b></p>  <table border="1"> <caption>Portfolio Breakdown by Asset Class</caption> <thead> <tr> <th>Asset Class</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Loans (1st Lien)</td> <td>47%</td> </tr> <tr> <td>Senior Secured Bonds</td> <td>17%</td> </tr> <tr> <td>Senior Unsecured Bonds</td> <td>13%</td> </tr> <tr> <td>Structured</td> <td>13%</td> </tr> <tr> <td>Loans (2nd Lien)</td> <td>7%</td> </tr> <tr> <td>Other</td> <td>4%</td> </tr> </tbody> </table> <p>1. Unaudited. Based on number of positions in an asset class. Total may not add up to 100 per cent. due to rounding.</p>	Asset Class	Percentage	Loans (1st Lien)	47%	Senior Secured Bonds	17%	Senior Unsecured Bonds	13%	Structured	13%	Loans (2nd Lien)	7%	Other	4%
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**Portfolio breakdown by country<sup>1</sup>**



1. Unaudited. Number of positions in a country excludes 16 structured finance positions. Total may not add up to 100 per cent. due to rounding.

**Portfolio breakdown by industry<sup>1</sup>**



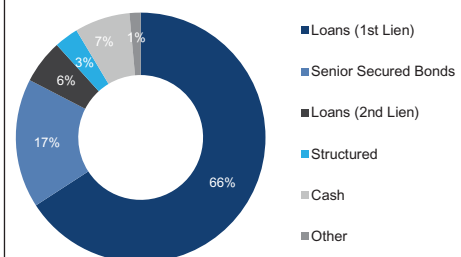
1. Unaudited. Number of positions in an industry excludes 16 structured finance positions. Total may not add up to 100 per cent. due to rounding.

The following charts provide an unaudited overview of the Investment Vehicle's Portfolio based on the valuations of the portfolio as at 28 February 2019.

Number of positions	123
Number of corporate credits <sup>1</sup>	86
Weighted average EBITDA <sup>1</sup>	c. €524 million
Current yield	6.3%
Weighted average debt/EBITDA <sup>1,2</sup>	4.9x
% Floating Rate Assets	85.5%

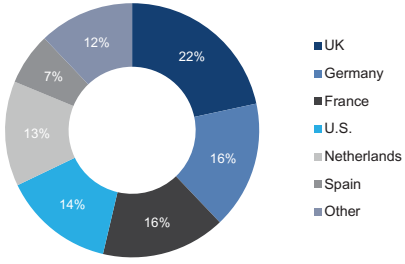
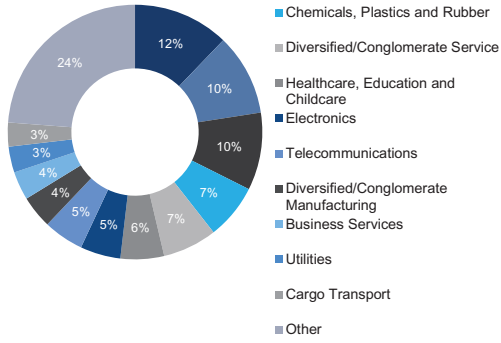
1. Excludes 15 structured finance positions.
2. The weighted average debt (through the debt tranche the Investment Vehicle holds in the capital structure) divided by the EBITDA for each position in the Portfolio.

**Portfolio breakdown by asset class<sup>1</sup>**



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



				<p><b>Portfolio breakdown by country<sup>1</sup></b></p>  <p>1. Unaudited. Total may not add up to 100 per cent. due to rounding.</p> <p><b>Portfolio breakdown by industry<sup>1</sup></b></p>  <p>1. Unaudited. Total may not add up to 100 per cent. due to rounding.</p>
B46	Net Asset Value	As at 28 February 2019, the (unaudited) Net Asset Value per Euro-denominated Company Investment Vehicle Interest was €1.0464 and the (unaudited) Net Asset Value per Sterling-denominated Company Investment Vehicle Interest was £1.0824. No U.S. Dollar-denominated Company Investment Vehicle Interests were in issue.		
<b>Section C — Securities</b>				
	<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>	
	C3	Number of securities in issue	As at the date of this Prospectus, CECO has an authorised and 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 quarterly basis in January, April, July and October that will amount to substantially all of their proportional entitlement to the Investment Vehicle's net income in the relevant calendar quarter 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>		
<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>
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>• The Investment Vehicle may mandatorily redeem an entire Series of Investment Vehicle Interests without the consent of the investors (including the Company).</li> <li>• 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.</li> <li>• CECO and, by extension, the Investment Vehicle and the Conversion Vehicle, is subject to limited regulatory supervision in Luxembourg.</li> <li>• 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.</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/or the Conversion Vehicle's ability to trade in them or require significant time for capital gains to materialise.</li> <li>• The Investment Vehicle and/or 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> <li>• The hedging arrangements of the Investment Vehicle and the Conversion Vehicle may not be successful.</li> </ul>

				<ul style="list-style-type: none"> <li>• Under certain hedging contracts the Investment Vehicle and 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.</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>• Interest rate fluctuations could expose the Investment Vehicle and the Conversion Vehicle to additional costs and losses.</li> <li>• 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.</li> <li>• 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.</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 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.</li> <li>• 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.</li> <li>• The Investment Vehicle Manager may provide services to Other CVC 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 and, by extension, by the Company. The Investment Vehicle Manager may also encounter potential conflicts of interest in connection with the other activities of the CVC Group.</li> <li>• 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</li> </ul>
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			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.
B40	Service providers	<p><b>CVC Investment Services</b></p> <p>Under the terms of the Trade Mark Licence Agreement, CVC Credit Partners Investment Services Management Limited ("<b>CVC Investment Services</b>") is entitled to a one-off payment from the Company.</p> <p><b>Administrator</b></p> <p>Under the terms of the Administration Agreement, the Administrator is entitled to an annual administration fee of £106,000 per annum in respect of accounting, certain NAV calculation and company secretarial services, together with an additional fee of £15,000 per annum for the provision of a money laundering and compliance officer and other miscellaneous fees and expenses reimbursed, in each case, as determined in the agreement.</p> <p><b>Registrar</b></p> <p>The Registrar is entitled to an annual fee of £31,000 from the Company for creation and maintenance of the share register. Other registrar activity is charged for in accordance with the Registrar's normal tariff as published from time to time.</p> <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 per cent. 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 are remunerated for their services at a fee of £43,750 per annum (£65,000 for the Chairman). The chairman of the Audit Committee will receive an additional £6,250 for their 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 the Investment Vehicle Manager, 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	<p>The Company is self-managed and does not have an external investment manager.</p> <p>The Custodian is regulated by the JFSC.</p>	
B42	Calculation of Net Asset Value	<p>The Company intends to publish the Net Asset Value per Share (inclusive of current year income) for each class of C Shares and Shares of the Company in issue on a monthly basis. The Company will also publish weekly estimates of the Net Asset Value per Share for each class of C Shares and Shares. These Net Asset Value per Share will be published by an RIS announcement and on the Company's Website. The Company also intends to publish a monthly factsheet (which will include the Net Asset Values per Share) via an RIS announcement and on the Company's Website. The calculation and notification provisions apply equally to each class of C Shares in issue prior to Conversion.</p>	
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	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 under a Placing, the Company's investments will also include Conversion Vehicle Interests.	

B46	Net Asset Value	As at 28 February 2019, being the latest practicable date before the date of this Prospectus, €1.0410 per Euro Share (unaudited) and £1.0789 per Sterling Share (unaudited).  The U.S. Dollar Shares are not currently in issue. No class of C Shares are currently in issue.												
<b>Section C — Securities</b>														
<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>												
C1	Type and class of securities	<p>The Company intends to issue up to 500 million Placing Shares, being New Shares (which may be denominated as Euro Shares, Sterling Shares or U.S. Dollar Shares) and/or C Shares (which may be denominated as Euro C Shares, Sterling C Shares or U.S. Dollar C Shares).</p> <p>The Shares have the following dealing codes:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">Euro Shares</th> <th style="width: 20%; text-align: center;">Sterling Shares</th> </tr> </thead> <tbody> <tr> <td>ISIN</td> <td style="text-align: center;">JE00B9G79F59</td> <td style="text-align: center;">JE00B9MRHZ51</td> </tr> <tr> <td>SEDOL</td> <td style="text-align: center;">B9G79F5</td> <td style="text-align: center;">B9MRHZ5</td> </tr> <tr> <td>Ticker</td> <td style="text-align: center;">CCPE LN</td> <td style="text-align: center;">CCPG LN</td> </tr> </tbody> </table> <p>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 an issue of U.S. Dollar Shares, the ISINs, SEDOL and ticker symbols issued. Each class of C Shares will have separate ISINs, SEDOLs and ticker symbols issued. The announcement of each initial Placing of C Shares will contain details of the relevant ISIN, SEDOL and ticker symbol for such class of C Shares being issued.</p>		Euro Shares	Sterling Shares	ISIN	JE00B9G79F59	JE00B9MRHZ51	SEDOL	B9G79F5	B9MRHZ5	Ticker	CCPE LN	CCPG LN
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Ticker	CCPE LN	CCPG LN												
C2	Currency	Euro, Sterling and U.S. Dollar.												
C3	Number of securities in issue	<p>The following table shows the issued Share capital of the Company (which is fully paid up) as at the date of this Prospectus:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%; text-align: left;">Class of Shares</th> <th style="width: 20%; text-align: center;">Shares in issue</th> <th style="width: 20%; text-align: center;">Shares in treasury</th> </tr> </thead> <tbody> <tr> <td>Euro Shares</td> <td style="text-align: center;">127,921,462</td> <td style="text-align: center;">4,028,583</td> </tr> <tr> <td>Sterling Shares</td> <td style="text-align: center;">342,816,861</td> <td style="text-align: center;">15,900,400</td> </tr> <tr> <td>Management Shares</td> <td style="text-align: center;">2</td> <td style="text-align: center;">0</td> </tr> </tbody> </table>	Class of Shares	Shares in issue	Shares in treasury	Euro Shares	127,921,462	4,028,583	Sterling Shares	342,816,861	15,900,400	Management Shares	2	0
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Sterling Shares	342,816,861	15,900,400												
Management Shares	2	0												
C4	Description of the rights attaching to the securities	<p><b>C Shares</b></p> <p><b>Dividends</b></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><b>Ranking upon Conversion</b></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><b>Capital</b></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 Share Surplus attributable to each class of Shares shall be divided amongst the Shareholders <i>pro rata</i> to their holdings of Shares of that class; and</p> <p>(ii) the C Share Surplus attributable to each class of C Shares shall be divided amongst the C Shareholders of such class <i>pro rata</i> according to their holdings of C Shares of that class.</p>												

	<p><b>Voting and transfer</b></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><b>Redemption</b></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> <p><b>Class consents and variation of rights</b></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, among other things, by:</p> <ul style="list-style-type: none"> <li>(i) any alteration to the Memorandum or the Articles; or</li> <li>(ii) the passing of any resolution to wind up the Company.</li> </ul> <p><b>Shares</b></p> <p><b>Dividends and other distributions</b></p> <p>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.</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 dividends shall be apportioned and paid <i>pro rata</i> 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.</p> <p><b>Voting</b></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 them and, in the case of a general meeting of all Shareholders, have one vote in respect of each Euro Share held by them and, 1.17 votes in respect of each Sterling Share, such voting ratio being fixed and reflecting, in the case of the Sterling Shares, the Euro value of a Sterling Share (determined by reference to the IPO placing price) on 25 June 2013.</p> <p>In the case of the U.S. Dollar Shares, the votes in respect of each U.S. Dollar Share shall be determined by reference to the Euro value of a U.S. Dollar Share at the time of the first Placing of U.S. Dollar Shares by reference to the initial Placing Price for U.S. Dollar Shares of U.S.\$1.00.</p> <p>If 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.</p> <p><b>Capital</b></p> <p>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</p>
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		<p>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> <p><b>Variation of rights</b></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>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. These pre-emption rights may be excluded and disapplied or modified by an Extraordinary Resolution or, if such authority is being renewed, by Special Resolution. The Company's general disapplication of pre-emption rights was renewed by a Special Resolution at the Company's annual general meeting on 24 April 2018 with respect to 10 per cent. of the Shares then in issue. In anticipation of issuing such number of Shares, such general disapplication was then further renewed by a Special Resolution passed at an extraordinary general meeting of the Company held on 16 November 2018 with respect to a further 10 per cent. of the Shares in issue as at the date of that meeting. Such authority will expire at the end of the Company's annual general meeting to be held in 2019. It is expected that the Company shall seek to renew such authority at each annual general meeting thereafter. Pre-emption rights were also specifically disapplied by an Extraordinary Resolution passed at the extraordinary general meeting on 16 November 2018 in respect to up to 500 million Placing Shares to be issued pursuant to the Placing Programme. Such authority will expire on the earlier of: (i) 28 March 2020, being the closing date of the Placing Programme; or (ii) the date on which the maximum number of Placing Shares have been issued.</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 their 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>Under the Articles, 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.</p> <p>A "Non-Qualified Holder" is defined under the Articles as any person whose ownership of Shares or C Shares (i) may result in the U.S. Plan Threshold being</p>

		<p>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; or (vi) may cause the Company to be a "controlled foreign corporation" for the purposes of the U.S. Tax Code.</p> <p>The above provisions apply equally to each class of C Shares in issue prior to Conversion.</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 each Placing to be admitted to the standard segment of the Official List and to trading on the standard segment of 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 each Placing to be admitted to the premium segment of the Official List and to trading on the premium segment of the Main Market.</p> <p>It is expected that each Admission will become effective and that dealings in Placing Shares will commence between 29 March 2019 and 28 March 2020.</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 quarterly 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>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 of around £0.055 and €0.055 on the Sterling Shares and the Euro Shares respectively. If U.S. Dollar Shares are issued, the Company will target an annualised dividend of around US\$0.055 on the U.S. Dollar Shares. The Board will keep the target dividend in review and may amend it from time to time. 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 this Prospectus.</p>
D1	Key information on the key risks specific to the issuer or its industry	<ul style="list-style-type: none"> <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 their 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>• No reliance should be placed by investors on the past performance of the Company.</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 total return and dividend yield may be materially lower than the targeted return and target dividend yield.</li> </ul>



		<ul style="list-style-type: none"> <li>• The 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>• 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 may be redeemed or otherwise retired without the consent of the Company and will mature in 2030.</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 relies 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 interests of the direct investors in the Investment Vehicle (excluding the Company) may not always coincide with the interests of Shareholders.</li> <li>• The investment objective, investment policy, Investment Limits or Borrowing Limit of the Investment Vehicle or the 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.</li> <li>• Risk of compulsory conversion between Placing Share or C Share classes.</li> <li>• Geopolitical and macro-economic events and developments may adversely affect the business, financial condition and results of operations of the Investment Vehicle, the Conversion Vehicle, the Company and the Investment Vehicle Manager, as well as the Company's NAV and/or the market price of the Placing Shares.</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 Investment Vehicle Manager.</li> <li>• Proposed reforms to various interest rate benchmarks may affect the amounts received by the Company from its holdings of Investment Vehicle Interests and Conversion Vehicle Interests.</li> <li>• The Company is likely to be regarded as a "covered fund" under the Volcker Rule. Any prospective investor that is or may be considered a "banking entity" under the Volcker Rule should consult its legal advisers regarding the potential impact of the Volcker Rule on its investments and other activities prior to making any investment decision with respect to the Shares or entering into other relationships or transactions with the Company.</li> <li>• 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 and related rules.</li> <li>• EMIR compliance may result in the incurrence of direct and indirect costs, which may affect the returns to the Company on the Investment Vehicle Interests or the Conversion Vehicle Interests. Further compliance costs could be incurred by the Investment Vehicle or the Conversion Vehicle if they exceed a prescribed "clearing threshold" and become subject to more onerous obligations under EMIR as a result.</li> <li>• 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.</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>• Impact of ATAD on Luxembourg securitisation companies.</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>
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		<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</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 or C 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 Placing Shares (and, where the Placing Shares are C Shares, the Correspondent Shares arising on Conversion), 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 Placing Shares (or, where the Placing Shares are C Shares, the Correspondent Shares arising on Conversion), 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, and, in the case of C Shares, Correspondent Shares arising on Conversion 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>• CVC Investment Services has the right to terminate the licence granted pursuant to the Trade Mark Licence Agreement in certain circumstances described therein.</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, Sterling C Shares, U.S. Dollar Shares and U.S. Dollar 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> <li>• 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.</li> <li>• The Placing Shares will be subject to purchase and transfer restrictions in each Placing and in secondary transactions in the future.</li> </ul>
E1	Net proceeds and costs of the Issue	<p>The Company intends to issue up to 500 million Placing Shares, being New Shares (which may be denominated as Euro Shares, Sterling Shares or U.S. Dollar Shares) and/or C Shares (which may be denominated as Euro C Shares, Sterling C Shares or U.S. Dollar C Shares). The actual number of Placing Shares to be issued pursuant to each 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 each Admission.</p> <p>In relation to any Placing of New Shares in classes of Existing 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. The Net Asset Values per Share of the Existing Shares will therefore not be diluted as a result of any Placing.</p> <p>In relation to any initial Placings of any class of C Shares and the initial Placing of U.S. Dollar Shares, all costs and expenses of each such Placing (including placing commissions) will be payable out of the proceeds of that Placing. Any subsequent Placings of such C Shares and of U.S. Dollar Shares will be conducted on the same basis as Placings of New Shares in classes of the Existing Shares so that the Net</p>

		<p>Asset Values per Share of the C Shares or U.S. Dollar Shares then in issue will not be diluted as a consequence of any such subsequent Placing.</p> <p>For illustrative purposes, if the aggregate Gross Placing Programme Proceeds are £500 million, assuming 500 million Sterling Shares are issued at a Placing Price of £1.00 (inclusive of premium to the latest available Sterling cum-income NAV per Sterling Share at the relevant time to cover issue expenses), the costs and expenses of the Placing Programme are not expected to exceed 2 per cent. of the Gross Placing Programme Proceeds and the Net Placing Programme Proceeds are expected to be £490 million.</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. 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 500 million Placing Shares, being New Shares (which may be denominated as Euro Shares, Sterling Shares or U.S. Dollar Shares) and/or C Shares (which may be denominated as Euro C Shares, Sterling C Shares or U.S. Dollar C Shares). 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> <p>The minimum subscription per investor pursuant to each Placing within the Placing Programme is €1,000, £1,000 or US\$1,000 (as applicable).</p> <p>Subject to the requirements of the Listing Rules, the price at which each new Share in classes of Existing Shares 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, £1.00 per Sterling C Share and \$1.00 per U.S. Dollar C Share.</p> <p>The initial U.S. Dollar Shares will be issued at a Placing Price of US\$1.00 per U.S. Dollar Share.</p>
E4	Material interests	Not applicable. No interest is material to the Placing Programme.
E5	Name of person selling securities	CVC Credit Partners European Opportunities Limited.
E6	Dilution	The Placing Programme is not being made on a pre-emptive basis and, accordingly, existing Shareholders who do not wish 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.
E7	Expenses charged to the investor	<p>In relation to any Placing of New Shares in classes of Existing 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.</p> <p>In relation to any initial Placings of C Shares and the initial Placing of U.S. Dollar Shares, all costs and expenses of each such Placing (including placing commissions) will be payable out of the proceeds of that Placing. Any subsequent Placings of such C Shares and of U.S. Dollar Shares will be conducted on the same basis as Placings of New Shares in classes of the Existing Shares.</p> <p>For illustrative purposes, if the aggregate Gross Placing Programme Proceeds are £500 million, assuming 500 million Sterling Shares are issued at a Placing Price of £1.00 (inclusive of premium to the latest available Sterling cum-income NAV per Sterling Share at the relevant time to cover issue expenses), the costs and expenses of the Placing Programme are not expected to exceed 2 per cent. of the Gross Placing Programme Proceeds and the Net Placing Programme Proceeds are expected to be £490 million.</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 Investment Vehicle, the Conversion Vehicle, the Investment Vehicle Manager and the Placing Shares 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 the 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 deciding to invest in the Placing Shares.

The Placing Shares are 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 portfolio; and (iii) who fully understand and are willing to assume the risks involved in such an investment programme.

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 Net Placing Proceeds will be invested in the Investment Vehicle and/or the Conversion Vehicle. As a consequence, 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 Net Placing Proceeds 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 their investment objective and investment policy (including the Investment Limits and/or the Borrowing Limit), the Company has no control over the specific Investments made, 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 the 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 the Conversion Vehicle (including the strategies to be employed pursuing the Investment Vehicle's and Conversion Vehicle's respective 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 the Conversion Vehicle.

**The Company's target total 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 total return and dividend yield may be materially lower than the targeted total return and target dividend yield**

The Company's target total 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 total return and/or target dividend yield can be achieved at or near the levels set forth in this Prospectus. Accordingly, the actual rate of total 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 total 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.

**No reliance should be placed by investors on the past performance of the Company**

This Prospectus contains certain historical financial performance information in relation to the Company. There can be no assurance that the Company will be able to maintain its historic investment 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/or the market price of the Placing Shares.

Past performance of the Company should not be taken as a guide to its future performance.

**The 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 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 and the Conversion 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 or C Shareholders, as applicable.

Additionally, if, for any reason, the CECO Directors suspend the calculation of the Investment Vehicle NAV or the 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 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**

Each of the Company, the Investment Vehicle and the Conversion Vehicle has no employees and their respective directors have all been appointed on a non-executive basis. The Company, the Investment Vehicle and the 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 the Conversion Vehicle. In particular, the Administrator and the Investment Vehicle Manager perform services which are important to the operation of the Company. 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 and its affiliates as custodian to hold securities and cash, custody of contractual documentation (such as the loans in which the Investment Vehicle and the Conversion Vehicle will invest) cannot be arranged on a similar basis. The Investment Vehicle and the Conversion Vehicle typically hold these investments directly (being the "lender of record" 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 be redeemed 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 the 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 the 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 the 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 the 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 the 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 the 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 the 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 the 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 the 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 issued by the Company may be denominated in Euro and/or Sterling and/or U.S. Dollar. The Directors may determine that the continued existence of a class of Shares or C Shares would be impractical due to, for example, a class of 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, the Directors will have the right, at their discretion, to compulsorily convert the relevant 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. 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 or the Company should not be taken as a guide to its future performance or, by extension, to 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. Furthermore, because of overall size or concentration in particular markets of positions, the value at which the Investments which can be liquidated may differ, sometimes significantly, from the assigned valuations of such Investments. There may be a relative scarcity of market comparables on which to base the value of the Portfolio. The exercise of discretion in valuation by the Investment Vehicle Manager will give rise to potential conflicts of interest, including in connection with the calculation of management and performance fees. 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. 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 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 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 business, financial condition, results of operations, 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 information 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, 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 the 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 loan 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 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.

**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, it is 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 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.

**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 indices, equity futures and equity indices) 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 and/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, and such adverse effects may exceed those benefits 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 and/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 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 and/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 as 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 and/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 and/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 market movements are favourable, it may result in a substantial loss of capital when market 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 and/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/or 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 renegotiate 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, 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 or 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 values 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 or the Conversion 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 and/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 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.

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 and/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 and/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, 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 cash flows of the issuer's business and by the value of any underlying assets constituting the collateral for such Investment. The anticipated future cash flows 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 and/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.

**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 the Conversion Vehicle will be completely reliant on, and their 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, on the Company's business, financial condition, results of operations, NAV and/or the market price of 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 CVC 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 the 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 the 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, 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 person.

**The Investment Vehicle Manager may provide services to Other CVC 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 and, by extension, by the Company. The Investment Vehicle Manager may also encounter potential conflicts of interest in connection with the other activities of the CVC Group**

CVC Credit Partners Group, including the Investment Services Manager and the Investment Vehicle Manager, provides investment advisory and/or investment management services to investment vehicles, pooled investment funds and managed account arrangements (each, a "CVC Credit Partners Vehicle") and engages in other activities. CVC Capital Partners provides investment advisory and/or investment management services primarily to private equity funds that acquire controlling or significant minority interests in European, Asian and North American companies (each, a "CVC Capital Partners Fund") and engages in other activities. In addition, a member of the CVC Group may provide investment advice to itself. In managing its proprietary account, a member of the CVC Group may purchase or sell securities for its own account that such member of the CVC Group also recommends to Other CVC Clients.

Various potential and actual conflicts of interest may arise from the overall investment activities of CVC Credit Partners Group. CVC Credit Partners Group is a global alternative asset manager and, as such, may have multiple advisory, management, transactional, financial and other interests that may conflict with those of the Investment Vehicle, the Conversion Vehicle and their respective investors (including the Company). CVC Credit Partners Group may in the future engage in further activities that may result in additional conflicts of interest not addressed below.

Investors should note that the Investment Vehicle Investment Services Agreement and Investment Vehicle Investment Management Agreement contain provisions that, subject to applicable law, reduce the respective duties to the Investment Vehicle, the Conversion Vehicle and their respective investors to which the Investment Services Manager or Investment Vehicle Manager and their affiliates would otherwise be subject, and provisions that waive or consent to conduct on the part of Investment Services Manager or Investment Vehicle Manager and their affiliates that might not otherwise be permitted pursuant to such duties. If any matter arises that the Investment Services Manager or Investment Vehicle Manager determine in their good faith judgement constitutes an actual conflict of interest, the Investment Services Manager or the Investment Vehicle Manager may take such actions as they determine in good faith may be necessary or appropriate to ameliorate the conflict (and upon taking such actions the Investment Services Manager or Investment Vehicle Manager, as applicable, will be relieved of any liability for such conflict to the fullest extent permitted by law and shall be deemed to have satisfied its fiduciary duties related thereto to the fullest extent permitted by law). In

addition, CVC Credit Partners Group has established a conflicts committee (“**Conflicts Committee**”) that is responsible for the review of new and potential conflicts of interest that may arise as a result of its investment business. Under certain circumstances, the Conflicts Committee may refer certain conflicts, to an external committee (“**External Conflicts Committee**”) for review and consideration.

There can be no assurance that the Investment Services Manager or Investment Vehicle Manager will resolve all conflicts of interest in a manner that is favourable to the Investment Vehicle or the Conversion Vehicle and, by extension, to the Company. The following sections describe potential and actual conflicts of interest that may arise from the overall investment activities of CVC Credit Partners Group. In each case, where a conflict of interest is not resolved in a manner that is favourable to the Investment Vehicle or the Conversion Vehicle, this may adversely impact the Investment Vehicle’s or the Conversion Vehicle’s performance, and, by extension, the Company’s business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

**Broad and wide-ranging activities.** As a global alternative asset manager, CVC Credit Partners Group engages in a broad spectrum of activities, including financial advisory and/or management services, investment management, sponsoring and managing private and public investment funds, advising CLOs, separately managed accounts, co-investment vehicles, other private funds, and other activities. In the ordinary course of its business, CVC Credit Partners Group engages in activities where its interests or the interests of its clients may conflict with the interests of the Investment Vehicle, the Conversion Vehicle and their respective investors. Conflicts of interest that arise between the Investment Vehicle and the Conversion Vehicle, on the one hand, and CVC Credit Partners Group, any member of the CVC Group, any existing or future affiliated fund or any Other CVC Client, on the other hand, generally will be discussed and resolved on a case-by-case basis by senior management of CVC Credit Partners Group and representatives of the Investment Vehicle and the Conversion Vehicle, the Investment Services Manager and the Investment Vehicle Manager, who will in many circumstances be the same individuals. Any such discussions will take into consideration the interests of the relevant parties and the circumstances giving rise to the conflict. The Investment Services Manager and Investment Vehicle Manager will have the power to resolve, or consent to the resolution of, conflicts of interest on behalf of, and such resolution will be binding on, the Investment Vehicle. Potential Investors should be aware that conflicts will not necessarily be resolved in favour of the Investment Vehicle’s or the Conversion Vehicle’s interests.

The Investment Vehicle Manager is a relying adviser of CVC Credit Partners LLC, which is registered as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended.

**Other investment vehicles and advisory and/or management relationships.** CVC Credit Partners Group and CVC Capital Partners currently advise and/or manage the CVC Credit Partners Vehicles and CVC Capital Partners Funds respectively, and expect in the future to continue to advise and/or manage, various other investment vehicles, pooled investment funds and managed account arrangements (collectively, “**Other CVC Clients**”), including Other CVC Clients with similar or identical investment objectives, strategies and policies to those of the Investment Vehicle and the Conversion Vehicle, and it is anticipated that such Other CVC Clients may make investments which are similar or identical to the Investment Vehicle and the Conversion Vehicle’s investments and which may create a potential conflict of interest for CVC Credit Partners Group. In addition, in managing its proprietary accounts, CVC Credit Partners Group may purchase or sell securities, interests and obligations for its own account and references to “Other CVC Clients” may include such activities as the context requires. CVC Credit Partners Group or such Other CVC Clients, whether now existing or created in the future, could compete with the Investment Vehicle and the Conversion Vehicle for the purchase and sale of investment opportunities.

For example, and without limitation, CVC Capital Partners is primarily engaged in advising and managing private equity funds that currently acquire controlling or significant minority interests in European, Asian and North American companies by investing primarily in equity and equity linked securities. While these investments are generally not suitable for the Investment Vehicle and the Conversion Vehicle, certain conflicts of interest may arise in situations in which investment vehicles advised or managed by the Investment Services Manager or Investment Vehicle Manager, CVC Credit Partners Group and/or CVC Capital Partners have made investments in different parts of the capital structure of the same company. No assurances can be made that any conflicts will be resolved in favour of the Investment Vehicle and the Conversion Vehicle’s interests.

The Investment Services Manager, the Investment Vehicle Manager and/or CVC Credit Partners Group may engage in transactions or investments or cause or advise Other CVC Clients to engage in transactions or investments which may differ from or be identical to the transactions or investments engaged in by the Investment Services Manager and Investment Vehicle Manager for the Investment Vehicle and the Conversion Vehicle's account without notifying the investors of the Investment Vehicle and the Conversion Vehicle. Such advice or transactions may be effected at prices or rates that are more or less favourable than the prices or rates applying to transactions effected for the Investment Vehicle and the Conversion Vehicle and may affect the prices and availability of assets in which the Investment Vehicle and the Conversion Vehicle invest or seek to invest. The Investment Services Manager and Investment Vehicle Manager do not have any obligation to engage in any transaction or investment for the Investment Vehicle and the Conversion Vehicle's account or to recommend any transaction which the Investment Services Manager or Investment Vehicle Manager may engage in for their own accounts or the account of any Other CVC Clients except as otherwise required by applicable law. To the extent permitted by law, the Investment Services Manager and Investment Vehicle Manager are permitted to bunch or aggregate orders for the Investment Vehicle and the Conversion Vehicle's account with orders for Other CVC Clients.

CVC Credit Partners Group may purchase, sell or take other actions with respect to an investment for its own accounts or those of Other CVC Clients, or suggest that such Other CVC Clients make such purchase, sale or other actions prior to executing such actions for the Investment Vehicle and the Conversion Vehicle in respect of such investment, and such actions by CVC Credit Partners Group may result in more or less favourable terms in connection with any subsequent action taken by or on behalf of the Investment Vehicle and the Conversion Vehicle. Additionally, CVC will vote and make any other determinations with respect to the investments held for its own accounts or those of its Other CVC Clients in its sole discretion without regard to the manner in which it votes or makes any other determinations on behalf of the Investment Vehicle and the Conversion Vehicle with respect to such investments, and such votes or determinations taken for CVC's own accounts or those of its Other CVC Clients may conflict with those votes or determinations taken on behalf of the Investment Vehicle and the Conversion Vehicle. The Investment Services Manager and Investment Vehicle Manager are under no obligation to disclose such votes or determinations to the investors.

**Investments in which the Investment Services Manager, the Investment Vehicle Manager and/or CVC have a different interest.** The Investment Services Manager, Investment Vehicle Manager and CVC may invest in a broad range of securities, and instruments throughout the corporate capital structure. These investments include (but are not limited to) investments in corporate loans and debt securities, preferred equity securities and common equity securities. Accordingly, the Investment Services Manager, the Investment Vehicle Manager, CVC Group and/or Other CVC Clients may invest in different parts of the capital structure of a company or other entity in which the Investment Vehicle, the Conversion Vehicle, CVC Group or Other CVC Clients invest. For example, with respect to the Investment Vehicle and the Conversion Vehicle's investments in certain companies, Other CVC Clients may invest in equity and/or different classes of debt issued by the same companies and/or one of CVC Capital Partners' private equity funds may own some or all of the equity securities of such companies. For example, and without limitation, to the extent an investment vehicle advised or managed by CVC Capital Partners may own all or a majority of the outstanding equity securities of an underlying issuer (an "**Underlying Issuer**") in which the Investment Vehicle and the Conversion Vehicle invest, such funds may have the ability to elect all of the members of the board of directors of such company and thereby control its policies and operations, including the appointment of management, future issuances of common stock or other securities, the payments of dividends, if any, on its common stock, the incurrence of debt by it, amendments to its certificate of incorporation and bylaws and entering into extraordinary transactions, and such funds' interests may not in all cases be aligned with those of the Investment Vehicle and the Conversion Vehicle, which could create actual or potential conflicts of interest or the appearance of such conflicts. Further, if Other CVC Clients were to purchase debt or other instruments from an Underlying Issuer at a different level in the Underlying Issuer's capital structure than the Investment Vehicle and the Conversion Vehicle's investments, CVC Group may, in certain instances, face a conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of, such Other CVC Client, the Investment Vehicle and the Conversion Vehicle (e.g., with respect to the terms of such high yield securities or other debt or other instruments, the enforcement of covenants, the terms of recapitalisations, exercise of rights, pursuit of remedies, etc.).

Other CVC Clients could have an interest in pursuing an acquisition that would increase indebtedness, divestiture of revenue-generating assets or other transaction that could enhance the value of the private equity investment, even though the proposed transaction would subject the Investment Vehicle and the Conversion Vehicle's debt investments to additional or increased risk. In addition, with respect to companies in which the Investment Vehicle and the Conversion Vehicle have an equity investment, to the extent that one of the Other CVC Clients is actually or effectively the controlling shareholder, it may be able to determine the outcome of all matters requiring stockholder approval and will be able to cause or prevent a change of control of such company or a change in the composition of its board of directors and could preclude any unsolicited acquisition of that company regardless as to whether the Investment Vehicle and the Conversion Vehicle agree with such determination. So long as the Other CVC Client continues to own a significant amount of the voting power of an Underlying Issuer in which the Investment Vehicle and the Conversion Vehicle invest, even if such amount is less than 50 per cent., it may continue to influence strongly, or effectively control, that company's decisions. As a result, the Investment Vehicle and the Conversion Vehicle's interests with respect to the management, investment decisions or operations of those companies may at times be in direct conflict with those of the Other CVC Clients.

In addition, where the Investment Vehicle, the Conversion Vehicle, CVC Group and/or the Other CVC Clients invest in different parts of the capital structure of an Underlying Issuer, their respective interests may diverge significantly in the case of financial distress of a company. For example, if additional financing is necessary as a result of financial or other difficulties, it may not be in the best interests of the Investment Vehicle and the Conversion Vehicle to provide such additional financing. If CVC Group or Other CVC Clients were to lose their respective investments as a result of such difficulties, the ability of the Investment Vehicle Manager to recommend actions in the best interests of the Investment Vehicle and the Conversion Vehicle might be impaired. In addition, it is possible that in a bankruptcy proceeding the Investment Vehicle and the Conversion Vehicle's interest may be subordinated or otherwise adversely affected by virtue of the Investment Vehicle Manager's and/or CVC Group's or the Other CVC Client's involvement and actions relating to their investment. Moreover, there can be no assurance that the term of or the return on the Investment Vehicle and the Conversion Vehicle's investment will be equivalent to or better than the term of or the returns obtained by the other affiliates or the Other CVC Clients participating in the transaction. This may result in a loss or substantial dilution of the Investment Vehicle and the Conversion Vehicle's investment, while CVC Group and/or Other CVC Clients recover all or part of amounts due to them. A further example of where the Investment Vehicle, the Conversion Vehicle, CVC Group and/or the Other CVC Clients may have divergent interests where they are invested in different parts of the capital structure of an Underlying Issuer is where such an entity is holding senior loans or debt securities of an Underlying Issuer and may therefore want to pursue actions to protect its own rights as a creditor that are detrimental to the rights of an Other CVC Client, CVC Group, the Investment Vehicle or the Conversion Vehicle, that holds more junior securities issued by the same Underlying Issuer.

The Investment Services Manager's and Investment Vehicle Manager's ability to implement the Investment Vehicle's strategies effectively may be limited to the extent that contractual obligations entered into in respect of the activities of CVC Group impose restrictions on the Investment Vehicle and the Conversion Vehicle engaging in transactions that the Investment Vehicle, the Conversion Vehicle and/or the Investment Services Manager or Investment Vehicle Manager may be interested in otherwise pursuing.

Due to the various conflicts described herein, actions may be taken by CVC Group and/or on behalf of Other CVC Clients that are adverse to the Investment Vehicle and the Conversion Vehicle.

While the possibility of conflicts in such circumstances can never be fully mitigated, prior to making any new investment in an Underlying Issuer on behalf of a client, CVC Credit Partners Group will consider whether the interests of Other CVC Clients invested in the capital structure of the Underlying Issuer may impair its ability to act in the best interest of the client in question. When CVC Credit Partners Group is required to take action with respect to a security or loan investment held by a client, it is CVC Credit Partners Group policy to act in the best interest of the holder of the investment with respect to which action is being taken, even though such actions may be to the detriment of others invested in the company's capital structure.

**CVC platform investment restriction.** CVC Credit Partners Group, on behalf of the CVC Credit Partners Vehicles, is generally limited to holdings in the aggregate (i.e. across all CVC Credit Partners

Vehicles) of typically no more than 20 per cent. of the outstanding par amount of a single tranche or class of an equity or debt of a CVC Capital Portfolio Company. Pursuant to the Investment Limits, a maximum of 25 per cent. of the Investment Vehicle and the Conversion Vehicle's Gross Assets may be invested in CVC Capital Portfolio Company Debt Obligations. In addition, pursuant to its policies, prior to making an investment in a CVC Capital Portfolio Company, the proposed investment must be reviewed and approved by the portfolio manager, the investment committee, and in certain instances the Conflicts Committee and an External Conflicts Committee. Where the investment opportunity would result in CVC Credit Partners Group holding 10 per cent. or more of the relevant investment tranche or class across all of its investment vehicles, an External Conflicts Committee must review and approve the investment. However, any investment of any size in a CVC Capital Portfolio Company may be referred by the Conflicts Committee to an External Conflicts Committee for review as deemed necessary. As a result of CVC Credit Partners Group being limited with respect to the size of its investments in a CVC Capital Portfolio Company, the Investment Vehicle and the Conversion Vehicle may not be able to acquire an investment that it would otherwise elect to make.

**Allocation of opportunities; non-exclusivity.** CVC Credit Partners Group is not required to accord exclusivity or priority to the Investment Vehicle and the Conversion Vehicle in the event of limited investment opportunities. Where there is a limited supply of an available opportunity, CVC Credit Partners Group will allocate investment opportunities (including any related co-investment opportunities) in any manner deemed appropriate as determined in its sole discretion, taking into account considerations which may include, among other things, investment objectives, investment strategies, restrictions, cash availability, or other considerations deemed relevant by CVC Credit Partners Group. Although CVC Credit Partners Group will endeavour to allocate investment opportunities in a fair and equitable manner over time, CVC Credit Partners Group cannot assure, and assumes no responsibility for, equality among all of their and their affiliates' accounts and clients and, as a result, investment opportunities that fall within the Investment Vehicle and the Conversion Vehicle's investment objective and/or strategy may be allocated, in whole or in part, away from the Investment Vehicle and the Conversion Vehicle.

**Cross trades and principal transactions.** From time to time, CVC Credit Partners Group may execute or recommend transactions in which one client sells securities or other instruments to another client (a "**cross trade**"). CVC Credit Partners Group may also recommend transactions in which one client that is deemed to be more than 25 per cent. owned by CVC Credit Partners Group or certain affiliated entities buys securities or other instruments from, or sells securities or other instruments to, another client (a "**principal transaction**"). Cross trades may present potential conflicts of interest. For example, one client could be advantaged to the detriment of another client in the event that the securities being exchanged are not priced in a manner that reflects their fair value (i.e., if the trade was not executed in the open market). Additionally, there is a potential conflict of interest when a cross trade involves a client account on one side of the transaction and a principal account, or an account in which CVC Credit Partners Group receives a higher management fee, on the other side of the transaction. To address these potential conflicts, CVC Credit Partners Group maintains cross trade and principal transaction policies and procedures that are compliant with the requirements of Section 206(3) of the U.S. Investment Advisers Act of 1940, as amended. Any cross trade or principal transaction will be effected in accordance with CVC Credit Partners Group cross trade and principal transaction policies and procedures, which require the compliance department's approval before the transaction may proceed and are designed to ensure that the transaction is in the best interest of each involved client. As per CVC Credit Partners Group cross trade and principal transaction policies and procedures, cross trades must be consistent with CVC Credit Partners Group's duty to seek best execution and be executed at a fair price as determined in accordance with the pricing protocols specified in the abovementioned policies and procedures. CVC Credit Partners Group will maintain documentation of the rationale for each transaction and the determination of pricing. In connection with principal transactions, CVC Credit Partners Group will also disclose to the relevant client(s) that the proposed transaction involves a principal account and obtain the necessary client consent prior to the transaction being effected.

**Other fees; fees of underlying issuers.** CVC Credit Partners Group and/or its affiliates may receive fees from portfolio entities, the Investment Vehicle or the Conversion Vehicle and/or third parties as compensation for arranging, underwriting, syndicating or refinancing loans and/or other Investments or other additional fees, including loan structuring fees, loan modification or restructuring fees, servicing (including loan servicing and special servicing fees) and administrative fees, and fees for

advisory or asset management services and/or the monitoring, oversight and/or restructuring of loans, consulting, commitment, syndication (including any fees arising from arranging, syndicating or performing similar services in respect of bridge financings), origination, organisational, administrative (including treasury, collateral management and affirmation/confirmation), financing, placement, investment banking and divestment fees and other fees for services. In addition, in certain cases, CVC Credit Partners Group and/or its affiliates may receive fees from or with respect to the Investments and/or portfolio entities and from unconsummated transactions, including net break-up and topping fees, net commitment fees, net transaction fees, net monitoring fees (including termination fees relating to monitoring agreements), directors' fees and net organisation, financing, syndication (including bridge financings), divestment and similar fees. In addition, in certain instances, the Investment Vehicle Manager and/or persons affiliated with the Investment Vehicle Manager may receive fees (including fees from portfolio entities), including incentive fees or similar compensation, paid and/or borne by third parties in connection with the Investment Vehicle and the Conversion Vehicle's investment activities. For example, this may include fees associated with capital invested in connection with a joint venture in which the Investment Vehicle and the Conversion Vehicle participate and/or fees associated with capital invested by co-investors and/or other third parties relating to investments in which the Investment Vehicle and the Conversion Vehicle participate. The investors will not receive the benefit of any fees relating to the Portfolio. Certain director fees, administration services fees and ordinary course discounts, as further set out in the Investment Vehicle Investment Services Agreement and Investment Vehicle Investment Management Agreement, will not result in an offset to the Investment Vehicle Investment Management Fee. In addition, when hiring consultants and vendors for deal sourcing purposes, the success fee of such consultants and vendors will not result in an offset to the Management Fees. In addition, CVC Credit Partners Group and its personnel may receive certain intangible and/or other benefits and/or discounts and/or perquisites arising or resulting from their activities on behalf of the Investment Vehicle and the Conversion Vehicle which will not be subject to management fee offset or otherwise shared with the Investment Vehicle and the Conversion Vehicle, or investors.

In the event broken deal expenses are incurred or break-up or topping fees are paid to CVC Group in connection with a transaction that is not ultimately consummated, the Investment Vehicle Manager or an affiliate of the Investment Vehicle Manager may, in its sole discretion, decide that certain co-investment vehicles (which may include standing co-invest vehicles and other accounts that participate in co-investment opportunities alongside the CVC Credit Partners Vehicle on a regular or periodic basis and/or as part of an overall co-investment programme or arrangement) or certain potential co-investors who might have invested in a transaction had it been consummated will not be allocated any share of such break-up or topping fees or broken deal expenses (such as reverse termination fees, extraordinary expenses such as litigation costs and judgments and other expenses) for unconsummated transactions. In particular, certain co-investment vehicles or certain potential co-investors who might have invested in a transaction had it been consummated (such as potential investors in co-investment structures relating to a specific investment where the legally binding agreements relating to such co-investment are not executed until the time of deal closing) will generally not bear broken deal expenses unless the Investment Vehicle Manager determines otherwise in its sole discretion. Such determinations will be made on a case by case basis by the Investment Vehicle Manager, and may result in differing treatment of co-investment vehicles under certain circumstances. The foregoing will under certain circumstances result in the Investment Vehicle and the Conversion Vehicle bearing more than their *pro rata* share of such amounts.

**Effect of fees and expenses on returns and related conflicts of interest.** The Investment Vehicle and the Conversion Vehicle may invest in CLO Securities and the Investment Vehicle and the Conversion Vehicle will bear any fees and similar charges of the managers of such CLO Securities (including CVC Credit Partners Group and its affiliates) and expenses relating to such CLO Securities, in addition to the Investment Vehicle and the Conversion Vehicle's other expenses.

Fees, costs and expenses of the Investment Vehicle and the Conversion Vehicle and the CLOs in which the Investment Vehicle and the Conversion Vehicle invest will generally be paid regardless of whether the Investment Vehicle and the Conversion Vehicle or the CLOs produce positive investment returns. Because certain CLOs are owned and managed by CVC Credit Partners Group, CVC Credit Partners Group will be paid through these CLOs with respect to the Investment Vehicle and the Conversion Vehicle's capital invested therein in addition to the fees, expenses and costs paid through the Investment Vehicle and the Conversion Vehicle. For the avoidance of doubt, fees, costs and expenses

of CLOs payable to the CVC Credit Partners Group will not be considered Underlying Issuer fees and therefore will not offset the Investment Vehicle Investment Management Fee.

This arrangement may incentivise the Investment Services Manager or Investment Vehicle Manager to invest more of the Investment Vehicle and the Conversion Vehicle's capital into CLOs that are managed by CVC Credit Partners Group than would otherwise be the case.

**Fees and expenses.** From time to time, the Investment Vehicle Manager will be required to decide whether costs and expenses are to be borne by the Investment Vehicle and the Conversion Vehicle, on the one hand, or CVC Credit Partners Group, on the other, and/or how certain costs and expenses should be allocated between the CVC Credit Partners Vehicle or between the Investment Vehicle, and the Conversion Vehicle on the one hand, and an Other CVC Client, on the other. The Investment Services Manager and Investment Vehicle Manager will make such judgements notwithstanding their interest in the outcome, in accordance with CVC's Credit Partners Group's expense allocation policy. Conflicts of interest may arise in allocating any such fees and expenses between CVC Group, the CVC Credit Partners Vehicle the Investment Vehicle and the Conversion Vehicle and an Other CVC Client.

**Conflicts of interest relating to service providers.** Certain advisers and other service providers of the Investment Vehicle (including, without limitation, the Investment Vehicle Administrator, the Investment Vehicle Agent, the Investment Vehicle Registrar, the Investment Vehicle Custodian, the Investment Vehicle Corporate Service Provider and the Investment Vehicle Prime Broker(s), accountants, developers, property managers, administrators, depositaries, custodians, lenders, bankers, brokers, legal advisers, consultants, investment or commercial banking firms and certain other advisers and agents) to the Investment Vehicle (including the affiliates, directors, shareholders, agents, delegates, contractors, officers and current and former employees of such advisers and other service providers) may also provide goods or services to, or have business, personal, political, financial or other relationships with, CVC Group or other service providers. Such advisers and service providers may be investors in the Investment Vehicle or Other CVC Clients, affiliates of the Investment Services Manager, the Investment Vehicle Manager and/or their affiliates, sources of investment opportunities or co-investors or counterparties therewith. These service providers and their affiliates, directors, shareholders, agents, delegates, contractors, officers and current and former employees may contract, otherwise be interested in or enter into any custodial, financial, banking, advising or brokerage, placement agency or other arrangement or transaction with the Investment Vehicle and the Conversion Vehicle, Investment Services Manager, the Investment Vehicle Manager or any investor in the Investment Vehicle and the Conversion Vehicle or Underlying Issuer in which the Investment Vehicle or and Conversion Vehicle have made an Investment. These relationships may influence the Investment Services Manager or the Investment Vehicle Manager in deciding whether to select or recommend such a service provider to perform services for the Investment Vehicle and the Conversion Vehicle (the cost of which will generally be borne directly or indirectly by the Investment Vehicle and the Conversion Vehicle). Similarly, these service providers and their affiliates, directors, shareholders, agents, delegates, contractors, officers and current and former employees may engage in competitive activities and may earn fees from or receive or provide other consideration from such persons or entities, and may provide different advice or services, take different action, or hold or deal in different loans for any other client or account, including their own accounts, from the advice or services they provide, action they take, or loans they hold or deal for the Investment Vehicle and the Conversion Vehicle. In certain circumstances, advisers and service providers, or their affiliates, directors, shareholders, agents, delegates, contractors, officers and current and former employees, may charge different rates or have different arrangements for services provided to CVC Group as compared to services provided to the Investment Vehicle and the Conversion Vehicle, which may result in more favourable rates or arrangements than those payable by the Investment Vehicle and the Conversion Vehicle.

**Confidential information.** In connection with its other business activities and Other CVC Clients, the Investment Services Manager, the Investment Vehicle Manager and their affiliates may come into possession of confidential, material non-public information with respect to a borrower (including, without limitation, due to its prior transactions with the borrower, through its participation in an official or unofficial steering committee or through third-party information sources) or another issuer, which may limit their ability to engage in potential transactions on behalf of the Investment Vehicle and the Conversion Vehicle in certain circumstances. Should this occur, the Investment Services Manager and/or the Investment Vehicle Manager may also be restricted from providing all or a portion of their services to the Investment Vehicle and the Conversion Vehicle until such time as the information



becomes public or is no longer deemed confidential and/or material. Additionally, there may be circumstances in which one or more of certain individuals associated with the Investment Services Manager and the Investment Vehicle Manager will be precluded from providing services related to the Investment Vehicle and the Conversion Vehicle's activities because of certain confidential information available to such individuals, the Investment Services Manager, the Investment Vehicle Manager or their respective affiliates. In addition, the Investment Vehicle and the Conversion Vehicle may not have access to material non-public information in the possession of CVC Credit Partners Group which might be relevant to an investment decision to be made by the Investment Vehicle and the Conversion Vehicle, and the Investment Vehicle and the Conversion Vehicle may initiate a transaction or sell an investment which, if such information had been known to it, may not have been undertaken.

**Policies and procedures of the CVC Group; material non-public information.** Policies and procedures implemented by CVC Group from time to time (including as may be implemented in the future) to mitigate potential conflicts of interest and address certain regulatory requirements and contractual restrictions may reduce the synergies across CVC Group's areas of operation or expertise that the Investment Services Manager and/or Investment Vehicle Manager expect to draw on for purposes of pursuing and evaluating attractive investment opportunities for the Investment Vehicle and the Conversion Vehicle. Because CVC Group has other activities beyond the Investment Vehicle and the Conversion Vehicle, it is subject to a number of actual and potential conflicts of interest, additional regulatory considerations and more legal and contractual restrictions than that to which it would otherwise be subject if it focused only on the Investment Vehicle and the Conversion Vehicle.

CVC Group has established an information barrier to isolate the material, non-public information of each of CVC Credit Partners Group and CVC Capital Partners, except as expressly provided in the information barrier procedures and subject to appropriate procedural safeguards. The purpose of this information barrier is, among other things, to confine any material, non-public information obtained by personnel on one side of the barrier so that the investment activities of the businesses on the other side of the barrier are not restricted as a result of the material non-public information being imputed to the personnel on the other side of the barrier. As a result of this information barrier, personnel of CVC Credit Partners Group may not be able to use, act on or otherwise be aware of information that is known by or in the possession of the personnel of CVC Capital Partners (and *vice-versa*).

Collaboration between CVC Credit Partners Group personnel and CVC Capital Partners personnel may therefore be limited and this in turn may reduce potential synergies. At the same time, there are no information barriers between or among the various investment teams within CVC Credit Partners Group, and CVC Credit Partners Group maintains a restricted list to which the Investment Vehicle, the Conversion Vehicle and the other CVC Credit Partners Vehicles are subject. Consequently, the Investment Vehicle, the Conversion Vehicle and/or Other CVC Clients may not be able to buy or sell a particular security or other instrument because one or more personnel of CVC Credit Partners Group possesses material, non-public information concerning the instrument's issuer or the market for the issuer's securities or other instruments. Similarly, in such circumstances, the Investment Vehicle and the Conversion Vehicle may not be able to dispose of a security or other instrument owned by an Other CVC Client, even in a declining market, until the information becomes publicly available or immaterial and the trading in the relevant securities or instruments is no longer restricted.

**Restricted list.** CVC Credit Partners Group and certain of its affiliates are subject to a shared restricted list to which all of their respective clients are subject. As a consequence, CVC Credit Partners Group may not be able to buy or sell a particular security or other instrument on behalf of its clients because one or more personnel or teams of personnel of certain affiliates possess material, non-public information concerning the Investment Vehicle and the Conversion Vehicle or the market for the Investment Vehicle and the Conversion Vehicle's securities or other instruments, and vice versa. Similarly, in such circumstances, CVC Credit Partners Group may not be able to dispose of a security or other instrument owned by a client, even in a declining market, until the information becomes publicly available or immaterial and the trading in the Investment Vehicle and the Conversion Vehicle's securities or instruments is no longer restricted.

**Possible future activities.** CVC Credit Partners Group may expand the range of services that it provides over time. Except as provided herein, CVC Credit Partners Group will not be restricted in the scope of its business or in the performance of any such services (whether now offered or undertaken in the future) even if such activities could give rise to conflicts of interest, and whether or not such conflicts are described herein. CVC Credit Partners Group has, and will continue to develop,

relationships with a significant number of companies, financial sponsors and their senior managers, including relationships with clients who may hold or may have held investments similar to those intended to be made by the Investment Vehicle and the Conversion Vehicle. These clients may themselves represent appropriate investment opportunities for the Investment Vehicle and the Conversion Vehicle or may compete with the Investment Vehicle and the Conversion Vehicle for investment opportunities.

**Additional potential conflicts.** The officers, directors, members, managers and employees of CVC Credit Partners Group may trade in loans, securities and other obligations for their own accounts, subject to restrictions and reporting requirements as may be required by law and internal policies or otherwise determined from time to time. CVC Credit Partners Group may conduct any other business, including any business within the securities or debt industry, whether or not such business is in competition with the Investment Vehicle and the Conversion Vehicle. Without limiting the generality of the foregoing, CVC Credit Partners Group may act as the investment adviser or Investment Vehicle Manager for others, may manage funds or capital for others, may have, make and maintain investments in their own name or through other entities, and may serve as officers, directors, consultants, partners or stockholders of one or more investment funds, partnerships, securities firms, advisory firms or management firms.

**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 the 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 the 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, the Company's business, financial condition, results of operations, NAV and/ or the market price of the Placing Shares.

### **RISKS RELATING TO AN INVESTMENT IN THE PLACING SHARES**

**The Placing Shares (and, where the Placing Shares are C Shares, the Correspondent Shares arising on Conversion), may trade at a discount to the Net Asset Value per Share of the relevant class and Shareholders may be unable to realise their Placing Shares (or, where the Placing Shares are C Shares, the Correspondent Shares arising on Conversion), on the market at the Net Asset Value per Share or at any other price**

The Placing Shares (and, where the Placing Shares are C Shares, the Correspondent Shares arising on Conversion), may trade at a discount to the Net Asset Value per Share of the relevant class 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 C Shareholders. 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, where the Placing Shares are C Shares, the Correspondent Shares arising on Conversion) to decline.

**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**

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, Correspondent Shares arising on Conversion. 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, Correspondent 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, Correspondent 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 Correspondent Shares arising on the Conversion, 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, 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 a Placing is not yet known, and there may be a

limited number of holders of Shares. Limited numbers of 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 the relevant Net Asset Value per Share or at all.

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

The Company will apply for the C Shares issued under the Placing Programme to be admitted to the standard segment of the Official List and to trading on the standard segment of the Main Market. 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 Placing Programme is not yet known, and there may be a limited number of C Shareholders once in issue. Limited numbers of C Shares and/or C Shareholders may mean that there is limited liquidity in such C Shares which may affect: (i) a C Shareholder's ability to realise some or all of their investment; (ii) the price at which such C 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 the C Share Net Asset Value or at all.

### **C Shareholders 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 C Shareholders may veto, but cannot force the Company to take, any such actions); and (ii) as may be required by Jersey law. Further, C Shareholders cannot direct the Directors to redeem or repurchase any C 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 market price 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 Correspondent 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.

**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, Sterling C Shares, U.S. Dollar Shares and U.S. Dollar 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 Sterling-denominated Conversion Vehicle Interests respectively and such monies may then be converted to Euro for operating purposes. Similarly, subscription monies for U.S. Dollar Shares and U.S. Dollar C Shares are used to fund subscriptions for U.S. Dollar-denominated Company Investment Vehicle Interests and U.S. Dollar-denominated Conversion Vehicle Interests respectively and such monies may then be converted to Euro for operating purposes.

The holders of Sterling Shares, Sterling C Shares, U.S. Dollar Shares and U.S. Dollar C Shares will therefore be subject to foreign currency fluctuations between Sterling and Euro or between the U.S. Dollar and Euro, respectively. 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, the Sterling-denominated Conversion Vehicle Interests, the U.S. Dollar-denominated Company Investment Vehicle Interests or the U.S. Dollar-denominated Conversion Vehicle Interests respectively and, as a consequence, to the Sterling Shares, Sterling C Shares, U.S. Dollar Shares or U.S. Dollar C Shares, respectively. 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 the U.S. Dollar Shares (and U.S. Dollar C Shares), and also in variations between the market prices of the Euro Shares (and Euro C Shares), the Sterling Shares (and Sterling C Shares) and the U.S. Dollar Shares (and U.S. Dollar 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 them or shares held or acquired by persons acting in concert with them, 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 of the Takeover Code 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 the Company's 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.

### **The Placing Shares will be subject to purchase and transfer restrictions in each 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 them 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.

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, does not intend to so register and may be unable 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 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 MARKET CONDITIONS AND GLOBAL EVENTS**

### **Geopolitical and macro-economic events and developments may adversely affect the business, financial condition and results of operations of the Investment Vehicle, the Conversion Vehicle, the Company and the Investment Vehicle Manager, as well as the Company's NAV and/or the market price of the Placing Shares**

The Company, the Investment Vehicle, the Conversion Vehicle and the Investment Vehicle Manager will be subject to various geopolitical and macro-economic risks incidental to investing. Political, economic, trade, military and other events around the world may impact the economic conditions in which the Company, the Investment Vehicle, the Conversion Vehicle and the Investment Vehicle Manager operate, by, for example, causing exchange rate fluctuations, interest rate changes, heightened or lessened competition, tax advantages or disadvantages, inflation, reduced economic growth or recession, and so on. Such events are not in the control of the Company, the Investment Vehicle, the Conversion Vehicle and the Investment Vehicle Manager and may impact the Company's performance.

In particular, 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 which 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.

Each of the Investment Vehicle and the Conversion Vehicle is required to hold at least 60 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 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 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.

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 the 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), 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.

A 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.

In addition, the United Kingdom voted to leave the European Union in a referendum on 23 June 2016 and, on 29 March 2017, the UK Government exercised its right under Article 50 of the Treaty on the European Union to leave the European Union after a two year negotiating period initially ending on 29 March 2019 and subsequently extended. As at the date of this Prospectus, neither the UK Parliament nor the European Parliament has approved the terms of the United Kingdom's withdrawal from the European Union.

During this period of uncertainty, there may be significant volatility and disruption in: (i) the global financial markets generally, which result in a reduction of the availability of capital and debt; and (ii) the currency markets as the value of Sterling fluctuates against other currencies. Such events may, in turn, contribute to worsening economic conditions, not only in the UK and Europe, but also in the rest of the world.

The nature of the United Kingdom's future relationship with the European Union may also impact and potentially require changes to the Company's regulatory position. However, at present, it is not possible to predict what these changes might be.

Investors should be aware that it is not possible to predict the outcome of negotiations between the United Kingdom and the European Union or the economic consequences of that outcome. However, it is possible that certain potential outcomes could have an adverse effect on 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.

## **RISKS RELATING TO LAW, REGULATION AND TAXATION**

**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, the Investment Vehicle, the Conversion Vehicle, CVC Investment Services and the 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 UK Listing Authority 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 and the European Securities and Markets Authority ("**ESMA**").

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 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.

**Proposed reforms to various interest rate benchmarks may affect the amounts received by the Company from its holdings of Investment Vehicle Interests and Conversion Vehicle Interests**

Various interest rate benchmarks (including the London Inter-Bank Offered Rate (“LIBOR”) and the Euro Interbank Offered Rate (“EURIBOR”) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause benchmarks to perform differently than in the past, or the benchmark could be eliminated entirely, or there could be other consequences that cannot be predicted.

For example, in the EU a regulation on indices used as benchmarks in financial instruments and financial contracts (the “**Benchmark Regulation**”) was published in the Official Journal of the EU on 29 June 2016 and has been in effect since 1 January 2018.

Among other things, the Benchmark Regulation:

- (i) applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU;
- (ii) requires benchmark administrators to be authorised or registered (or, if non-EU based, to be subject to an equivalent regime or otherwise recognised or endorsed);
- (iii) prevents certain uses by EU-supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed);
- (iv) the methodology or other terms of the “benchmark” could be changed in order to comply with the terms of the Benchmark Regulation; and
- (v) an index may be discontinued if it does not comply with the requirements of the Benchmark Regulation, or if its administrator does not obtain authorisation.

More broadly, any of the international or national reforms, or the general increase in regulatory scrutiny of benchmarks, could result in participants no longer submitting rates used for the calculation of such benchmarks or could otherwise increase the costs and risks of administering or participating in the setting of a benchmark and complying with any such regulations or requirements. For example, on 27 July 2017, Andrew Bailey, the Chief Executive of the FCA, announced the FCA's intention to stop persuading or compelling banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021 (the “**FCA Announcement**”). Further, on 12 July 2018, the FCA announced that LIBOR may cease to be a regulated benchmark under the Benchmark Regulation. The FCA Announcement indicates that the continuation of LIBOR on the current basis (or at all) cannot and will not be guaranteed after 2021. It is impossible to predict whether and to what extent banks will continue to provide LIBOR submissions to the administrator of LIBOR or whether any additional reforms to LIBOR may be enacted in the United Kingdom, the United States or elsewhere.

The use of LIBOR as a benchmark rate is pervasive throughout financial markets. The FCA envisages that market participants will transition away from LIBOR towards replacement benchmarks. At this time, no consensus exists as to what rate or rates may become accepted alternatives to LIBOR.

Investors should be aware that:

- (i) any of the international, national or other measures or proposals for reform, or general increased regulatory scrutiny of “benchmarks” could have a material adverse effect on the costs and risks

of administering or otherwise participating in the setting of a “benchmark” and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain “benchmarks”, trigger changes in the rules or methodologies used in certain “benchmarks” or lead to the disappearance of certain “benchmarks”;

- (ii) any of these changes or any other changes to a benchmark could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be; and
- (iii) returns on the Investments are not directly dependent on these interest rate benchmarks, but a substantial proportion of the Investments may be held in floating rate investments that are dependent on benchmarks of this type and accordingly these reforms could indirectly adversely affect the returns achievable by the Investment Vehicle and the Conversion Vehicle and, by extension, 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 likely to be regarded as a “covered fund” under the Volcker Rule. Any prospective investor that is or may be considered a “banking entity” under the Volcker Rule should consult its legal advisers regarding the potential impact of the Volcker Rule on its investments and other activities prior to making any investment decision with respect to the Shares or entering into other relationships or transactions with the Company.**

Section 13 of the U.S. Bank Holding Company Act of 1956, as amended, and Regulation VV (12 C.F.R. Section 248) promulgated thereunder by the Board of Governors of the Federal Reserve System (such statutory provision together with such implementing regulations, the “Volcker Rule”), generally prohibits “banking entities” (which term is broadly defined to include any U.S. bank or savings association whose deposits are insured by the Federal Deposit Insurance Corporation, any company that controls any such bank or savings association, any non-U.S. bank treated as a bank holding company for purposes of Section 8 of the U.S. International Banking Act of 1978, as amended, and any Affiliate or subsidiary of any of the foregoing entities) from: (i) engaging in proprietary trading as defined in the Volcker Rule; (ii) acquiring or retaining an “ownership interest” in, or “sponsoring”, a “covered fund”; and (iii) entering into certain other relationships or transactions with a “covered fund”.

As the Company is likely to be regarded as a “covered fund” under the Volcker Rule, any prospective investor that is or may be considered a “banking entity” under the Volcker Rule should consult its legal advisers regarding the potential impact of the Volcker Rule on its investments and other activities, prior to making any investment decision with respect to the Placing Shares or entering into other relationships or transactions with the Company. If the Volcker Rule applies to an investor’s ownership of Placing Shares, the investor may be forced to sell its Placing Shares or the continued ownership of Placing Shares may be subject to certain restrictions. Violations of the Volcker Rule may also subject an investor to potential penalties imposed by the applicable bank regulatory authority or other enforcement action.

**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 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, does not intend to so register and may be unable 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.

**EMIR compliance may result in the incurrence of direct and indirect costs, which may affect the returns to the Company on the Investment Vehicle Interests or the Conversion Vehicle Interests. Further compliance costs could be incurred by the Investment Vehicle or the Conversion Vehicle if they exceed a prescribed “clearing threshold” and become subject to more onerous obligations under EMIR as a result**

EMIR has been in force since 16 August 2012. Although as an EU Regulation EMIR has direct effect, the detail of most EMIR obligations is set out in secondary legislation comprising regulatory and implementing technical standards (“RTS” and “ITS”).

EMIR’s key objective is to increase transparency and reduce systemic risk in the derivatives markets. EMIR seeks to address such objectives through the three key obligations it has introduced which apply to prescribed categories of counterparties and derivatives contracts. These are: (i) a mandatory clearing obligation for certain categories of over-the-counter (“OTC”) derivatives; (ii) a reporting obligation for all derivatives; and (iii) an obligation to use risk mitigation techniques for OTC derivatives which are not centrally cleared, including timely confirmation of terms, portfolio reconciliation, dispute resolution and the exchange of prescribed levels of collateral. The extent to which these obligations apply to an entity depends on its EMIR classification, the two categories being: (i) “FCs” (financial counterparties, broadly defined but comprising various types of EU regulated and authorised financial entities such as banks, investment firms, insurance companies and certain types of alternative investment funds); and; (ii) “NFCs” (non-financial counterparties, being any entity other than a FC established in the EU). The category of NFC is further sub-divided between (i) “NFC+s” (NFCs which exceed the “clearing thresholds” under EMIR, which are determined as the gross notional value of OTC derivative positions held by that NFC and other NFCs in its corporate group (broadly defined)) and (ii) “NFC-s” (NFCs which do not exceed the clearing thresholds under EMIR).

EMIR imposes the most onerous requirements (such as the clearing and collateral obligations described above) on FCs and NFC+s, with NFC-s being subject to a less onerous compliance regime.

As at the date of this Prospectus, none of the Investment Vehicle, the Conversion Vehicle nor CECO would: (i) be categorised as an FC, and therefore would fall within the category of NFC under EMIR; and (ii) hold positions in OTC derivatives which (together with other NFC entities in their corporate group) in aggregate exceed the EMIR “clearing thresholds” and, accordingly, each should be deemed to be an NFC– for the purposes of EMIR and therefore subject to the lower level of EMIR compliance. An NFC– does have certain EMIR obligations, primarily being to comply with the EMIR reporting obligation and the risk mitigation techniques relating to timely confirmation of terms, portfolio reconciliation, portfolio compression and dispute resolution.

Whilst the CECO Directors do not believe that compliance with EMIR will impair or materially adversely affect the Investment Vehicle’s or the Conversion Vehicle’s ability to implement its investment policy, EMIR compliance may result in the incurrence of direct and indirect compliance costs, which may affect the return on the Investment Vehicle Interests or the Conversion Vehicle Interests. Further costs could be incurred if an entity exceeds the clearing threshold and consequently becomes subject to more onerous EMIR requirements principally the clearing obligation and, for those derivatives not required to be cleared, the exchange of collateral.

Pursuant to Article 12(3) of EMIR, any failure to comply with the rules of EMIR should not make the relevant OTC derivative invalid or unenforceable or give rise to any right to compensation from a party to an OTC derivative contract. However, such failure may cause the Investment Vehicle or the Conversion Vehicle to be liable to a fine and if such fine is imposed, the return on the Investment Vehicle Interests or on the Conversion Vehicle Interests may also be affected.

The EU regulatory framework and legal regime relating to derivatives is set not only by EMIR but also by MiFID II. MiFID II came into force on 3 January 2018 and, in particular, requires transactions between FCs and NFC+s in sufficiently liquid OTC derivatives to be executed on a trading venue which meets the requirements of the MiFID II regime.

The implementation and evolution of EMIR and MiFID II continues and the Investment Vehicle Manager will continue to monitor any regulatory changes arising from the implementation of EMIR and MiFID II that may affect the Investment Vehicle and the Conversion Vehicle and, by extension, the Company.

**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 UK tax law 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.

**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 ("TIOPA"). 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).

**Impact of anti-tax avoidance directive on Luxembourg securitisation companies**

The Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market ("ATAD 1") was transposed into Luxembourg domestic law by the law of 21 December 2018 (the "ATAD Law") and entered into force on 1 January 2019. ATAD 1 has been amended by the Council Directive (EU) 2017/952 of 29 May 2017 ("ATAD 2"), which still has to be implemented under Luxembourg Law ATAD 1 and 2, together "ATAD").

The ATAD Law notably introduces a new framework that may limit the tax deduction of interest and other deductible payments and charges for Luxembourg companies subject to corporate income tax (such as CECO). Whilst (i) ATAD may be subject to future amendment by the relevant Luxembourg authorities and (ii) the impact of ATAD on CECO is not yet clear, ATAD may result in corporate income tax being effectively imposed and due on CECO to the extent that CECO derives income other than interest income or income equivalent to interest from its underlying assets and transactions or, as the case may be, if the instruments issued by CECO qualify for tax purposes as hybrid financial instruments.

The ATAD also provides for a few exemptions, grandfathering and de minimis clauses. Notably, securitisation vehicles under article 2(2) of Regulation (EU) 2017/2402 are specifically excluded by the ATAD Law from the application of the interest deductibility limitation rules. However, Luxembourg securitisation companies subject to the Securitisation Act 2004 may not necessarily fall under the scope of article 2(2) of Regulation (EU) 2017/2402. Therefore, such interest deductibility limitation rules could still result in denying the tax deduction of a portion of interest accrued. This could increase the taxable base of CECO and therefore impact negatively the return available to Shareholders.

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.

**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 TIOPA. 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.

**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.

**Certain payments to the Company will 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 is 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 or Winterflood. No representation or warranty, express or implied, is made by Winterflood 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 Winterflood 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 their own legal adviser, financial adviser or tax adviser for legal, financial or tax advice in relation to any purchase or proposed purchase of Shares.

The Placing Shares are 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 portfolio; and (iii) who fully understand and are willing to assume the risks involved in such an investment programme. 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 Winterflood 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 or Winterflood.

In connection with the Placing Programme, Winterflood and any of its 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 Winterflood and any of their affiliates acting as an investor for its or their own account(s). Neither Winterflood nor any of its 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 or Winterflood 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 or Winterflood.

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.

Applications will be made to the UK Listing Authority and the London Stock Exchange respectively for all C Shares issued under each Placing to be admitted to the standard segment of the Official List and to trading on the standard segment of 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 issued under each Placing, and all Correspondent Shares arising on the Conversion, to be admitted to the premium segment of the Official List and to trading on the premium segment of the Main Market when issued.

It is expected that Admissions will become effective between 29 March 2019 and 28 March 2020 and that dealings in Placing Shares that are the subject of a Placing will commence at 8.00 a.m. on the Business Day that is not later than three Business Days after the relevant Placing Shares are issued.

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 issue, or any solicitation of an offer to purchase, subscribe for or otherwise acquire, any such securities in any jurisdiction in which any such offer or solicitation would be unlawful.

#### **Information to distributors**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“**MiFID II**”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the “**MiFID II Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that the Placing Shares to be issued are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “**Target Market Assessment**”).

Notwithstanding the Target Market Assessment, distributors should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; the Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing Programme.



Furthermore, it is noted that, notwithstanding the Target Market Assessment, Winterflood will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares.

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Placing Shares and determining appropriate distribution channels.

**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.**

### **PRIIPs Regulation**

In accordance with the PRIIPs Regulation, key information documents in respect of the Euro Shares and Sterling Shares have been prepared and are available to investors at <https://www.ccpeol.com>. If the Company issues U.S. Dollar Shares or any class of C Shares, then a key information document in respect of such class of shares will be prepared and made available to investors at the relevant time at <https://www.ccpeol.com>.

### **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”, “seeks”, “continue”, “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.

### **Data Protection**

Information collected from investors by or on behalf of the Company may constitute "personal data" for the purposes of the Data Protection (Jersey) Law 2018 (the "**DP Law**").

The Company is the "data controller" (as defined in the DP Law) in respect of such data, which may be processed as part of, and for the purposes of, the business of the Company as a collective investment fund, including the purposes of maintaining accurate records of investor interests in the Company, communicating with investors and complying with anti-money laundering regulations.

More information on how the Company processes personal data collected from investors, how it maintains the security of that data and the rights of data subjects in respect of that data is set out in the Company's privacy notice, a copy of which is available at <https://www.ccpeol.com/data-privacy/>.

### **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 in 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 Prospectus has not been authorised or approved by any regulatory body in Guernsey. 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 only be promoted in or from within the Bailiwick of Guernsey either by persons who are (a) licensed to do so under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) (the “**POI Law**”) or (b) exempt from the requirement to be so in compliance with the POI Law.

The offer or sale, or invitation for subscription or purchase, of Placing Shares referred to in this Prospectus is available, and may be made, in or from within the Bailiwick of Guernsey, but this Prospectus may only be distributed or circulated directly or indirectly in the Bailiwick of Guernsey by persons licensed to do so under the POI Law or where there is an applicable exemption from the requirements thereof.

The offer or sale, or invitation for subscription or purchase, of Placing Shares referred to in this Prospectus is not available in or from within the Bailiwick of Guernsey other than as set out above and must not be relied upon by any person unless made or received in accordance therewith. Neither the Company nor Winterflood are approved, supervised or regulated by the Guernsey Financial Services Commission (the “**GFSC**”) and the GFSC does not take 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.

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

The Company has been established in Jersey as a listed fund under a fast-track authorisation process. It is suitable therefore 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.

### ***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 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 Article 2(1)(e) of the Prospectus Directive;
- (b) to fewer than 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.

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.

Further, the Company, as a self-managed AIF, has made the notifications or applications and received, where relevant, approvals for the marketing of the Shares to “professional investors” (as defined in the AIFM Directive) in the following EEA States: United Kingdom, Finland, Belgium, Sweden, Denmark, Ireland and Luxembourg. Notwithstanding any other statement in this Prospectus, this Prospectus should not be made available to any investor domiciled in any EEA State other than those cited above. Prospective investors domiciled in the EEA that have received this Prospectus in any EEA States other than those cited above should not subscribe for Placing Shares (and the Company reserves the right to reject any application so made, without explanation) unless (i) the Investment Manager has confirmed that it has made the relevant notification or applications in that EEA State and is lawfully able to market Placing Shares into that EEA State; or (ii) such investors have received this Prospectus on the basis of an enquiry made at the investor’s own initiative.

Notwithstanding that the Company may have confirmed that it is able to market Shares to professional investors in an EEA State, the Placing Shares may not be marketed to retail investors (as this term is understood in the AIFM Directive as transposed in the relevant EEA States) in that EEA State unless the Placing Shares have been qualified for marketing to retail investors in that EEA State in accordance with applicable local laws. As at the date of this Prospectus, the Placing Shares are not eligible to be marketed to retail investors in any EEA State other than the United Kingdom. Accordingly, the Shares may not be offered, sold or delivered and neither this Prospectus nor any other offering materials relating to such Placing Shares may be distributed or made available to retail investors in those countries.

### ***United States***

The Company has not been and will not be registered under the U.S. Investment Company Act and as such investors will not be entitled to the benefits of the 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 may not be offered, sold, exercised, resold, pledged, delivered or otherwise transferred, directly or indirectly, into or within the United States or to, or for the account or benefit of, U.S. Persons, except pursuant to an exemption form, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States and in a manner which would not require the Company to register under the U.S. Investment Company Act. In connection with the Placing Programme, subject to certain exceptions, the Placing Shares will be offered and sold only outside the United States in “offshore transactions” to non-U.S. Persons pursuant to Regulation S under the U.S. Securities Act. There has been and will be no public offering of the Placing Shares in the United States.

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 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.

The Placing Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations and under the Articles. Any failure to comply with such restrictions may constitute a violation of applicable securities laws and may subject the holder to the forced transfer and other provisions set out in the Articles. For a further 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	29 March 2019
Admission and crediting of CREST accounts in respect of subsequent Placings	8.00 a.m. on the Business Day being not later than 3 Business Days after 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	28 March 2020

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The dates and times specified above 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*	500 million Placing Shares
Placing Price for New Euro Shares and New Sterling Shares**	Not less than the latest published Net Asset Value per Share including income of the relevant class at the time of allotment (plus issue expenses)
New U.S. Dollar Shares	New U.S. Dollar Shares will initially be issued at a Placing Price of US\$1.00 with each subsequent Placing of New U.S. Dollar Shares being issued at not less than the latest published Net Asset Value per U.S. Dollar Share including income of the relevant class at the time of allotment (plus issue expenses)
Placing Price per Euro C Share, Sterling C Share and U.S. Dollar C Share**	€1.00/£1.00/US\$1.00

\* The minimum subscription per investor pursuant to each Placing is €1,000, £1,000 or US\$1,000 (as applicable).

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. The number of Placing Shares to be issued, and therefore the Gross Placing Programme Proceeds, is not known as at the date of this Prospectus.

\*\* In relation to any Placing of New Shares in classes of Existing 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. The Net Asset Values per Share of the Existing Shares will therefore not be diluted as a result of any Placing.

In relation to any initial Placings of C Shares and the initial Placing of U.S. Dollar Shares, all costs and expenses of each such Placing (including placing commissions) will be payable out of the proceeds of that Placing. Any subsequent Placings of such C Shares and of U.S. Dollar Shares will be conducted on the same basis as Placings of New Shares in classes of the Existing Shares so that the Net Asset Values per Share of the C Shares or U.S. Dollar Shares then in issue will not be diluted as a consequence of any such subsequent Placing.

For illustrative purposes, if the aggregate Gross Placing Programme Proceeds are £500 million, assuming 500 million Sterling Shares are issued at a Placing Price of £1.00 (inclusive of premium to the latest available Sterling cum-income NAV per Sterling Share at the relevant time to cover issue expenses), the costs and expenses of the Placing Programme are not expected to exceed 2 per cent. of the Gross Placing Programme Proceeds and the Net Placing Programme Proceeds are expected to be £490 million.

## DIRECTORS, ADVISERS AND SERVICE PROVIDERS

<b>Directors</b>	Richard Michael Boléat FCA ( <i>Chairman</i> ) David Alan Wood Mark Richard Tucker Stephanie Carbonneil  <i>All c/o the Company's registered office</i>
<b>Registered Office</b>	IFC 1, The Esplanade St. Helier Jersey JE1 4BP
<b>Investment Vehicle Manager</b>	CVC Credit Partners Investment Management Limited 111 Strand London WC2R 0AG
<b>CVC Investment Services</b>	CVC Credit Partners Investment Services Management Limited 27 Esplanade St Helier Jersey JE1 1SG
<b>Sponsor and Sole Bookrunner</b>	Winterflood Securities Limited The Atrium Building Cannon Bridge House 25 Dowgate Hill London EC4R 2GA
<b>Solicitors to Winterflood (as to English law)</b>	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU
<b>Solicitors to the Company (as to English law and U.S. securities law)</b>	Herbert Smith Freehills LLP Exchange House Primrose Street London EC2A 2EG
<b>Solicitors to CECO (as to English law)</b>	Paul Hastings (Europe) LLP Ten Bishops Square Eighth Floor London E1 6EG
<b>Advocates to the Company (as to Jersey law)</b>	Bedell Cristin 26 New Street St Helier Jersey JE2 3RA
<b>Reporting Accountant and Auditor</b>	Ernst & Young LLP 1 More London Place London SE1 2AF



<b>Custodian, Administrator and Company Secretary</b>	BNP Paribas Securities Services S.C.A., Jersey Branch IFC 1, The Esplanade St. Helier Jersey, JE1 1ES
<b>Registrar and Receiving Agent</b>	Computershare Investor Services (Jersey) Limited Queensway House Hilgrove Street St. Helier Jersey, JE1 1ES
<b>Swiss Representative</b>	First Independent Fund Services Ltd. Klausstrasse 33 CH-8008 Zurich Switzerland
<b>Swiss Paying Agent</b>	Helvetische Bank AG Seefeldstrasse 215 CH-8008 Zurich Switzerland

## PART I

### THE COMPANY

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 Company's existing share capital comprises of Euro Shares and Sterling Shares (and the Management Shares). Pursuant to any Placing under the Placing Programme, the Company's share capital may also comprise U.S. Dollar Shares as well as various classes of C Shares which, on Conversion, convert into corresponding classes of Shares in accordance with the conversion mechanism described in Part V and Part 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.

The C Shares may be denominated in Euros, Sterling and U.S. Dollars. The Company may issue further classes of Shares and C Shares, from time to time denominated in such other currencies as the Board considers appropriate, whether 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 Company currently invests substantially all of its 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 the "**Investment Vehicle Manager**". The Company will invest the Net Placing Proceeds from any offering of New Shares under the Placing Programme in the Investment Vehicle.

The Company will invest the Net Placing Proceeds raised on issuance of C Shares initially in Compartment AA of CVC European Credit Opportunities S.à.r.l (the "**Conversion Vehicle**"), a 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.

For further information on the Conversion Vehicle and the Investment Vehicle, please refer to Part II of this Prospectus.

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.

The C Shareholders will not be entitled to participate in the Contractual Quarterly Tenders. The Corresponding Shares arising on Conversion, however, 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 other Shareholders.

Applications will be made to the UK Listing Authority and the London Stock Exchange respectively for all C Shares to be issued pursuant to each Placing to be admitted to the standard segment of the Official List and to trading on the standard segment of 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 each Placing, and all Correspondent Shares arising on the Conversion, to be admitted to the premium segment of the Official List and to trading on the premium segment of the Main Market when issued.

It is expected that Admissions will become effective between 29 March 2019 and 28 March 2020 and that dealings in Placing Shares that are the subject of a Placing will commence at 8.00 a.m. on the Business Day that is not later than three Business Days after the Placing Shares are issued.

## **INVESTMENT OBJECTIVE**

The Company's investment objective is to provide Shareholders 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 the capital structure of such companies.

The Company pursues its investment policy by investing the net proceeds from issues of Shares in the Investment Vehicle, and by investing the net proceeds from issues of C Shares in the Conversion Vehicle pending the Conversion of such 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 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 60 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; and
- 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 costs as a percentage of the Investment Vehicle's Gross Assets.

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.

## General

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.

## Company borrowing limit

The Company does not have any borrowings but may, pursuant to an Ordinary Resolution passed on 4 April 2016, borrow an amount equal to 15 per cent. of the Net Asset Value for the sole purpose of purchasing or redeeming its own Shares otherwise than pursuant to Contractual Quarterly Tenders.

## 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 issue of its shares on IPO in 25 June 2013 and 31 December 2018, the Company generated a net NAV total return of 32.9 per cent. with respect to its Euro Shares and 37 per cent. with respect to its Sterling Shares. Between 1 January 2018 and 31 December 2018, it generated a net NAV total return of 0.1 per cent. with respect to its Euro Shares and 1 per cent. with respect to its 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 the Company to meet its dividend and return targets;
- 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;
- 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; and
- 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\$22.0 billion of assets under management as at 31 December 2018<sup>1</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 2019, CVC Credit Partners Group had 59 investment professionals based in London and New York. CVC Persons have in excess of €200 million invested in the Investment Vehicle at the date of this Prospectus.

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<sup>1</sup> All amounts as at 31 December 2018. Commitment figure used for Pooled-Closed End Funds and Separately Managed Accounts in ramping phase. Includes warehouse figure for Apidos CLO XXXI and Cordatus Loan Fund XIV. Underlying figures not in U.S. Dollars are converted using a spot rate as at 31 December 2018. Includes Managed Funds, Separately Managed Account Arrangements and CLOs managed by CVC Credit Partners Limited, CVC Credit Partners Investment Management Limited, CVC Credit Partners European Investment Fund Management Limited, CVC Credit Partners European CLO Management LLP and CVC Credit Partners U.S. CLO Management LLC, on a discretionary and non-discretionary basis.

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

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

The CVC Credit Partners Group has been managing the Investment Vehicle and its predecessor investment vehicle since April 2009. Since the inception of the strategy to 28 February 2019, the Investment Vehicle has generated gross annualised returns of 11.6 per cent. The Investment Vehicle generated gross returns of 11.0 per cent. in 2017, and 1.3 per cent. in 2018 and 1.7 per cent. year-to-date (to 28 February 2019). Since its inception, the Investment Vehicle has outperformed the Standard & Poor's European Leveraged Loan Index.<sup>2</sup> CVC Credit Partners was awarded "Best European High Yield Fund" – a global award at the Creditflux Manager Awards 2018<sup>3</sup>.

### **INVESTMENT STRATEGY OF THE INVESTMENT VEHICLE MANAGER**

The Investment Vehicle Manager's investment strategy for the Investment Vehicle and the Conversion Vehicle is to make investments across approximately 40 to 60 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 €520 million as at 28 February 2019 (being the latest practicable date prior to the publication of this 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 operations which may reduce individual customer, sector or geographic risk and provide diverse cash flow; (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 in certain circumstances the CVC Group network more broadly. The Investment Vehicle Manager's access to deals is supported by the network of contacts and

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2 Four indices comprise the S&P European Leveraged Loan Indices (ELLI): Multi-Currency Index: all facilities; LBO Index: facilities to issuers backed by a private equity firm; Euro Index: Euro denominated facilities; Euro LBO Index: Euro denominated facilities to issuers backed by a private equity firm. Each of the indices reflects the market-weighted performance of institutional leveraged loan portfolios investing in European credits in that segment. All the index components are loans syndicated to European loan investors. The ELLI series represents the only European leveraged loan indices that utilise real-time market weightings, spreads and interest payments.

3 On 9 May 2018 Creditflux gave 20 awards to managers of CLOs, credit hedge funds and direct lending funds from across the industry and the globe, representing a wide range of strategies and styles. Up to four finalists in each category were revealed in April 2018's issue of Creditflux and the winners were unveiled on 9 May 2018. CVC Credit Partners won Creditflux Managers award for Best European Credit Opportunities. The credit fund awards were based on a methodology that rewards performance weighted by volatility relative to a fund's redemption profile. Funds were entered for the awards automatically, provided their returns are listed in Creditflux's monthly performance listings.

CLO performance is assessed based on a combination of six performance metrics: change in OC cushion, weighted average rating factor, weighted average spread, weighted average price, and size and volatility of equity distributions. Final IRR Equity IRR is based on the notional size of the CLO equity (including all payments received by 28 February 2018). Volatility-adjusted weighted performance combines absolute change in mark-to-market net asset value during 2017 and volatility relevant to each fund's redemption profile. For example, funds that promise liquidity need to deliver stable returns.

Leverage-adjusted IRR looks at IRR net of fees to 31 December 2017, assuming that there has been no fund-level leverage. It is adjusted for the average debt-to-ebitda leverage at investment inception of borrowers in the portfolio.

CLO managers were asked to submit access to trustee reports since inception for their deals to be entered. The data is available on Creditflux's CLO database, CLO-i, to ensure full transparency. Categories covered deals that priced the previous year, active deals within their reinvestment period, and deals that were called in 2017.

relationships of its leadership team and investment professionals, as well as the strong positioning of the CVC Group network 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>4</sup>.

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

1. Performing Credit; and
2. Credit Opportunities.

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.

### **Market opportunity**

CVC Credit Partners believes that there is a strong and continued market opportunity well-suited to the unique attributes of the Investment Vehicle Manager and the strategy of the Investment Vehicle. On the Performing Credit side, the opportunity to generate strong, stable risk-adjusted returns is underpinned by strong macroeconomic fundamentals, continued expansion in supply as well as enhanced liquidity as institutional investors continue to increase their share of the leveraged loan market across Europe. Within the Credit Opportunities segment, the market continues to react to the increased risk associated with tightening of monetary policy, higher leverage levels, the growth in covenant-lite issuance and regulatory change while idiosyncratic issues create additional opportunities as they continue to arise in the levered capital structure.

As a result, CVC Credit Partners Group continues to witness strong deal flow across both performing and opportunistic markets which it believes present attractive opportunities for the Portfolio. CVC Credit Partners also expects these core themes to continue, presenting a long-term, sustainable flow of attractive risk-adjusted opportunities for the strategy.

### **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>5</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>6</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 will be eligible to participate in such facility.

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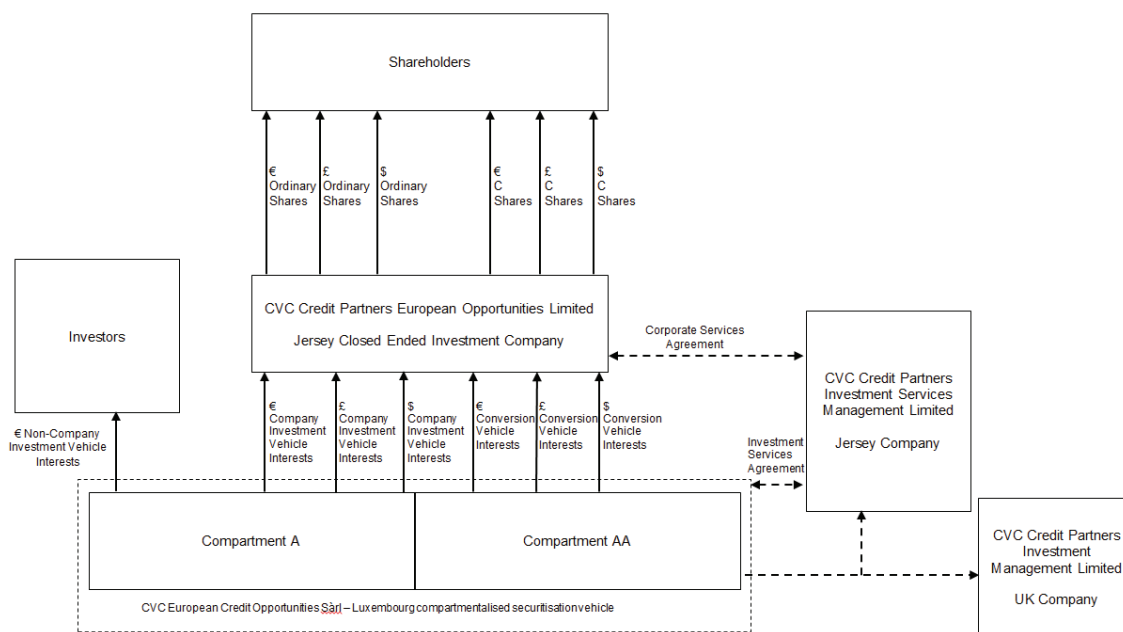
4 Source: Dealogic. Data from the period from 1 January 2017 to 30 June 2018.

5 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).

6 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. The Company may however, 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 Investment Services is party to a Trade Mark Licence Agreement with the Company pursuant to which 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 CECE, pursuant to which it procures the services of the Investment Vehicle Manager.

The Investment Vehicle Manager acts as the investment manager to the Investment Vehicle and the Conversion Vehicle pursuant to the Investment Vehicle Investment Management Agreement between (i) CECE; (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, New U.S. Dollar Shares, Euro C Shares, Sterling C Shares and U.S. Dollar C Shares in any Placing. For further information on the rights attaching to the C Shares, please refer to Part III and to the section entitled “Memorandum and Articles” in Part IX of this Prospectus.

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 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 will issue Series of preferred equity certificates (each such certificate is referred to as a “**Conversion Vehicle Interest**”). A separate Series will be issued for Euro-denominated

Conversion Vehicle Interests, Sterling-denominated Conversion Vehicle Interests and U.S. Dollar-denominated Conversion Vehicle Interests respectively, each of which will be issued in their entirety to the Company. On Conversion, the Conversion Vehicles' assets will be transferred 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**

The Company pursues its investment policy by investing its assets 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 Net Placing Proceeds of any C Share issue 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 the 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 would seek to 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, but may do so in the future so 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 NAV 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 total 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 total 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" of 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 £0.055 and €0.055 on the Existing Shares (as applicable). If U.S. Dollar Shares are issued, the Company will target an annualised dividend of around US\$0.055 on the U.S. Dollar Shares. The Board will keep the target dividend in review and may amend it from time to time. 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" of 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 dividends on U.S. Dollar Shares, or on the resultant New U.S. Dollar Shares following their Conversion, or New U.S. Dollar Shares issued directly under the Placing Programme will take account of any hedging cost attributable to such U.S. Dollar Shares or U.S. 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 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 dividend yield. Accordingly, prospective investors should not place any reliance on the target figures 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 that it receives quarterly in respect of the relevant class 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.

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. Dividends will be paid in the currency of the relevant class of Shares or C Shares, as the case may be.

Between 1 January and 31 December 2018, the Company paid a dividend of €0.0550 per Euro Share and £0.0550 per Sterling Share in quarterly instalments, paid on 16 March, 15 June, 21 September and 14 December. On 22 March 2019 the Company paid a dividend of €0.01375 per Euro Share and £0.01375 per Sterling Share. The Company has not paid any dividends between 22 March 2019 and the date of this Prospectus.

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. The Articles provide that, subject to the Director's absolute discretion to determine otherwise, the number of new shares to be issued pursuant to any scrip dividend alternative offer (the "**Scrip Shares**") shall be equal to the amount resolved to be distributed by way of a cash dividend. The value of the Scrip Shares will be calculated by reference to the higher of:

- (i) the prevailing average mid-market quotation of the share of that class on the Daily Official List of the London Stock Exchange over 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.

When a scrip dividend alternative is offered the Board will give notice to the shareholders of their rights of election and the procedure to be followed should they wish to make an election.

The future performance of the Company may be materially adversely affected by the risks discussed in the section entitled "Risk Factors" of 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) shall be the NAV per Share minus €0.01, £0.01 or US\$0.01 (as applicable), 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 "**Quarterly Tender NAV Determination Date**") (each such price being a "**Tender Price**").

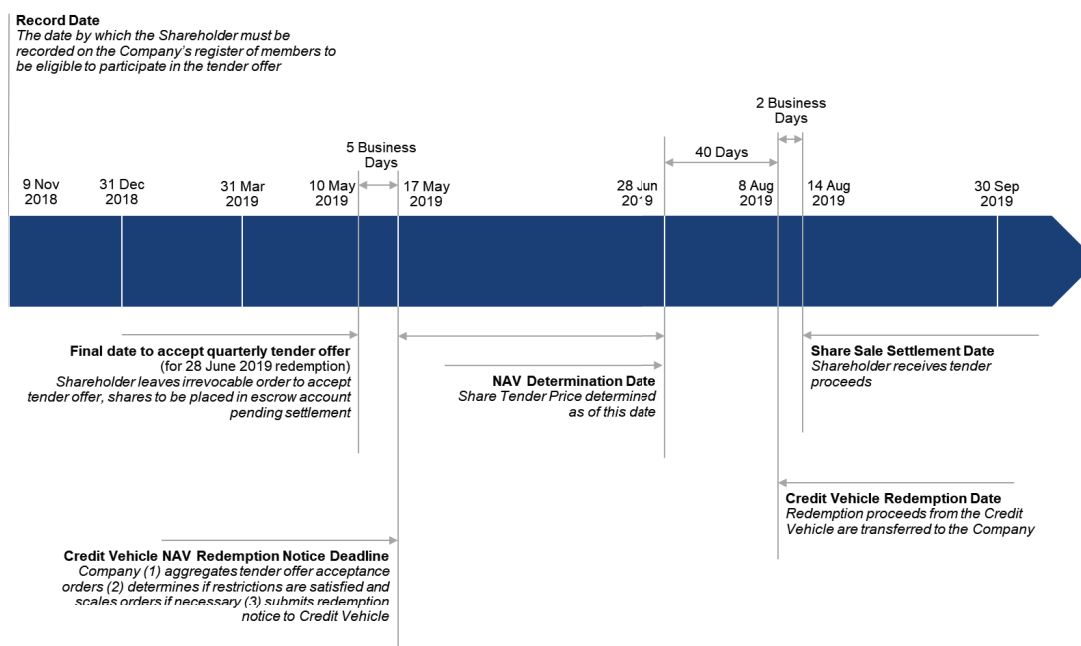
The Shares purchased pursuant to a Contractual Quarterly Tender ("**Tender Purchases**") will be held by the Company in treasury or cancelled. If they are held as Treasury Shares, they will be available for reissue as described in the section entitled "Treasury Share Sales" in this Part I of this Prospectus.

##### ***Tender Administration Fee***

Shareholders making use of the Contractual Quarterly Tender facility are (at the directors' discretion) 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.

## 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 Quarterly Tender NAV Determination Date is the last Business Day in each relevant quarter (illustrated above as being 28 June 2019). 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. Approval in respect of the Contractual Quarterly Tender facility for the four quarters ended 30 June 2018, 30 September 2018, 31 December 2018 and 31 March 2019 was granted at the Company's annual general meeting on 24 April 2018. Approval in respect of the Contractual Quarterly Tender facility for the four quarters ended 30 June 2019, 30 September 2019, 31 December 2019 and 31 March 2020 will be sought at the Company's annual general meeting on 24 April 2019.

## 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 conditional on approval by Shareholders by way of a Special Resolution at a general meeting on an annual basis. Such authority was most recently granted at the Company's annual general meeting on 24 April 2018 and will be sought at each subsequent annual general meeting, or at an earlier general meeting if the Directors so resolve.

The principal conditions applicable to Tender Purchases by the Company are that: (i) funding for every Tender Purchase must be available from the proceeds of a pro rata redemption of Company Investment Vehicle Interests by the Company (the "**Realisation Condition**"); and (ii) the amount that a Shareholder will realise as a result of the election to tender must be greater than the tender administration charge payable by that Shareholder (the "**Minimum Redemption Condition**"). In certain limited circumstances, Tender Purchases may initially be funded from the Company's available cash, provided that the Realisation Condition is satisfied by the Company in due course. For further information, please refer to the section entitled "The De Minimis Tender Process" in Part XIII of this Prospectus.

In addition to the Realisation Condition and the Minimum Redemption Condition, Tender Purchases will be 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 no more than 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**”). For the purposes of determining the number of Shares in issue as at the relevant Quarter Record Date, the Directors may make an adjustment for Shares submitted for tender in a previous quarter but not yet repurchased by the Company;
- (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**”); and
- (iii) as a result of the Realisation Condition, the number of Shares in each class eligible for Tender Purchase 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 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: (i) the Realisation Condition being satisfied, and (ii) a pro rata redemption of Company Investment Vehicle Interests to fund such Tender Purchase being made in advance, 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 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 no more than 24.99 per cent. of the Shares in each class in issue 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 and/or, if issued in due course, U.S.-Dollar-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 Quarterly Tender 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 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 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 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 will be 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 (or otherwise) will be held in treasury as Treasury Shares.

The Company may sell Treasury Shares ("**Treasury Share Sales**") as a means of maintaining its capital base. Treasury Share Sales will take place at a price (after taking account of all fees and expenses) not less than the prevailing NAV per Share. Treasury Share Sales will take place on an ad hoc basis.

Treasury Share Sales may be conducted by the Company on a non-pre-emptive basis pursuant to General Authority, which the Company will seek to renew at each annual general meeting.

### **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).

#### **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 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 to the Shareholders for their approval proposals within six months for the reconstruction or reorganisation of the Company. 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.

#### **DISCOUNT CONTROL: SHARE BUYBACKS**

The shares of listed closed-ended funds may trade at a discount to the underlying net asset value per share. Whilst the rating which the market applies to the Shares or the C Shares is not within the control of the Company, the Directors believe that, subject always to wider market conditions, the rating will tend to benefit from strong investment performance.

The Directors will consider using Share buybacks to assist in limiting discount volatility and potentially providing an additional source of liquidity, if and when the Shares trade at a level which makes their repurchase attractive.

The Directors will not buy back any C Shares in issue prior to Conversion. Therefore, the Company will not assist any class of C Shares in limiting discount volatility or provide an additional source of liquidity.

Shares will only be repurchased at a price which, after repurchase costs, represents a discount to the Net Asset Value per Share of the relevant class of Shares. Repurchased Shares may be held in treasury or cancelled.

All Share repurchases will be conducted in accordance with the Companies Law, the Market Abuse Regulation, the Listing Rules (to the extent to which the Company voluntarily complies with these) and other applicable laws and regulations, and will be announced to the market via an RIS on the same or the following day.

Share repurchases will be subject to a Special Resolution granting the Board general authority to make such market purchases of issued Shares being passed and having remaining capacity under such authority at the time when such obligations arise.

The Company will not undertake any Share repurchases where any such repurchases may result in a breach of the Company's obligations under any bank facility that the Company may put in place in the future.

Other than as set out above, the exercise by the Directors of the Company's powers to repurchase Shares and the timing and structure of any such repurchase is entirely discretionary and no expectation or reliance should be placed on the Directors exercising such discretion.

By way of a Special Resolution dated 24 April 2018, the Board has the general authority to make market purchases of Ordinary Shares up to a maximum of 14.99 per cent. of the Ordinary Shares in issue, such authority lasting until the earlier of: (i) the date being 18 months from the date of the resolution; and (ii) the date of the next annual general meeting of the Company.

### **TREASURY SHARE CONVERTOR MECHANISM**

The Company holds, and may from time to time, hold a number of shares in treasury which, as part of the Company's ongoing management of its capital base, it may wish to place into the market. Because the Company's share capital is divided into Euro and Sterling Shares, circumstances may arise where the demand for Shares of a particular currency may not be capable of being met from the Treasury Shares because those shares are denominated in a currency which does not meet the needs of potential investors. Therefore, at the 2016 annual general meeting, the Company requested and received shareholder approval to create a mechanism whereby Treasury Shares held by the Company could be converted from one currency denomination to another in accordance with the procedure set out in the Articles (the "**Treasury Share Convertor Mechanism**").

Accordingly on 11 September 2017, the Company settled The CCPEOL Purpose Trust. The CCPEOL Trust was declared by BNP Paribas Jersey Trust Corporation with the following purpose:

- (A) to incorporate Conversion SPV Limited ( the "**Conversion Company**");
- (B) to own and hold shares in the Conversion Company;
- (C) to procure that the Conversion Company enter into an arrangement with the Company pursuant to which, from time to time upon the request of the Company and in return for a transaction charge, the Conversion Company shall facilitate the conversion of surplus Euro Shares in the Company held in treasury to Sterling Shares (or the conversion of surplus Sterling Shares held in treasury to Euro Shares) by: (i) acquiring surplus Sterling Shares/Euro Shares (as applicable) from the Company; (ii) exercising the right of conversion conferred by such Sterling Shares/Euro Shares (as applicable) under the Articles; and (iii) selling the Sterling Shares/Euro Shares (as applicable) arising upon the conversion of the Sterling Shares/Euro Shares (as applicable) back to the Company.

(together, the "**Purpose**")

Pursuant to Article 13 of the Trusts (Jersey) Law 1984 Richard Michael Boléat is the enforcer of the Trust and, as such, has the duty of enforcing the Purpose.

The CCPEOL Purpose Trust is intended to facilitate the conversion of Treasury Shares by the incorporation of the Conversion Company. Pursuant to the Purpose, the Conversion Company will purchase Treasury Shares from the Company, convert them into Shares of the other currency denomination (being Sterling Shares or Euro Shares, as applicable) and sell those converted Shares back to the Company.

The process is as follows:

- (i) the Company sells Treasury Shares to the Conversion Company;
- (ii) immediately after the Treasury Shares have been acquired by the Conversion Company, the Conversion Company will (in accordance with the Articles) submit a conversion notice to the Company for the purpose of converting the Shares to another denomination; and
- (iii) that conversion request will be processed by the Company and the new Shares arising from the conversion will be immediately repurchased by the Company and held in treasury pending re-issue to investors. Any such sale and repurchase transaction will be structured in a way as to have no material impact on the Net Asset Value per Share in respect of either of its Share classes currently in issue.

The minimum price at which Shares are repurchased pursuant to the Treasury Share Convertor Mechanism is 1 pence and the maximum price at which Shares are repurchased pursuant to the Treasury Share Convertor Mechanism is the price at which they were sold to the Conversion Company (which is based on the Net Asset Value per Share of the Shares of the relevant class).



## **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 for some reason (for example, if the number of 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), 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 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 section entitled “Risk Factors” in 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 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 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.

## **NET ASSET VALUE**

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

The Company intends to publish the Net Asset Value per Share for each class of C Shares and Shares, as calculated by the process described below, on a monthly basis. The Net Asset Value for each class of C Shares and Shares will be inclusive 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. These Net Asset Values per Share will be published by an RIS announcement and on the Company's Website. The Company also intends to publish a monthly factsheet (which will include the Net Asset Values per Share) via an RIS announcement and on the Company's Website.

### **Valuation methodologies**

The Net Asset Value of the Company is equal to the value of its total assets less its total liabilities. The Net Asset Value of any class of Shares or C Shares is equal to the value of the total assets attributable to such class of Shares or C Shares less the total liabilities attributable to such class of Shares or C Shares. 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 are 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 the 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 Placing of Shares and C Shares will be credited to the relevant class account. Any increase or decrease in the Series NAV of the Euro-denominated Company Investment Vehicle Interests, the Sterling-denominated Company Investment Vehicle Interests and, if issued, of the U.S. Dollar-denominated Company Investment Vehicle Interests, and, if issued, Euro-denominated Conversion Vehicle Interests, Sterling-denominated Conversion Vehicle Interests and U.S. Dollar-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 Net Asset Value of the Company as a whole.

The NAV per Share of each class of Shares and C Shares 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 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 the 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 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 for that class, 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 for each class of Shares or C Shares is suspended as described above, trading in the Shares or the C Shares of that class on the premium segment or the standard segment of the Main Market (as applicable) 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 three months of that date. The Company reports its results of operations and financial position in Euro.

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.

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

### **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 any 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 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 overheads. 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). However, as of 19 September 2011, CVC Credit Partners Group established the Investment Vehicle to be its comingled vehicle for its European credit opportunities strategy with substantially the same investment objective as the objective of CRP II; simultaneously all of the assets from CRP II were transferred to the Investment Vehicle (and CRP II was subsequently terminated). As at 28 February 2019, the Investment Vehicle has in excess of €560 million invested in it by the Company and in excess of €200 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 2019, the Investment Vehicle had in issue Investment Vehicle Interests in nine different Series, which as at that date were valued at a total of approximately €809 million of which seven Series were held by investors other than the Company (the “**Non-Company Investment Vehicle Interests**”). The Investment Vehicle has issued two Series of Investment Vehicle Interests to the Company that, as at 28 February 2019, were valued at €562 million.

In order to accommodate the investment associated with C Shares in the Investment Vehicle, CECO intends to use the Conversion Vehicle. The Conversion Vehicle was established in 2014 in connection with an issuance of C Shares at that time and, following the conversion of those C Shares into Correspondent Shares, has subsequently remained inactive. The Conversion Vehicle follows essentially the same investment objective as the Investment Vehicle. Its Portfolio is managed by the Investment Vehicle Manager and it issues investment interests to the Company on substantially the same terms as the Company Investment Vehicle Interests. The Conversion Vehicle is not available for investment by any person other than the Company. The Conversion Vehicle will issue Euro, Sterling or U.S. Dollar 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 represented by a class of C Shares into the Investment Vehicle will occur at the same time as with Conversion of such class of C Shares.

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 60 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.
- A maximum of 25 per cent. of the Investment Vehicle's Gross Assets will be invested in CVC Capital Portfolio Company Debt Obligations.<sup>7</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.

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<sup>7</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.

## 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.

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 their 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 and the corresponding issue of Investment Vehicle Interests to the Company.

The Investment Vehicle Manager expects to hold investments in approximately 40 to 60 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 €520 million as at 28 February 2019 (being the latest practicable date prior to publication of this 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 cash flow; (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's network 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 the CVC Group's network in the European leveraged finance markets. CVC Capital Portfolio Companies are among the largest sponsor led issuers of leveraged loan deals in Europe as at June 2018.<sup>8</sup>

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

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<sup>8</sup> Source: Dealogic. Data from the period from 1 January 2017 to 30 June 2018.

## 1. Performing Credit

“Performing Credit” generally refers to 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.

## 2. Credit Opportunities

“Credit Opportunities” refers 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 cash flow generation based on the acquisition prices.

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’s network 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 as at June 2018.<sup>8</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 and Canada. The principal characteristics of the leveraged finance assets to be purchased are set out in Part III of this Prospectus.



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***

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. The Investment Vehicle Manager currently envisages that no leverage will be employed in the Conversion Vehicle. For further information on the Investment Vehicle's and the Conversion Vehicle's borrowing limits, please refer to the section entitled "Borrowing Limit of the Investment Vehicle" in this Part II of this Prospectus.

## **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 quarterly basis in January, April, July and October that will amount to substantially all of their proportional entitlement to the Investment Vehicle's net income in each calendar quarter 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 quarterly period (any such allocation would result in a reduction in the ex-income Series NAV of the relevant Series of Investment Vehicle Interests). On the basis of market conditions as at the date of this Prospectus, the Investment Vehicle and the Investment Vehicle Manager are targeting an income distribution of around 5.5 per cent. per annum on the initial investment amount of the Investment Vehicle Interests. The Investment Vehicle Manager and the Investment Vehicle will keep the target return in review and may amend it from time to time. 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 16 London and Luxembourg Business Days after the last day of March, June, September and 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 III 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.

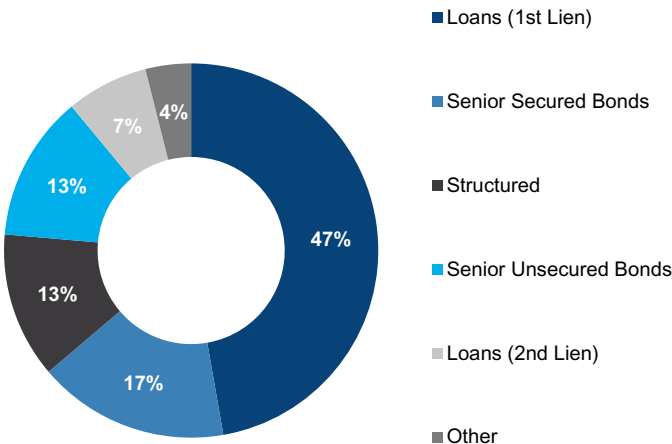
**PORTFOLIO OVERVIEW**

The following charts provide an unaudited overview of the Investment Vehicle's Portfolio based on the portfolio as at the date of this Prospectus. The portfolio breakdown is based on the number of positions and corporate credits.

Number of positions	126
Number of corporate credits <sup>1</sup>	90

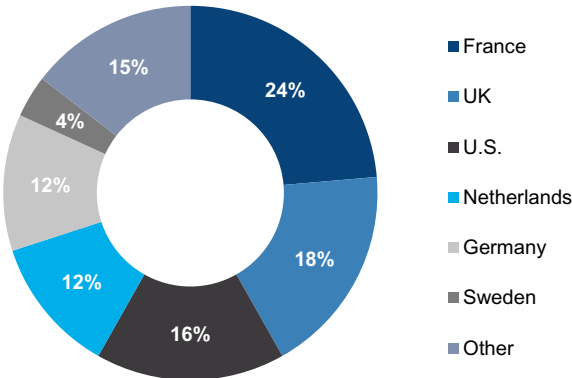
1. Number of corporate credits excludes 16 structured finance positions.

**Portfolio breakdown by asset class<sup>1</sup>**



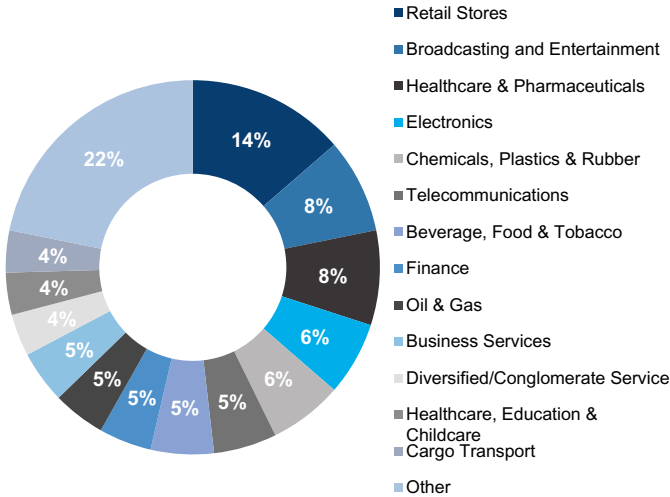
1. Unaudited. Based on number of positions in an asset class. Total may not add up to 100 per cent. due to rounding.

**Portfolio breakdown by country<sup>1</sup>**



1. Unaudited. Number of positions in a country excludes 16 structured finance positions. Total may not add up to 100 per cent. due to rounding.

**Portfolio breakdown by industry <sup>1</sup>**



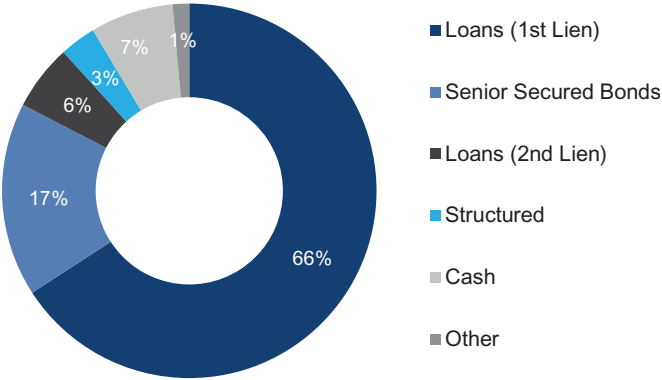
1. Unaudited. Number of positions in an industry excludes 16 structured finance positions. Total may not add up to 100 per cent. due to rounding.

The following charts provide an unaudited overview of the Investment Vehicle's Portfolio based on the valuations of the portfolio as at 28 February 2019.

Number of positions	123
Number of corporate credits <sup>1</sup>	86
Weighted average EBITDA <sup>1</sup>	approximately €524 million
Current yield	6.3%
Weighted average debt/EBITDA <sup>1,2</sup>	4.9x
% Floating Rate Assets	85.5%

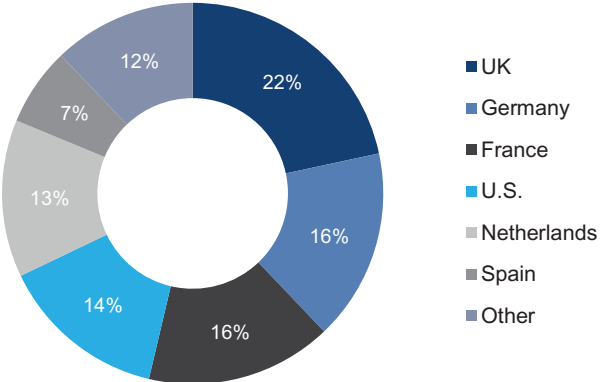
1. Excludes 15 structured finance positions.  
 2. The weighted average debt (through the debt tranche the Investment Vehicle holds in the capital structure) divided by the EBITDA for each position in the Portfolio.

**Portfolio breakdown by asset class <sup>1</sup>**



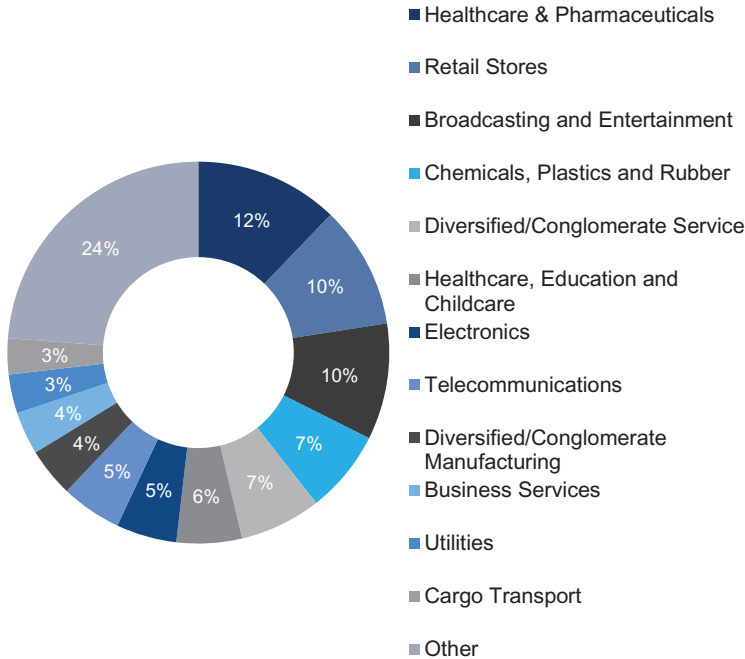
1. Unaudited. Total may not add up to 100 per cent. due to rounding.

**Portfolio breakdown by country <sup>1</sup>**



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

**Portfolio breakdown by industry <sup>1</sup>**



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

**TRACK RECORD**

**Track Record of the Investment Vehicle**

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.

Past performance is not a reliable indicator 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.

The following tables provide track record information on the Investment Vehicle's performance since April 2009.

**Investment Vehicle annual performance vs. benchmarks**

Year	Investment Vehicle <sup>(1)</sup>	S&P European Leveraged Loan Index <sup>(2)</sup>	CS European Leveraged Loan Index (hedged) <sup>(2)</sup>
2009	29.6%	32.5%	38.4%
2010	19.5%	9.8%	8.5%
2011	5.1%	0.7%	-0.6%
2012	18.0%	9.7%	10.4%
2013	9.4%	8.6%	8.7%
2014	4.2%	4.5%	2.0%
2015	6.3%	5.5%	3.1%
2016	11.5%	3.8%	6.5%
2017	11.0%	3.6%	3.3%
2018	1.3%	1.3%	0.5%
2019 YTD	1.7%	1.8%	2.1%
Cumulative Return (Apr 09 – Feb 19)	196.4%	113.6%	112.7%
Annualised Return (Apr 09 – Feb 19)	11.6%	8.0%	7.9%

1. Source: CVC Credit Partners. Data relates to Series 1 of the Investment Vehicle Interests. 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 categorises investments into: (a) Performing Credit; or (b) Credit Opportunities. Accordingly, the attribution of investment returns as between these two 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>**

	Performing Credit	Credit Opportunities	Cash & Expenses	Total Gross
<b>2009</b>				
<i>Allocation</i> <sup>(2)</sup>	1%	68%	31%	<b>100%</b>
<i>Attribution</i> <sup>(3)</sup>	0.4%	29.5%	-0.3%	<b>29.6%</b>
<i>Return</i> <sup>(4,5)</sup>	32%	43%		
<b>2010</b>				
<i>Allocation</i> <sup>(2)</sup>	18%	69%	13%	<b>100%</b>
<i>Attribution</i> <sup>(3)</sup>	3.7%	16.2%	-0.3%	<b>19.5%</b>
<i>Return</i> <sup>(4,5)</sup>	20%	24%		
<b>2011</b>				
<i>Allocation</i> <sup>(2)</sup>	29%	48%	23%	<b>100%</b>
<i>Attribution</i> <sup>(3)</sup>	1.8%	3.7%	-0.4%	<b>5.1%</b>
<i>Return</i> <sup>(4,5)</sup>	6%	8%		
<b>2012</b>				
<i>Allocation</i> <sup>(2)</sup>	29%	61%	9%	<b>100%</b>
<i>Attribution</i> <sup>(3)</sup>	3.2%	15.4%	-0.6%	<b>18.0%</b>
<i>Return</i> <sup>(4,5)</sup>	11%	25%		
<b>2013</b>				
<i>Allocation</i> <sup>(2)</sup>	55%	33%	11%	<b>100%</b>
<i>Attribution</i> <sup>(3)</sup>	3.8%	5.6%	-0.1%	<b>9.4%</b>
<i>Return</i> <sup>(4,5)</sup>	7%	17%		
<b>2014</b>				
<i>Allocation</i> <sup>(2)</sup>	57%	38%	5%	<b>100%</b>
<i>Attribution</i> <sup>(3)</sup>	2.7%	1.9%	-0.4%	<b>4.2%</b>
<i>Return</i> <sup>(4,5)</sup>	5%	5%		
<b>2015</b>				
<i>Allocation</i> <sup>(2)</sup>	44%	46%	10%	<b>100%</b>
<i>Attribution</i> <sup>(3)</sup>	3.0%	3.7%	-0.4%	<b>6.3%</b>
<i>Return</i> <sup>(4,5)</sup>	7%	8%		
<b>2016</b>				
<i>Allocation</i> <sup>(2)</sup>	45%	47%	9%	<b>100%</b>
<i>Attribution</i> <sup>(3)</sup>	4.2%	7.7%	-0.4%	<b>11.5%</b>
<i>Return</i> <sup>(4,5)</sup>	9%	16%		
<b>2017</b>				
<i>Allocation</i> <sup>(2)</sup>	47%	44%	9%	<b>100%</b>
<i>Attribution</i> <sup>(3)</sup>	2.5%	8.9%	-0.4%	<b>11.0%</b>
<i>Return</i> <sup>(4,5)</sup>	5%	20%		
<b>2018</b>				
<i>Allocation</i> <sup>(2)</sup>	45%	45%	10%	<b>100%</b>
<i>Attribution</i> <sup>(3)</sup>	1.0%	0.8%	-0.6%	<b>1.3%</b>
<i>Return</i> <sup>(4,5)</sup>	2%	2%		
<b>2019 YTD</b>				
<i>Allocation</i> <sup>(2)</sup>	51%	39%	9%	<b>100%</b>
<i>Attribution</i> <sup>(3)</sup>	0.9%	0.8%	-0.1%	<b>1.7%</b>
<i>Return</i> <sup>(4,5)</sup>	2%	2%		
<b>Annualised</b>				
<i>Allocation</i> <sup>(2)</sup>	38%	49%	12%	<b>100%</b>
<i>Attribution</i> <sup>(3)</sup>	3.2%	8.9%	-0.5%	<b>11.6%</b>
<i>Return</i> <sup>(4,5)</sup>	8%	18%		

1. Source: CVC Credit Partners. Data relates to Series 1 of the Investment Vehicle Interests and is unaudited. Totals may not add up to 100 per cent. 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>**

	Loans	Bonds	CLO	Cash <sup>(5)</sup>	Expenses	Total Gross
<b>2009</b>						
<i>Allocation<sup>(2)</sup></i>	60%	8%	1%	31%		<b>100%</b>
<i>Attribution<sup>(3)</sup></i>	26%	4%	0%	0%	-1%	<b>29.6%</b>
<i>Return<sup>(4)</sup></i>	43%	49%	18%	1%		
<b>2010</b>						
<i>Allocation<sup>(2)</sup></i>	62%	20%	5%	13%		<b>100%</b>
<i>Attribution<sup>(3)</sup></i>	11%	4%	4%	0%	0%	<b>19.5%</b>
<i>Return<sup>(4)</sup></i>	18%	21%	84%	0%		
<b>2011</b>						
<i>Allocation<sup>(2)</sup></i>	65%	6%	7%	23%		<b>100%</b>
<i>Attribution<sup>(3)</sup></i>	5%	2%	-1%	0%	0%	<b>5.1%</b>
<i>Return<sup>(4)</sup></i>	7%	29%	-13%	0%		
<b>2012</b>						
<i>Allocation<sup>(2)</sup></i>	71%	14%	6%	9%		<b>100%</b>
<i>Attribution<sup>(3)</sup></i>	11%	4%	4%	0%	0%	<b>18.0%</b>
<i>Return<sup>(4)</sup></i>	15%	30%	57%	-4%		
<b>2013</b>						
<i>Allocation<sup>(2)</sup></i>	68%	16%	5%	11%		<b>100%</b>
<i>Attribution<sup>(3)</sup></i>	5%	2%	2%	0%	0%	<b>9.4%</b>
<i>Return<sup>(4)</sup></i>	8%	14%	43%	2%		
<b>2014</b>						
<i>Allocation<sup>(2)</sup></i>	71%	21%	4%	5%		<b>100%</b>
<i>Attribution<sup>(3)</sup></i>	3%	1%	0%	0%	0%	<b>4.2%</b>
<i>Return<sup>(4)</sup></i>	5%	5%	8%	0%		
<b>2015</b>						
<i>Allocation<sup>(2)</sup></i>	67%	18%	5%	10%		<b>100%</b>
<i>Attribution<sup>(3)</sup></i>	5%	1%	1%	0%	0%	<b>6.3%</b>
<i>Return<sup>(4)</sup></i>	8%	7%	10%	0%		
<b>2016</b>						
<i>Allocation<sup>(2)</sup></i>	71%	14%	6%	9%		<b>100%</b>
<i>Attribution<sup>(3)</sup></i>	8%	3%	1%	0%	0%	<b>11.5%</b>
<i>Return<sup>(4)</sup></i>	12%	18%	17%	0%		
<b>2017</b>						
<i>Allocation<sup>(2)</sup></i>	74%	13%	4%	9%		<b>100%</b>
<i>Attribution<sup>(3)</sup></i>	8%	2%	1%	0%	0%	<b>11.0%</b>
<i>Return<sup>(4)</sup></i>	11%	15%	26%	0%		
<b>2018</b>						
<i>Allocation<sup>(2)</sup></i>	75%	14%	2%	10%		<b>100%</b>
<i>Attribution<sup>(3)</sup></i>	2%	0%	0%	0%	0%	<b>1.3%</b>
<i>Return<sup>(4)</sup></i>	2%	0%	8%	-1%		
<b>2019 YTD</b>						
<i>Allocation<sup>(2)</sup></i>	71%	17%	3%	9%		<b>100%</b>
<i>Attribution<sup>(3)</sup></i>	1%	1%	0%	0%	0%	<b>1.7%</b>
<i>Return<sup>(4)</sup></i>	1%	5%	4%	0%		
<b>Annualised</b>						
<i>Allocation<sup>(2)</sup></i>	69%	14%	5%	12%		<b>100%</b>
<i>Attribution<sup>(3)</sup></i>	8%	2%	1%	0%	0%	<b>11.6%</b>
<i>Return<sup>(4)</sup></i>	12%	17%	28%	0%		

1. Source: CVC Credit Partners. Data relates to Series 1 of the Investment Vehicle Interests and is unaudited. Totals may not add up to 100 per cent. 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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 YTD	Annualised
Capital Appreciation	26.7%	12.8%	0.6%	10.4%	4.4%	-1.5%	-1.3%	4.3%	4.6%	-4.1%	0.8%	4.5%
Cash Interest	3.4%	7.1%	5.0%	7.8%	5.2%	6.1%	8.1%	7.6%	6.8%	5.8%	1.0%	7.6%
Expenses	-0.5%	-0.4%	-0.4%	-0.2%	-0.3%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.1%	-0.5%
<b>Total</b>	<b>29.6%</b>	<b>19.5%</b>	<b>5.1%</b>	<b>18.0%</b>	<b>9.4%</b>	<b>4.2%</b>	<b>6.3%</b>	<b>11.5%</b>	<b>11.0%</b>	<b>1.3%</b>	<b>1.7%</b>	<b>11.6%</b>

1. Source: CVC Credit Partners. Data relates to Series 1 of the Investment Vehicle Interests and is unaudited. Totals may not add up to 100 per cent. due to rounding.

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

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	0.7%	1.0%											1.7%
2018	1.0%	0.5%	0.3%	0.7%	0.3%	0.7%	1.1%	0.7%	0.2%	-1.0%	-1.7%	-1.4%	1.3%
2017	2.5%	1.0%	0.7%	1.0%	1.4%	0.9%	1.3%	0.3%	0.3%	0.5%	0.5%	0.1%	11.0%
2016	-0.4%	-1.5%	2.3%	1.8%	1.2%	-0.9%	2.4%	1.1%	0.7%	1.1%	1.7%	1.5%	11.5%
2015	1.0%	1.4%	1.4%	1.4%	0.9%	-0.4%	0.9%	-0.2%	0.1%	0.3%	-0.3%	-0.4%	6.3%
2014	0.8%	0.6%	0.4%	0.5%	0.6%	0.8%	0.3%	0.3%	-0.1%	-0.3%	0.0%	0.3%	4.2%
2013	1.4%	0.9%	1.1%	1.7%	0.9%	-0.9%	0.4%	0.6%	0.8%	0.8%	0.8%	0.5%	9.4%
2012	4.6%	1.7%	1.3%	0.6%	-1.1%	0.7%	1.5%	1.9%	1.3%	1.0%	1.8%	1.3%	18.0%
2011	4.0%	1.8%	-0.3%	1.3%	2.6%	-1.0%	-0.2%	-2.9%	-1.6%	2.6%	-2.3%	1.3%	5.1%
2010	7.9%	-1.2%	3.2%	3.3%	-2.4%	-1.5%	1.3%	1.9%	1.9%	1.9%	0.6%	1.5%	19.5%
2009				-0.3%	0.3%	3.6%	6.8%	5.1%	2.7%	3.3%	1.7%	3.1%	29.6%

- Source: CVC Credit Partners. Data relates to Series 1 of the Investment Vehicle Interests and is unaudited.
- 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 per cent. and net is -2.3 per cent.

The following table shows the Investment Vehicle's five largest holdings by issuer as at 28 February 2019:

Issuer	Percentage of Investment Vehicle portfolio <sup>1</sup>
Civica	2.8%
Nidda Healthcare	2.6%
Doncasters	2.6%
Altice SA	2.5%
Neiman Marcus	2.5%

1. Source: CVC Credit Partners (unaudited).

### Track record of the Company

The track record and related performance attribution analysis below are the unaudited NAV total return performance of the Company.<sup>1</sup>

The following table sets out the Company's unaudited NAV total return performance<sup>1</sup> since July 2013:

EUR Share	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	0.5%	0.8%											1.4%
2018	0.8%	0.4%	0.2%	0.6%	0.2%	0.6%	0.9%	0.5%	0.2%	-1.0%	-1.8%	-1.5%	0.1%
2017	2.1%	0.8%	0.6%	0.9%	1.2%	0.8%	1.0%	0.2%	0.2%	0.4%	0.4%	0.0%	8.8%
2016	-0.4%	-1.6%	2.2%	1.6%	1.0%	-0.8%	1.9%	0.9%	0.6%	0.9%	1.4%	1.3%	9.3%
2015	0.8%	1.2%	1.2%	1.2%	0.8%	-0.4%	0.8%	-0.2%	0.1%	0.2%	-0.3%	-0.4%	5.1%
2014	0.7%	0.4%	0.3%	0.4%	0.4%	0.7%	0.2%	0.2%	-0.2%	-0.3%	-0.1%	0.2%	3.0%
2013							0.2%	0.5%	0.6%	0.7%	0.7%	0.4%	3.2%
GBP Share	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	0.7%	0.9%											1.5%
2018	0.9%	0.5%	0.3%	0.6%	0.3%	0.6%	1.0%	0.6%	0.2%	-0.8%	-1.6%	-1.5%	1.0%
2017	2.2%	0.8%	0.6%	0.9%	1.3%	0.9%	1.0%	0.3%	0.2%	0.5%	0.5%	0.1%	9.7%
2016	-0.5%	-1.5%	2.3%	1.7%	1.0%	-0.7%	2.1%	0.9%	0.6%	0.9%	1.3%	1.4%	9.8%
2015	0.8%	1.2%	1.2%	1.2%	0.8%	-0.3%	0.8%	-0.1%	0.1%	0.3%	-0.3%	-0.2%	5.6%
2014	0.7%	0.4%	0.3%	0.5%	0.4%	0.6%	0.2%	0.2%	-0.1%	-0.3%	-0.1%	0.2%	3.3%
2013							0.2%	0.4%	0.8%	0.7%	0.7%	0.5%	3.3%

1. NAV total return includes dividends reinvested.



## CALCULATION OF THE INVESTMENT VEHICLE AND THE 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 are 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 net asset value of each Investment Vehicle Interest within a Series as of any Investment Vehicle Valuation Date is 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).

### Valuation Policy of the Investment Vehicle

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

- (i) 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;

- (ii) 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;
- (iii) investments, other than the securities referred to (i) and (ii) above, 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 firm, 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;
- (iv) investments, other than the securities referred to (i) and (ii) above, 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;
- (v) deposits are valued at their cost plus accrued interest; and
- (vi) 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 the 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 the 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 in London and Luxembourg 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 by reference to 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 by reference to 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 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 Investment Vehicle Valuation 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 an Investment Vehicle Valuation 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 Investment Vehicle Valuation 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 Investment Vehicle Valuation 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. The Investment Vehicle and the Conversion Vehicle will be able to produce financial statements prepared in accordance with International Financial Reporting Standards (IFRS). 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 classifies 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 their 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. Andrew Davies is an employee of the Investment Vehicle Manager; Douglas Maccabe, Pierre-Guillaume Delhumeau and Annig Etesse are directors, but not employees, of CVC Investment Services; Mark DeNatale and Susan Player are employees of CVC Credit Partners Group.

### **Mark DeNatale**

Mark was appointed as a CECO Director on 13 March 2014 and is a Partner and Global Head of Special Situations at CVC Credit Partners Group, and is a member of the CVC Group philanthropic committee. 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 the bank’s risk across distressed, stressed and performing credit. Mark is a former member of the board of directors of the Loan Syndications and Trading Association, Mark graduated from Boston College in 1994 and currently sits on the Boston College Board of Regents.

### **Andrew Davies**

Andrew was appointed as a CECO Director on 31 July 2018. Andrew joined CVC Credit Partners Group in July 2010 and serves as Partner, Head of Europe and Senior Portfolio Manager of the European Credit Opportunities Vehicles. Andrew has 16 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 and spent five years at Bear Stearns where he focused on European merger and acquisition finance and fixed income trading. Andrew is a graduate of the University of the Witwatersrand, Johannesburg, South Africa.

### **Susan Player**

Sue was appointed as a CECO Director on 4 April 2018. Sue joined CVC Credit Partners Group in January 2007 and currently serves as Managing Director and Assistant Portfolio Manager. Prior to joining CVC Credit Partners Group, Sue was at IKB Deutsche Industriebank where she was responsible for sourcing and execution of new investments, working on a wide range of European leveraged loan transactions. Prior to this, Sue spent 14 years with NatWest Bank within the structured finance division. Sue holds a Banking Certificate from the Chartered Institute of Bankers.

### **Douglas Maccabe**

Douglas was appointed as a CECO Director on 13 December 2011. After graduating from Exeter University, Douglas joined Whinney Murray (now Ernst & Young LLP), followed by a move to Chase Manhattan Bank NA (now JPMorgan Chase & Co in London where he worked in various departments before transferring to Jersey in 1995. After JPMorgan Chase & Co's merger with Chemical Bank, Douglas moved to Mourant, in Jersey where he built a team offering treasury and payment services for private equity and wealth management clients.

Douglas left in 2006 to pursue his non-executive directorship interests and has experience on the boards of real estate companies as well as expertise in performing and sub investment grade credit vehicles.

### **Pierre-Guillaume Delhumeau**

Pierre-Guillaume was appointed as a CECO Director on 6 June 2018. Pierre-Guillaume is a Director and Head of Accounting at Saltgate S.A. Pierre-Guillaume has over 11 years' experience at PwC Luxembourg as a Senior Manager in their Real Estate department. Additionally, Pierre-Guillaume has significant experience of working on real estate and private equity structures including holdings and investment funds. Pierre-Guillaume also has experience of working on Luxembourg GAAP, IFRS and US GAAP audits and has been an internal training instructor at PwC and also provided external training to clients on IFRS.

Pierre-Guillaume has a University Diploma in Business Administration and Management from the Diplôme Universitaire de Technologie (Paris) and holds a Masters in Management (Finance and Accounting) from ESC Tours-Poitiers, Business School of Management, Tours.

### **Annig Etesse**

Annig was appointed as a CECO Director on 16 August 2018. Annig is a Manager of Fund Administration in the Saltgate S.A. Luxembourg office. Annig has over 10 years' experience in Luxembourg providing corporate and administration services to private equity and real estate regulated and non-regulated funds and investment vehicles.

## 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 direct or indirect financial 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 FEES, PERFORMANCE FEES AND OTHER FEES AND EXPENSES PAYABLE BY THE INVESTMENT VEHICLE AND THE CONVERSION VEHICLE

The management fee, performance fee, administration fee 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, Performance Fees and other costs and expenses

The Investment Vehicle pays a base management fee at an annual rate of 1 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 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 Group agrees to disclose the relevant fee terms to certain investors that are of equal or greater commercial significance to CVC Credit Partners Group (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.

### **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, updates to and distribution of the Investment Vehicle’s offering documents, the preparation of and any updates to its basic corporate and contract documents, the on-going offer and sale of Company Investment Vehicle Interests, will be borne by the Investment Vehicle. The expenses of the Investment Vehicle will be allocated on a *pro rata* basis to each Series of Investment Vehicle Interests, including those held by the Company.

Costs and expenses incurred in connection with the organisation and on-going administration of the Conversion Vehicle for the purposes of an issuance of C Shares, including, but not limited to, professional fees and expenses in connection with the preparation, updates to and distribution of the Conversion Vehicle’s offering documents, the preparation of and any updates to its basic corporate and contract documents, the on-going offer and sale of Conversion Vehicle Interests, will be borne by the Conversion Vehicle. The expenses of the Conversion Vehicle will be allocated on a *pro rata* basis to each Series of Conversion Vehicle Interests issued to the Company.

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:

- SS&C (Luxembourg) S.à.r.l (formerly known as SS&C GlobeOp (Luxembourg) S.à.r.l) (in its capacity as Investment Vehicle Administrator and for the provision of loan administration services), fees of approximately 0.0815 per cent. per annum of the Investment Vehicle Net Asset Value (as such fee is dependent on the Investment Vehicle Net Asset Value, it may increase or decrease accordingly). In addition, SS&C (Luxembourg) S.à.r.l receives certain other fees (for audit support, financial statements, reporting and compliance monitoring) that, in total, amount to circa €36,000 per annum. In addition, all reasonable out of pocket fees are also payable. All such fees and expenses are invoiced quarterly in arrear;
- Citibank N.A. and its affiliates (in their various capacities as Investment Vehicle Issuing and Paying Agent, Investment Vehicle Paying Agent and Investment Vehicle Custodian) fees of approximately 0.02 per cent. per annum of the Investment Vehicle Net Asset Value. In addition, all reasonable out of pocket fees are also payable. All such fees and expenses are invoiced monthly in arrear;
- 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 arrear;

- Saltgate S.A. (in its capacity as Investment Vehicle Corporate Service Provider), fees charged on a fixed basis at €240,000 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 arrear;
- Goldman Sachs International, (in its capacity as Investment Vehicle Prime Broker) fees and brokerage commissions as agreed from time to time in accordance with agreed brokerage rates plus any transfer fees, registration costs, taxes (including, without limitation, stamp duty, stamp duty reserve tax and registration taxes) and other similar costs and transaction-related expenses which may include additional expenses attributed by the Investment Vehicle Prime Broker or its affiliates and fees arising out of transactions carried out on behalf of the Investment Vehicle.
- Validus Risk Management Limited (in its capacity as Investment Vehicle Currency Risk Advisor), fees that may not exceed 0.01 per cent of the Investment Vehicle's Gross Assets per calendar quarter. In addition, all reasonable out of pocket fees are also payable. All such fees and expenses are invoiced quarterly in advance; and
- the 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

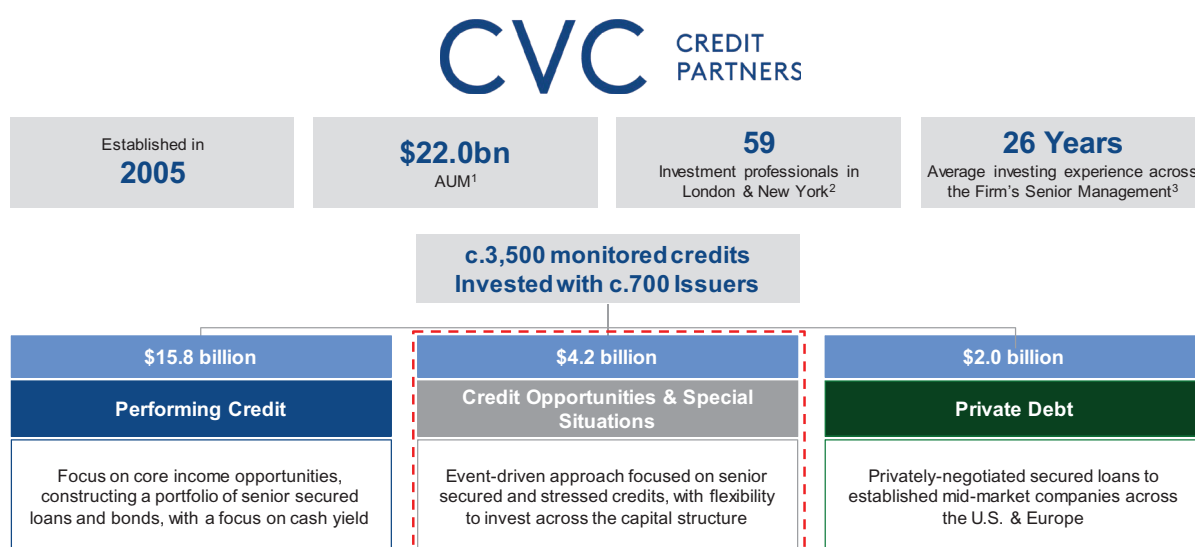
### THE INVESTMENT VEHICLE MANAGER

#### CVC CREDIT PARTNERS GROUP

CVC Credit Partners Investment Management Limited is a subsidiary of CVC Credit Partners LP and part of the CVC Credit Partners Group. CVC Credit Partners Group is one of the most prominent managers in the leveraged finance asset class globally, with approximately US\$22.0 billion in combined assets under management as at 31 December 2018.<sup>9</sup> These assets are managed on behalf of over 700 investors across a geographically diverse investor base.

CVC Credit Partners Group invests across the spectrum of sub-investment grade credit in both the U.S. and Europe in three core business divisions: Performing Credit, Private Debt and Credit Opportunities & Special Situations. CVC Credit Partners Group actively manages over 62 separate credit investment vehicles across the three core strategies.

The structure and organisation of CVC Credit Partners Group is outlined below:



1 All amounts as at 31 December 2018. Commitment figure used for pooled-closed end funds and separately managed accounts ("SMA") in ramping phase. Includes warehouse figure for Apidos CLO XXXI and Cordatus Loan Fund XII. Underlying figures not in U.S. Dollars are converted using a spot rate as at 31 December 2018. Includes Managed Funds, Separately Managed Account Arrangements and CLOs managed by CVC Credit Partners Limited, CVC Credit Partners Investment Management Limited, CVC Credit Partners European Investment Fund Management Limited, CVC Credit Partners European CLO Management LLP and CVC Credit Partners U.S. CLO Management LLC, on a discretionary and non-discretionary basis.

2. As at March 2019.

3. "Senior Management" includes the Chairman and four Partners.

CVC Credit Partners Group is today staffed by an experienced team of professionals led by its Senior Management,<sup>10</sup> who have an average of 29 years of professional experience and, as a group, since 2012, have sourced, analysed, monitored and exited credit investments in each of the major geographies in Europe and North America. Supporting the Senior Management are a further

9 All amounts as at 31 December 2018. Commitment figure used for pooled-closed end funds and separately managed accounts ("SMA") in ramping phase. Includes warehouse figure for Apidos CLO XXXI and Cordatus Loan Fund XII. Underlying figures not in U.S. Dollars are converted using a spot rate as at 31 December 2018. Includes Managed Funds, Separately Managed Account Arrangements and CLOs managed by CVC Credit Partners Limited, CVC Credit Partners Investment Management Limited, CVC Credit Partners European Investment Fund Management Limited, CVC Credit Partners European CLO Management LLP and CVC Credit Partners U.S. CLO Management LLC, on a discretionary and non-discretionary basis.

10 "Senior Management" includes the Chairman and four Partners.

55 investment professionals located in New York and London, focused exclusively on investing in the sub-investment grade credit markets.

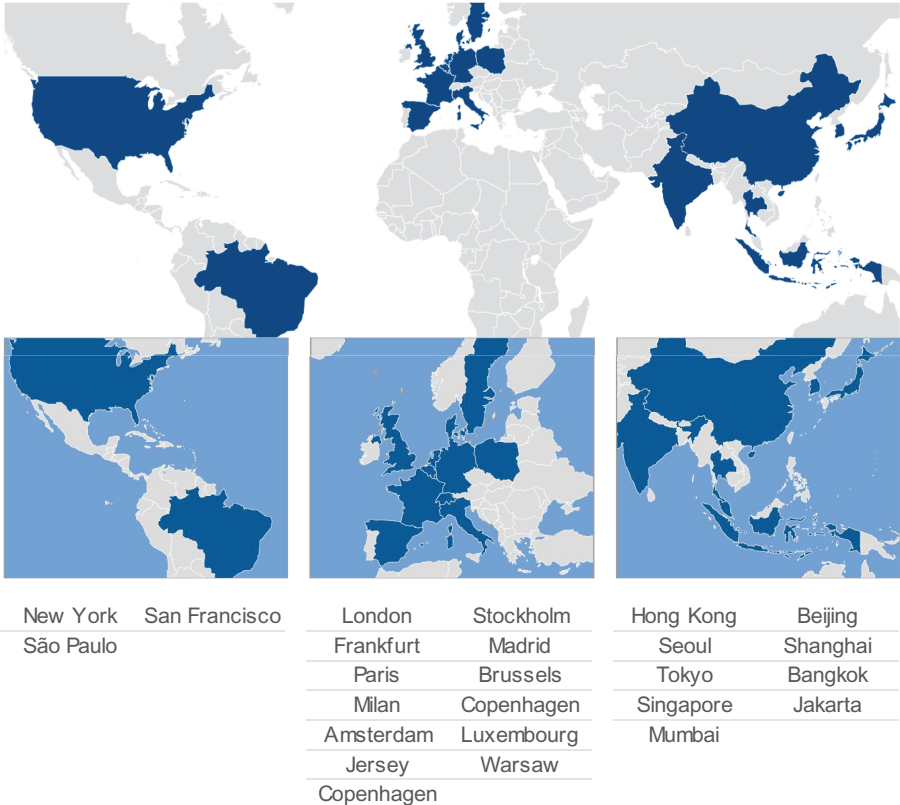
In aggregate, CVC Credit Partners Group’s investment team (the “**Investment Team**”) currently speaks fifteen languages. This diversity provides CVC Credit Partners Group with local knowledge of jurisdictions, language and cultural differences. In addition, each professional has developed their own network of relationships among banks, sponsors and corporates. CVC Credit Partners believes that the depth of experience across the Investment Team is fundamental to its capacity to seek to replicate its past investment performance and positions CVC Credit Partners Group strongly for the future. CVC Credit Partners believes that the depth and diversity of experience across the Investment Team is a distinct advantage versus industry peers and is fundamental to its ability to deliver attractive investment performance for its strategies.

**CVC CAPITAL PARTNERS**

Established in 1981, CVC Capital Partners is a global leader in the private equity marketplace and believes it is one of the most geographically diverse and longest-established office networks of any private equity firm worldwide. CVC Capital Partners began operations in Europe as part of Citigroup under the name Citicorp Venture Capital (Europe). In 1993, a group of eight investment professionals acquired the activities of Citicorp Venture Capital (Europe), under the new name CVC Capital Partners.

Since 1996, CVC Capital Partners has raised 15 pan-European/U.S. and Asian private equity funds with commitments from investors totalling approximately \$89.9 billion, and has completed over 300 equity investments.<sup>11</sup> As at 31 December 2018, the international network of CVC Capital Partners was comprised of 185 private equity investment professionals, across 24 local offices in Europe, the Americas and the Asia-Pacific region.

**CVC’s Established Network – 24 Offices Globally**

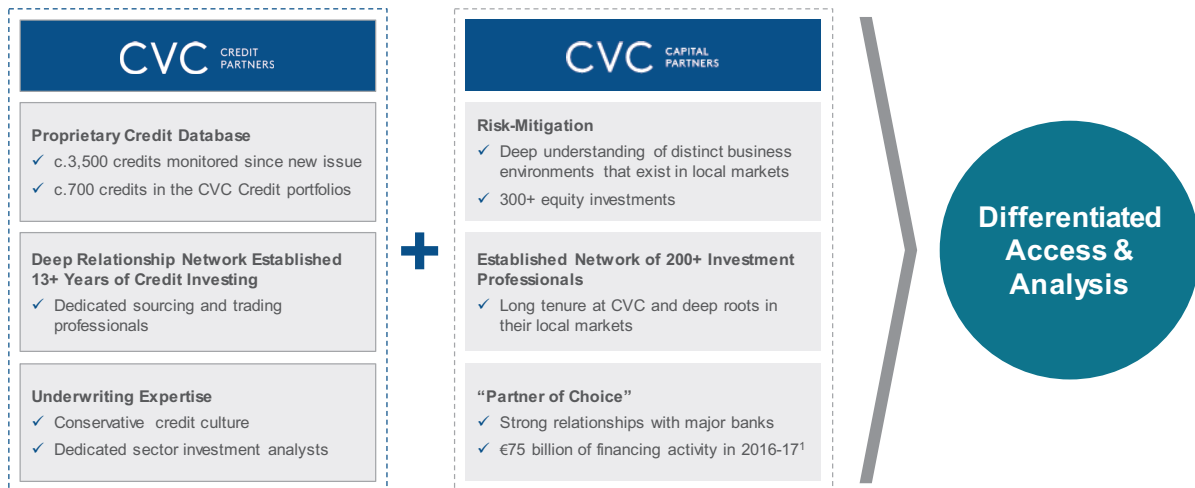


<sup>11</sup> As at 31 December 2018, CVC Capital Partners Europe/U.S., CVC Strategic Opportunities, CVC Growth Partners and CVC Asia Pacific.

## THE CVC PLATFORM

CVC Credit Partners believes that the Investment Vehicle, the Conversion Vehicle and, indirectly, the Company, benefit from the scale of the CVC Group's infrastructure. The Investment Team expects to frequently and repeatedly utilise the breadth of the CVC Group's network throughout the investment process. CVC, as a leading investor of capital across Europe and the U.S. for 36 years, has developed what it considers deep relationships with the banking, sponsor and advisor communities. Additionally, due diligence will be supplemented and enhanced through the ability to tap into the industry insight and experience of senior investment professionals from both leading businesses.

A summary of the benefits of being a part of the CVC platform is presented below, illustrating how greater access to information drives better informed credit decisions:<sup>13</sup>



1 As at December 2017. For CVC Capital Partners Europe/U.S., CVC Strategic Opportunities, CVC Growth Partners.

## CVC CREDIT PARTNERS GROUP TEAM

The chart below shows the CVC Credit Partners Group Senior Management and Investment Team, consisting of 59 investment professionals globally across its three core investment strategies:

Senior Management & Investment Team																													
<b>Hamish Buckland</b> Chairman 40 years experience						<b>Gretchen Bergstresser</b> Partner Global Head of Performing Credit Senior Portfolio Manager 31 years experience						<b>Mark DeNatale</b> Partner Global Head of Special Situations Senior Portfolio Manager 25 years experience				<b>Tom Newberry</b> Partner Global Head of Private Debt Senior Portfolio Manager 34 years experience			<b>Andrew Davies</b> Partner Head of Europe Senior Portfolio Manager 17 years experience										
<b>U.S.</b>															<b>Europe</b>														
Caroline Benton SMD / PM 21 Years	Oscar Anderson SMD / PM 27 Years	David DeSantis SMD / PM 20 Years	Cary Ho SMD / Head of CLO Origination 22 Years	Kevin O'Meara SMD / PM 17 Years	Scott Bynum SMD / PM 14 Years	Justin Sighree Managing Director/Asst. PM 16 Years	David Rous Managing Director 20 Years	Neale Broadhead SMD / PM 32 Years	Ran Landmann SMD / PM 20 Years	Pieter Staelens Managing Director / PM 17 Years	Guillaume Tarnaud SMD / PM 15 Years	Sue Player Managing Director/Asst. PM 34 Years	Stuart Loyett MD / Trader 23 Years	Josefa Llinars Managing Director 20 Years															
Brian O'Reilly Managing Director 18 Years	LynnAnn Loufik Director / Asst. PM 13 Years	Eric Ballantine Director 21 Years	Francis Ward Director 10 Years	Andrew Milano Director 10 Years	Molly Whiteman Director / Trader 9 Years	Miklavz Bevc Director 14 Years	Lowell Thomas Investment Director 14 Years	Chris Fowler Managing Director 19 Years	Natalia Nowek Managing Director 17 Years	Simone Zacchi Managing Director 13 Years	Mitchell Glynn Director 11 Years	Othman Alsoubi Director 10 Years	Edward Michel Director 8 Years	Alvaro Ruiz Nolasco Investment Director 10 Years															
Brian Miller Director 13 Years	Catalin Cibu Director 11 Years	Arlene Kenny Investment Director 13 Years	Julian Brals Director 6 Years	Erica Davis Investment Director 11 Years	Spenser Samms Investment Director 9 Years	Christine Perry Investment Director 8 Years	Yonatan Naymark Investment Director 5 Years	David Derogowski Investment Director 8 Years	Dominic Connelly Investment Director 8 Years	Kevin Wong Investment Director 5 Years	Nadia Rida Investment Director 7 Years	Alex Roy Investment Director 6 Years	Moris Nachmias Investment Director 6 Years	Victoria McIlroy Assistant Trader 5 Years															
			Costa Trikas Investment Executive 4 Years	Irina Romanova Analyst 5 Years	Wen Shi Jr. Software Engineer 6 Years	Dian Yuan Quantitative Analyst 4 Years	Joseph Azevedo Investment Analyst 4 Years				Alessio Di Vito Investment Director 5 Years	Irene Huete Investment Executive 4 Years	Julian Llienthal Investment Executive 3 Years	Susanna Carlini Investment Analyst 2 Years															
<b>Operations &amp; Finance</b>	26 Dedicated Operations & Finance Professionals																												
<b>Legal &amp; Compliance</b>	10 Dedicated Legal & Compliance Professionals																												
<b>Other Support Functions</b>	Supported by Investor Relations, IT and Human Resources personnel at CVC Credit & Capital Partners																												

13 Coordination and cooperation between the CVC Capital Partners and CVC Credit Partners Group's businesses is subject to CVC Group's "Information Barrier Policies and Procedures" and approval from the compliance team. There is no guarantee that the Investment Vehicle Manager will be able to leverage CVC Capital Partners' expertise and network on any future investment opportunity.

## Senior and European Credit Opportunities Focused Investment Professionals

The following table includes the senior members of the CVC Credit Partners Group focused on the Investment Vehicle and the Conversion Vehicle<sup>14</sup>:

Name	Title	Years of Experience
Hamish Buckland	Chairman	40
Mark DeNatale	Partner, Global Head of Special Situations, Senior Portfolio Manager	25
Tom Newberry	Partner, Global Head of Private Debt, Senior Portfolio Manager	34
Gretchen Bergstresser	Partner, Global Head of Performing Credit, Senior Portfolio Manager	31
Andrew Davies	Partner, Head of Europe, Senior Portfolio Manager	17
Caroline Benton	Senior Managing Director, Portfolio Manager	21
Oscar Anderson	Senior Managing Director, Portfolio Manager	27
Scott Bynum	Senior Managing Director, Portfolio Manager	14
Ran Landmann	Senior Managing Director, Portfolio Manager	20
Kevin O'Meara	Senior Managing Director, Portfolio Manager	17
Guillaume Tarneaud	Senior Managing Director, Portfolio Manager	15
Susan Player	Managing Director, Assistant Portfolio Manager	34
Pieter Staelens	Managing Director, Portfolio Manager	17
Justin Sughrue	Managing Director, Assistant Portfolio Manager	16
LynnAnn Loufik	Director, Assistant Portfolio Manager	13
Mitchell Glynn	Director	11
Francie Brunk	Director	10
Otto Alaoui	Director	10

## THE INVESTMENT PROCESS

### Investment Selection

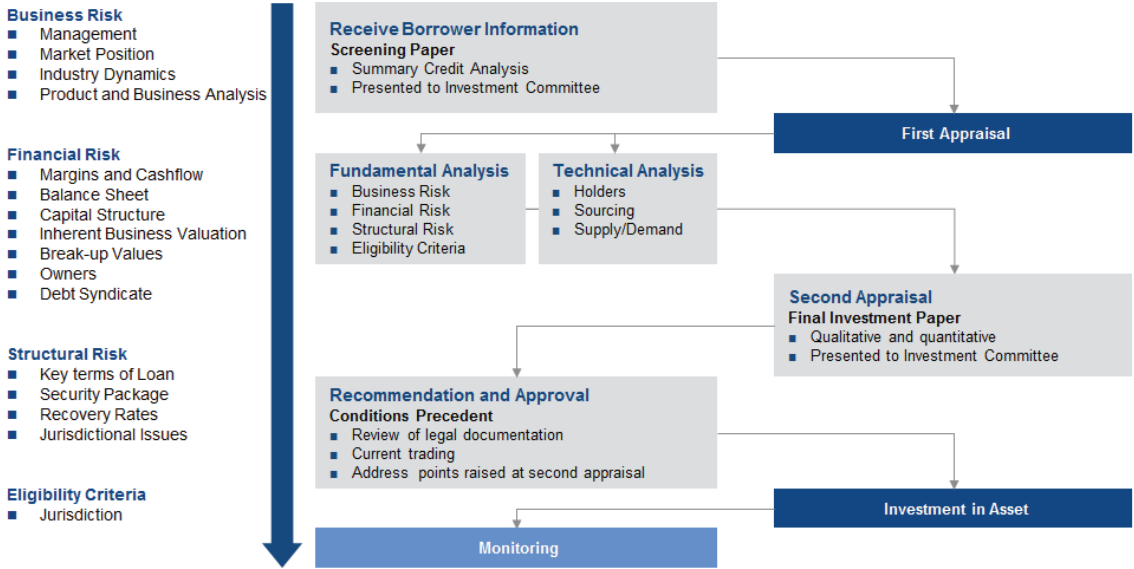
The Investment Vehicle Manager strives to maintain a highly selective investment approach and a robust multi-stage investment process. The investment process concentrates on fundamental credit analysis, technical market analysis and the portfolio suitability of each potential investment.

The Investment Vehicle Manager undertakes systematic credit evaluation of investment opportunities in order to seek to identify, analyse, mitigate and manage risks. A diagram of an example of CVC Credit Partners Group's process is set out below. CVC Credit Partners Group may, at any time, modify any stage (or adopt additional stages) to the multi-stage investment described herein as deemed appropriate by the Investment Vehicle Manager.

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<sup>14</sup> Includes members of the European Performing Credit Investment Committee, European Credit Opportunities Investment Committee, Global Credit Opportunities Investment Committee and the U.S. Performing Credit Investment Committee as well as investment professionals at director-level and above focused on CVC European Credit Opportunities.

The fundamental analysis of investment opportunities practised by CVC Credit Partners Group can be broken down into the following three phases:



**A. Screening Paper**

One of the Investment Team’s analysts “screens” potential new investments for consideration. In the event that this analysis concludes that a potential investment may be an attractive and appropriate investment, the analyst(s) will typically prepare a full two-page screening paper (a “**Screening Paper**”) for consideration by CVC Credit Partners Group’s investment committee (the “**Investment Committee**”).

The Screening Paper typically includes basic information about the potential investment including:

- key considerations;
- capital structure;
- leverage levels;
- on- and off-balance sheet analysis;
- historic revenue profitability and cash flow information;
- strengths, risks and focus areas for further consideration;
- existing/prior relationship between the issuer and/or management team within the CVC Group network;
- relative value;
- liquidity analysis; and
- relevant ESG factors

This Screening Paper is then discussed at the Investment Committee level and an approval at this stage results in the commencement of the next stage of the investment process, which is the preparation of a full investment paper.

**B. Investment Paper**

After approval by the Investment 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:

- the transaction;
- the business and its positioning within its industry sector;
- detailed analysis of the historic financials;
- proprietary cash flow projections and sensitivity analysis;
- asset valuation analysis and/or sum of the parts analysis;
- quality of management;
- legal and structural due diligence including recoverability and jurisdiction analysis;
- trading comparables and relative value analysis;
- market, trading and syndicate dynamics; and
- the ESG policies of the borrower.

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

**C. Investment Decision**

After the review of the Investment Paper and any relevant follow-up materials, the Investment Committee determines whether to approve the investment. This is frequently a process that requires multiple reviews by the Investment Committee of an opportunity presented by the relevant investment analyst for approval, and CVC Credit Partners Group believes the iterative nature of this process promotes a thorough consideration of potential risk factors and their mitigants. In addition to approval of the Investment Committee, the analyst(s) making the recommendation must support the recommendation.

**MONITORING PROCESS**

The Investment Team’s relevant investment professionals currently monitor each existing Investment on an on-going basis as indicated below. CVC Credit Partners Group may, at any time, modify or supplement the ongoing portfolio management activities described herein as it deems appropriate.

<b>Monitoring Management</b>	<b>Frequency</b>
Investment Committee	Three days per week / as required
‘Monitoring’ flash reports are sent to Investment Team on results and material information that may affect the credit	Upon receipt of information
Portfolio manager – exposures, valuation, composition	Daily
Geographical Allocation Review	Monthly
Detailed Portfolio Review	Quarterly
Open trade/Settlement	Weekly

As well as a detailed assessment of the operational performance of an Investment, this monitoring process includes an evaluation of macro-economic, credit specific and event-driven factors for each Investment, the results of which portfolio managers then utilise to make decisions on the appropriate recommendation for each respective Investment.

In addition to the above, the teams based in New York and London both hold morning meetings whereby each member of the Investment Team runs through their investments (both existing and potential) within the whole of CVC Credit Partners Group’s portfolio, and discusses any noteworthy developments or trends in the market, keeping the entire team coordinated on what each individual is doing and seeing in the market.

Active portfolio monitoring is a key facet of the strategy, and the Investment Team’s proprietary investment database requires portfolio managers to review their investments (both existing and potential) each time they enter the system, with a requirement to enter an updated recommendation (buy, hold or sell) before being able to log out.



This active portfolio monitoring includes analysing factors that may affect two principal areas:

**A. The Business**

The portfolio managers monitor events (as set out below) that may alter the original thesis presented to the relevant Investment Committee and the ability of the company to service its debt obligations. These include:

- (i) business risk;
- (ii) financial risk; and
- (iii) structural risk.

**B. Value and Relative Value**

The portfolio managers’ monitoring of existing investments includes some of the following factors (as summarised in the following chart):

- (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 certain 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; and (e) syndicate composition (if applicable); and
- (iii) credit opportunity events, which includes analysis of: (a) actual or potential merger and acquisition activity; (b) equity capital markets transactions; (c) refinancing; and (d) early prepayments.

Macro Economic Data	Credit Specific	Event
<ul style="list-style-type: none"> <li>■ PMI / GDP / ISM</li> <li>■ Central Bank Policy</li> <li>■ Rate Curves</li> <li>■ Indices (Itrax, MAIN, Equities, Xover)</li> <li>■ Exchange rate outlook</li> <li>■ Fund Flows: Mutuals, ETFs(EUR / US)</li> </ul>	<ul style="list-style-type: none"> <li>■ Credit performance</li> <li>■ Management of Issuer</li> <li>■ Performance vs. projections</li> <li>■ Performance vs. covenants</li> <li>■ Liquidity</li> <li>■ Industry monitoring</li> <li>■ Relative value within structure</li> <li>■ Relative value across comparables</li> <li>■ Syndicate composition changes</li> </ul>	<ul style="list-style-type: none"> <li>■ M&amp;A (exit or acquisitions)</li> <li>■ Equity Capital Markets</li> <li>■ Refinancing</li> <li>■ Early prepayment</li> <li>■ Restructuring</li> <li>■ Recapitalisation</li> </ul>

If an investment’s internal rating is downgraded as it may for example be approaching, amongst other things, a potential covenant breach, lack of liquidity, significant trading concerns or low enterprise value headroom, the investment analyst discusses the investment with the portfolio managers and senior members of the Investment Team, who will formulate 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 possible recovery outcomes if underperformance continues which would result in an event of default. The portfolio managers and the Investment Vehicle Manager may attempt 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 price that can be achieved via a secondary sale at that time. If recovery is expected to be higher than the potential sale price, the Investment Vehicle Manager may decide to continue to hold or increase the position.

In the case of an actual event of default, the Investment Vehicle Manager may, contingent on participation size, appoint on behalf of the Investment Vehicle and the Conversion Vehicle a representative as a member of the steering committee, which is tasked with considering relevant

circumstances in order to maximise recovery, as well as seeking to ensure that the appropriately qualified legal, accounting and other advisers with relevant experience are engaged to lead the restructuring and workout.

## **RISK MANAGEMENT**

The Investment Vehicle Manager employs risk management policies and procedures that seek to accurately measure, monitor and manage the various risks associated with the investment programme. The Investment Vehicle Manager conducts detailed diligence in advance of taking positions and continuously updates its risk analysis during the investment period as additional information becomes available. Risk is managed from both a bottom up position-by-position perspective as well as a top down portfolio level.

From an individual investment perspective, the Investment Vehicle Manager generally seeks to minimise the risk of capital loss in individual names through:

- (i) deep fundamental analysis;
- (ii) focus on definable catalysts; and
- (iii) where possible, recourse to hard assets or quantifiable enterprise value.

The Investment Vehicle Manager conducts detailed downside case analysis across the Portfolio. CVC Credit Partners believes portfolio risk management is core to achieving its investment objective. To this end, the Investment Team employs analytics to measure:

- (i) idiosyncratic risk by implementing single position scenario evaluations collectively across the portfolio;
- (ii) sector and asset class risk via constant portfolio aggregation; and
- (iii) market and systemic risk by constantly evolving scenario analyses applied across the portfolio.

The Investment Vehicle Manager seeks to minimise uncompensated risk through position and sector exposure limitations. The Investment Vehicle Manager's investing philosophy dictates risk analytics and management to continuously evolve together with the constantly changing market risks.

No risk management system is fail-safe; CVC Credit Partners Group may modify its risk management procedures from time to time.

## **SUPPORT PERSONNEL**

CVC Credit Partners Group's dedicated support teams are organised as follows:

*(As at February 2019)*

<b>Name</b>	<b>Number of Professionals</b>
Operations & Finance	26
Investor Relations	10
Corporate Administration	8
Legal & Compliance	10
Human Resources	1
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	55

### ***Operations***

CVC Credit Partners Group maintains in-house fund administration and fund accounting staff in order to assist in providing comprehensive and timely information to investors in CVC Credit Partners Group's funds, including the Investment Vehicle and the Conversion Vehicle. The CVC Credit Partners Group's Operations Team is involved in the preparation of all fund financial reports, capital accounts, calls and distributions for the investors. There are currently 26 dedicated Operations & Finance professionals within the team. Operations & Finance professionals work closely with independent custodians and administrators.

### ***Finance***

The CVC Credit Partners Group Finance Team is comprised of individuals who are responsible for CVC Credit Partners Group's financial reporting and control functions as well as strategic planning, budgeting and financial planning and analysis. In addition, the team is responsible for CVC Credit Partners Group's accounting policies and procedures and is the primary CVC Credit Partners Group team to interact with external accountants for audit and tax compliance for the group's accounts.

### ***Investor Relations & Marketing***

CVC Credit Partners Group globally maintains a dedicated Investor Relations ("IR") team. There are 10 dedicated professionals focused solely on the CVC Credit Partners Group's business. The IR team integrates with fund administration, finance, communications & marketing, as well as legal compliance to enable the most effective two-way communication between CVC Credit Partners Group and its investors.

### ***Legal & Compliance***

CVC Credit Partners Group is supported by a dedicated full time internal Legal & Compliance Team. The CVC Credit Partners Group Compliance Team consists of a dedicated Chief Compliance Officer ("CCO"), Anna Spector, and four additional full-time compliance professionals, dedicated to CVC Credit Partners Group's business. CVC Credit Partners Group's CCO reports to CVC Credit Partners Group's General Counsel and the operating committee. The CCO and the General Counsel regularly consult with CVC Credit Partners Group's senior portfolio managers regarding CVC Credit Partners Group's operations, policies and procedures.

### ***Human Resources (HR)***

CVC Credit Partners Group maintains a HR department as well as a HR Committee. The HR department at CVC Group is composed of seven professionals across Europe, Asia and the Americas, with a Head of HR in each region (Europe, Asia, Americas) who manage all CVC Group personnel issues including training and development, review and promotion processes, annual compensation and rewards, recruitment, succession, benefits, as well as any leavers.

## PART IV

### THE MARKET OPPORTUNITY

CVC Credit Partners believes that there is a strong and continued market opportunity well-suited to the unique attributes of the Investment Vehicle Manager and the Investment Vehicle's investment strategy. On the Performing Credit side, the opportunity to generate strong, stable risk-adjusted returns is underpinned by strong macroeconomic fundamentals, continued expansion in supply, as well as enhanced liquidity as institutional investors continue to increase their share of the leveraged loan market across Europe. Within the Credit Opportunities segment, the market continues to react to the increased risk associated with tightening of monetary policy, higher leverage levels, the growth in covenant-lite issuance and regulatory change, while idiosyncratic issues create additional opportunities as they continue to arise in the levered capital structure.

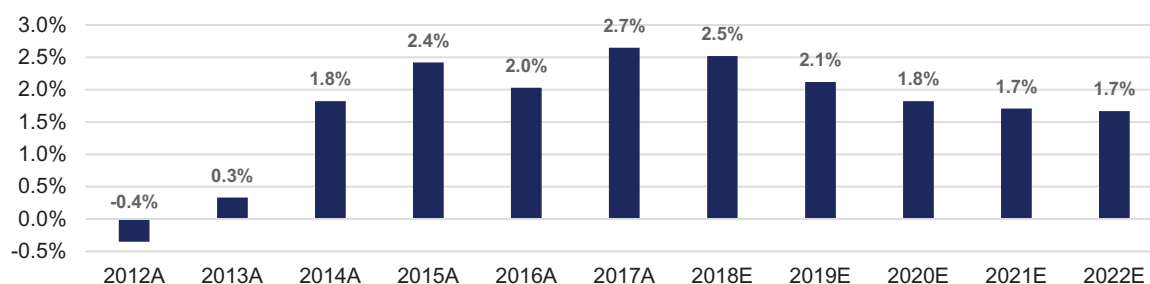
As a result, CVC Credit Partners continues to witness strong deal flow across both performing and opportunistic markets which it believes present attractive opportunities for the Portfolio. CVC Credit Partners also expects these core themes to continue, presenting a long-term, sustainable flow of attractive risk-adjusted opportunities for the strategy.

#### PERFORMING CREDIT

##### 1) Strong Macroeconomic Environment

CVC Credit Partners believes that the broadly positive outlook for the European economy across both the short and longer term presents a compelling opportunity within the Performing Credit segment of the Portfolio. As the chart below outlines, the European economy has demonstrated consistent expansion since 2012, with future growth expected to stabilise between 1.7 per cent. and 2.1 per cent. through 2019 to 2022.

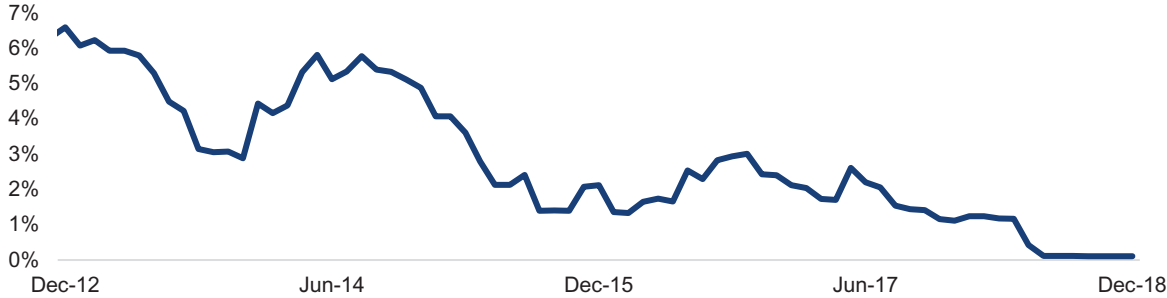
Annual European Union GDP Growth Rate (2012A – 2022E)<sup>15</sup>



CVC Credit Partners believes that a stable macro-economic environment has historically correlated with reduced market risk, lower default rates and consistent market pricing, presenting an attractive opportunity for investors in Performing Credit with strong valuations and the ability to achieve stable yields. As the chart below illustrates, default rates among European issuers have remained low following the broader economic recovery which has taken place since 2012 with CVC Credit Partners expecting a continuation of this trend in the medium term.

<sup>15</sup> Source: IMF (2018). World Economic Outlook Database April 2018.

**European Leveraged Loan Default Rate (2012 – 2018)<sup>16</sup>**



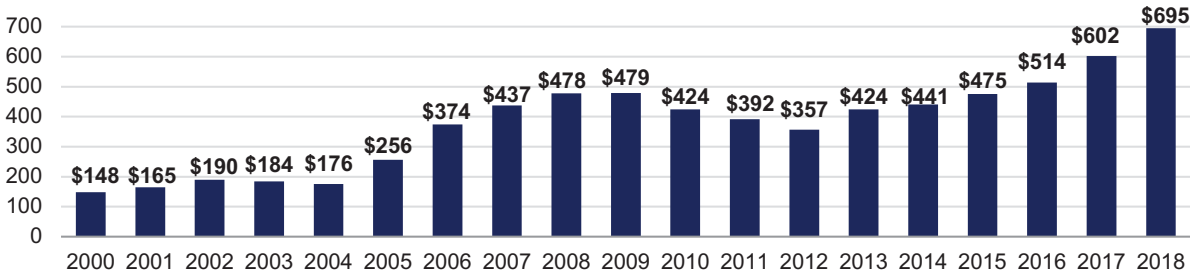
**2) Expanding Leveraged Loan Market**

***Private Equity Dry Powder is at an All-Time High***

As the broader economy has recovered, there has been a significant increase in the volume of “dry powder” (i.e. un-invested capital) available to private equity buyout firms, which has been a significant driver of the expansion of the global credit market over the last six years. CVC Credit Partners expects the growth in the availability of private equity dry powder, as demonstrated by the chart below, to stimulate consistent growth in the leveraged loan market as a result of sponsor-backed businesses continuing to issue new loans as they seek to deploy this capital.

**Global Dry Powder in Buyout Funds 2000 – 2018<sup>17</sup>**

(US\$ billions)



The majority of dry powder is focused on large-cap businesses, presenting substantial opportunity flow for the Portfolio. Furthermore, while financing is typically provided by both high yield bond and leveraged loan markets, the latter is increasingly the more attractive source of debt financing given the flexibility and the ability to make adjustments and amendments that characterise the nature of the leveraged loan asset class.

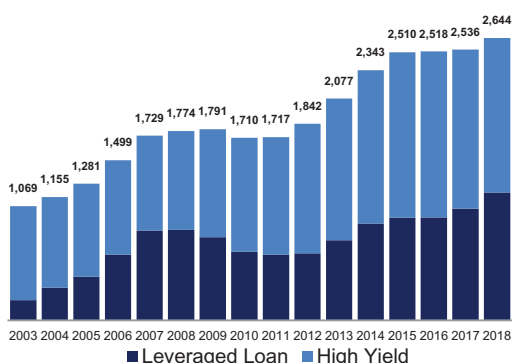
CVC Credit Partners also expects the growing economy more broadly to stimulate strong growth in the supply of new loan issuance as corporates experience organic and/or acquisitive growth, strong cash flows and maintain stable leverage levels driving their ability to refinance and increasing their capacity for borrowing. As a result, CVC Credit Partners anticipates the expansion of debt markets to continue in line with recent trends, outlined in the charts below which highlight the growth in credit markets across both Europe and the U.S.

<sup>16</sup> Source: S&P Global Leveraged Lending Report. December 2018.

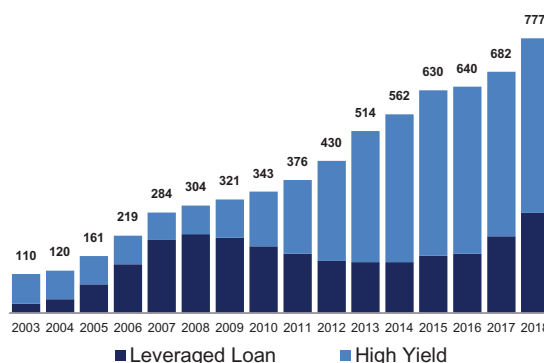
<sup>17</sup> Source: Preqin. December 2018 for Buyout Funds only.

## Evolution of the Leveraged Loan and High Yield Market

**U.S. Leveraged Loan & HY Bond Market Expansion<sup>18</sup>**  
(US\$ billions)



**European Leveraged Loan & HY Bond Market Expansion<sup>19</sup>**  
(€ billions)



### 3) Globalisation of the Asset Class Enhances Ability to Capture Relative Value Across Leveraged Loan and High Yield Bond Markets

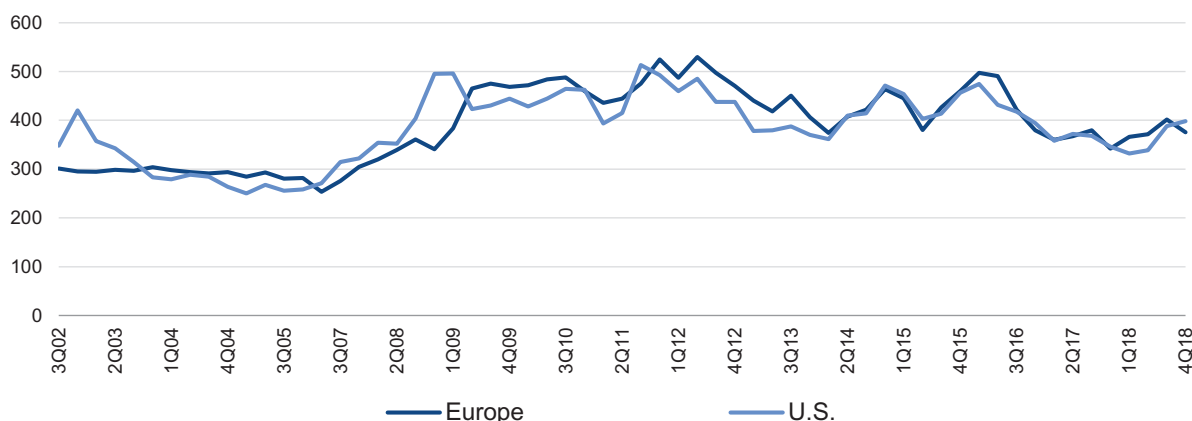
Alongside expansion of the leveraged loan market across both Europe and the U.S. individually, there has also been a notable trend towards cross-border financings, whereby U.S. issuers raise financing from European investors, typically as they expand their overseas operations or make acquisitions of Europe-based businesses.<sup>20</sup> CVC Credit Partners expects this trend to continue, which the Investment Vehicle and the Conversion Vehicle can access, given their ability to invest in both European and U.S. issuers, as well as EUR or USD-denominated instruments.

In addition to the benefits of accessing an enhanced pool of opportunities, the ability to invest across both European and U.S. loan and high yield bond markets allows global credit platforms, such as CVC Credit Partners Group, which has a flexible mandate, to take advantage of the distinct opportunities across these markets as well as to capture the relative value in any divergent pricing levels. The chart below highlights the correlation in price movement, but also the opportunity to capture relative value during divergence across currency issuance and between the loans and high yield bond markets.

#### Globalisation of Credit Markets: Opportunity to Capture Relative Value

##### Weighted Average New-Issue Institutional Spreads<sup>21</sup>

(bps p.a.)



<sup>18</sup> Source: Credit Suisse Credit Strategy – February 2019.

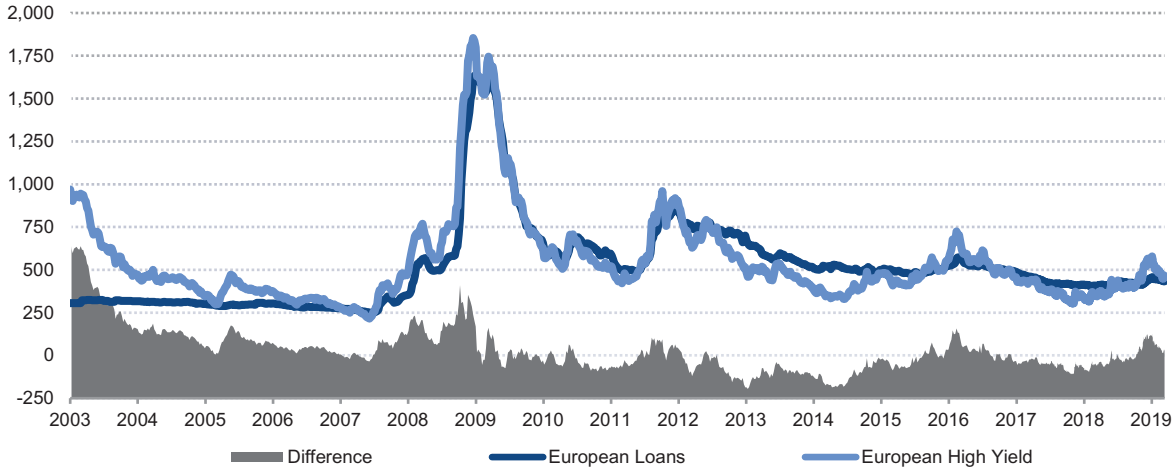
<sup>19</sup> Source: Credit Suisse Credit Strategy – February 2019.

<sup>20</sup> Source: Acuris. September 2017.

<sup>21</sup> Source: S&P LCD (2018) Global Leveraged Lending Review (Q4 2018).

**European Secondary Market Spreads Bonds vs. Loans<sup>22</sup>**

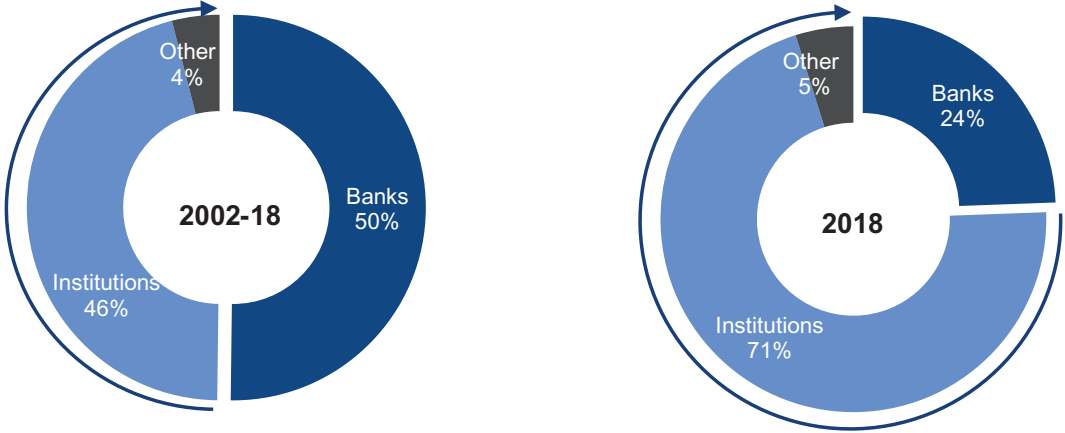
(bps p.a.)



**4) Increased Institutional Investor Activity**

Against a backdrop of strong economic and supply themes within the leveraged loan market, CVC Credit Partners also expects to continue to benefit from the effects of the expanding presence of institutional, non-bank lenders within the corporate loans asset class. This trend has been stimulated by the sustained retrenchment of banks from the asset class as a result of regulatory changes as well as an increase in CLO issuance across both Europe and U.S. which have driven demand for long-term strong, stable yield from secured assets.

**Evolution of Declining Bank Share of the European Leveraged Loan Market (2002-2018)<sup>23</sup>**



**CLOs as a Source of Market Stability**

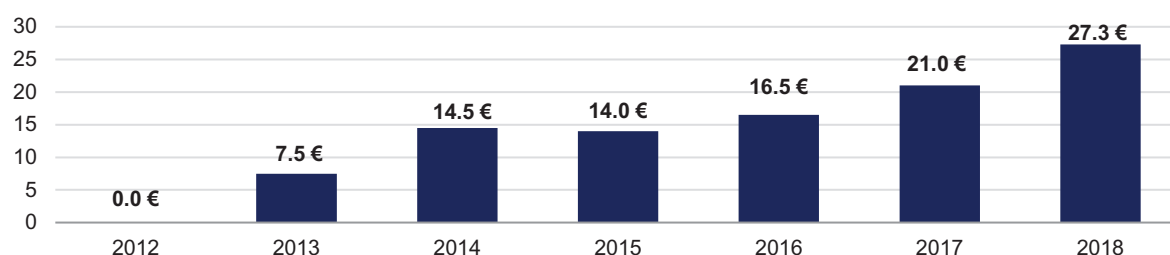
The significant increase in European institutional CLOs in the market now provides a core source of market stability in the wake of bank retrenchment. By nature, given their locked-up structures, CLOs seek to buy and hold a significant portion of their portfolio, preventing excessive levels of trading and limiting any significant levels of inflow or outflow from the market that may otherwise lead to instability and pricing volatility. In addition, there has been an increasing allocation to loans in Europe by long-term institutional buyers seeking stable yield from secured assets, which has further bolstered broader market stability.

<sup>22</sup> Source: Loan Spreads: S&P LCD – ELLI Spread to Maturity, HY Bond Spreads: Bloomberg (CS Western European High Yield Index, STW). As at 14 March 2019.

<sup>23</sup> Source: S&P European Leveraged Loan Index. December 2018.

## Expansion in European CLO Issuance (2012-2018)<sup>24</sup>

(€ billions)



### **Liquidity and Access**

While the market is typically stable and investments are focused primarily on longer term yield generation, institutional investors generally pursue a more active portfolio management strategy than banks and have the flexibility to more actively trade. The more active approach of the institutional lender coupled with their growing share of the market thus provides an attractive level of market liquidity for investors, further enhancing the risk-return profile of the asset class. CVC Credit Partners believes that its position as part of the CVC Group network ensures it is optimally positioned within the market to gain privileged access and allocation within the syndication process.

### **5) Attraction of Performing Leveraged Loans During Periods of Macro Volatility and Rising Interest Rates**

CVC Credit Partners believes that whilst the private equity and leveraged loan markets have recovered following the global financial crisis, some macroeconomic volatility remains. The current instability of global energy markets, deflationary pressures across Europe, Chinese growth concerns and other macro-political issues are sources of acute concern for certain risk averse investors. CVC Credit Partners believes that the influence of these factors has increased the attractiveness of instruments such as Performing Credit assets, which mitigate risk and promote capital preservation, whilst providing steady current income. In addition, CVC Credit Partners believes that, floating rate securities act as a natural inflation and interest rate hedge, whereby the variable coupon received would rise in line with central bank interest rate rises. The senior secured capital structure position also generally offers better protection against losses as compared with investors placed lower in the capital structure of the same investment.

## **CREDIT OPPORTUNITIES**

### **1) Monetary Policy Change and Reduced Market Support**

Global credit markets have continued to be largely supported by central banks supporting liquidity and low default rates. Enterprise valuations have climbed to a 10-year high, on the back of: (i) cheaper financing costs; (ii) increased engagement from strategic investors with low cost of capital; and (iii) increasing amounts of available private equity capital, as outlined above.

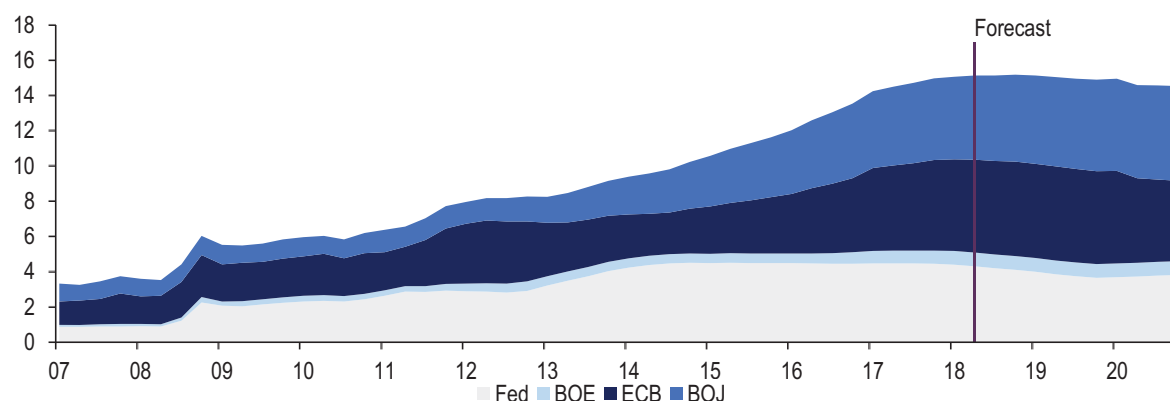
As such, CVC Credit Partners believes a key driver of opportunistic investments in the future will be underpinned by more challenging monetary environment as the tapering of quantitative easing by central banks takes place over the medium term. CVC Credit Partners believes that the macroeconomic impacts of this more constrained approach to monetary policy will challenge corporate performance within certain sectors as well as causing market prices to be negatively impacted. While expected to be gradual, CVC Credit Partners expects this reduced support to the markets will drive dislocation as credit fundamentals, rather than market technicals, become a key determinant of valuations. The chart below shows historical and expected balance sheets of major central banks, clearly illustrating anticipated cuts across markets.

<sup>24</sup> Source: S&P CLO Global Databank, 2018.



## Size of G4 Central Bank Balance Sheets<sup>25</sup>

(US\$ billions)

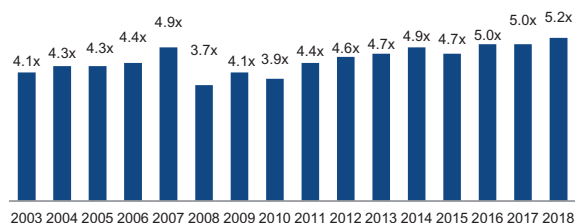


## 2) Increased Risk Associated with High Leverage and Reduced Lender Protections

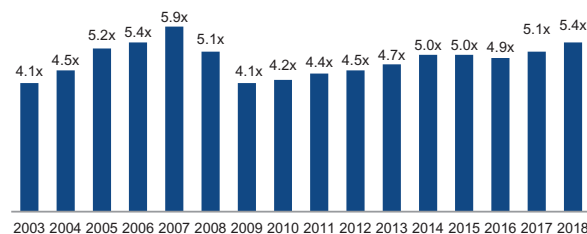
The increased inflows into the leveraged loan market as well as the relatively cheap cost of finance has provided ready availability of loans and high yield bonds over the last 2-3 years in Europe. Issuers have benefitted from increased flexibility surrounding covenant protections and corporate leverage levels. As a result, there has been a steady increase in the prevalence of covenant-lite new issue as well as in corporate leverage, as outlined by the charts below. As a result of reduced lender protections and heightened leverage, these assets present higher risks to investors. CVC Credit Partners believes that as the macro-economic environment responds to the tighter monetary policies outlined above, that the over-levered capital structures of many corporates will be exposed with increased risk of default, providing a steady pipeline of investment opportunities as the market responds to the stressed and/or distressed nature of the Underlying Issuer.

## Total Leverage Has Reached Pre-Crisis Levels<sup>26</sup>

U.S.: Total Debt / EBITDA



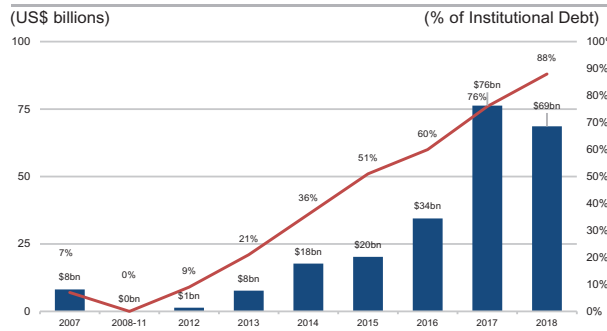
Europe: Total Debt / EBITDA



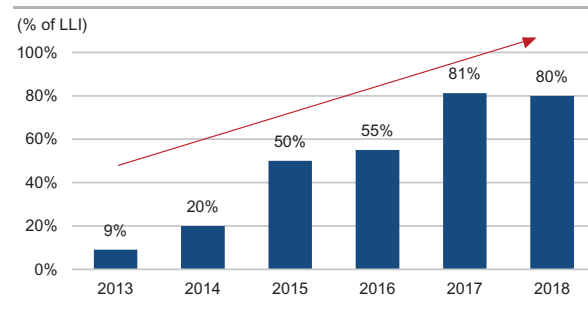
25 Source: Bank of America Merrill Lynch Global Research report: "Global Economic Weekly – Quantitative Frightening" Note: In all regions, GDP is assumed to grow in 2020 at the Q4 2019 year-on-year rate. Data as at 28 September 2018.

26 Source: S&P LCD's Global Leveraged Lending Review – Q4 2018.

### European Cov-Lite Institutional Volume<sup>27</sup>



### Defaulted Issuers that were Cov-Lite<sup>28</sup>



### 3) Regulatory Change to Drive Supply of Opportunistic Credit Investments for Institutional Investors

In the aftermath of the 2008 financial crisis, banks across Europe have faced continued pressure from regulators, politicians, shareholders and other stakeholders to reduce the size and complexity of their balance sheets. Of particular importance are national and supra-national regulators, who have taken a far more assertive stance toward financial institutions operating in Europe, as well as in the U.S., through imposing tighter lending standards, stricter loan provisions and generally higher levels of capital requirements.

Deleveraging and balance sheet optimisation across the global banking system continues to place pressure on banks to advance the resolution of legacy balance sheet issues. Sales of impaired or challenged assets have remained an important tool in the drive to meet bank capital adequacy requirements and/or optimise capital costs. As a result, CVC Credit Partners anticipates this to be a continued source of opportunities as institutional non-bank investors are able to increasingly access discounted credits. By way of illustration, the chart below (“Net Primary Dealer Inventories in Corporate Debt”) demonstrates the declining holdings of banks and other broker dealers of corporate debt since the financial crisis.

Furthermore, stricter regulatory requirements have forced banks to take a forward-looking assessment of the quality of their loans through a series of corporate actions, in particular the accounting treatment of non-performing loan holdings. As a result of the implementation of IFRS 9, which sets out expected loss rules by the European Central Bank, European banks are harmonising the treatment of these assets, which CVC Credit Partners believes will likely require banks to recognise higher levels of accounting reserves and incentivise a more rigorous approach to balance sheet management. CVC Credit Partners believes that this accumulating pressure on banks and national regulators will lead to continued asset disposal and potentially more rapid clearing of Europe’s non-performing and challenged loans, further expanding the opportunity set for opportunistic credit investors.

### Net Primary Dealer Inventories in Corporate Debt<sup>29</sup>



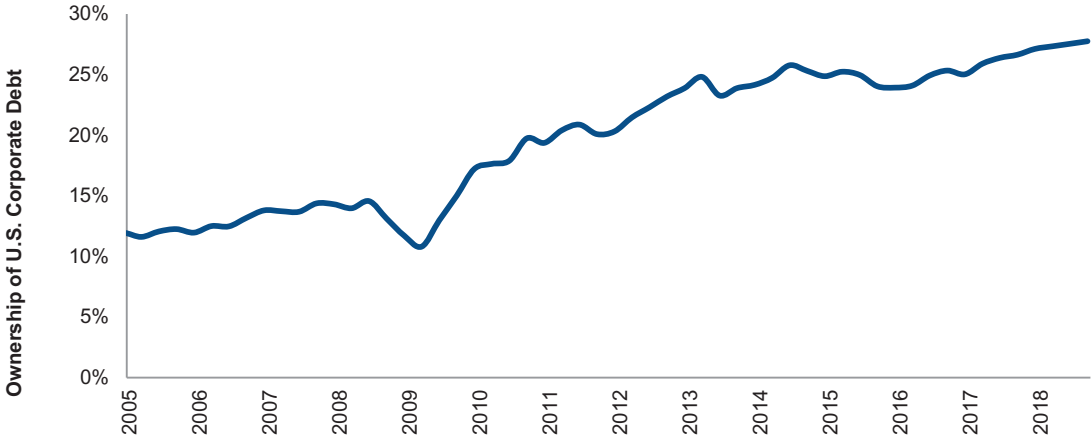
27 Source: LCD’s Quarterly European Leveraged Lending Review: 4Q18.

28 Source: S&P LCD: 2018 Distressed Debt Outlook: Waking the sleeping giant (December 22, 2017).

29 Source: The Federal Reserve Bank of New York. Includes commercial paper, investment grade and non-investment grade bonds, notes and debentures. As at 26 December 2018.

**Mutual Fund & ETF Ownership of Corporate Debt<sup>30</sup>**

(Ownership of Corporate Debt %)

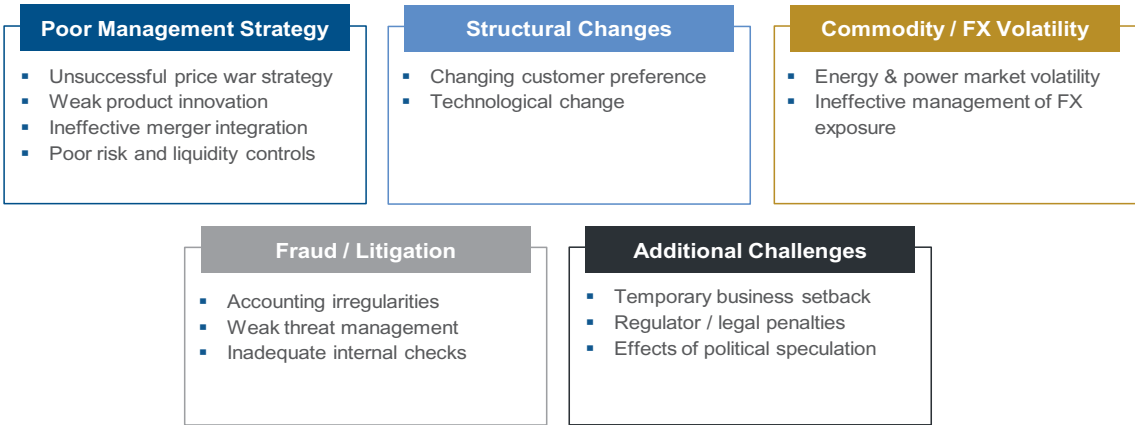


As illustrated by the chart above, while banks have retreated from the market, mutual fund and ETF ownership of corporate debt has experienced a sustained increase in the aftermath of the financial crisis. CVC Credit Partners believes that a large presence of these types of investors typically leads to increased volatility given they tend to be exposed to 'hot' flows of capital in and out of the market as a result of their reactive retail investor base. This volatility presents additional opportunity for experienced opportunistic investors to take advantage of dislocation in the market and acquire undervalued and mispriced assets at a discount to their intrinsic value.

**4) Additional Factors Driving Dislocation**

Aside from external factors and broader market trends, CVC Credit Partners expects to see a continued segment of its opportunistic pipeline driven by factors specific to the individual issuer or the sector. There is consistent volume of fundamentally strong businesses which experience temporary or short-term issues which lead to devaluation of the issuer's debt. These issues, present an opportunity to invest with a view to an upward revaluation of the debt following business recovery and/or market correction. Examples, as illustrated below, include poor management decisions, structural changes that require business adaptation, legal issues that require resolution, commodity or foreign exchange volatility, corporate setback or other temporary business issues that cause negative market reaction. While these factors are typically specific to a given issuer or subset of the market, CVC Credit Partners expects them to continue to fuel a pipeline of potential opportunities for the strategy alongside those driven by the broader market themes and macroeconomic factors.

**Key Themes Driving Additional Opportunity for Dislocation**



<sup>30</sup> Source: Federal Reserve. From Jan. 2005 to Q3 2018.

## 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 of shares for cash. In particular:

- the assets representing the net proceeds of a Sterling C Share issue and/or a Euro C Share issue and/or a U.S. Dollar 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, Euro Shares and (when issued) U.S. Dollar 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 per share of the Existing Shares will not be diluted by the expenses associated with the issue of C Shares, which will be borne by the relevant C Shareholders and not by existing Shareholders; and
- the basis upon which the C Shares will convert into Correspondent Shares (of the relevant currency denomination) is such that the number of Correspondent Shares to which C Shareholders 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 also managed by the Investment Vehicle Manager. The Conversion Vehicle 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 C Shareholders representing the income attributable to the C Shares in respect of the period from Admission of such C Shares up to the Calculation Time. If 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.

The Correspondent Shares arising on conversion of the C Shares will rank *pari passu* with the 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. 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:

- "Back Stop Date"** the last calendar day in the month falling 9 months after the relevant Admission; and

**“Specified Proportion”** 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 or the U.S. Dollar 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 C Shareholders 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 per Share 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.

	<b>Example</b>
Number of Sterling C Shares	1,000
Amount subscribed	£1,000
Net Asset Value per Share attributable to a Sterling C Share at the Calculation Time <sup>1</sup>	£0.98
Net Asset Value per Share 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 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:

**“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;
<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;

## “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;

<b>“Correspondent Shares”</b>	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;
<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 standard segment of 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>“Share Surplus”</b>	the net assets of the Company attributable to the 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.

## **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. 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.

## **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).

## **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 shall be applied as follows:

- (i) the Share Surplus attributable to each class of Shares shall be divided amongst the Shareholders *pro rata* to their holdings of Shares of that class; and
- (ii) the C Share Surplus attributable to each class of C Shares shall be divided amongst the C 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, among other things, 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 C Shareholder will be deemed to have represented, acknowledged and agreed that (i) unless otherwise agreed with the Company in writing, 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 of 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 500 million Placing Shares, being New Shares (which may be denominated as Euro Shares, Sterling Shares or U.S. Dollar Shares) and/or C Shares (which may be denominated as Euro C Shares, Sterling C Shares or U.S. Dollar C Shares). 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 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.

#### BACKGROUND AND REASONS FOR THE PLACING PROGRAMME

At the Company's annual general meeting on 24 April 2018, Shareholders granted the Directors authority to allot and issue, on a non-pre-emptive basis, up to 42,619,785 Shares (being equivalent to approximately 10 per cent. of the issued share capital of the Company at that time) (the "**General Authority**"). The General Authority was granted for the period until the conclusion of the Company's annual general meeting to be held in 2019.

Since the 30 April 2018 (being the first official month-end NAV after the Company's Annual General Meeting on 24 April 2018) to 28 February 2019 (being the latest practicable date prior to the publication of this Prospectus), the Sterling Shares have traded at an average premium to the Net Asset Value per Share of 0.12 per cent. and the Euro Shares have traded at an average premium to the Net Asset Value per Share of 0.41 per cent. Such premiums are the result of ongoing demand for the Shares from investors. To satisfy this demand over this period, the Company has sold 41,171,199 Sterling Shares and 5,621,442 Euro Shares out of treasury in the period up to 28 February 2019 (being the latest practicable date prior to the publication of this Prospectus). The maximum number of Shares the Directors were able to issue pursuant to the General Authority was reached in October 2018.

On 16 November 2018, the Company held an extraordinary general meeting at which Shareholders renewed the General Authority, granting the Directors authority to allot and issue, on a non-pre-emptive basis, up to 10 per cent. of the issued share capital of the Company on the date of the meeting. At the same meeting, in addition to the General Authority, the Shareholders granted the Directors authority to allot and issue, on a non-pre-emptive basis, up to 500 million Placing 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. In doing so, the Directors have taken into account the desirability of managing the premium to Net Asset Value at which the Shares trade to ensure that long-term Shareholders who regularly acquire Shares are not disadvantaged by being required to pay a high premium to acquire additional Shares. The Directors also intend to use the Placing Programme to realise their strategic objective to increase the Company's asset base over time, which the Directors consider would be beneficial to all Shareholders.

Placing Shares will be issued when the Directors consider that it is appropriate to do so. New Euro Shares and New Sterling Shares will be issued at prices which are, after accounting of issue expenses, 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 relevant Net Asset Value per Share. U.S. Dollar Shares issued pursuant to the Placing Programme will be issued initially at US\$1.00 and thereafter at prices which are, after accounting of issue expenses, not less than the latest published Net Asset Value per U.S. Dollar Share. C Shares issued pursuant to the Placing Programme will typically be at €1.00 per Euro C Share, £1.00 per Sterling C Share and at \$1.00 per U.S. Dollar 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 III of this Prospectus.

Placing Shares will be issued on a non-pre-emptive basis under the existing authority granted to the Directors which shall expire on the earlier of: (i) 28 March 2020, being the closing date of the Placing Programme; or (ii) the date on which the maximum number of Placing Shares has been issued, unless previously renewed, revoked or varied by the Company. Further details regarding the authority to allot can be found in paragraphs 2.9 and 2.10 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 29 March 2019 and will close on 28 March 2020 (or on any earlier date on which it is fully subscribed). The maximum number of Placing Shares that may be issued is 500 million. As at the date of this Prospectus, the actual number of Placing Shares to be issued is not known. 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 is at the discretion of the Directors. Issuance may take place at any time prior to the final closing date of 28 March 2020 or such earlier time as the maximum number of Placing Shares 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 U.S. Dollar Shares, the ISIN, SEDOL and ticker for the U.S. Dollar Shares issued and, in respect of each issue of C Shares, the ISIN, SEDOL and ticker 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.

There are no minimum gross proceeds required for any Placings. The minimum subscription per investor pursuant to each Placing is €1,000, £1,000 or US\$1,000 (as applicable).

The Placing Programme is not being made on a pre-emptive basis and, accordingly, existing Shareholders who do not wish 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.

The Placing Programme will be suspended at any time when the Company is unable to issue Placing Shares 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 28 March 2020.

## **CONVERSION OF C SHARES**

The C Shares issued will convert into Correspondent Shares of the same currency denomination as the C Shares in accordance with the conversion mechanism described in Part III 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 relevant C Shares and, simultaneously, announce a dividend in respect of the relevant Shares in relation to the period up to and including the relevant Calculation Time.

Upon Conversion, the Correspondent Shares arising will rank *pari passu* with all other 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 Placing is conditional on:

- in the case of an issue of New Shares, the Placing Price being not less than the latest published Net Asset Value per Share of the relevant class plus issue expenses (U.S. Dollar Shares will initially be issued at a Placing Price of US\$1.00 per U.S. Dollar Share but each subsequent Placing of U.S. Dollar Shares will be subject to this condition);
- Admission of the relevant Placing Shares occurring and becoming effective by 8.00 a.m. (London time) no later than three Business Days following the relevant trade date (or such other time as Winterflood may agree with the Company and the Investment Vehicle Manager); and
- The Sponsor and Placing Agreement becoming otherwise unconditional in all respects and not having been terminated in accordance with its terms.

In circumstances where these conditions are not fully met, the relevant Placing will not proceed and the relevant Admission will not take place.

The Company reserves the right not to issue New 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 under a Placing procured by Winterflood are set out in Part XIV of this Prospectus.

## **SPONSOR AND PLACING AGREEMENT**

The Company, the Investment Vehicle Manager and Winterflood have entered into the Sponsor and Placing Agreement pursuant to which Winterflood have agreed, subject to certain conditions, to use their reasonable endeavours to procure subscribers for the Placing Shares to be issued by the Company pursuant to such Placing.

Winterflood is appointed as the sponsor and sole bookrunner in connection with the Placing Programme.

For a summary of the terms of the Sponsor and Placing Agreement, please refer to paragraph 5.3 in the section entitled “Material Contracts” in Part IX of this Prospectus.

## **THE PLACING PRICE**

Subject to the requirements of the Listing Rules, for any Placing of New Shares in a class of Existing Shares, the Placing Price at which such New Shares will be issued will be not less than the latest published Net Asset Value per Existing Share of the relevant class plus issue expenses. The Placing Price for any such Placing will be published via an RIS announcement prior to the Placing.

In the first Placing of U.S. Dollar Shares, the U.S. Dollar Share will be issued at a Placing Price of US\$1.00 per U.S. Dollar Share. The Net Asset Value per U.S. Dollar Share immediately following the first Admission of the U.S. Dollar Shares is expected to be at least US\$0.98 per U.S. Dollar Share. For any subsequent Placing of U.S. Dollar Shares, the Placing Price shall be determined as described above for issuances of New Shares in classes of Existing Shares.

C Shares will be issued at a Placing Price of €1.00 per Euro C Share, £1.00 per Sterling C Share and \$1.00 per U.S. Dollar C Share. The expected Net Asset Value per C Share immediately following each Admission will be at least €0.98 per Euro C Share, at least £0.98 per Sterling C Share and at least US\$0.98 per U.S. Dollar C Share.

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 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 into 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 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 the case of 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 to be admitted to trading on the Main Market. In the case of the New Shares, such applications will be made in relation to admission to trading on the premium segment of the Main Market and, in the case of the C Shares, such applications will be made in relation to admission to trading on the standard segment of 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 premium segment of the Main Market.

The Company is subject to and complying with the on-going requirements of the Listing Rules, the Prospectus Rules, the Disclosure Guidance and Transparency Rules and the Market Abuse Regulation.

## **DEALING CODES**

The Shares have the following dealing codes:

	<b>Euro Shares</b>	<b>Sterling Shares</b>
ISIN	JE00B9G79F59	JE00B9MRHZ51
SEDOL	B9G79F5	B9MRHZ5
Ticker	CCPE LN	CCPG LN

An announcement of each issue will be released through an RIS, including details of the number of Placing Shares to be allotted, the applicable Placing Price and, in respect of an issue of U.S. Dollar Shares, the ISINs, SEDOL and ticker symbols issued. Each class of C Shares will have separate ISINs, SEDOLs and ticker symbols issued. The announcement of each initial Placing of C Shares will contain details of the relevant ISIN, SEDOL and ticker symbol for such class of C Shares.

## **SCALING**

### **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. Winterflood reserves the right, at its sole discretion but after consultation with the Company, to scale

back applications in such amounts as it considers appropriate. Winterflood 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.

## **GENERAL**

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK (including the Money Laundering Regulations) and/or Jersey (including the Jersey AML Requirements), 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 new factors relating to the information described in this Prospectus or where any significant new matters have arisen after its publication, the Company will publish a supplementary prospectus in accordance with section 87G of FSMA. The supplementary prospectus will give details of the significant new factors.

The Directors (in consultation with Winterflood) may in their absolute discretion waive the minimum application amounts in respect of any particular application for Placing Shares under a Placing.

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 or Winterflood. 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.

The Company has applied for all of the Existing Shares to be held in CREST and will apply for all Placing Shares with respect to classes of shares other than the Existing Shares to be held in CREST prior to the relevant Admission. Settlement of transactions in the Placing Shares following Admission will take place in CREST.

Placing Shares will be delivered direct into the Placee's CREST account provided payment has been made in terms satisfactory to Winterflood and the details provided by the Placee have provided sufficient information to all the CREST system to match to the CREST account specified.

If the Placee does not provide any CREST details or if the Placee provides insufficient CREST details to match within the CREST system to such Placees details, Winterflood may, at its absolute discretion, deliver or procure the delivery of the commitment with respect to the relevant Placing by such Placee in certificated form provided payment has been made in terms satisfactory to Winterflood and all conditions in relation to the relevant Placing have been satisfied or waived.

CREST is a paperless settlement system operated by Euroclear which enables securities to be evidenced otherwise than by certificates and transferred otherwise than by written instrument. The Company will apply (as appropriate) for the Placing Shares to be admitted to CREST with the effect from the date of the relevant Admission. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

## **PURCHASE AND TRANSFER RESTRICTIONS**

This Prospectus does not constitute an offer to sell or issue, or the solicitation of an offer to purchase, subscribe for or otherwise acquire, 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 Company has not been and will not be registered under the U.S. Investment Company Act and as such investors will not be entitled to the benefits of the 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 may not be offered, sold, exercised, resold, pledged, delivered or otherwise transferred, directly or indirectly, into or within the United States or to, or for the account or benefit of, U.S. Persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States and in a manner which would not require the Company to register under the U.S. Investment Company Act. In connection with the Placing Programme, subject to certain exceptions, the Placing Shares will be offered and sold only outside the United States in “**offshore transactions**” to non-U.S. Persons pursuant to Regulation S under the U.S. Securities Act. There has been and will be no public offer of the Placing Shares in the United States.

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 or otherwise) will be deemed to have represented, warranted, undertaken, acknowledged and agreed as follows:

- (a) unless otherwise agreed with the Company in writing, 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) unless otherwise agreed with the Company in writing, 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 not be offered, sold, exercised, resold, pledged delivered or otherwise transferred, directly or indirectly, into or within the United States or to, or for the account or benefit of, U.S. Persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States and in a manner which would not require the Company to register under the U.S. Investment Company Act;



- (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, to ensure that the Company is not and will not be required to register under the U.S. Investment Company Act;
- (e) unless otherwise agreed with the Company in writing, 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 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. THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED, EXERCISED OR OTHERWISE TRANSFERRED EXCEPT (I) IN AN “OFFSHORE TRANSACTION” IN ACCORDANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT (“REGULATION S”) TO A PERSON OUTSIDE THE UNITED STATES AND NOT KNOWN BY THE TRANSFEROR TO BE A “U.S. PERSON” AS DEFINED IN REGULATION S (“U.S. PERSON”), BY PREARRANGEMENT OR OTHERWISE OR (II) TO THE COMPANY OR A SUBSIDIARY THEREOF, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS AND UNDER CIRCUMSTANCES WHICH WILL NOT REQUIRE THE COMPANY TO REGISTER UNDER THE U.S. INVESTMENT COMPANY ACT.**

**NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THIS SECURITY MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE COMPANY’S SECURITIES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK. EXCEPT WITH THE CONSENT OF THE COMPANY, THIS SECURITY MAY NOT BE DEMATERIALIZED INTO CREST OR ANY OTHER PAPERLESS SYSTEM.;**

- (g) if in the future the investor decides to offer, sell, transfer, assign, pledge or otherwise dispose of the Shares, it will do so only (i) in an “offshore transaction” in accordance with Regulation S under the U.S. Securities Act to a person outside the United States and not known by the transferor to be a U.S. Person, by prearrangement or otherwise; or (ii) to the Company or a subsidiary thereof, in each case in accordance with all applicable securities laws and under circumstances which will not require the Company to register under the U.S. Investment Company Act. It acknowledges that any offer, 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, Winterflood or their respective directors, officers, agents, affiliates, employees and advisers being in breach of the laws of any jurisdiction in connection with the Placing Programme or its acceptance of participation in the Placing Programme;
- (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 into or 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, it has sole investment discretion with respect to each such account and full power and authority to make, and it does make, each of the representations, warranties, undertakings, acknowledgements and agreements contained herein on behalf of each such account; and
- (m) the Company, Winterflood and their respective directors, officers, agents, affiliates, employees, advisers and others will rely upon the truth and accuracy of and compliance with the foregoing representations, warranties, undertakings, acknowledgments and agreements. If any of the representations, warranties, undertakings, 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 the Administrator and the Registrar.

The Board comprises four Directors, all 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 55 (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 and led their 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 and high yield credit. In addition to his role with the Company, he presently acts as Chairman of Funding Circle SME Income Fund Limited and Audit Committee Chairman at M&G Credit Income Investment Trust plc, both of which are listed on the London Stock Exchange. 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).

**David Alan Wood**, aged 64 (independent).

David was a founding partner of CVC Cordatus (a predecessor to CVC Credit Partners Group) in 2006, but retired in April 2012. He was a member of CVC Credit Partners Advisory Board until April 2015. 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 JP Morgan/Chase Manhattan where he worked in leveraged finance and corporate banking. Mr Wood continues to sit on the CVC Credit Partners Group's Conflicts Committee.

**Mark Richard Tucker**, aged 56 (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 programme 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 also serves as a non-executive director to several other offshore structures.

**Stephanie Carbonneil**, aged 44 (independent).

Stephanie is a senior investment professional and is currently Head of Investment Trusts at Allianz Global Investors. She has experience in portfolio management specifically in institutional funds of funds and private wealth management. She also has broad experience in management of multi-asset funds and manager selection across European Equities, U.S. and Emerging Equities, Global Emerging Equities, High Yield and European Fixed Income. Stephanie has extensive knowledge of best practices in asset management. She has particularly strong experience in business development based on the combination of strong asset management technical expertise and experience as fund allocator. She also has been involved in implementing a diversity programme whilst in a previous role at Architas.

### **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:

- holds monthly Board meetings to review reports from CECO in respect of CECO's performance and to record the board's conclusions, as part of the performance of its investment management function;
- leads the risk management function and will remain responsible for the portfolio management and investment management functions;
- communicates regularly with the Investment Vehicle Manager;
- has a formal process for generating records of its performance of its portfolio and investment management function;
- has 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
- has a process for assessing (and recording this assessment) each instance of delegation of an investment management function by the board.

### **CORPORATE GOVERNANCE**

The Company is committed to complying in all material respects with the corporate governance obligations which apply to Jersey registered companies with shares admitted to the premium segment of the Official List.

The Company will comply with the 2019 Code of Corporate Governance produced by the AIC (the "**AIC Code**"). The AIC Code provides a framework of best practice in respect of the governance of investment companies, such as the Company. The Board has considered the principles and provisions of the AIC Code and will report against the AIC Code.

The Financial Reporting Council confirmed that member companies who report against the AIC Code will be meeting their obligations in relation to the 2018 UK Corporate Governance Code (the "**UK Code**"). This endorsement means that AIC member companies may make a statement that, by reporting against the AIC Code they are meeting their obligations under the UK Code (and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules) and as such do not need to report further on issues contained in the UK Code which are irrelevant to them. The JFSC has also issued a statement of support in relation to the adoption of the AIC Code by Jersey domiciled investment companies such as the Company. As recommended by the AIC Code, the Directors are subject to re-election on an annual basis.

In addition, the Disclosure Guidance and Transparency Rules 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.

### **Audit Committee**

The Company's Audit Committee will meet formally at least three times 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 Richard 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 will comply with the share dealing code adopted by the Company in accordance with the Market Abuse Regulation in relation to their dealings in Shares and C Shares. The Board is responsible for taking all proper and reasonable steps to ensure compliance with the share dealing code by the Directors in relation to their dealings in Shares and C Shares.

### **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 them or shares held or acquired by persons acting in concert with them, 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 they 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.

## **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 5.3.1 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 IFC 1, The Esplanade, St Helier, Jersey JE1 4BP. As at the date of this document, the issued share capital of the Administrator is €182,839,216, 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**

Computershare Investor Services (Jersey) Limited has been appointed as Registrar of the Company pursuant to the Registrar Agreement (further details of which are set out in paragraph 5.6 in the section entitled “Material Contracts” in Part IX of this Prospectus)). The Registrar 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 5.5 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 IFC 1, The Esplanade, St Helier, Jersey JE1 4BP. As at the date of this document, the issued share capital of the Custodian is €182,839,216 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**

### **Expenses related to the Placing Programme**

The Company’s expenses in respect of the Placing Programme 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.

In relation to any Placing of New Shares in classes of Existing 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.

In relation to any Placings of C Shares and the initial Placing of U.S. Dollar Shares, all costs and expenses of each such Placing (including placing commissions) will be payable out of the proceeds of that Placing. Any subsequent Placings of U.S. Dollar Shares will be conducted on the same basis as Placings of New Shares in classes of the Existing Shares so that the Net Asset Values per Share of the U.S. Dollar Shares then in issue will not be diluted as a consequence of any such subsequent Placing.

For illustrative purposes, if the aggregate Gross Placing Programme Proceeds are £500 million, assuming 500 million Sterling Shares are issued at a Placing Price of £1.00 (inclusive of premium and to the latest available Sterling cum-income NAV per Sterling Share at the relevant time to cover issue expenses), the costs and expenses of the Placing Programme are not expected to exceed 2 per cent. of the Gross Placing Programme Proceeds and the Net Placing Programme Proceeds are expected to be £490 million.

### **On-going annual expenses**

In respect of the year ended 31 December 2019, the Company will incur on-going annual fees and expenses which are currently estimated to be approximately 0.20 per cent. of the NAV (based on the NAV as at 28 February 2019). This does not include any on-going annual fees and expenses incurred by CECO.

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 £106,000 per annum in respect of accounting, certain NAV calculation and company secretarial services, together with an additional fee of £15,000 per annum for the provision of a money laundering and compliance officer and other miscellaneous fees and expenses reimbursed, in each case, as determined in the agreement.

(ii) **Registrar**

The Registrar is entitled to an annual fee of £31,000 from the Company for creation and maintenance of the share register. 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 per cent. 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.

(iv) **Directors**

The Directors are remunerated for their services at a fee of £43,750 per annum (£65,000 for the Chairman). The chairman of the Audit Committee will receive an additional £6,250 for their 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 London Stock Exchange fees. All reasonably and properly incurred out of pocket expenses of the Investment Vehicle Manager, 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 before the end of September 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.

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 un-distributable income of the Company.

A Jersey goods and services tax ("**GST**") is applied at a standard rate of 5 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.

## UNITED KINGDOM

### The Company

The Directors have been advised that following certain changes to the United Kingdom tax rules regarding “alternative investment funds” implemented by the Finance Act 2014 and contained in section 363A of TIOPA, the Company 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 TIOPA will apply. The Directors have applied for UK reporting fund status in relation to all classes of Shares, other than the U.S. Dollar Shares and the C Shares. In advance of any issuance of U.S. Dollar Shares or C Shares, the Directors intend to make an application for UK reporting fund status for the U.S. Dollar Shares or for the relevant class of C Shares (as applicable).

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. 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 10 per cent. (for basic rate taxpayers) or 20 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 £12,000 of gains from tax for the tax year 2019-2020) 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 or maintained for any class of Shares, 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 may be treated as a disposal of Shares for the purposes of the taxation of chargeable gains.

#### ***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.

The issuance of Scrip Shares would not be considered as a distribution by the Company for the purposes of the offshore fund rules. To the extent that the total distributions made by the Company are less than the reportable income in respect of a given accounting period, then an individual Shareholder may be subject to tax on more income than they receive in respect of their Shares. In this respect, if Scrip Shares are taken up by Shareholders and as a result, fewer distributions are made then the excess reportable income would be higher (in the absence of additional distributions being made by the Company).

#### ***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 Programme will not be eligible for inclusion in a stocks and shares ISA. On Admission to the Main Market, 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 their 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

CECO is subject to Luxembourg corporate income tax and municipal business tax at the ordinary tax rate of 26.01 per cent, for Luxembourg City for the tax year 2019. It should however be noted that on 5 March 2019 the budget 2019 was presented by the minister of finance to the parliament and the budget bill provides for a reduction of the corporate income tax from 18 per cent. to 17 per cent.. As a result, the combined corporate income tax rate including the surcharge for the employment fund and the municipal business tax is anticipated to be reduced from 26.01 per cent. to 24.94 per cent.. This measure, if voted by the parliament, will apply as from the tax year 2019. 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). Such tax deduction may however be limited as per the new interest limitation rules provided by article 168bis Loi sur l'impôt sur le revenu (resulting from the transposition of the ATAD 1 into Luxembourg domestic law).

CECO is exempt from Luxembourg net wealth tax, save for a minimum annual net wealth tax of €4,815 if the sum of its fixed financial assets, the amounts owed by affiliated undertakings and undertakings linked by virtue of participating interest, the transferrable securities, the cash in postal cheque accounts, the cheques for collection, the bills for collection, the cash in hand and the cash at the bank of the company exceed 90 per cent. of its balance sheet total and €350,000. Alternatively, to the

extent that CECO holds less than 90 per cent. of financial assets, CECO will be subject to a minimum annual net wealth tax ranging from €535 to €32,100 depending on the total value of assets it holds.

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.

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 IFC 1, The Esplanade, St Helier, Jersey JE1 4BP. 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 2018, 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, U.S. Dollar 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. A maximum number of 500 million Placing Shares (which may be New Shares or C Shares or both) may be issued. The Management Shares are designed for organisational purposes only. The New Shares shall have the rights attaching to Shares set out in the Articles. The C Shares shall have the rights attaching to C Shares set out in the Articles. Shareholders and C Shareholders 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). If the aggregate Gross Placing Programme Proceeds are £500 million, the total assets of the Company will have increased by at least £490 million converted into Euros at the date of the relevant Admission, as a result of the Placing Programme. The Placing Programme is expected to be earnings neutral for the Company.

The following table shows the issued Share capital of the Company (which is fully paid up) as at the date of this Prospectus:

<b>Class of Shares</b>	<b>Shares in issue</b>	<b>Shares in treasury</b>
Euro Shares	127,921,462	4,028,583
Sterling Shares	342,816,861	15,900,400
Management Shares	2	0

As at the date of this Prospectus, there are no C Shares or U.S. Dollar Shares in issue.

- 2.3 Changes to the Company's share capital during the period covered by the historical financial information and for the period since 31 December 2018 to the date of this Prospectus are set out in the table below:

**Position as at 31 December 2018**

	<b>Euro Shares</b>	<b>Sterling Shares</b>
Shares in issue	125,830,138	340,632,066
Shares held in treasury	5,178,583	18,555,899

**Changes in share capital since 1 January 2019 to the date of this Prospectus**

New Shares issued <sup>1</sup>	336,017	29,296
Shares issued out of treasury	1,150,000	2,800,000
Shares repurchased and held in treasury	0	(144,501) <sup>2</sup>
Conversions between Share classes (net position)	605,307	(500,000)
Total Shares in Issue	127,921,462	342,816,861
Total Shares held in treasury	4,028,583	15,900,400

1: Issue of Scrip Shares on 25 March 2019

2: Pursuant to December 2018 tender

- 2.4 As at 28 February 2019 being the latest practicable date before the date of this Prospectus, the Net Asset Value of the Euro Shares was €1.0410 per Euro Share (unaudited) and the Net Asset Value of the Sterling Shares was £1.0789 per Sterling Share (unaudited). The U.S. Dollar Shares are not currently in issue. No class of C Shares are currently in issue.
- 2.5 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.
- 2.6 As at the date of this Prospectus, 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:

<b>Name</b>	<b>No. of voting rights held</b>	<b>Percentage of total voting rights</b>
Quilter	107,114,073	20.25
Investec Wealth & Investment Limited	35,506,216	6.71
Canaccord Genuity Group Inc	30,853,182	5.83
FIL Limited	27,659,046	5.22

- 2.7 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.

- 2.8 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).
- 2.9 The Directors have absolute authority to allot the Placing Shares under the Articles and are expected to resolve to do so in advance of any issue of Placing Shares under each Placing.
- 2.10 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. These pre-emption rights may be excluded and disapplied or modified by an Extraordinary Resolution or, if such authority is being renewed, by Special Resolution. The Company's general disapplication of pre-emption rights was renewed by a Special Resolution at the Company's annual general meeting on 24 April 2018 with respect to 10 per cent. of the Shares then in issue. In anticipation of issuing such number of Shares, such general disapplication was then further renewed by a Special Resolution passed at an extraordinary general meeting of the Company held on 16 November 2018 with respect to a further 10 per cent. of the Shares in issue as at the date of that meeting. Such authority will expire at the end of the Company's annual general meeting to be held in 2019. It is expected that the Company will seek to renew such authority at that annual general meeting and at each annual general meeting thereafter. Pre-emption rights were also specifically disapplied by an Extraordinary Resolution passed at the extraordinary general meeting on 16 November 2018 in respect to up to 500 million Placing Shares to be issued pursuant to the Placing Programme. Such authority will expire on the earlier of: (i) 28 March 2020, being the closing date of the Placing Programme; or (ii) the date on which the maximum number of Placing Shares has been issued.
- 2.11 The Placing Shares will be issued and created in accordance with the Articles and the Companies Law.
- 2.12 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.
- 2.13 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.
- 2.14 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.



- 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 2019, which will be payable out of the assets of the Company, is not expected to exceed £250,000. Each of the Directors is entitled to receive £42,500 per annum, other than the Chairman who is entitled to receive £65,000 per annum and the chairman of the Audit Committee who is entitled to an annual fee of £43,750 per annum and an additional fee of £6,250 per annum. No amount has been set aside or accrued by the Company to provide pension, retirement or other similar benefits. The Directors may also be paid reasonable expenses, in accordance with paragraph 4.13 of this Part IX of this Prospectus.
- 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 (apart from Stephanie Carbonneil), 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 them in connection with the performance of their duties as a Director of the Company. The Company expects to enter into an instrument of indemnity on substantially similar terms with Stephanie Carbonneil.

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, listed in the table below, over or within the past five years.

<b>Name</b>	<b>Current directorships/partnerships</b>	<b>Past directorships/partnerships</b>
Richard Michael Boléat FCA	Airbnb 1 Unlimited	AI Airports International Limited
	Airbnb 2 Unlimited	Bennelong General Partner Limited
	Airbnb International Holdings Limited	Bennelong Tempest Fund Limited
	Airbnb International Unlimited	Bennelong Tempest Master Fund Limited
	Autonomy Capital (Jersey) Limited	CDPC Holdings Limited
	Autonomy Capital Research Two Limited	Cooperatie Duba Stonska u.a.
	Autonomy Jersey Service Company Limited	Cooperatie EMAC Illyrian Land Fund III u.a.
	Bennelong Asia Pacific Multi Strategy Equity Fund Limited	Cooperatie EMAC Illyrian Land Fund u.a.
	Bennelong Asia Pacific Multi Strategy Equity Master Fund Limited	Cooperatie EMAC Illyrian Land Fund X u.a.
	Bennelong Dragon Trading Fund Limited	Cooperatie EMAC Illyrian Land Fund XIV u.a.
	Bennelong Dragon Trading Master Fund Limited	Cooperatie EMAC Illyrian Land Fund XV u.a.
	Brook Bay General Partner II Limited	Cooperatie Eurserland ua
	Brook Bay General Partner Limited	Cosford Global Opportunities Fund
	Buriti 1 S.à.r.l	Cosford Global Opportunities GP Limited
	Butterfield Bank (Jersey) Limited	Cosford Global Opportunities Master Fund
	Bybrook Capital Management	Druggability Technologies IP Holdco (Jersey) Limited
	EMAC Illyrian Duba Stonska GP Limited	EMAC Illyrian Land Fund 2 EXUS GP Limited
	Freya RE Limited	EMAC Illyrian Land Fund 2 USTP GP Limited
	Funding Circle SME Income Fund Limited	GP Secretaries Limited
	Gorey Investments Limited	Habrok Fund Limited
	GP2 Limited	Habrok General Partner Limited
	Habrok India Fund Limited	Habrok SPV Limited
	Habrok India GP Limited	Ignition Romanian Land Fund No1 Limited
	Habrok Master Limited	Jetstone General Partner Limited
	ILF 1 Limited	K2A Hospitality Limited
	ILF 2 Limited	K2A Private Equity Limited
	ILF CarryCo Limited	K2A Residential Limited
	ILFE Limited	K2A Retail Limited
	K2 Property Limited	K2B Commercial Limited
	KAO Corporate Limited	K2C Hospitality Limited
	Landsdowne Road Investments	K2C Residential Limited
	LPEC Limited	K2C Retail Limited
	M&G Credit Income Investment Trust Plc	K2E Residential Limited
	Mortality Fund 1	K2F Residential Limited
	Noemi Limited	K2G Residential Limited
	Odin RE Limited	Matariki Forestry Group
	Primestone Capital Management (GP) Limited	Matariki Forests
	Profounders Capital II General Partner Limited	Matariki Forests Trading Limited
	Securis (Bermuda) Holdings Limited	Phaunos Boston Inc
	Securis 1 Fund	Phaunos US Inc

<b>Name</b>	<b>Current directorships/partnerships</b>	<b>Past directorships/partnerships</b>
Richard Boléat (continued)	Securis 1 Master Fund Securis 2 Fund SPC Securis Bermuda SPL Holding Limited Securis Event Fund Securis Event Master Fund Securis General Partner Limited Securis ILS Fund ICAV Securis ILS Management Limited Securis Investment Partners Limited Securis LCM Fund Securis LCM Holdings Limited Securis Life Fund Securis Life Fund II Securis Life Master Fund Securis Life Master Fund II Securis Mf1 Fund Securis Non-Life Fund Securis Non-Life Fund Feeder Securis Non-Life Master Fund Securis Opportunities Fund Securis Opportunities Master Fund Securis Opportunities Fund Erisa Securis Opportunities Master Fund Erisa Securis Private Life Fund Securis Re I Limited Securis Re II Limited Securis Re III Limited Securis Re IV Limited Securis Re IX Limited Securis Re LCM Limited Securis Re V Limited Securis Re VI Limited Securis Re VII Limited Securis Re VIII Limited Securis SP3/SP7 – SPV Securis Special Opportunities Fund Securis Special Opportunities Master Fund Sole Shipping So Advisor Limited Sole Shipping So Coinvest 1 GP Limited Sole Shipping So GP II Limited Tannay Jersey Limited Taxim Capital Advisors Limited Taxim Capital Partners I GP Limited Tri-Pillar Infrastructure Fund Limited Valiance Farmland GP S.à.r.l Valiance Farmland Luxembourg S.à.r.l Valiance Life Sciences Growth Investments GP S.à.r.l Viva Partners S.à.r.l Yatra Capital Limited Zynga Game International Limited	Phaunos Timber Fund Limited PI Power International Limited Rathbone Investment Management International Strategies PCC Securis Investmestments Switzerland S.à.r.l Standsure Fund PCC The LEMA Jersey Fund Limited THS General Partner Limited TPR 1 Limited TPR 2 Limited Tradeinvest Fund Limited Waimarie Forests Pty Limited

<b>Name</b>	<b>Current directorships/partnerships</b>	<b>Past directorships/partnerships</b>
David Alan Wood	None	None
Mark Richard Tucker	Forten Asset Management Limited Long Lease Management Limited	None
Stephanie Carbonneil	None	None

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 them and, in the case of a general meeting of all Shareholders, have one vote in respect of each Euro Share held by them and 1.17 votes in respect of each Sterling Share, such voting ratio being fixed and reflecting, in the case of the Sterling Shares, the Euro value of a Sterling Share (determined by reference to the IPO placing price) on 25 June 2013.

4.3.3 In the case of the U.S. Dollar Shares, the votes in respect of each U.S. Dollar Share shall be determined by reference to the Euro value of a U.S. Dollar Share at the time of the first Placing of U.S. Dollar Shares by reference to the initial Placing Price for U.S. Dollar Shares of U.S.\$1.00.

4.3.4 If 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.

4.3.5 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 III 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 remaining after payment of all creditors and payment to holders of Management Shares, as defined in the Articles, of the amount paid up on their Management Shares, shall be divided among the classes of Shares and C Shares on the basis that the assets attributable to each class of Shares and C Shares will be divided amongst that class. Within each class, such assets will be distributed *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 an Extraordinary Resolution or, if such authority is being renewed, by Special Resolution.

#### 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 holders 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 holders 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 holder, that holder shall constitute the necessary quorum and any holder of shares in the class in question may demand a poll.

4.6.3 The special rights conferred upon the holder 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 holder of Shares or C Shares to disclose to the Company the identity of any person other than the holder of Shares or C Shares (an “**interested party**”) who has any interest (whether direct or indirect) in the Shares or C Shares held by the holder (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 is 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 or C Shares in issue of the class of Shares or C Shares concerned).

4.7.2 If any holder of Shares or C Shares 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 or C Shares concerned represent 0.25 per cent, or more in number of the issued Shares or C 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 or C Shares in respect of which the default has occurred (the “**Default Shares**”) and any other Shares or C 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 or C Shares concerned, the Direction Notice may additionally direct that dividends on such Shares or C 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 their 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 Directors.

- 4.8.2 A transfer of a certificated Share or C Share shall be in the usual common form or in any other form approved by the Directors. An instrument of transfer of a certificated Share or C Share shall be signed by or on behalf of the transferor and, unless the Share or C Share is fully paid, by or on behalf of the transferee.
- 4.8.3 The Articles provide that the Directors have power to implement such arrangements as the Directors may, in their 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 Directors implement 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 share 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 Directors otherwise determine, shares held by the same holder or joint holders 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 Directors may, in their 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 Directors 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 Directors may decide, not accompanied by the certificate for the shares to which it relates and such other evidence of title as the Directors 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 or C Shares are owned directly, indirectly or beneficially by a person believed by the Directors to be a Non-Qualified Holder or a U.S. Plan Investor, the Directors may give notice to such person requiring them either: (i) to provide the Directors within 30 days of receipt of such notice with sufficient satisfactory documentary evidence to satisfy the Directors that such person is not a Non-Qualified Holder or a U.S. Plan Investor; or (ii) to sell or transfer their Shares or C 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 Directors with satisfactory evidence of such sale or transfer. Pending such sale or transfer, the Directors 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 or C 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 their Shares or C Shares. If the Directors in their absolute discretion so determines, the Company may dispose of the Shares or C Shares at the best price reasonably obtainable and pay the net proceeds of such disposal to the former holder.

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 holding in the aggregate not less than 1/10th of the total voting rights of the members of the Company who have the right to vote at an extraordinary general meeting may require, in writing, the Directors to call an extraordinary general meeting in accordance with the Companies Law.

#### 4.10 **Restrictions on voting**

Unless the Directors 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 them unless all calls and other sums presently payable by them 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 them 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 their holding of Shares in relation to any such meeting if they 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.

4.11.2A Director need not be a member of the Company.



- 4.11.3 Subject to the Articles, Directors may be appointed by the Board of Directors (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 their intention to propose such person for election together with notice in writing signed by that person of their willingness to be elected, specifying their tax residency status and containing a declaration that they are 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 of Directors 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 themselves 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 they are elected or re-elected they are treated as continuing in office throughout. If they are not elected or re-elected, they shall remain in office until the end of the meeting or (if earlier) when a resolution is passed to appoint someone in their 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 they (not being a person holding for a fixed term an executive office subject to termination if they cease from any cause to be a Director) resign their office by one month's written notice signed by them, sent to or deposited at the Company's registered office; (ii) if they die; (iii) if the Company requests that they resign their office by giving one month's written notice; (iv) if they shall have absented themselves (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 their office shall be vacated; (v) if they become bankrupt or makes any arrangements or composition with their creditors generally; (vi) if they cease 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 they are requested to resign by written notice signed by a majority of their co-Directors (being not less than two in number); (viii) if the Company by Ordinary Resolution shall declare that they shall cease to be a Director; (ix) if they become resident in the United Kingdom for UK tax purposes and, as a result thereof, a majority of the Directors would, if they were to remain a Director, be resident in the United Kingdom for tax purposes; or (x) if they become 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 their alternate and may remove their alternate from that office.
- 4.11.9 Each alternate Director shall be either: (i) resident for tax purposes in the same jurisdiction as their 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 Directors**

- 4.12.1 The Directors 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 Directors at which a quorum is present shall be competent to exercise all the powers and discretion exercisable by the Directors.
- 4.12.2 All meetings of the Directors are to take place outside the United Kingdom and any decision reached or resolution passed by the Directors at any meeting of the Board of Directors 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 Directors 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 of Directors.

#### 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 they are 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 they have disclosed to the Directors the nature and extent of any interests of theirs, a Director notwithstanding their office:
- (A) may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with their 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 their office, be accountable to the Company for any remuneration or benefit which they derive 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 themselves or their firm in a professional capacity for the Company, other than as auditor, and they or their firm shall be entitled to remuneration for professional services as though they 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 they have declared an interest (and may vote in respect of any such resolution and, if they do vote, their vote shall be counted).

#### 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 holders of Shares or C Shares 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 they deem fair and determine how the division shall be carried out as between the holders of Shares or C Shares or different classes of holders of Shares or C Shares 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 holders of Shares or C Shares as they may determine, but no holders of Shares or C Shares 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 holders of Shares or C Shares 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:

<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>	<p>the earliest of:</p> <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>	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>	<p>in relation to each class of C Shares, A divided by B calculated to four decimal places (with 0.00005 being rounded upwards) where:</p> $A = \left( \frac{C - D}{E} \right)$ <p>and</p> $B = \left( \frac{F - G}{H} \right)$ <p>and where:</p>

“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;

<b>“Early Investment Condition”</b>	any such condition specified in the Specified Conversion Criteria;
<b>“Force Majeure Circumstance”</b>	<p>in relation to any class of C Shares:</p> <p>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);</p> <p>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;</p> <p>the convening of any general meeting of the Company at which a resolution is to be proposed to wind up the Company; or</p> <p>the occurrence of a Compulsory Class Conversion in respect of the relevant Correspondent Shares;</p>
<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 standard segment of 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>“Share Surplus”</b>	the net assets of the Company attributable to the 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 Share Surplus attributable to each class of Shares shall be divided amongst the Shareholders *pro rata* to their holdings of Shares of that class; and
- (B) the C Share Surplus attributable to each class of C Shares shall be divided amongst the C 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, among other things, 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 **Trade Mark Licence Agreement**

5.1.1 The Company and CVC Investment Services entered into a corporate service agreement dated 12 June 2013 as amended and restated on 20 March 2014 and have amended and replaced such agreement with a trade mark licence agreement dated 29 March 2019 (the "**Trade Mark Licence Agreement**"), whereby CVC Investment Services agreed to grant the Company a non-exclusive, revocable licence to use the marks "**CVC**" and "**CVC Credit Partners**" (the "**Licence**"). Under the terms of the Trade Mark Licence Agreement, CVC Investment Services is entitled to a one-off payment from the Company.

#### 5.1.2 **Termination**

CVC Investment Services may terminate the Licence by written notice with immediate effect in a number of circumstances, including but not limited to the following:

- (A) if an order has been made or a resolution passed for the winding up of the Company;
- (B) if the Company has committed a material breach of its obligations under the Trade Mark Licence 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) if 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.



### 5.1.3 **Liability and indemnity**

The Trade Mark Licence Agreement contains provisions that limit the liability of CVC Investment Services to the Company for any costs, expenses, loss or damage (whether direct, indirect or consequential and whether economic or other) arising from the Company's exercise of the rights granted pursuant to the Trade Mark Licence Agreement. The Company undertakes to indemnify CVC Investment Services against all liabilities, costs, expenses, damages and losses (including but not limited to any direct loss of profit, direct loss of reputation and all interest, penalties and legal costs (calculated on an indemnity basis) and all other professional costs and expenses) suffered or incurred by CVC Investment Services arising out of or in connection with:

- (A) the Company's exercise of its rights granted under the Trade Mark Licence Agreement;
- (B) the Company's breach or negligent performance or non-performance of the Trade Mark Licence Agreement; and
- (C) the enforcement of the Trade Mark Licence Agreement.

to the extent these do not arise from a material breach of the warranties given by CVC Investment Services under the Trade Mark Licence Agreement.

5.1.4 The Trade Mark Licence Agreement is governed by the laws of Jersey.

## 5.2 **Corporate Services and Support Agreement**

5.2.1 A corporate services and support agreement dated 29 March 2019 between: (i) the Company; and (ii) the Investment Vehicle Manager (the "**Corporate Services and Support Agreement**"), whereby the Investment Vehicle Manager has been appointed to provide marketing and financial intermediary services to the Company as further described in the Corporate Services and Support Agreement.

### 5.2.2 **Termination**

- (A) Either party may terminate the Corporate Services and Support Agreement without cause by giving 30 days' prior written notice to the other party.
- (B) Either party may also terminate the Corporate Services and Support Agreement with immediate effect and by giving written notice to the other party if any of the following events occur:
  - (1) the Investment Vehicle Manager commits a material breach of any material provision of the Corporate Services and Support Agreement and fails to cure such breach within 30 days of becoming aware of, or the date that written notice is provided to the Investment Vehicle Manager of, such breach;
  - (2) any bankruptcy, insolvency, conservatorship or receivership in respect of the Investment Vehicle Manager; or
  - (3) the Investment Vehicle Manager performs an act that constitutes fraud or criminal activity in the performance of its obligations under the Corporate Services and Support Agreement.

### 5.2.3 **Liability and indemnity**

- (A) The Corporate Services and Support Agreement contains provisions that limit the liability of the Investment Vehicle Manager (whether in contract, tort (including negligence) or otherwise) to the fees payable by the Company to the Investment Vehicle Manager for the provision of the services pursuant to the Corporate Services and Support Agreement in the previous calendar year.
- (B) The Company undertakes to indemnify the Investment Vehicle Manager (and each of its directors, officers, employees, shareholders, agents and sub-contractors) against all liabilities, obligations, losses, damages, suits and expenses which may

be incurred by or asserted against the Investment Vehicle Manager (and each of its directors, officers, employees, shareholders, agents and sub-contractors) in the performance of its responsibilities under the Corporate Services and Support Agreement, other than those resulting from: (i) the fraud, wilful misconduct or negligence of; (ii) the material breach of the Corporate Services and Support Agreement by; and (iii) any tax arising on any amounts received by (as fees and/or commission), in each case, the Investment Vehicle Manager (or each of its directors, officers, employees, shareholders, agents and sub-contractors as applicable).

5.2.4 In consideration of their services under the Corporate Services and Support Agreement, the Investment Vehicle Manager's fee will be calculated as the aggregate cost incurred by the Investment Vehicle Manager in providing the relevant services, (including, without limitation, salaries relating to the personnel (apportioned to the amount of work dedicated wholly or mainly to the provision of the relevant services), travelling expenses of such personnel, professional fees, depreciation charges and rent (in the event that a specific area or office is dedicated wholly or mainly to the provision of the relevant services), including for the avoidance of doubt any value added tax) to the Company and allocating to the Company the relevant proportion of that overall cost as determined by the Investment Vehicle Manager and the Company from time to time.

5.2.5 The Corporate Services and Support Agreement is governed by the laws of Jersey.

### 5.3 Sponsor and Placing Agreement

5.3.1 A sponsor and placing agreement dated 29 March 2019 between: (i) the Company; (ii) the Investment Vehicle Manager and (iii) Winterflood (the "**Sponsor and Placing Agreement**"), whereby the Company has appointed, subject to certain conditions that are typical for an agreement of this nature, Winterflood as sole bookrunner and placing agent in connection with the Placing Programme. Under the Sponsor and Placing Agreement, the Company has also appointed Winterflood as sponsor in connection with the application for admission of the Placing Shares to the Official List.

5.3.2 Winterflood has agreed, subject to certain conditions that are typical for an agreement of this nature, to use their reasonable endeavours to procure subscribers for the Placing Shares to be issued under such Placing at the relevant Placing Price.

5.3.3 In consideration of their services under the Sponsor and Placing Agreement, unless otherwise agreed between the Company, the Investment Vehicle Manager and Winterflood in respect of any specific Placing, the Company has agreed to pay to Winterflood, in aggregate; (i) a corporate finance fee of £100,000 upon publication of the Prospectus; and (ii) conditional upon and subject to the relevant Admission, a commission of 1 per cent. of the Gross Placing Proceeds in respect of each Placing.

5.3.4 The Company and the Investment Vehicle Manager have given certain customary representations and warranties and certain customary indemnities, to Winterflood in the Sponsor and Placing Agreement. The liabilities of the Company and Investment Vehicle Manager under the Sponsor and Placing Agreement are not limited as to time or amount.

5.3.5 Winterflood may terminate the Sponsor and Placing Agreement in respect of any Placing in certain circumstances that are typical for an agreement of this nature. These circumstances include: (i) failure of the Company or the Investment Vehicle Manager to comply with their respective material obligations under the Sponsor and Placing Agreement or the terms of a Placing; (ii) any warranties given by the Company or the Investment Vehicle Manager not being materially true and accurate or have become materially misleading; (iii) the occurrence of certain material adverse changes in the condition (financial, operational, legal or otherwise) prospects, solvency, liquidity, management, results of operations, financial position, business or general affairs of the Company or the Investment Vehicle; and (iv) certain adverse changes in financial, political or economic conditions.

#### 5.4 Administration Agreement

- 5.4.1 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**").
- 5.4.2 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.
- 5.4.3 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.
- 5.4.4 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.
- 5.4.5 The Administration Agreement is subject to arbitration governed by the substantive laws of Jersey.
- 5.4.6 The Administration Agreement supersedes the administration agreement dated 6 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.

#### 5.5 Global Custody Agreement and PB Link Service Agreement

- 5.5.1 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.
- 5.5.2 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.
- 5.5.3 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.
- 5.5.4 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.
- 5.5.5 The Custodian Agreement is governed by the laws of Guernsey.

- 5.5.6 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.
- 5.5.7 The Custodian Agreement supersedes the custodian agreement dated 6 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.

## 5.6 Registrar Agreement

- 5.6.1 A registrar agreement dated 10 June 2016 (and as amended on 26 January 2017) 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 for a fixed term of three years.
- 5.6.2 Prior to the completion of the three-year fixed term, the Registrar Agreement may be terminated by either the Company or the Registrar giving the other party notice in writing upon the other party’s: (i) material breach of the Registrar Agreement (which is not remedied within 21 days of receiving notice); (ii) insolvency or liquidation or administration; or (iii) ceasing to have the appropriate authorisations to permit it to perform its obligations under the Registrar Agreement.
- 5.6.3 Following the completion of the three-year fixed term, the Registrar Agreement may be terminated by either the Company or the Registrar giving to the other not less than six months’ notice.
- 5.6.4 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. The liability of the Registrar in respect of the services provided is also subject to market standard limitations.
- 5.6.5 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

Save as otherwise disclosed in this Prospectus, and note 15 to the financial statements of the Company's Annual Finance Report 2018 as incorporated by reference in Part XI of this Prospectus, the Company has not entered into any related party transaction at any time during the period beginning with the commencement of the Reporting Period and up until the date of the Prospectus.

## 9. GENERAL

- 9.1 The principal place of business and registered office of the Company is at IFC 1, The Esplanade, St Helier, Jersey JE1 4BP. 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 27 Esplanade, St Helier, Jersey, JE1 1SG 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 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 The Articles permit the holding of the Shares under the CREST system and the Shares were admitted to CREST with effect from 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.
- 9.7 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 premium segment of 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 standard segment of the Main Market respectively. It is expected that Admissions will become effective between 29 March 2019 and 28 March 2020 and that dealings in Placing Shares that are the subject of a Placing will commence at 8.00 a.m. on the Business Day that is not later than three Business Days after the Placing Shares are issued. 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.
- 9.8 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 2018.

<b>Total current debt (€)</b>	€
Guaranteed	Nil
Secured	Nil
Unguaranteed/unsecured	366,166
<b>Total non-current debt (excluding current position of non-current debt) (€)</b>	€
Guaranteed	Nil
Secured	Nil
Unguaranteed/unsecured	Nil
<b>Shareholders' equity (€)</b>	€
Share capital <sup>31</sup>	525,477,209
Legal reserves	Nil
Other reserves	Nil
Total	525,477,209

As at 31 December 2018, the Company had net financial receivables of €1,290,377

<b>Net indebtedness</b>	€
A. Cash	1,208,254
B. Cash equivalents	Nil
C. Trading securities	Nil
<b>D. Liquidity (A+B+C)</b>	<u>1,208,254</u>
<b>E. Current financial receivables</b>	448,289
F. Current bank debt	Nil
G. Current portion of non-current debt	Nil
H. Other current financial debt	366,166
<b>I. Current financial debt (F+G+H)</b>	<u>366,166</u>
<b>J. Net current financial indebtedness/(receivables) (I-E-D)</b>	(1,290,377)
K. Non-current bank loans	Nil
L. Bonds issued	Nil
M. Other non-current loans	Nil
<b>N. Non-current financial indebtedness (K+L+M)</b>	<u>Nil</u>
<b>O. Net financial indebtedness/(receivables) (J+N)</b>	<u>(1,290,377)</u>

## 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.

<sup>31</sup> In accordance with IFRS, the ordinary shares of the company are classified as a liability in the financial statements for the year ended 31 December 2018, due to the redemption features of the shares. Furthermore, the balance of share capital shown above incorporates the effects of foreign currency retranslations on the Company's Sterling Share class.

## **15. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the Articles and this Prospectus will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) for the duration of the Placing Programme. 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, Sundays 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 most recently amended on 13 February 2019 and were published in the Luxembourg Mémorial on 7 March 2019. 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). 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 the Investment Vehicle since 31 December 2018, being the end of the latest period for which audited financial information has been published. The Conversion Vehicle has been dormant since 22 July 2014 and financial information for the Conversion Vehicle is therefore not included in this Prospectus.
- 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. In certain circumstances outlined in the articles of association, CECO may 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, save that Andrew Davies holds 315,253.08 Non-Company Investment Vehicle Interests. To the extent permitted, the CECO Directors and their connected persons may subscribe for Placing Shares.
- 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, and subject to, the articles of incorporation of CECO, each CECO Director shall be indemnified out of the assets of the Investment Vehicle against any liability incurred in connection with the performance of their duties as a 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.

<b>Name</b>	<b>Current directorship/partnership</b>	<b>Past directorship/partnership</b>
<b>Andrew Davies</b>	CVC Credit Partners Group Limited CVC Credit Partners Investment Management Limited CVC Credit Partners Limited CVC European Credit Opportunities (No. 8) S.à.r.l. CVC European Credit Opportunities (No. 49) S.à.r.l. Fulham Road Management Company Limited Publicshield Property Management Limited	None

Name	Current directorship/partnership	Past directorship/partnership
<b>Pierre-Guillaume Delhumeau</b>	Altaia Capital S.à.r.l. CVC European Credit Opportunities (No. 8) S.à.r.l. CVC European Credit Opportunities (No. 49) S.à.r.l. EuroAltum Credit Luxembourg S.à.r.l. GI Logibec (Lux) S.à.r.l. Hadfield Luxembourg S.à.r.l. Qube Portfolio Invest N.1 S.à.r.l. Red Heron S.à.r.l. U&C Alconbury S.à.r.l. U&C Holdings S.à.r.l.	None
<b>Mark DeNatale</b>	CVC Credit Partners LLC CVC Credit Strategic Co-Investment GP Limited CVC Credit Strategic Investment GP A Limited CVC European Credit Opportunities (No. 8) S.à r.l CVC European Credit Opportunities (No. 49) S.à r.l Boston College Board of Regents	None
<b>Annig Etesse</b>	CVC Credit Euro Yield (N) GP S.à.r.l. CVC Credit Euro Yield (N) Holdco S.à.r.l. CVC Credit Partners European CLO Management S.à.r.l. CVC Credit Partners European GP S.à.r.l. CVC Credit Partners European Mid-Market Holdings 1 S.à.r.l. CVC Credit Partners European Mid-Market Holdings 2 S.à.r.l. CVC Credit Partners European Mid-Market Holdings 3 S.à.r.l. CVC Credit Partners Global Enhanced Loan EUR S.à.r.l. CVC Credit Partners Global Enhanced Loan GP S.à.r.l. CVC Credit Partners Global Yield S.à.r.l. CVC European Credit Opportunities (No. 8) S.à.r.l. CVC European Credit Opportunities (No. 49) S.à.r.l. GI Logibec (Lux) S.à.r.l. GI Logibec (Lux1) S.à.r.l. Qube Portfolio Invest N.1 S.à.r.l.	None

Name	Current directorship/partnership	Past directorship/partnership
<b>Douglas Maccabe</b>	DJM Consultancy Limited CVC Credit Partners EMMS Holdco, Limited CVC Credit Partners European Credit Opportunities S.à.r.l CVC Credit Partners European CLO Management (Holdings) Limited CVC Credit Partners European Investment Fund Manager Limited CVC Credit Partners European Mid Market Solutions General Partner Limited CVC Credit Partners General Partner Limited CVC Credit Partners Global CLO Management Limited CVC Credit Partners Group Holding Foundation CVC Credit Partners Group Limited CVC Credit Partners Investment Holdings II Limited CVC Credit Partners Investment Services Management Limited CVC Credit Strategic Co-Investment GP Limited CVC Credit Strategic Investment GP A Limited CVC European Credit Opportunities (No. 8) S.à.r.l. CVC European Credit Opportunities (No. 49) S.à.r.l. Fairfield PTC Fairfield Services Limited Rockspring Hanover Real Estate Investment Management Limited Townsend Real Estate Global Special Situations	Clearbell Pluto Blackstone Monza (CPBM) Midco 1 Limited Clearbell Pluto Blackstone(CPBM) Midco 2 Limited CPBM Finance Limited MoReOF Finance Limited

Name	Current directorship/partnership	Past directorship/partnership
<b>Susan Player</b>	CVC CP Special Situations GP 2018 S.à.r.l. CVC Credit Euro Yield (N) GP S.à.r.l. CVC Credit Euro Yield (N) Holdco S.à.r.l. CVC Credit Partners European CLO Management S.à.r.l. CVC Credit Partners European General Partner S.à.r.l. CVC Credit Partners Global Enhanced Loan GP S.à.r.l. CVC Credit Partners Global Special Situations II S.à.r.l. CVC Credit Partners Investment Services Management Limited CVC Credit Partners Multi-Strategy 2018-1 (EU), S.à.r.l. CVC Credit Partners Multi-Strategy 2018-1 GP S.à.r.l. CVC Credit Strategic Co-Investment GP Limited CVC Credit Strategic Investment GP A Limited CVC European Credit Opportunities (No. 8) S.à.r.l. CVC European Credit Opportunities (No. 49) S.à.r.l.	None

- 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 CECO Directors' remuneration

3.12.1 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>32</sup>. No amount has been set aside or accrued by the Investment Vehicle to provide pension, retirement or other similar benefits.

3.12.2 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.

3.12.3 Save as disclosed in paragraph 3.5, no CECO Director has a service contract with the Investment Vehicle, nor are any such contracts proposed. 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 the CECO Directors.

### 3.13 Transactions with CECO Directors

3.13.1 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.

3.13.2 A CECO Director must, immediately after becoming aware of the fact that they are 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).

3.13.3 Subject to the provisions of the Luxembourg company law of 10 August 1915, and provided that they have disclosed to the CECO Directors the nature and extent of any of their interests, a CECO Director, notwithstanding their 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. A CECO Director shall not, by reason of their office, be accountable to the Company for any remuneration or benefit which they derive 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.

## 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 27 Esplanade, St Helier, Jersey, JE1 1SG. 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 Credit Partners Group. CVC Investment Services is registered under the Financial Services

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<sup>32</sup> Pursuant to a non-executive director services agreement between (i) CECO; (ii) CVC Investment Services; and (iii) Mr. Maccabe dated 13 December 2011, Mr. Maccabe is entitled to receive a total of £80,000 per annum (plus: (i) £500 per board meeting for each board meeting of CECO in excess of 12 meetings in a one year period; and (ii) £500 per board meeting for each board meeting of CVC Investment Services in excess of 12 meetings in a one year period) for his services as CECO Director and director of CVC Investment 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 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 7.3 in the section entitled “Material Contracts” in this Part X of this Prospectus.

#### **4.3 Investment Vehicle Administrator**

4.3.1 SS&C (Luxembourg) S.à.r.l of 2, rue Jean Monnet L-2180 Luxembourg serves as administrator to the Investment Vehicle and to the Conversion Vehicle pursuant to the Investment Vehicle Administrative Services Agreement, a summary of which is provided in paragraph 7.4 in the section entitled “Material Contracts” in this Part X of this Prospectus.

4.3.2 SS&C (Luxembourg) S.à.r.l is a private company incorporated in Luxembourg and has its registered address at 2, rue Jean Monnet L-2180, Luxembourg. It is ultimately owned by SS&C Technologies Holdings, Inc.

#### **4.4 Investment Vehicle Custodian**

4.4.1 Citibank, N.A., London 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 7.5 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 depository.

4.4.2 Citibank, N.A. is 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 388 Greenwich Street, New York, NY 10013, 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 total authorised shares of 41,501,000 comprising 41,500,000 common shares at \$20 par value and 1,000 preferred shares at \$1.00 per share. Total issued shares are 37,534,553.

#### **4.5 Investment Vehicle Corporate Service Provider**

Saltgate S.A. 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 7.6 in the section entitled “Material Contracts” in this Part X of this Prospectus.

#### **4.6 Investment Vehicle Prime Broker(s)**

Goldman Sachs International of Peterborough Court, 133 Fleet Street, London EC4A 2BB acts as the prime broker to the Investment Vehicle, pursuant to the Investment Vehicle Prime Brokerage Agreement, a summary of which is provided in paragraph 7.7 of the section entitled “Material Contracts” in this Part X of this Prospectus. CECO may appoint further prime brokers as may be approved by the Investment Services Manager.

#### **4.7 Investment Vehicle Currency Risk Advisor**

Validus Risk Management Limited of 119-120 High Street, Eton, Berkshire, SL4 6AN acts as the currency risk advisor to the Investment Vehicle pursuant to the Investment Vehicle Currency Risk Advisor Agreement, a summary of which is provided in paragraph 7.8 of the section entitled “Material Contracts” in this Part X of this Prospectus.

## 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 2019, there were in existence 9 Series of Investment Vehicle Interests, including the Company Investment Vehicle Interests.

5.1.2 As at 28 February 2019, the (unaudited) Net Asset Value per Euro-denominated Company Investment Vehicle Interest was €1.0464 and the (unaudited) Net Asset Value per Sterling-denominated Company Investment Vehicle Interest was £1.0824. No U.S. Dollar-denominated Company Investment Vehicle Interests were in issue.

### 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 each Placing, the Company is expected to acquire Conversion Vehicle Interests in the following Series (as such may be applicable):

- (A) Series 3 Euro Income Distributing Conversion Vehicle Interests;
- (B) Series 4 Sterling Income Distributing Conversion Vehicle Interests;
- (C) Series 5 U.S. Dollar Income Distributing Conversion Vehicle Interests.

The Conversion Vehicle Interests will have substantially the same terms as those of the Investment Vehicle Interests as (and save as) set out below.

### 5.3 Method of issue

5.3.1 Investment Vehicle Interests are issued in separate 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 Euro, Sterling or U.S. Dollars. 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 quarterly accrual periods that end as of the last Business Day in each calendar quarter 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) quarterly in January, April, July and October 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, £1 or US\$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 by reference to 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 by reference to 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 The 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 or by a roll call have one vote in respect of each share held by them.

### **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 100.

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 annually once CECO has more than sixty (60) shareholders. This general meeting will be held within six (6) months of the end of the preceding financial year.

6.3.5 Shareholders have a period of 15 calendar days from the dispatch of the proposed written resolutions by the CECO Directors to cast their written vote and return it to CECO.

6.3.6 General meetings may be held upon the issuance of a convening notice. The written convening notice shall specify the time and place of the general meeting, as well as the agenda and nature of business to be resolved upon 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 chairperson, and may appoint a secretary who need not be a CECO Director.

6.4.3 The CECO Directors are appointed by the general meeting of shareholder(s) who will determine their duration and the CECO Directors 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 this 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 this 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 Fees, Performance Fees and Other Fees and Expenses 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 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 Agency Agreement**

7.3.1 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 6 December 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.

#### 7.3.2 **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.

### 7.3.3 **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 this 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.

### 7.3.4 **Fees**

Please refer to the section entitled “Management Fees, Performance Fees and Other Fees and Expenses Payable by the Investment Vehicle and the Conversion Vehicle” in Part II of this Prospectus.

## 7.4 **Investment Vehicle Administrative Services Agreement**

7.4.1 An administrative services agreement was entered into via a novation agreement between: (i) CECO; (ii) SS&C (Luxembourg) S.à.r.l (formerly known as SS&C GlobeOp (Luxembourg) S.à.r.l); and (iii) Citibank International plc (Luxembourg Branch) on 18 February 2016, (the “**Investment Vehicle Administrative Services Agreement**”), whereby CECO appointed the Investment Vehicle Administrator to act as the new administrator in place of Citibank International plc (Luxembourg Branch) in respect of all existing and future Compartments, unless mutually agreed otherwise between the parties in respect of a new Compartment.

7.4.2 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.

### 7.4.3 **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.

#### 7.4.4 **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

#### 7.4.5 **Fees**

Please refer to the section entitled “Management Fees, Performance Fees and Other Fees and Expenses Payable by the Investment Vehicle and the Conversion Vehicle” in Part II of this Prospectus.

### 7.5 **Investment Vehicle Custodian Agreement**

- 7.5.1 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.

### 7.5.2 **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.

### 7.5.3 **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 this Prospectus, under the sub-headings "Limited recourse nature of the Investment Vehicle Interests" and "Non-petition".

### 7.5.4 **Fees**

Please refer to the section entitled "Management Fees, Performance Fees and Other Fees and Expenses Payable by the Investment Vehicle and the Conversion Vehicle" in Part II of this Prospectus.

## 7.6 **Investment Vehicle Corporate Service Agreement**

7.6.1 A corporate service agreement was entered into between: (i) CECO; and (ii) the Investment Vehicle Corporate Service Provider on 22 September 2011 and was amended and restated on 20 February 2019 (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.

7.6.2 The Investment Vehicle Corporate Service Provider is entitled to transfer, upon providing written notice to CECO of its intention to do so, 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.

7.6.3 The Investment Vehicle Corporate Service Provider is entitled to delegate any of its functions, obligations or duties under the Investment Vehicle Corporate Service

Agreement to any of its affiliates, being holding companies or subsidiaries of the Investment Vehicle Corporate Service Provider.

#### 7.6.4 **Termination**

Either party may terminate the Investment Vehicle Corporate Service Agreement (i) at any time if the Investment Vehicle Corporate Service Provider ceases to be registered as a regulated entity under the supervision of the CSSF to undertake all its functions thereunder, (ii) by giving the other party not less than three months' written notice, (iii) 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, or (iv) if either party files, or has filed against it, a petition for voluntary or involuntary bankruptcy or pursuant to any other insolvency law, makes or seeks to make a general assignment for the benefit of its creditors or applies for, or consents to, the appointment of a trustee, receiver or custodian for a substantial part of its property.

#### 7.6.5 **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, bad faith or wilful misconduct of the Investment Vehicle Corporate Service Provider or (save in circumstances where the Investment Vehicle Corporate Service Provider's actions are undertaken in reliance upon and in accordance with the advice of reputable legal counsel or other professional advisers) arises as a result of negligence or intentional material breach on the part of the Investment Vehicle Corporate Service Provider.

CECO has irrevocably agreed to indemnify the Investment Vehicle Corporate Service Provider and its officers and employees against any loss or claims against the Investment Vehicle Corporate Service Provider, save where such loss or claim arises as a result of fraud, bad faith wilful misconduct or (save in circumstances where the Investment Vehicle Corporate Service Provider's actions are undertaken in reliance upon and in accordance with the advice of reputable legal counsel or other professional advisers) arises as a result of an intentional material breach of the Investment Vehicle Corporate Service Agreement or negligence on the part of the Investment Vehicle Corporate Service Provider.

#### 7.6.6 **Fees**

Please refer to the section entitled "Management Fees, Performance Fees and Other Fees and Expenses Payable by the Investment Vehicle and the Conversion Vehicle" in Part II of this Prospectus.

### 7.7 **Investment Vehicle Prime Brokerage Agreement**

7.7.1 A prime brokerage agreement was entered into between (i) the Investment Vehicle and (ii) the Investment Vehicle Prime Broker, (the "**Investment Vehicle Prime Brokerage Agreement**") on 28 September 2015 in which it was agreed that the Investment Vehicle Prime Broker would provide the Investment Vehicle with certain services including execution-only services, brokerage services, prime brokerage services, custodial services and any other investment services agreed in the Investment Vehicle Prime Brokerage Agreement.

#### 7.7.2 **Termination**

Either party may terminate the Investment Vehicle Prime Brokerage Agreement at any time upon written notice effective 30 days from receipt of such notice unless expressly agreed to the contrary in respect of specific instructions, provided that the Investment Vehicle shall honour any trades agreed to, but not settled, before the date of any such termination. Both parties have agreed that termination will not affect accrued rights, existing commitments or any contractual provisions intended to survive termination including those relating to indemnification, and will be without penalty or other additional payment save that the Investment Vehicle pay the fees of the Investment Vehicle Prime

Broker prorated to the date of termination. The provision of services may be terminated by either party if there is a breach or threatened breach of the Investment Vehicle Prime Brokerage Agreement by the other party, and such termination of all or part of any service will not affect accrued rights, existing commitments or any contractual provisions in respect of such service intended to survive termination.

#### 7.7.3 **Liability and indemnity**

The Investment Vehicle Prime Brokerage Agreement contains provisions limiting damage or loss only to the account, and only to the extent arising directly from any act or omission by the Investment Vehicle Prime Broker that constitutes negligence or wilful default. The Investment Vehicle Prime Broker gives no warranty or representation in connection with, the performance or profitability of the Account or any part thereof, and shall not be liable under or in connection with the Investment Vehicle Prime Brokerage Agreement for loss (whether direct or indirect) of business profits, revenue or of data; or any indirect, consequential or incidental damages, liabilities, claims, losses, expenses, awards, proceedings and costs, regardless of whether these could have been reasonably foreseen by the Investment Vehicle Prime Broker, whether arising in contract, tort or otherwise.

#### 7.7.4 **Fees**

Please refer to the section entitled “Management Fees, Performance Fees and Other Fees and Expenses Payable by the Investment Vehicle and the Conversion Vehicle” in Part II of this Prospectus

### 7.8 **Investment Vehicle Currency Risk Advisor Agreement**

7.8.1 A currency advisor agreement was entered into between: (i) CECO; and (ii) the Investment Vehicle Currency Risk Advisor on 30 August 2018, whereby CECO appointed the Investment Vehicle Currency Risk Advisor to act as the currency risk advisor to the Investment Vehicle.

7.8.2 The Investment Vehicle Currency Risk Advisor shall provide a currency risk advisory service to the Investment Vehicle.

#### 7.8.3 **Termination**

The Investment Vehicle Currency Risk Advisor Agreement has an initial term of 12 months from the date the Investment Vehicle Currency Risk Advisor begins to carry out its services unless otherwise agreed, 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 Currency Risk Advisor Agreement by giving no less than one month’s notice; or
- (B) either party may terminate the Investment Vehicle Currency Risk Advisor Agreement at any time by giving notice to the other Party if such Party commits a material breach of the agreement which is not remedied within 30 days. Failure to pay fees by the due date will constitute a material breach.

#### 7.8.4 **Liability and indemnity**

The Investment Vehicle Currency Risk Advisor Agreement contains provisions that limit the liability of the Investment Vehicle Currency Risk Advisor to the Investment Vehicle in connection with the terms of the agreement for any act or omission made under on in connection with the Investment Vehicle Currency Risk Advisor Agreement except where such loss results from the bad faith, default, negligence or fraud of the Investment Vehicle Currency Risk Advisor or its directors, officers, employees, affiliates or associates (collectively, “**Validus Officers**”).

The Investment Vehicle Currency Risk Advisor Agreement contains provisions that limit the liability for any indirect, consequential, or special loss and/or damage including but

not limited to any loss of business opportunity arising directly or indirectly out of or in consequence of anything done or omitted to be done by the Investment Vehicle Currency Risk Advisor or the Validus Officers or breach by the Investment Vehicle Currency Risk Advisor or the Validus Officers of any obligation due to the Investment Vehicle.

#### **7.8.5 Fees**

Please refer to the section entitled “Management Fees, Performance Fees and Other Fees and Expenses 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 3.13, 7.1 and 7.2 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 FINANCIAL YEARS ENDED 31 DECEMBER 2016, 31 DECEMBER 2017 AND 31 DECEMBER 2018 (THE “REPORTING PERIOD”)

- 1.1 Statutory accounts for the Company prepared in accordance with International Financial Reporting Standards for the Reporting Period 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.
- 1.2 The auditors' report and financial statements of the Company for the Reporting Period were unqualified.

#### 2. PUBLISHED ANNUAL REPORTS AND ACCOUNTS FOR THE REPORTING PERIOD

##### 2.1 Historical financial information

The published annual reports and audited accounts of the Company for the Reporting Period (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 2018 Page No(s)	Year ended 31 December 2017 Page No(s)	Year ended 31 December 2016 Page No(s)
Independent Auditor's Report	43-49	40-46	39-44
Statement of Comprehensive Income	50	47	45
Statement of Financial Position	51	48	46
Statement of Changes in Net Assets	52	49	47
Statement of Cash Flows	53	50	48
Notes to the Financial Statements	54-89	51-84	49-80

##### 2.2 Selected financial information

The key audited figures that summarise the financial condition of the Company in respect of the Reporting Period 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 (unless otherwise indicated in the notes below the following table), are set out in the following table:

	31 December 2018 €	31 December 2017 €	31 December 2016 €
<b>Assets</b>			
Financial investments held at fair value through profit or loss	537,640,863	507,308,415	404,603,610
Financial assets receivable	448,289	–	–
Prepayments	33,962	36,856	50,185
Cash and cash equivalents	1,208,254	588,911	1,567,742
<b>Total assets</b>	<b>539,331,368</b>	<b>507,934,182</b>	<b>406,221,537</b>
<b>Liabilities</b>			
Payables	(366,166)	(256,050)	(695,258)
<b>Total liabilities</b>	<b>(366,166)</b>	<b>(256,050)</b>	<b>(695,258)</b>
<b>Euro Shares</b>			
Net Asset Value	130,913,946	134,451,748	135,941,582
Net Asset Value per Euro Share	1.0404	1.0933	1.0541
<b>Sterling Shares</b>			
Net Asset Value	408,051,256	373,226,384	269,584,697
Net Asset Value per Sterling Share	1.1979	1.2600	1.2548

### 2.3 Operating and financial review

The published annual reports and audited accounts of the Company for the Reporting Period (which have been incorporated in this Prospectus by reference) included, 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 each of those periods.

	As at 31 December 2018 Page No(s)	As at 31 December 2017 Page No(s)	As at 31 December 2016 Page No(s)
Chairman's statement	7-8	5-6	5-6
Investment Vehicle Manager's Report	21-25	19-24	17-22

### 3. AVAILABILITY OF ANNUAL REPORTS FOR INSPECTION

Copies of the published annual reports and audited accounts of the Company for the financial period since its incorporation on 20 March 2013 to 31 December 2013 and for each of the subsequent financial years, as well as copies of the published half-yearly reports, are available for inspection as described in paragraph 15 of Part IX of this Prospectus. Copies of these annual reports and audited accounts and half-yearly reports are also available on the Company's Website.

The sections of the annual reports and half-yearly reports deemed relevant to investors for the purposes of this Prospectus have been incorporated by reference in paragraph 2 and 3 of this Part XI of this Prospectus. 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**



**CVC EUROPEAN CREDIT OPPORTUNITIES S.À R.L., IN RESPECT OF ITS COMPARTMENT A**

**FINANCIAL STATEMENTS**

**For the year ended December 31, 2016**

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

### Management Report For the year ended December 31, 2016 (unaudited)

#### Investment Objective

The Investment Objective of the Compartment is to provide Preferred Equity Certificate ("PEC") holders with regular income returns and capital appreciation from a diversified portfolio of predominantly sub-investment grade debt instruments.

#### Investment Policy

Investments are made predominantly in the debt obligations of companies domiciled, or with material operations, in Western Europe across various industries. Its portfolio is constructed with a focus on senior secured obligations, however investments may also be made across the capital structure of borrowers.

#### Performance

The performance of the Compartment is reported on a monthly basis and is summarized below:

Net Total Return Monthly Performance <sup>1</sup>													
EUR	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2016</b>	-0.49%	-1.55%	2.17%	1.65%	1.01%	-0.81%	2.02%	0.90%	0.61%	0.88%	1.46%	1.32%	<b>9.50%</b>
<b>2015</b>	0.86%	1.19%	1.17%	1.17%	0.77%	-0.35%	0.79%	-0.15%	0.09%	0.23%	-0.31%	-0.39%	<b>5.15%</b>
<b>2014</b>	0.71%	0.43%	0.30%	0.44%	0.47%	0.69%	0.23%	0.19%	-0.15%	-0.34%	-0.10%	0.23%	<b>3.13%</b>
<b>2013</b>	1.13%	0.71%	0.82%	1.43%	0.71%	-0.79%	0.33%	0.53%	0.69%	0.68%	0.68%	0.42%	<b>7.58%</b>

Month and Year to Date Performance <sup>1</sup>			Performance <sup>1</sup>			
	MTD	YTD		LTM	3yr Ann	ITD Ann
Gross Return <sup>2</sup>	1.55%	11.45%	Gross Return <sup>2</sup>	11.45%	7.29%	13.16%
Net Total Return <sup>3</sup>	1.32%	9.50%	Net Total Return <sup>3</sup>	9.50%	5.90%	11.67%

#### Reconciliation of Investor Reporting to International Financial Reporting Standards ("IFRS")


The Compartment's financial statements are prepared in accordance with IFRS. As described in the notes to this report, PECs have been classified as financial liabilities. Due to this classification, distributions paid to PECs during the year and the net loss on derivative financial instruments on Sterling PECs have been recorded as charges and have reduced the total comprehensive income. Adjusting for these two items would result in a total comprehensive income of EUR 50.9 million for the year (2015: EUR 37.9 million), which reflects the trading performance of the compartment:

	2016	2015
	€000	€000
<b>Total comprehensive (loss)/gain for the year under IFRS</b>	(34,156)	20,736
<b>Add back</b>		
- Net loss/(gain) on derivative financial instruments on Sterling PECs	48,598	(20,552)
- Distributions to PEC holders	36,415	37,726
<b>Adjusted total comprehensive gain for the year</b>	<b>50,857</b>	<b>37,910</b>

#### Summary

The portfolio has once again outperformed broader market indices despite significant market volatility caused by various factors such as the effects of Brexit and the U.S. election. The combination of Performing Credit with traditionally stable yield exposure alongside the higher yielding Credit Opportunities strategy has provided a balanced portfolio risk profile in differing market environments.

Going into 2017, the Investment Manager continues to focus on maintaining a low Net Asset Value volatility, actively allocating to performing as new issue is expected to remain strong supported by Sponsor liquidity and continued stimulus from the European Central Bank while seeking to maintain asset allocations in the Credit Opportunities segment of the portfolio.

  
Director  
Date: February 15, 2017



#### Notes

<sup>1</sup> Returns presented are for the Investment Vehicle as a whole, excluding any amounts specifically allocated to non-Euro PECs further to the Compartment's Private Placement Memorandum.

<sup>2</sup> Gross Return is before management and performance fees and assumes distributions are reinvested

<sup>3</sup> Net Total Return is post management and performance fees and assumes distributions are reinvested

## **CVC European Credit Opportunities S.à r.l., in respect of its Compartment A**

### **General Information**

#### **Board of Directors**

Mr. Jonathan Bowers  
Mr. Brandon Bradkin  
Mr. Mark DeNatale  
Mr. Douglas Maccabe  
Ms. Paola Miccoli  
Mr. Russell Proffitt-Perchard (resigned as of November 2, 2016)  
Mr. Simon Riley (appointed as of September 20, 2016)  
Ms. Clarissa Steland  
Mr. Amine Zouari (appointed as of September 20, 2016)

#### **Investment Services Manager**

CVC Credit Partners Investment Services Management Limited  
1 Waverley Place  
Union Street  
St Helier  
JE1 1SG  
Jersey  
Channel Islands

#### **Investment Manager**

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

#### **Registered Office of the Company**

40 avenue Monterey  
L-2163  
Luxembourg

#### **Independent Auditor**

Ernst & Young S.A.  
35E avenue John F. Kennedy  
L-1855 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 2016, the statement of comprehensive income as well as the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### *Responsibility of the Board of Managers 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.

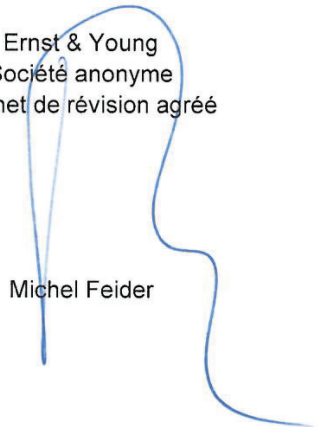
*Opinion*

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 2016 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.

*Other matters*

The management report, which is the responsibility of the Board of Managers, is consistent with the financial statements.

Ernst & Young  
Société anonyme  
Cabinet de révision agréé



Michel Feider

Luxembourg, 15 February 2017

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**CVC European Credit Opportunities S.à r.l., in respect of its Compartment A**

**Statement of comprehensive income  
For the year ended December 31, 2016  
(Expressed in thousand EUR)**

	Notes	01-Jan-16 to 31-Dec-16 €000	01-Jan-15 to 31-Dec-15 €000
<b>Income</b>			
Interest revenue	2, 13	45,161	54,258
Other revenue	14	4,375	4,164
		<u>49,536</u>	<u>58,422</u>
<b>Expenses</b>			
Net gain / (loss) on financial assets and liabilities at fair value through profit or loss			
In respect to debt instruments	5	7,183	24,689
In respect to derivative financial instruments on Sterling Preferred Equity Certificates	5, 10	(48,598)	20,552
In respect to derivative financial instruments not included in the previous caption	5	21,240	(30,238)
Interest expense	2, 13	(6,544)	(4,330)
Management and performance fees	19	(10,089)	(8,556)
Custodian and administration fees		(876)	(950)
Brokerage fees and other transaction costs		(132)	(147)
Other general expenses		(1,407)	(1,937)
Net foreign exchange (losses) / gains		(8,053)	1,071
		<u>(47,276)</u>	<u>154</u>
<b>Operating profit</b>		<u>2,260</u>	<u>58,576</u>
Distributions paid to Preferred Equity Certificate holders	10	(36,415)	(37,726)
Income taxes	15	-	(2)
Other taxes	15	(1)	-
Withholding taxes	15	-	(112)
		<u>(34,156)</u>	<u>20,736</u>
<b>(Loss) / profit for the year</b>		<u>(34,156)</u>	<u>20,736</u>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<u>(34,156)</u>	<u>20,736</u>

The financial statements on pages 7 to 28 were authorised by the Board of Directors on February 8, 2017 and authorised for release on February 15, 2017 and were signed on its behalf by:

  
Director

  
Director

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, 2016  
(Expressed in thousand EUR)**

	Notes	31-Dec-16 €000	31-Dec-15 €000
<b>Assets</b>			
Financial assets at fair value through profit or loss			
Debt securities	5, 6, 7	639,344	736,520
Derivative financial instruments	5, 6, 7	2,021	6,081
Other receivables and prepayments	8	12,372	32,130
Cash and cash equivalents	9	121,934	147,842
<b>Total assets</b>		<b>775,671</b>	<b>922,573</b>
<b>Liabilities</b>			
Financial liabilities at fair value through profit or loss			
Debt securities sold short	5, 6, 7	21,193	17,642
Derivative financial instruments	5, 6, 7	7,383	13,788
Financial liabilities measured at amortised cost	2, 5, 11	153,155	152,769
Management and performance fees payable	5, 19	5,057	1,174
Custodian and administration fees payable	5	126	107
Other payables and accrued expenses	5, 12	48,034	42,989
<b>Total liabilities (excluding net assets attributable to the PEC holders)</b>		<b>234,948</b>	<b>228,469</b>
<b>Net assets attributable to the PEC holders</b>	10	<b>540,723</b>	<b>694,104</b>

The financial statements on pages 7 to 28 were authorised by the Board of Directors on February 8, 2017 and authorised for release on February 15, 2017 and were signed on its behalf by:



Director



Director

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 cash flows**  
**For the year ended December 31, 2016**  
**(Expressed in thousand EUR)**

	Notes	01-Jan-16 to 31-Dec-16 €000	01-Jan-15 to 31-Dec-15 €000
<b>Cash flow from operating activities</b>			
Payments on settlement of derivative financial instruments	5	(29,704)	(4,688)
Proceeds from sale of financial investments designated at fair value through profit or loss	5	799,605	1,131,287
Payments for purchase of financial investments designated at fair value through profit or loss	5	(664,927)	(1,109,306)
Interest received	13	45,681	58,265
Interest paid	11, 13	(3,646)	(3,914)
Management and performance fees paid	19	(6,206)	(7,988)
Custodian and administration fees paid		(859)	(1,002)
Other operating expenses paid		(1,776)	(1,892)
<b>Net cash flows from operating activities</b>		<b><u>138,168</u></b>	<b><u>60,762</u></b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of PECs	10	14,412	97,152
Payments on redemption of PECs	10	(133,637)	(149,123)
Distributions paid to PEC holders	10	(36,415)	(37,726)
Proceeds from borrowings	11	-	50,000
Transaction costs linked to borrowings	11	(383)	(375)
<b>Net cash flows from / (used in) financing activities</b>		<b><u>(156,023)</u></b>	<b><u>(40,072)</u></b>
Net increase / (decrease) in cash and cash equivalents		(17,855)	20,690
Cash and cash equivalents at opening date		147,842	126,081
Effect of exchange rate changes on cash and cash equivalents		(8,053)	1,071
<b>Cash and cash equivalents at December 31, 2016</b>		<b><u>121,934</u></b>	<b><u>147,842</u></b>

The financial statements on pages 7 to 28 were authorised by the Board of Directors on February 8, 2017 and authorised for release on February 15, 2017 and were signed on its behalf by:

  
 Director

  
 Director

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, 2016 (Expressed in thousand 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 March 22, 2004 on securitisation as subsequently amended (the "Securitisation Law") and is subject to and governed by the Securitisation Law and the law of August 10, 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. 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, 2016, the Company operates four compartments. These financial statements are solely for Compartment A which has issued Preferred Equity Certificates ("PECs") with maturity date of 2030 (the "Compartment" or the "Issuer").

The financial statements of the Compartment which are presented in accordance with International Financial Reporting Standards as 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 February 8, 2017 and authorised for release on February 15, 2017.

The corporate object of the Company is the entering into and the performance of any transactions permitted under the Securitisation Law, 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 Securitisation Law; 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 Securitisation Law.

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 Securitisation Law 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 ("CPISM") and, indirectly, reporting and execution of the pre-determined investment strategies from the Investment Manager, CVC Credit Partners Investment Management Limited ("CPIM").

The Compartment's PECs are redeemable subject to various conditions at the option of the holder and were issued in 9 different series between 2011 and 2015 (as described further in Note 10).

The Compartment's financial year runs from January 1 to December 31.

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (Continued) For the year ended December 31, 2016 (Expressed in thousand 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 and financial liabilities 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 (EUR 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 and liabilities 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 (long positions) that are not held for trading. Long positions are classified as financial assets at fair value through profit or loss. The Compartment may also undertake short sales in which a debt instrument not held in portfolio is sold in anticipation of a decline in the market value of that instrument. Short sales are classified as financial liabilities at fair value through profit or loss.

The financial assets and liabilities are designated upon initial recognition on the basis that they are part of a group of financial assets and liabilities 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 on September 19, 2011, with the current version in force being dated October 26, 2016 (the "PPM"), please see also Note 16 for further details. The financial information about these financial assets and liabilities is provided internally on that basis to CPIM, CPISM and to the Board of Directors.

###### Derivative financial instruments

The Compartment may engage, for the proportion of its financial assets, cash and cash equivalents and PECs denominated in GBP, 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.

###### Loans and borrowings

This category includes financial liabilities in which the Compartment has entered into with the intention of repaying over the long term. The Compartment includes in this category the interest bearing bank loan.

###### Other financial liabilities

This category includes all financial liabilities apart from Loans and borrowings. 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 thereafter.

###### **(ii) Recognition**

The Compartment recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the 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 and financial liabilities 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. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (Continued) For the year ended December 31, 2016 (Expressed in thousand EUR)

#### 2 Accounting policies - (continued)

##### 2.2.1 Financial instruments - (continued)

###### (iv) Subsequent measurement

After initial measurement, the Compartment measures financial assets or financial liabilities arising from short sales which are classified as at 'fair value through profit or loss' at fair value (see Note 2.2.4 thereafter). 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 interest accrued but not yet paid at year end which are included within the fair value of the instruments or in 'other payables and accrued expenses'.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in 'interest expense' in the statement of comprehensive income.

###### (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. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

##### 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 Compartment. 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.

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (Continued) For the year ended December 31, 2016 (Expressed in thousand EUR)

#### 2 Accounting policies - (continued)

##### 2.2.4 Fair value measurement - (continued)

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.

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 Compartment can issue several series of PECs, each a "Series". 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).

As at December 31, 2016 the Compartment has issued eight series of income distributing PECs and one series of non-distributing PECs (2015: eight series of income distributing PECs, one series of non-distributing PECs).

##### 2.2.6 Net income distributions to PEC holders

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 (as defined in the PPM). Income distributions are recognised as a finance cost in the statement of comprehensive income, when declared.

The frequency of the income distributions was amended from six month to three months, with the first income distribution covering period of three months to September 30 2016, paid in October. Please refer to the latest PPM for further details.

The non-distributing PECs are not entitled to receive income distributions, however a pro-rata allocation of the income distribution is calculated and allocated to them on a three monthly basis for the purposes of the calculation of the proportionate share of the Compartment's net asset value on the optional redemption date or upon winding up of the Compartment. The first allocation has been made in January 2016.

##### 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.

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (Continued) For the year ended December 31, 2016 (Expressed in thousand EUR)

#### 2 Accounting policies - (continued)

##### 2.2.8 Interest revenue and expense

Interest revenue is 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 interest accrued but not yet paid at year end which are included within the fair value of the instruments or in 'other payables and accrued expenses'. Interest expense is recognised in the statement of comprehensive income for all financial instruments classified at fair value through profit or loss and for loans and borrowings.

Payment-in-kind (PIK) is classified under "Other revenue".

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.

Interest and dividend earned / (paid) on corporate bonds and debt instruments sold short classified at fair value through profit and loss are recognised in the statement of comprehensive income and classified as "Interest revenue" / ("Interest expenses").

##### 2.2.9 Net gain or loss on financial assets and liabilities at fair value through profit or loss

This item includes changes in the fair value of financial assets and liabilities 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 assets and liabilities for the period and from reversal of prior period's unrealised gains and losses for financial assets and liabilities which were realised in the reporting period.

Unrealised gains and losses and realised gains and losses on disposals of financial assets and liabilities classified as 'at fair value through profit or loss' are calculated using the First-in, First-out 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).

##### 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. In some jurisdictions, investment income and capital gains are subject to withholding taxes deducted at the source of the income. Withholding taxes are not significant for the Compartment. The Compartment presents the withholding taxes separately from the gross investment income in the statement of comprehensive income. For the purpose of the statement of cash flows, cash inflows from investments are presented net of withholding taxes, when applicable.

##### 2.2.13 New and amended standards and interpretations applied by the Compartment

There was no new IFRS standards, nor amendments or changes to interpretation of existing standards, which would have an impact on compartment.

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (Continued) For the year ended December 31, 2016 (Expressed in thousand EUR)

#### 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, estimates and assumptions, 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 that a Redemption Deferral Event (as defined in the PPM) 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 37% (2015: 39%) of the PECs issued by the Compartment as at December 31, 2016 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.

##### **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.

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**4 New and amended standards and interpretations (not yet applied by the Compartment)**

Standards issued but not yet effective up to the date of issuance of the Compartment's financial statements which are relevant to the Compartment are listed below. The Compartment intends to adopt applicable standards when they become effective.

*IFRS 9 Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The adoption of IFRS 9 will have an effect on the classification of the Compartment's financial assets, but no impact on the classification of the Compartment's financial liabilities.

**5 Financial assets and liabilities at fair value through profit or loss and financial liabilities at amortised cost**

	<b>31-Dec-16</b>	<b>31-Dec-15</b>
	<b>€000</b>	<b>€000</b>
<b>Financial Assets</b>		
<b>Financial assets designated at fair value through profit or loss</b>		
Corporate bonds and debt instruments	602,586	686,788
Collateralised loan obligations (included Asset Backed securities)	34,121	49,672
Equity and warrants	2,637	60
<b>Total financial assets designated at fair value through profit or loss</b>	<b>639,344</b>	<b>736,520</b>
<b>Derivative financial instruments</b>		
Forward currency contracts	2,021	6,081
<b>Total derivative financial instruments</b>	<b>2,021</b>	<b>6,081</b>
<b>Total financial assets at fair value through profit or loss</b>	<b>641,365</b>	<b>742,601</b>
<b>Financial liabilities</b>		
<b>Financial liabilities held for trading</b>		
Corporate bonds and debt instruments sold short	21,193	17,642
<b>Derivative financial instruments</b>		
Forward currency contracts	7,383	13,788
<b>Financial liabilities measured at amortised cost</b>		
Loans and borrowings *	153,155	152,769
Other financial liabilities **	53,217	44,270
<b>Total financial liabilities at fair value through profit or loss</b>	<b>234,948</b>	<b>228,469</b>
<b>Net changes in fair value on financial assets and liabilities at fair value through profit or loss:</b>		
<i>Derivative financial instruments</i>		
Realised on derivative financial instruments on Sterling Preferred Equity Certificates	(64,408)	3,192
Change in unrealised on derivative financial instruments on Sterling Preferred Equity Certificates	15,810	(23,744)
Realised on derivative financial instruments not included in the previous caption	34,704	(7,880)
Change in unrealised on derivative financial instruments not included in the previous caption	(13,464)	18,746
	<b>(27,358)</b>	<b>(9,686)</b>
<i>Designated at fair value through profit or loss</i>		
Realised	4,001	31,450
Change in unrealised	3,182	(6,761)
	<b>7,183</b>	<b>24,689</b>
<b>Net gain / (loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>(20,175)</b>	<b>15,003</b>

\* For information on the maturity and the interest rate on the loans and borrowings, please refer to Note 11, and for the fair value of the loan, please refer to Note 6.

\*\* Other financial liabilities measured at amortised cost include: EUR 42.8 million payables for unsettled trades (2015: EUR 42.4 million), fees and other payables and accrued expenses.

For information on the liquidity profile of the financial assets and liabilities, please refer to Note 16.

During the year, the Compartment paid out cash of EUR 664.9 million (2015: EUR 1.11 billion) in respect of settling trades with brokers and received cash inflows of EUR 799.6 million (2015: EUR 1.13 billion).



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**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.

	December 31, 2016			
	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
<b>Financial assets</b>				
<b>Interest bearing securities</b>				
Corporate bonds and debt instruments	119,779	437,389	45,418	602,586
Collateralised loan obligations (including Asset Backed Securities)	-	-	34,121	34,121
<b>Equities and warrants</b>				
Equities and warrants	2,498	-	139	2,637
<b>Derivatives financial instruments</b>				
Forward currency contracts	-	2,021	-	2,021
<b>Total</b>	<b>122,277</b>	<b>439,410</b>	<b>79,678</b>	<b>641,365</b>

**Financial liabilities**

Corporate bonds and debt instruments sold short	19,186	2,007	-	21,193
Forward currency contracts	-	7,383	-	7,383
Loans and borrowings measured at amortised cost	-	153,155	-	153,155
Other financial liabilities measured at amortised cost	-	53,217	-	53,217
Preferred equity certificates	-	540,723	-	540,723
<b>Total</b>	<b>19,186</b>	<b>756,485</b>	<b>-</b>	<b>775,671</b>

	December 31, 2015			
	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
<b>Financial assets</b>				
<b>Interest bearing securities</b>				
Corporate bonds and debt instruments	144,690	442,525	99,573	686,788
Collateralised loan obligations (including Asset Backed Securities)	-	-	49,672	49,672
<b>Equities</b>				
Equities and warrants	-	-	60	60
<b>Derivatives financial instruments</b>				
Forward currency contracts	-	6,081	-	6,081
<b>Total</b>	<b>144,690</b>	<b>448,606</b>	<b>149,305</b>	<b>742,601</b>

**Financial liabilities**

Corporate bonds and debt instruments sold short	16,329	1,313	-	17,642
Forward currency contracts	-	13,788	-	13,788
Loans and borrowings measured at amortised cost	-	152,769	-	152,769
Other financial liabilities measured at amortised cost	-	44,270	-	44,270
Preferred equity certificates	-	694,104	-	694,104
<b>Total</b>	<b>16,329</b>	<b>906,244</b>	<b>-</b>	<b>922,573</b>

**Transfers between Level 2 and Level 3**

During 2016, following further developments in the liquidity of certain debt securities, investments of the Compartment with a value of EUR 4.8 million (2015: EUR 10.6 million) were reclassified from Level 2 to Level 3 and there was reclassification from Level 3 to Level 2 of EUR 27.3m (2015: EUR 8.1 million).

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**6 Fair value of financial instruments - (continued)**

**Listed corporate bonds**

The fair values of listed corporate bonds 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 unlisted corporate debt and managed collateralised loan obligations (CLOs). These investments are generally not quoted in an active market and 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 a combination of a third party pricing service, an appraisal of the performance of the issuing company and utilising appropriate valuation techniques such as counterparty marks and recently executed transaction prices in securities of the issuer or comparable issuers. The Compartment has classified the fair value of these investments as Level 3 for this financial year.

**Valuation process for Level 3 valuations**

Valuations are the responsibility of the Board of Directors of the Compartment, who have engaged CPSIM, CPIM 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, CPIM 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 CLOs are primarily valued based on the bid price as provided by the third party pricing service, and may be amended following consideration of the Net Asset Value (NAV) published by the administrator of the CLOs. Furthermore, 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 investments as Level 3.

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 there are no broker quotes, CPIM produces a pricing memorandum for the Compartment drawing on the International Private Equity Valuation guidelines, which is discussed, reviewed and accepted by the Board and the independent service provider.

If CPIM and the independent service provider have difficulty in establishing an agreed upon valuation for an asset, they will discuss and agree alternative valuation methods.

**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.

	<b>Corporate bonds and debt securities</b>	<b>CLOs (including Asset Backed Securities)</b>	<b>Equities and Warrants</b>	<b>Total</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>Balances as at January 1, 2015</b>	<b>74,603</b>	<b>40,424</b>	<b>172</b>	<b>115,199</b>
Total gains and losses in profit or loss in the year	2,981	(2,833)	(112)	36
Purchases / subscriptions	115,985	25,646	-	141,631
Sales / redemptions	(96,486)	(13,565)	-	(110,051)
Transfers into / (out of) Level 3	2,490	-	-	2,490
<b>Balances as at December 31, 2015</b>	<b>99,573</b>	<b>49,672</b>	<b>60</b>	<b>149,305</b>
Total gains and losses in profit or loss in the year	7,494	(368)	31	7,157
Purchases / subscriptions	73,274	3,258	48	76,580
Sales / redemptions	(112,428)	(18,441)	-	(130,869)
Transfers into / (out of) Level 3	(22,495)	-	-	(22,495)
<b>Balances as at December 31, 2016</b>	<b>45,418</b>	<b>34,121</b>	<b>139</b>	<b>79,678</b>
Total unrealised gains and losses at December 31, 2015 included in profit or loss for assets held at the end of the year	<b>2,032</b>	<b>(1,114)</b>	<b>-</b>	<b>918</b>
Total unrealised gains and losses at December 31, 2016 included in profit or loss for assets held at the end of the year	<b>789</b>	<b>(1,482)</b>	<b>91</b>	<b>(602)</b>

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**6 Fair value of financial instruments - (continued)**

**Level 3 reconciliation - (continued)**

**Quantitative information of significant unobservable inputs – Level 3**

Description	December 31, 2016 €000	Valuation technique	Unobservable input	Range (weighted average)
Collateralised loan obligations (including Asset Backed Securities)	34,121	Broker quotes / other methods	Specific valuations of the industry: expert valuation	N/A
Corporate Bonds and Debt instruments	45,418	Broker quotes / Market multiples / Discounted Cash Flow	Cost of market transactions / Multiple of listed companies / management information	N/A

The Board of Directors and CPIM have valued the CLO positions at bid-price as at December 31, 2016 as they believe this is the most appropriate value for these positions. The Board of Directors and CPIM 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 December 31, 2016 are as shown below:

Description	Input	Sensitivity used	Effect on fair value
Collateralised loan obligations (including Asset Backed Securities)	Discount to broker quotes/ valuation method	20%	6,824
Corporate Bonds and Debt instruments	Discount to broker quotes/ valuation method	10%	4,542

**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 (1) are allocated to all PEC holders; the performance of the derivative contracts taken out further to purpose (2) 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.

CPIM 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.

In addition to market risk, the main risks 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.

	December 31, 2016		
	Assets €000	Liabilities €000	Net €000
<b>Derivatives primarily held for risk management purposes</b>			
Forward currency contracts undertaken to hedge exposure to:			
PECs denominated in non-Euro	-	(7,383)	(7,383)
Financial assets denominated in non-Euro	2,021	-	2,021
	<b>2,021</b>	<b>(7,383)</b>	<b>(5,362)</b>

**8 Other receivables and prepayments**

	31-Dec-16 €000	31-Dec-15 €000
Receivables on trades not settled as at end of the year	7,569	31,182
Other receivables	4,803	948
	<b>12,372</b>	<b>32,130</b>

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<b>9 Cash and cash equivalents</b>	<b>31-Dec-16 €000</b>	<b>31-Dec-15 €000</b>
Cash at banks	121,934	147,842
	<b>121,934</b>	<b>147,842</b>

**10 Preferred Equity Certificates**

The Compartment's investment capital consists of funds received for subscriptions to the PECs and loans and borrowings. 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 entitle the holders to income distributions and non-distributing PECs whose holders are not entitled to income distributions. As at December 31, 2016 the Compartment has issued eight series of income distributing PECs one of which i.e. Series 2 has been converted into Series 8 as at December 30, 2016 and one series of non-distributing PECs (2015: eight series of income distributing PECs, one series of non-distributing PECs).

The non-distributing PECs are not entitled to receive income distributions, however a pro-rata allocation of the income distribution is calculated and allocated to them on a three monthly basis for the purposes of the calculation of the proportionate share of the Compartment's net asset value on the optional redemption date or upon winding up of the Compartment. The first allocation has been made in January 2016.

The income distributing PECs were entitled to receive income distributions every six months until June 2016, which has been amended such that they are entitled to receive income distribution every three months commencing for the period from July 1 to September 30, 2016 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 the Compartment paid income distributions in January 2016 of EUR 15.9 million for the period July to December 2015, in July 2016 of EUR 14.0 million for the period January to June 2016 and EUR 6.5 million in October 2016 for the period July to September 2016. The next income distribution was paid in January 2017, 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, including loans and borrowings. For the purpose of calculating the NAV attributable to holders of the PECs in accordance with the PPM, the Compartment's assets and liabilities are valued on the basis of current bid prices and redemptions are made using the weighted average cost of capital. During the year, there were net redemptions of 23% of the Compartment's average PECs in issue during the same year (2015: 8%).

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>Income distributing PECs</b>	<b>Non-distributing PECs</b>	<b>Income distributing PECs</b>	<b>Non-distributing PECs</b>
<b>At January 1, 2015</b>	<b>619,484</b>	-	<b>725,339</b>	-
Issuance of PECs	38,345	52,998	43,806	53,346
Redemption of PECs (at fair value)	(134,326)	-	(149,123)	-
Net movement in nominal PECs resulting from conversions between Euro and non-Euro currencies series	(208)	-	-	-
Increase / (decrease) in net assets attributable to the PEC holders from operations before distributions excluding net gain on financial assets and liabilities at fair value through profit or loss	-	-	38,295	(385)
Distributions to Preferred Equity Certificate holders	-	-	(37,726)	-
Net gain on financial assets and liabilities at fair value through profit or loss in respect to derivative financial instruments on Sterling Preferred Equity Certificates	-	-	20,552	-
<b>At December 31, 2015</b>	<b>523,295</b>	<b>52,998</b>	<b>641,143</b>	<b>52,961</b>
Issuance of PECs	9,989	4,308	9,860	4,552
Redemption of PECs (at fair value)	(120,716)	-	(133,637)	-
Net movement in nominal PECs resulting from conversions between Euro and non-Euro currencies series	(618)	-	-	-
Increase in net assets attributable to the PEC holders from operations before distributions excluding net gain on financial assets and liabilities at fair value through profit or loss	-	-	44,865	5,992
Distributions to Preferred Equity Certificate holders	-	-	(36,415)	-
Net (loss) on financial assets and liabilities at fair value through profit or loss in respect to derivative financial instruments on Sterling Preferred Equity Certificates	-	-	(48,598)	-
<b>At December 31, 2016</b>	<b>411,950</b>	<b>57,306</b>	<b>477,218</b>	<b>63,505</b>

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**10 Preferred Equity Certificates - (continued)**

	<b>Maturity</b>	<b>Nominal In currency '000</b>	<b>Unrealised revaluation as of 31/12/16 €000</b>	<b>31-Dec-16 €000</b>
Series 1 PECs - Income distributing	Dec 2030	125	21	146
Series 2 PECs - Income distributing	Dec 2030	-	-	-
Series 3 PECs - Income distributing	Dec 2030	1,000	104	1,104
Series 4 PECs - Income distributing	Dec 2030	127,715	6,239	135,548
Series 5 PECs - Income distributing	Dec 2030	213,014 *	6,053	268,528
Series 6 PECs - Income distributing	Dec 2030	8,531	351	8,851
Series 7 PECs - Income distributing	Dec 2030	40,000	1,180	41,180
Series 8 PECs - Non-distributing	Dec 2030	57,569	5,356	63,504
Series 9 PECs - Income distributing	Dec 2030	21,300	688	21,862
			<b>19,992</b>	<b>540,723</b>

	<b>Maturity</b>	<b>Nominal In currency '000</b>	<b>Unrealised revaluation as of 31/12/15 €000</b>	<b>31-Dec-15 €000</b>
Series 1 PECs - Income distributing	Dec 2030	125	17	142
Series 2 PECs - Income distributing	Dec 2030	250	32	282
Series 3 PECs - Income distributing	Dec 2030	1,350	101	1,451
Series 4 PECs - Income distributing	Dec 2030	193,737	3,901	200,137
Series 5 PECs - Income distributing	Dec 2030	268,314 *	49,346	379,657
Series 6 PECs - Income distributing	Dec 2030	5,500	22	5,522
Series 7 PECs - Income distributing	Dec 2030	40,000	36	40,036
Series 8 PECs - Non-distributing	Dec 2030	52,998	(385)	52,961
Series 9 PECs - Income distributing	Dec 2030	14,045	(97)	13,916
			<b>52,973</b>	<b>694,104</b>

\* The nominal units issued to Series 5 PECs are denominated in GBP.

**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.

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<b>11</b>	<b><u>Financial liabilities: interest-bearing loans and borrowings</u></b>		<b>31-Dec-16</b>	<b>31-Dec-15</b>
			<b>€000</b>	<b>€000</b>
	Current interest-bearing loans and borrowings			
	Interest on EUR 153 million bank loan		500	497
			<u>500</u>	<u>497</u>
		<b>Effective interest</b>		
		<b>rate (EIR, %)</b>		
		<b>Maturity</b>		
	Non-current interest-bearing loans and borrowings			
	EUR 153 million bank loan	1.79%	30-Sep-27	
			152,655	152,272
			<u>152,655</u>	<u>152,272</u>

The effective interest rate (EIR), is the combination of the nominal interest rate of Euribo + 3months + 1.5% and the amortisation of the arrangement fee of EUR 727k. The EUR 153 million loan is shown net of the arrangement fee, which is expensed via the EIR over 3 years.

There is collateral of EUR 9 million and assets with market value of EUR 208.2m (2015: EUR 3 million in cash with SMBC and assets with a market value of EUR 216.9 million).

<b>12</b>	<b><u>Other payables and accrued expenses</u></b>		<b>31-Dec-16</b>	<b>31-Dec-15</b>
			<b>€000</b>	<b>€000</b>
	Payables on trades not settled as at end of the year		42,842	42,367
	Cash due in relation to trades already settled		2,680	-
	Other payables and expenses		2,512	622
			<u>48,034</u>	<u>42,989</u>

<b>13</b>	<b><u>Interest revenue and expense</u></b>		<b>2016</b>	<b>2015</b>
	<b>Interest revenue</b>		<b>€000</b>	<b>€000</b>
	Interest revenue on debt securities designated at fair value through profit or loss		45,161	54,258
			<u>45,161</u>	<u>54,258</u>
	<b>Interest expense</b>			
	Interest and related expenses on non-current interest-bearing loans and borrowings		(3,271)	(2,566)
	Other*		(3,273)	(1,764)
			<u>(6,544)</u>	<u>(4,330)</u>

\*This caption mostly consists of delayed compensation and cost of carry on debt securities sold short paid by the Compartment during the 2016. Please see Note 2.2.8 for further details.

During the year, EUR 6.6 million was paid in cash interest (2015: EUR 3.9 million).

<b>14</b>	<b><u>Other revenue</u></b>		<b>2016</b>	<b>2015</b>
			<b>€000</b>	<b>€000</b>
	Other revenue received on debt instruments designated at fair value through profit or loss*		4,375	4,164
			<u>4,375</u>	<u>4,164</u>

\* This caption mostly includes payment in kind interest, prepayment fees and delayed compensation income received from debt securities held by the Compartment.

<b>15</b>	<b><u>Taxation</u></b>			
	The Company, of which the Compartment as at December 31, 2016 was one of four compartments, is subject to the minimum net wealth tax payable in Luxembourg of EUR 3,210 per annum, which is allocated between the compartments. Interest revenue is subject to withholding tax in certain foreign jurisdictions and is the only item subject to taxation. For the year 2016, there is no withholding tax applied on the interest, the average applicable withholding tax rate for the year 2015 was 0.2%.			

<b>16</b>	<b><u>Financial risk and management objectives and policies</u></b>			
	<b>Introduction</b>			
	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.			
	<b>Risk management structure</b>			
	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 CPISM and CPIM.			
	<b>Risk measurement and reporting system</b>			
	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.			

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (Continued) For the year ended December 31, 2016 (Expressed in thousand EUR)

#### 16 Financial risk and management objectives and policies (continued)

##### **Risk measurement and reporting system (continued)**

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.

##### **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 PPM includes specific guidelines to focus on maintaining a diversified portfolio. CPISM and CPIM are instructed to monitor and act to reduce exposure or to agree with the Board of Directors 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.

Short selling involves borrowing securities and selling them to a broker-dealer. The Compartment has an obligation to replace the borrowed securities at a later date. Short selling allows the Compartment to profit from a decline in market price to the extent that such decline exceeds the transaction costs and the costs of borrowing the securities, while the gain is limited to the price at which the Compartment sold the security short. Possible losses from short sales may be unlimited as the Compartment has a liability to repurchase the security in the market at prevailing prices at the date of acquisition.

##### **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 instruments in the European Union and surrounding countries. Most of the Compartment's investments in debt instruments 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.

	Change in basis points	Sensitivity of interest income increase/(decrease)	As % of financial assets
		€000	%
<b>31-Dec-16</b>			
EUR	+25 / -25	1003 / (1003)	0.2%
GBP	+25 / -25	279 / (279)	0.0%
USD	+25 / -25	312 / (312)	0.0%
NOK	+25 / -25	0 / (0)	0.0%
SEK	+25 / -25	0 / (0)	0.0%
<b>31-Dec-15</b>			
EUR	+25 / -25	937 / (937)	0.1%
GBP	+25 / -25	455 / (455)	0.1%
USD	+25 / -25	264 / (264)	0.0%
NOK	+25 / -25	15 / (15)	0.0%
SEK	+25 / -25	10 / (10)	0.0%

**CVC European Credit Opportunities S.à r.l., in respect of its Compartment A**

**Notes to the Financial Statements (Continued)  
For the year ended December 31, 2016  
(Expressed in thousand EUR)**

**16 Financial risk and management objectives and policies (continued)**

**Interest rate risk - (continued)**

As 12% of the portfolio (on a fair value basis) (2015: 18%) 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 2016*

	0-6 months	Non-interest bearing	Total
	€000	€000	€000
<b>As at December 31, 2016</b>			
<b>Assets</b>			
Cash and cash equivalents	121,934	-	121,934
Interest and other receivables	7,569	4,803	12,372
Financial assets at fair value through profit or loss	639,344	-	639,344
<b>Total Assets</b>	<b>768,847</b>	<b>4,803</b>	<b>773,650</b>
<b>Liabilities</b>			
debt instruments sold short	21,193	-	21,193
Loan and Borrowings	152,655	500	153,155
Other liabilities and accrued expenses	42,842	10,375	53,217
<b>Total liabilities</b>	<b>216,690</b>	<b>10,875</b>	<b>227,565</b>
<b>Total interest sensitivity gap</b>	<b>552,157</b>	<b>(6,072)</b>	<b>546,085</b>

*Interest rate risk exposure analysis 2015*

	0-6 months	Non-interest bearing	Total
	€000	€000	€000
<b>As at December 31, 2015</b>			
<b>Assets</b>			
Cash and cash equivalents	147,842	-	147,842
Interest and other receivables	31,182	948	32,130
Financial assets at fair value through profit or loss	736,520	-	736,520
<b>Total assets</b>	<b>915,544</b>	<b>948</b>	<b>916,492</b>
<b>Liabilities</b>			
debt instruments sold short	17,642	-	658
Loan and Borrowings	152,272	497	102,558
Other liabilities and accrued expenses	42,367	1,903	44,270
<b>Total liabilities</b>	<b>212,281</b>	<b>2,400</b>	<b>147,486</b>
<b>Total interest sensitivity gap</b>	<b>703,263</b>	<b>(1,452)</b>	<b>769,006</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 December 31 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, and includes the impact of the hedging programme undertaken by the Compartment.

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	
		2016	2015
	%	€000	€000
GBP	10%	(79)	(1,431)
USD	10%	406	(1,529)
NOK	10%	-	8
SEK	10%	-	1

An equivalent decrease in each of the aforementioned currencies against the euro would have resulted in an equivalent but opposite impact.



## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (Continued) For the year ended December 31, 2016 (Expressed in thousand EUR)

#### 16 Financial risk and management objectives and policies (continued)

##### Currency risk - (continued)

###### *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. This excludes the impact of the hedging programme undertaken by the Compartment.

	<b>31-Dec-16</b>	<b>31-Dec-15</b>
	<b>% of total financial assets</b>	
<b>Financial assets</b>		
GBP	13%	26%
USD	27%	18%
NOK	0%	1%
	<b>40%</b>	<b>45%</b>
	<b>40%</b>	<b>45%</b>
	<b>31-Dec-16</b>	<b>31-Dec-15</b>
	<b>% of total financial liabilities</b>	
<b>Financial liabilities</b>		
GBP	36%	42%
USD	1%	1%
	<b>37%</b>	<b>43%</b>
	<b>37%</b>	<b>43%</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 Directors of the Company has the ability to determine that a Redemption Deferral Event (as defined in the PPM) has occurred where there is insufficient liquidity to meet the redemption payments (please see the 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 fifty days notice (forty five days notice for PECs series 4 and 5) and subject to the restrictions detailed above, along with the redemption payment date falling forty days after the Valuation Date.

The Compartment satisfies 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 maintains sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests.

It is the Compartment's approach that CPIM 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.

###### *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, in addition certain significant PEC holders have certain restrictions which should result in a maximum 37% of the PECs issued by the Compartment as at December 31, 2016 (2015: 39% ) being redeemable in the next 12 months.

###### *Financial assets*

Analysis of debt instruments 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.

**CVC European Credit Opportunities S.à r.l., in respect of its Compartment A**

**Notes to the Financial Statements (Continued)**  
**For the year ended December 31, 2016**  
 (Expressed in thousand EUR)

**16 Financial risk and management objectives and policies (continued)**

**Liquidity risk - (continued)**

*Liquidity risk exposure analysis*

	<b>Within 1 year</b>	<b>Greater than 1 year</b>	<b>Total</b>
<b>As at December 31, 2016</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>Financial liabilities</b>			
Corporate bonds and debt instruments sold short	21,193	-	21,193
Derivative financial instruments	7,383	-	7,383
Management and performance fees payable	5,057	-	5,057
Administration fees payable	126	-	126
Loans and borrowings	-	153,000	153,000
Other payables and accrued expenses	48,034	-	48,034
Net assets attributable to PEC holders *	540,723	-	540,723
<b>Total undiscounted financial liabilities</b>	<b>622,516</b>	<b>153,000</b>	<b>775,516</b>

*Liquidity risk exposure analysis*

	<b>Within 1 year</b>	<b>Greater than 1 year</b>	<b>Total</b>
<b>As at December 31, 2015</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>Financial liabilities</b>			
Corporate bonds and debt instruments sold short	17,642	-	17,642
Derivative financial instruments	13,788	-	13,788
Management and performance fees payable	1,174	-	1,174
Administration fees payable	107	-	107
Loans and borrowings	-	153,000	153,000
Other payables and accrued expenses	42,989	-	42,989
Net assets attributable to PEC holders *	694,104	-	694,104
<b>Total undiscounted financial liabilities</b>	<b>769,804</b>	<b>153,000</b>	<b>922,804</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.

**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.

CPIM and CPISM closely monitor the creditworthiness of the Compartment's counterparties (e.g. banks, money market funds and the issuers of the debt instruments) 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-16</b>	<b>31-Dec-15</b>
	<b>€000</b>	<b>€000</b>
Cash and cash equivalents	121,934	147,842
Other receivables and prepayments	12,372	32,130
Derivative financial instruments	2,021	6,081
Equities and warrants	2,637	60
Interest bearing securities designated at fair value through profit or loss	636,707	736,460
<b>Total credit risk exposure</b>	<b>775,671</b>	<b>922,573</b>

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (Continued) For the year ended December 31, 2016 (Expressed in thousand EUR)

#### 16 Financial risk and management objectives and policies (continued)

##### Credit risk - (continued)

##### Risk concentrations of the maximum exposure to credit risk

Concentration of credit risk is managed by CPIM and CPISM by monitoring the exposure to counterparty, geographical region and industry sector.

The Compartment has no counterparty comprising more than 3.5% of the whole portfolio as at December 31, 2016 (2015: 3.3%).

The following table analyses the concentration of credit risk in the Compartment's debt portfolio by geographical distribution (based on counterparties' country of domicile):

	31-Dec-16	31-Dec-15
	% of debt instruments	
European Union (excluding United Kingdom) and European Economic Area	51%	61%
United Kingdom and British Isles	14%	21%
United States of America	25%	12%
Others	10%	6%
	<b>100%</b>	<b>100%</b>

The following table analyses the concentration of credit risk in the Compartment's debt portfolio by industrial distribution.

	31-Dec-16	31-Dec-15
	% of debt instruments	
Finance	11%	11%
Electronics	10%	0%
Retail Store	10%	8%
Buildings and Real Estate	9%	11%
Broadcasting and Entertainment	8%	10%
Healthcare, Education and Childcare	7%	5%
Hotels, Motels, Inns and gaming	6%	6%
Chemicals, Plastics and Rubber	6%	6%
Leisure, Amusement, Motion Pictures, Entertainment	5%	9%
Diversified/ Conglomerate Service	5%	0%
Healthcare and Pharmaceutis	4%	0%
Ecological	3%	0%
Utilities	0%	6%
Automobile	0%	5%
Printing and Publishing	0%	4%
Other	16%	19%
	<b>100%</b>	<b>100%</b>

#### 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 Services Manager*

CPISM is an investor into the Series 1 PECs issued by the Compartment and is also the investment services manager of the Company under the Investment Services Agreement dated September 19, 2011 under which CPISM has the right to receive the Management Fee, Performance Fee and Redemption Fee as detailed below. Each of S. Riley, D. Maccabe, J. Bowers and B. Bradkin are members of the Board of directors of CPISM.

##### *Management fees*

The amount recognised for Management Fees for the period ended December 31, 2016 in the income statement was EUR 5,893,872 (2015: EUR 7,438,887) of which EUR 901,986 remains outstanding as at December 31, 2016 (2015: EUR 579,462). The fees are calculated based on a percentage of 1% of the gross asset value of each Series, 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, 2016 was EUR 4,194,683 (2015: EUR 1,117,572), of which EUR 4,154,896 remains outstanding as at December 31, 2016 (2015: EUR 594,837). 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).

**CVC European Credit Opportunities S.à r.l., in respect of its Compartment A**

**Notes to the Financial Statements (Continued)**  
**For the year ended December 31, 2016**  
**(Expressed in thousand EUR)**

**19 Related party disclosures (continued)**

*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, 2016 (2015: nil).

*Other related party transactions*

During 2016 the Compartment subscribed for debt at primary issuance from the following companies: Drymix, Tipico, Avast and Vedici. CVC Capital Partners has an interest in these companies. These positions were entered into pari passu with third party investors.

**20 Post balance sheet events**

During January 2017, the Compartment paid an income distribution of EUR 5.7 million to the PEC holders and allocated EUR 0.8 million to the non-distributing PEC holders, a redemption on Series 4 PECs and Series 5 PECs will be paid in February 2017 for approximately EUR 16.4 million and subscriptions of EUR 2 million were received.

**CVC EUROPEAN CREDIT OPPORTUNITIES S.À R.L., IN RESPECT OF ITS COMPARTMENT A**  
**FINANCIAL STATEMENTS**  
**For the year ended December 31, 2017**

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## 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

### Management Report For the year ended December 31, 2017 (unaudited)

#### Investment Objective

The Investment Objective of the Compartment is to provide Preferred Equity Certificate ("PEC") holders with regular income returns and capital appreciation from a diversified portfolio of predominantly sub-investment grade debt instruments.

#### Investment Policy

Investments are made predominantly in the debt obligations of companies domiciled, or with material operations, in Western Europe across various industries. Its portfolio is constructed with a focus on senior secured obligations, however investments may also be made across the capital structure of borrowers.

#### Performance

The performance of the Compartment is reported on a monthly basis and is summarised below:

Net Total Return Monthly Performance <sup>1</sup>													
EUR	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2017	2.15%	0.81%	0.58%	0.85%	1.21%	0.73%	1.11%	0.27%	0.26%	0.41%	0.44%	0.03%	9.20%
2016	-0.49%	-1.55%	2.17%	1.65%	1.01%	-0.81%	2.02%	0.90%	0.61%	0.88%	1.46%	1.32%	9.50%
2015	0.86%	1.19%	1.17%	1.17%	0.77%	-0.35%	0.79%	-0.15%	0.09%	0.23%	-0.31%	-0.39%	5.15%
2014	0.71%	0.43%	0.30%	0.44%	0.47%	0.69%	0.23%	0.19%	-0.15%	-0.34%	-0.10%	0.23%	3.13%
2013	1.13%	0.71%	0.82%	1.43%	0.71%	-0.79%	0.33%	0.53%	0.69%	0.68%	0.68%	0.42%	7.58%

Year to Date Performance <sup>1</sup>		Performance <sup>1</sup>		
		2017	3 yr Ann <sup>4</sup>	ITD Ann <sup>5</sup>
Gross Return <sup>2</sup>	10.99%	10.99%	9.57%	12.91%
Net Total Return <sup>3</sup>	9.20%	9.20%	7.93%	11.38%

#### Reconciliation of Investor Reporting to International Financial Reporting Standards ("IFRS")

The Compartment's financial statements are prepared in accordance with IFRS. As described in the notes to this report, PECs have been classified as financial liabilities. Due to this classification, distributions paid to PECs during the year and the net loss on derivative financial instruments on Sterling PECs have been recorded as charges and have reduced the total comprehensive income. Adjusting for these two items would result in a total comprehensive income of EUR 50.9 million for the year (2016: EUR 50.9 million), which reflects the trading performance of the compartment:

	2017	2016
	€000	€000
<b>Total comprehensive gain / (loss) for the year under IFRS</b>	16,189	(34,156)
<b>Add back</b>		
- Net loss/(gain) on derivative financial instruments on Sterling PECs	8,403	48,598
- Distributions to PEC holders	26,281	36,415
<b>Adjusted total comprehensive gain for the year</b>	<b>50,873</b>	<b>50,857</b>

#### Summary

The macro environment in 2017 supported most asset markets. The recovery which started in 2016 strengthened by sector and geography. While deflation risks receded, inflation failed to accelerate enough to cause any concern. Central banks maintained an accommodative policy throughout 2017 supporting the markets' view of risk assets across the spectrum.

Looking towards 2018, it is anticipated that the new issue market across loans and HY will remain supported by the macro economic environment and central bank positioning. Across credit opportunities, as per 2017, the positive market dynamics and stable/stronger fundamentals should lead to positive exit events in 2018. In addition, there remains a strong pipeline of single name issuers being monitored as prospective holdings for the portfolio.

#### Director

Date: February 28, 2018

#### Notes

<sup>1</sup> Returns presented are for the Investment Vehicle as a whole, excluding any amounts specifically allocated to non-Euro PECs further to the Compartment's Private Placement Memorandum.

<sup>2</sup> Gross Return is before management and performance fees and assumes distributions are reinvested

<sup>3</sup> Net Total Return is post management and performance fees and assumes distributions are reinvested

<sup>4</sup> Three years annualised return.

<sup>5</sup> Inception to date annualised return ("ITD Ann") includes performance from the Compartment's predecessor vehicle. The assets of the predecessor vehicle were contributed into the Compartment in September 2011.

## **CVC European Credit Opportunities S.à r.l., in respect of its Compartment A**

### **General Information**

#### **Board of Directors**

Mr. Jonathan Bowers  
Mr. Brandon Bradkin  
Mr. Mark DeNatale  
Mr. Douglas Maccabe  
Mr. Simon Riley  
Ms. Clarissa Steland  
Mr. Russell Proffitt-Perchard (appointed as of November 2, 2017)  
Ms. Paola Miccoli (resigned as of February 22, 2018)  
Mr. Amine Zouari (resigned as of November 2, 2017)

#### **Investment Services Manager**

CVC Credit Partners Investment Services Management Limited  
1 Waverley Place  
Union Street  
St Helier  
JE1 1SG  
Jersey  
Channel Islands

#### **Investment Manager**

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

#### **Registered Office of the Company**

40 avenue Monterey  
L-2163, Luxembourg

#### **Independent Auditor**

Ernst & Young S.A.  
35E avenue John F. Kennedy  
L-1855 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

### Report on the audit of the financial statements

#### *Opinion*

We have audited the financial statements of CVC European Credit Opportunities S.à r.l. in respect of its Compartment A (the "Company"), which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

#### *Basis for Opinion*

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under those Law and standards are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Other information*

The Board of Managers is responsible for the other information. The other information comprises the information included in the management report but does not include the financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

*Responsibilities of the Board of Managers and those charged with governance for the financial statements*

The Board of Managers is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

*Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.

- Conclude on the appropriateness of Board of Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Report on other legal and regulatory requirements**

The management report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

Ernst & Young  
Société anonyme  
Cabinet de révision agréé

Michel Feider

Luxembourg, 28 February 2018

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Statement of comprehensive income For the year ended December 31, 2017 (Expressed in thousand EUR)

	Notes	1-Jan-17 to 31-Dec-17 €000	1-Jan-16 to 31-Dec-16 €000
<b>Income</b>			
Net gain / (loss) on financial assets and liabilities at fair value through profit or loss			
In respect to debt instruments	5	(2,772)	7,183
In respect to derivative financial instruments not included in the below caption	5	26,740	21,240
In respect to derivative financial instruments on Sterling Preferred Equity Certificates	5, 10	(8,403)	(48,598)
Interest revenue	13	40,180	45,161
Other revenue	14	4,332	4,375
Net foreign exchange gains		1,255	-
		<b>61,332</b>	<b>29,361</b>
<b>Expenses</b>			
Interest expense	13	(6,963)	(6,544)
Management and performance fees	19	(9,619)	(10,089)
Custodian and administration fees		(882)	(876)
Brokerage fees and other transaction costs		(126)	(132)
Other general expenses		(1,271)	(1,407)
Net foreign exchange losses		-	(8,053)
		<b>(18,861)</b>	<b>(27,101)</b>
<b>Operating profit</b>		<b>42,471</b>	<b>2,260</b>
Distributions paid to Preferred Equity Certificate holders	10	(26,281)	(36,415)
Other taxes	15	(1)	(1)
<b>Profit / (loss) for the year</b>		<b>16,189</b>	<b>(34,156)</b>
<b>Total comprehensive income for the year</b>		<b>16,189</b>	<b>(34,156)</b>

The financial statements on pages 8 to 29 were authorised by the Board of Directors on February 8, 2018 and authorised for release on February 28, 2018 and were signed on its behalf by:



Director



Director

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, 2017 (Expressed in thousand EUR)

	Notes	31-Dec-17 €000	31-Dec-16 €000
<b>Assets</b>			
Financial assets at fair value through profit or loss			
Debt securities	5, 6	744,561	639,344
Derivative financial instruments	5, 6, 7	8,166	2,021
Other receivables and prepayments	8	44,420	12,372
Cash and cash equivalents	9	167,040	121,934
<b>Total assets</b>		<b>964,187</b>	<b>775,671</b>
<b>Liabilities</b>			
Financial liabilities at fair value through profit or loss			
Debt securities sold short	5, 6	23,500	21,193
Derivative financial instruments	5, 6, 7	-	7,383
Financial liabilities measured at amortised cost	5, 11	173,727	153,155
Management and performance fees payable	5, 19	4,177	5,057
Custodian and administration fees payable	5	142	126
Other payables and accrued expenses	5, 12	66,850	48,034
<b>Total liabilities (excluding net assets attributable to the PEC holders)</b>		<b>268,396</b>	<b>234,948</b>
<b>Net assets attributable to the PEC holders</b>	6, 10	<b>695,791</b>	<b>540,723</b>

The financial statements on pages 8 to 29 were authorised by the Board of Directors on February 8, 2018 and authorised for release on February 28, 2018 and were signed on its behalf by:



Director



Director

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 cash flows**  
**For the year ended December 31, 2017**  
**(Expressed in thousand EUR)**

	Notes	1-Jan-17 to 31-Dec-17 €000	1-Jan-16 to 31-Dec-16 €000
<b>Cash flow from operating activities</b>			
Proceeds / (payments) on settlement of derivative financial instruments	5	4,809	(29,704)
Proceeds from sale of financial investments designated at fair value through profit or loss	5	703,459	799,605
Payments for purchase of financial investments designated at fair value through profit or loss	5	(824,918)	(664,927)
Interest received	13	48,116	45,681
Interest paid	11, 13	(8,793)	(3,646)
Management and performance fees paid	19	(10,499)	(6,206)
Custodian and administration fees paid		(866)	(859)
Other operating expenses paid		(1,297)	(1,776)
<b>Net cash flows (used in) / from operating activities</b>		<b><u>(89,989)</u></b>	<b><u>138,168</u></b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of PECs	10, 12	174,630	14,412
Payments on redemption of PECs	10	(35,451)	(133,637)
Distributions paid to PEC holders	10	(26,281)	(36,415)
Proceeds from borrowings	11	175,000	-
Repayment on borrowings	11	(153,000)	-
Transaction costs linked to borrowings	11	(1,058)	(383)
<b>Net cash flows from / (used in) financing activities</b>		<b><u>133,840</u></b>	<b><u>(156,023)</u></b>
Net increase / (decrease) in cash and cash equivalents		43,851	(17,855)
Cash and cash equivalents at opening date		121,934	147,842
Effect of exchange rate changes on cash and cash equivalents		1,255	(8,053)
<b>Cash and cash equivalents at December 31, 2017</b>		<b><u>167,040</u></b>	<b><u>121,934</u></b>

The financial statements on pages 8 to 29 were authorised by the Board of Directors on February 8, 2018 and authorised for release on February 28, 2018 and were signed on its behalf by:



Director



Director

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, 2017 (Expressed in thousand 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 March 22, 2004 on securitisation as subsequently amended (the "Securitisation Law") and is subject to and governed by the Securitisation Law and the law of August 10, 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. 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, 2017, the Company operates three compartments. These financial statements are solely for Compartment A which has issued Preferred Equity Certificates ("PECs") with a maturity date of 2030 (the "Compartment" or the "Issuer").

The financial statements of the Compartment which are presented in accordance with International Financial Reporting Standards as 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 February 8, 2018 and authorised for release on February 28, 2018.

The corporate objective of the Company is the entering into and the performance of any transactions permitted under the Securitisation Law, 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 Securitisation Law; 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 Securitisation Law.

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 Securitisation Law 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, (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 the formulation of investment strategy and monitoring services from the Investment Services Manager, CVC Credit Partners Investment Services Management Limited ("CPISM") and, indirectly, reporting and execution of the pre-determined investment strategies from the Investment Manager, CVC Credit Partners Investment Management Limited ("CPIM").

The Compartment's PECs are redeemable subject to various conditions at the option of the holder and were issued in 10 different series and as at December 31, 2017 8 series are outstanding (as described further in Note 10).

The Compartment's financial year runs from January 1 to December 31.

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (Continued) For the year ended December 31, 2017 (Expressed in thousand 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 and financial liabilities 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 (EUR 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 and liabilities 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 (long positions) that are not held for trading. Long positions are classified as financial assets at fair value through profit or loss. The Compartment may also undertake short sales in which a debt instrument not held in portfolio is sold in anticipation of a decline in the market value of that instrument. Short sales are classified as financial liabilities at fair value through profit or loss.

The financial assets and liabilities are designated upon initial recognition on the basis that they are part of a group of financial assets and liabilities 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 on September 19, 2011, with the current version in force being dated October 26, 2016 (the "PPM"), please see also Note 16 for further details. The financial information about these financial assets and liabilities is provided internally on that basis to CPIM, CPISM and to the Board of Directors.

###### Derivative financial instruments

The Compartment may engage, for the proportion of its financial assets, cash and cash equivalents and PECs denominated in GBP, in currency hedging operations with a view to manage exposures to foreign currency risk. These hedging operations are considered 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.

###### Loans and borrowings

This category includes financial liabilities in which the Compartment has entered into with the intention of repaying over the long term. The Compartment includes in this category the interest bearing bank loan.

###### Other financial liabilities

This category includes all financial liabilities apart from Loans and borrowings. 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 thereafter.

###### (ii) Recognition

The Compartment recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the 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 and financial liabilities 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. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.



**Notes to the Financial Statements (Continued)**  
**For the year ended December 31, 2017**  
**(Expressed in thousand EUR)**

**2 Accounting policies - (continued)**

**2.2.1 Financial instruments - (continued)**

**(iv) Subsequent measurement**

After initial measurement, the Compartment measures financial assets or financial liabilities arising from short sales which are classified as at 'fair value through profit or loss' at fair value (see Note 2.2.4 thereafter). 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 interest accrued but not yet paid at year end which are included within the fair value of the instruments or in 'other payables and accrued expenses'.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in 'interest expense' in the statement of comprehensive income.

**(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. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

**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 Compartment. 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.

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (Continued) For the year ended December 31, 2017 (Expressed in thousand EUR)

#### 2 Accounting policies - (continued)

##### 2.2.4 Fair value measurement - (continued)

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.

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 Compartment can issue several series of PECs, each a "Series". 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).

As at December 31, 2017 the Compartment has six series of income distributing PECs and two series of non-distributing PECs outstanding (2016: seven series of income distributing PECs, one series of non-distributing PECs).

##### 2.2.6 Net income distributions to PEC holders

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 (as defined in the PPM). Income distributions are recognised as a finance cost in the statement of comprehensive income, when declared.

The frequency of the income distributions was amended from six month to three months, with the first income distribution covering period of three months to September 30 2016, paid in October 2016. Please refer to the latest PPM for further details.

The non-distributing PECs are not entitled to receive income distributions, however a pro-rata allocation of the income distribution is calculated and allocated to them on a three monthly basis for the purposes of the calculation of the proportionate share of the Compartment's net asset value on the optional redemption date or upon winding up of the Compartment. The first allocation has been made in January 2016.

##### 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.

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (Continued) For the year ended December 31, 2017 (Expressed in thousand EUR)

#### 2 Accounting policies - (continued)

##### 2.2.8 Interest revenue and expense

Interest revenue is 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 interest accrued but not yet paid at year end which are included within the fair value of the instruments or in 'other payables and accrued expenses'. Interest expense is recognised in the statement of comprehensive income for all financial instruments classified at fair value through profit or loss and for loans and borrowings.

Payment-in-kind (PIK) is classified under 'other revenue'.

Where an acquisition or 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 or 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.

Interest and dividend earned / paid on corporate bonds and debt instruments sold short classified at fair value through profit and loss are recognised in the statement of comprehensive income and classified as 'interest revenue' / 'interest expenses'.

##### 2.2.9 Net gain or loss on financial assets and liabilities at fair value through profit or loss

This item includes changes in the fair value of financial assets and liabilities 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 assets and liabilities for the period and from reversal of prior period's unrealised gains and losses for financial assets and liabilities which were realised in the reporting period.

Unrealised gains and losses and realised gains and losses on disposals of financial assets and liabilities classified as 'at fair value through profit or loss' are calculated using the First-in, First-out 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).

##### 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. In some jurisdictions, investment income and capital gains are subject to withholding taxes deducted at the source of the income. Withholding taxes are not significant for the Compartment. The Compartment presents the withholding taxes separately from the gross investment income in the statement of comprehensive income. For the purpose of the statement of cash flows, cash inflows from investments are presented net of withholding taxes, when applicable.

##### 2.2.13 New and amended standards and interpretations applied by the Compartment

There were no new IFRS standards, nor amendments or changes to interpretation of existing standards, which would have an impact on compartment.

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (Continued) For the year ended December 31, 2017 (Expressed in thousand EUR)

#### 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, estimates and assumptions, 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 that a Redemption Deferral Event (as defined in the PPM) 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 36% (2016: 37%) of the PECs issued by the Compartment as at December 31, 2017 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.

##### **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.

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**Notes to the Financial Statements (Continued)  
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**4 New and amended standards and interpretations (not yet applied by the Compartment)**

Standards issued but not yet effective up to the date of issuance of the Compartment's financial statements which are relevant to the Compartment are listed below. The Compartment intends to adopt applicable standards when they become effective.

*IFRS 9 Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. Further to a review of the reporting requirements of IFRS 9 in light of the Compartment's activities, the Board believes that given that the portfolio of debt instruments and equity positions (both long and short) are managed and evaluated as part of a group on a fair value basis as further detailed in Note 2.2.1(i), and considering the 'contractual cash flow characteristics test' and 'business model test' of IFRS 9, it is most appropriate to recognise and measure the portfolio at fair value through profit or loss rather than at fair value through other comprehensive income.

**5 Financial assets and liabilities at fair value through profit or loss and financial liabilities at amortised cost**

	31-Dec-17	31-Dec-16
	€000	€000
<b>Financial Assets</b>		
<b>Financial assets designated at fair value through profit or loss</b>		
Corporate bonds and debt instruments	711,935	602,586
Collateralised loan obligations (including Asset Backed Securities)	30,069	34,121
Equity and warrants	2,557	2,637
<b>Total financial assets designated at fair value through profit or loss</b>	<b>744,561</b>	<b>639,344</b>
<b>Derivative financial instruments</b>		
Forward currency contracts	8,166	2,021
<b>Total derivative financial instruments</b>	<b>8,166</b>	<b>2,021</b>
<b>Total financial assets at fair value through profit or loss</b>	<b>752,727</b>	<b>641,365</b>
<b>Financial liabilities</b>		
<b>Financial liabilities held for trading</b>		
Corporate bonds and debt instruments sold short	23,500	21,193
<b>Derivative financial instruments</b>		
Forward currency contracts	-	7,383
<b>Financial liabilities measured at amortised cost</b>		
Loans and borrowings *	173,727	153,155
Other financial liabilities **	71,169	53,217
<b>Total financial liabilities at fair value through profit or loss</b>	<b>268,396</b>	<b>234,948</b>
<b>Net changes in fair value on financial assets and liabilities at fair value through profit or loss:</b>		
<i>Derivative financial instruments</i>		
Realised on derivative financial instruments on Sterling Preferred Equity Certificates	(11,204)	(64,408)
Change in unrealised on derivative financial instruments on Sterling Preferred Equity Certificates	2,801	15,810
	<b>(8,403)</b>	<b>(48,598)</b>
Realised on derivative financial instruments not included in the previous caption	16,013	34,704
Change in unrealised on derivative financial instruments not included in the previous caption	10,727	(13,464)
	<b>26,740</b>	<b>21,240</b>
	<b>18,337</b>	<b>(27,358)</b>
<i>Designated at fair value through profit or loss</i>		
Realised	10,261	4,001
Change in unrealised	(13,033)	3,182
	<b>(2,772)</b>	<b>7,183</b>
<b>Net gain / (loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>15,565</b>	<b>(20,175)</b>

\* For information on the maturity and the interest rate on the loans and borrowings, please refer to Note 11, and for the fair value of the loan, please refer to Note 6.

\*\* Other financial liabilities measured at amortised cost include: EUR 65.4 million payables for unsettled trades (2016: EUR 42.8 million), fees and other payables and accrued expenses.

For information on the liquidity profile of the financial assets and liabilities, please refer to Note 16.

During the year, the Compartment paid out cash of EUR 824.9 million (2016: EUR 664.9 million) in respect of settling trades with brokers and received cash inflows of EUR 703.5 million (2016: EUR 799.6 million).

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**Notes to the Financial Statements (Continued)  
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**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.

	<b>December 31, 2017</b>			<b>Total €000</b>
	<b>Level 1 €000</b>	<b>Level 2 €000</b>	<b>Level 3 €000</b>	
<b>Financial assets</b>				
<b>Interest bearing securities</b>				
Corporate bonds and debt instruments	116,072	488,255	107,608	<b>711,935</b>
Collateralised loan obligations (including Asset Backed Securities)	-	-	30,069	<b>30,069</b>
<b>Equities and warrants</b>				
Equities and warrants	1,652	-	905	<b>2,557</b>
<b>Derivatives financial instruments</b>				
Forward currency contracts	-	8,166	-	<b>8,166</b>
<b>Total</b>	<b>117,724</b>	<b>496,421</b>	<b>138,582</b>	<b>752,727</b>
<b>Financial liabilities</b>				
Corporate bonds and debt instruments sold short	20,178	3,322	-	<b>23,500</b>
Loans and borrowings measured at amortised cost	-	173,727	-	<b>173,727</b>
Other financial liabilities measured at amortised cost	-	71,169	-	<b>71,169</b>
Preferred equity certificates	-	695,791	-	<b>695,791</b>
<b>Total</b>	<b>20,178</b>	<b>944,009</b>	<b>-</b>	<b>964,187</b>
	<b>December 31, 2016</b>			<b>Total €000</b>
	<b>Level 1 €000</b>	<b>Level 2 €000</b>	<b>Level 3 €000</b>	
<b>Financial assets</b>				
<b>Interest bearing securities</b>				
Corporate bonds and debt instruments	119,779	437,389	45,418	<b>602,586</b>
Collateralised loan obligations (including Asset Backed Securities)	-	-	34,121	<b>34,121</b>
<b>Equities</b>				
Equities and warrants	2,498	-	139	<b>2,637</b>
<b>Derivatives financial instruments</b>				
Forward currency contracts	-	2,021	-	<b>2,021</b>
<b>Total</b>	<b>122,277</b>	<b>439,410</b>	<b>79,678</b>	<b>641,365</b>
<b>Financial liabilities</b>				
Corporate bonds and debt instruments sold short	19,186	2,007	-	<b>21,193</b>
Forward currency contracts	-	7,383	-	<b>7,383</b>
Loans and borrowings measured at amortised cost	-	153,155	-	<b>153,155</b>
Other financial liabilities measured at amortised cost	-	53,217	-	<b>53,217</b>
Preferred equity certificates	-	540,723	-	<b>540,723</b>
<b>Total</b>	<b>19,186</b>	<b>756,485</b>	<b>-</b>	<b>775,671</b>

**Transfers between Level 2 and Level 3**

During 2017, following further developments in the liquidity of certain debt securities, investments of the Compartment with a value of EUR 17.4 million (2016: EUR 4.8 million) were reclassified from Level 2 to Level 3 and there was reclassification from Level 3 to Level 2 of EUR 7.2 million (2016: EUR 27.3 million).

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (Continued) For the year ended December 31, 2017 (Expressed in thousand EUR)

#### 6 Fair value of financial instruments - (continued)

##### **Listed corporate bonds**

The fair values of listed corporate bonds 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 unlisted corporate debt and managed collateralised loan obligations (CLOs). These investments are generally not quoted in an active market and 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 a combination of a third party pricing service, an appraisal of the performance of the issuing company and utilising appropriate valuation techniques such as counterparty marks and recently executed transaction prices in securities of the issuer or comparable issuers. The Compartment has classified the fair value of these investments as Level 3 for this financial year.

##### **Valuation process for Level 3 valuations**

Valuations are the responsibility of the Board of Directors of the Compartment, who have engaged CPSIM, CPIM 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, CPIM 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 CLOs are primarily valued based on the bid price as provided by the third party pricing service, and may be amended following consideration of the Net Asset Value (NAV) published by the administrator of the CLOs. Furthermore, 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 investments as Level 3.

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 there are no broker quotes, CPIM produces a pricing memorandum for the Compartment drawing on the International Private Equity Valuation guidelines, which is discussed, reviewed and accepted by the Board and the independent service provider.

If CPIM and the independent service provider have difficulty in establishing an agreed upon valuation for an asset, they will discuss and agree alternative valuation methods.

##### **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.

	<b>Corporate bonds and debt securities</b>	<b>CLOs (including Asset Backed Securities)</b>	<b>Equities and Warrants</b>	<b>Total</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>Balances as at January 1, 2016</b>	<b>99,573</b>	<b>49,672</b>	<b>60</b>	<b>149,305</b>
Total gains and losses in profit or loss in the year	7,494	(368)	31	7,157
Purchases / subscriptions	73,274	3,258	48	76,580
Sales / redemptions	(112,428)	(18,441)	-	(130,869)
Transfers into / (out of) Level 3	(22,495)	-	-	(22,495)
<b>Balances as at December 31, 2016</b>	<b>45,418</b>	<b>34,121</b>	<b>139</b>	<b>79,678</b>
Total gains and losses in profit or loss in the year	(651)	2,428	766	2,543
Purchases / subscriptions	102,364	7,697	-	110,061
Sales / redemptions	(49,648)	(14,177)	-	(63,825)
Transfers into / (out of) Level 3	10,125	-	-	10,125
<b>Balances as at December 31, 2017</b>	<b>107,608</b>	<b>30,069</b>	<b>905</b>	<b>138,582</b>
Total unrealised gains and losses at December 31, 2016 included in profit or loss for assets held at the end of the year	<b>789</b>	<b>(1,482)</b>	<b>91</b>	<b>(602)</b>
Total unrealised gains and losses at December 31, 2017 included in profit or loss for assets held at the end of the year	<b>(906)</b>	<b>1,955</b>	<b>857</b>	<b>1,906</b>

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**Notes to the Financial Statements (Continued)  
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**6 Fair value of financial instruments - (continued)**

**Level 3 reconciliation - (continued)**

**Quantitative information of significant unobservable inputs – Level 3**

Description	December 31, 2017 €000	Valuation technique	Unobservable input	Range (weighted average)
Collateralised loan obligations (including Asset Backed Securities)	30,069	Broker quotes / other methods	Specific valuations of the industry: expert valuation	N/A
Corporate Bonds and Debt instruments	107,608	Broker quotes / Market multiples / Discounted Cash Flow	Cost of market transactions / Multiple of listed companies / management information	N/A

The Board of Directors and CPIM have valued the CLO positions at bid-price as at December 31, 2017 as they believe this is the most appropriate value for these positions. The Board of Directors and CPIM 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 December 31, 2017 are as shown below:

Description	Input	Sensitivity used	Effect on fair value
Collateralised loan obligations (including Asset Backed Securities)	Discount to broker quotes/ valuation method	20%	6,014
Corporate Bonds and Debt instruments	Discount to broker quotes/ valuation method	10%	10,761

**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 (1) are allocated to all PEC holders; the performance of the derivative contracts taken out further to purpose (2) 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.

CPIM 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.

In addition to market risk, the main risks 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.

	31-Dec-17			31-Dec-16
	Assets €000	Liabilities €000	Net €000	Net €000
<b>Derivatives primarily held for risk management purposes</b>				
Forward currency contracts undertaken to hedge exposure to:				
PECs denominated in non-Euro	4,822	-	4,822	(7,383)
Financial assets denominated in non-Euro	3,344	-	3,344	2,021
	<b>8,166</b>	<b>-</b>	<b>8,166</b>	<b>(5,362)</b>

**8 Other receivables and prepayments**

	31-Dec-17 €000	31-Dec-16 €000
Receivables on trades not settled as at end of the year	43,221	7,569
Other receivables and prepayments	1,199	4,803
	<b>44,420</b>	<b>12,372</b>



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**Notes to the Financial Statements (Continued)  
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<b>9</b>	<b><u>Cash and cash equivalents</u></b>	<b>31-Dec-17</b>	<b>31-Dec-16</b>
		<b>€000</b>	<b>€000</b>
	Cash at banks	167,040	121,934
		<u><b>167,040</b></u>	<u><b>121,934</b></u>

**10** **Preferred Equity Certificates**

The Compartment's investment capital consists of funds received for subscriptions to the PECs and loans and borrowings. 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 entitle the holders to income distributions and non-distributing PECs whose holders are not entitled to income distributions. As at December 31, 2017 the Compartment has six series of income distributing PECs and two series of non-distributing PECs outstanding (2016: seven series of income distributing PECs, one series of non-distributing PECs).

The non-distributing PECs are not entitled to receive income distributions, however a pro-rata allocation of the income distribution is calculated and allocated to them on a three monthly basis (such periodicity being set as of October 2016) for the purposes of the calculation of the proportionate share of the Compartment's net asset value on the optional redemption date or upon winding up of the Compartment. The first allocation has been made in January 2016.

The income distributing PECs are entitled to receive income distributions every three months (such periodicity being set as of October 2016) 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 the Compartment paid income distributions in January 2017 of EUR 5.7 million for the period October to December 2016, April 2017 of EUR 5.9 million for the period January to March 2017, July 2017 of EUR 7.3 million for the period April to June 2017 and EUR 7.4 million in October 2017 for the period July to September 2017. The next income distribution was paid in January 2018, 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, including loans and borrowings. For the purpose of calculating the NAV attributable to holders of the PECs in accordance with the PPM, the Compartment's assets and liabilities are valued on the basis of current bid prices and redemptions are made using the weighted average cost of capital. During the year, there were net redemptions of 6% of the Compartment's average PECs in issue during the same year (2016: 23%).

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 units (000s)</b>		<b>Issued, fully paid and outstanding PECs €000</b>	
	<b>Income distributing PECs</b>	<b>Non-distributing PECs</b>	<b>Income distributing PECs</b>	<b>Non-distributing PECs</b>
<b>At January 1, 2016</b>	<b>523,295</b>	<b>52,998</b>	<b>641,143</b>	<b>52,961</b>
Issuance of PECs	9,989	4,308	9,860	4,552
Redemption of PECs (at fair value)	(120,716)	-	(133,637)	-
Net movement in nominal PECs resulting from conversions between Euro and non-Euro currencies series	(618)	-	-	-
Increase / (decrease) in net assets attributable to the PEC holders from operations before distributions excluding net gain on financial assets and liabilities at fair value through profit or loss	-	-	44,866	5,991
Distributions to Preferred Equity Certificate holders	-	-	(36,415)	-
Net gain on financial assets and liabilities at fair value through profit or loss in respect to derivative financial instruments on Sterling Preferred Equity Certificates	-	-	(48,598)	-
<b>At December 31, 2016</b>	<b>411,950</b>	<b>57,306</b>	<b>477,219</b>	<b>63,504</b>
Issuance of PECs	116,636	25,720	144,080	30,250
Redemption of PECs (at fair value)	(30,557)	-	(35,451)	-
Net movement in nominal PECs resulting from conversions between Euro and non-Euro currencies series	(568)	-	-	-
Increase in net assets attributable to the PEC holders from operations before distributions excluding net gain on financial assets and liabilities at fair value through profit or loss	-	-	43,203	7,670
Distributions to Preferred Equity Certificate holders	-	-	(26,281)	-
Net (loss) on financial assets and liabilities at fair value through profit or loss in respect to derivative financial instruments on Sterling Preferred Equity Certificates	-	-	(8,403)	-
<b>At December 31, 2017</b>	<b>497,461</b>	<b>83,026</b>	<b>594,367</b>	<b>101,424</b>

**CVC European Credit Opportunities S.à r.l., in respect of its Compartment A**

**Notes to the Financial Statements (Continued)  
For the year ended December 31, 2017  
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**10 Preferred Equity Certificates - (continued)**

<u>2017</u>	<u>Maturity</u>	<u>Nominal In units '000</u>	<u>Unrealised revaluation as of 31-Dec-17 €000</u>	<u>31-Dec-17 €000</u>
Series 1 PECs - Income distributing	Dec 2030	125	27	152
Series 4 PECs - Income distributing	Dec 2030	121,787	9,701	134,199
Series 5 PECs - Income distributing	Dec 2030	294,111 *	7,087	373,339
Series 6 PECs - Income distributing	Dec 2030	13,135	949	14,148
Series 7 PECs - Income distributing	Dec 2030	40,000	2,755	42,755
Series 8 PECs - Non-distributing	Dec 2030	83,164	12,674	100,947
Series 9 PECs - Income distributing	Dec 2030	27,714	1,730	29,774
Series 10 PECs - Non-distributing	Dec 2030	449	39	477
			<b>34,962</b>	<b>695,791</b>

<u>2016</u>	<u>Maturity</u>	<u>Nominal In units '000</u>	<u>Unrealised revaluation as of 31-Dec-16 €000</u>	<u>31-Dec-16 €000</u>
Series 1 PECs - Income distributing	Dec 2030	125	21	146
Series 3 PECs - Income distributing	Dec 2030	1,000	104	1,104
Series 4 PECs - Income distributing	Dec 2030	127,715	6,239	135,548
Series 5 PECs - Income distributing	Dec 2030	213,014 *	6,053	268,528
Series 6 PECs - Income distributing	Dec 2030	8,531	351	8,851
Series 7 PECs - Income distributing	Dec 2030	40,000	1,180	41,180
Series 8 PECs - Non-distributing	Dec 2030	57,569	5,356	63,504
Series 9 PECs - Income distributing	Dec 2030	21,300	688	21,862
			<b>19,992</b>	<b>540,723</b>

\* The nominal units issued to Series 5 PECs are denominated in GBP.

**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.

**CVC European Credit Opportunities S.à r.l., in respect of its Compartment A**

**Notes to the Financial Statements (Continued)  
For the year ended December 31, 2017  
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<b>11</b>	<b><u>Financial liabilities: interest-bearing loans and borrowings</u></b>	<b>31-Dec-17</b>	<b>31-Dec-16</b>
		<b>€000</b>	<b>€000</b>
	Current interest-bearing loans and borrowings		
	Interest on loan - Bank 1	-	500
	Interest on loan - Bank 2	130	-
		<u>130</u>	<u>500</u>

	Effective interest rate (EIR, %)	Maturity		
Non-current interest-bearing loans and borrowings				
Loan - Bank 1 *	N/A	N/A	-	152,655
Loan - Bank 2 (principal EUR 175 million)	1.97%	18-Dec-20	173,597	-
			<u>173,597</u>	<u>152,655</u>

\* During December 2017, the loan from Bank 1 was repaid in full, and a loan was taken out with Bank 2 in December 2017 for EUR 175 million. The effective interest rate (EIR), is the combination of the nominal interest rate of Euribor + 3months + 1.28% and the amortisation of the arrangement fee of EUR 1.42 million. The EUR 175 million loan is shown net of the arrangement fee, which is expensed via the EIR over 3 years. There is collateral of EUR 139 million and assets with market value of EUR 160 million in regards of the loan with Bank 2 (2016: EUR 9 million in cash with Bank 1 and assets with a market value of EUR 208.2 million).

<b>12</b>	<b><u>Other payables and accrued expenses</u></b>	<b>31-Dec-17</b>	<b>31-Dec-16</b>
		<b>€000</b>	<b>€000</b>
	Payables on trades not settled as at end of the year	65,397	42,842
	Cash due in relation to trades already settled	-	2,680
	Subscription advance	300	-
	Other payables and expenses	1,153	2,512
		<u>66,850</u>	<u>48,034</u>

<b>13</b>	<b><u>Interest revenue and expense</u></b>	<b>31-Dec-17</b>	<b>31-Dec-16</b>
		<b>€000</b>	<b>€000</b>
	<b>Interest revenue</b>		
	Interest revenue on debt securities designated at fair value through profit or loss	40,180	45,161
		<u>40,180</u>	<u>45,161</u>
	<b>Interest expense</b>		
	Interest and related expenses on non-current interest-bearing loans and borrowings	(3,807)	(3,271)
	Other*	(3,156)	(3,273)
		<u>(6,963)</u>	<u>(6,544)</u>

\*This caption mostly consists of delayed compensation and cost of carry on debt securities sold short paid by the Compartment during 2017. Please see Note 2.2.8 for further details. During the year, EUR 8.8 million was paid in cash interest (2016: EUR 3.6 million).

<b>14</b>	<b><u>Other revenue</u></b>	<b>31-Dec-17</b>	<b>31-Dec-16</b>
		<b>€000</b>	<b>€000</b>
	Other revenue received on debt instruments designated at fair value through profit or loss*	4,332	4,375

\* This caption mostly includes payment in kind interest, prepayment fees and delayed compensation income received from debt securities held by the Compartment.

**15 Taxation**  
The Company, of which the Compartment as at December 31, 2017 was one of three compartments (during 2017 one compartment was liquidated), is subject to the minimum net wealth tax payable in Luxembourg of EUR 4,815 per annum, which is allocated equally between the compartments that existed in the year. Interest revenue is subject to withholding tax in certain foreign jurisdictions and is the only item subject to taxation. For the year 2017 and 2016, there was no withholding tax applied on the interest.

**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 CPISM and CPIM.

**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.

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (Continued) For the year ended December 31, 2017 (Expressed in thousand EUR)

#### 16 Financial risk and management objectives and policies (continued)

##### **Risk measurement and reporting system (continued)**

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.

##### **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 PPM includes specific guidelines to focus on maintaining a diversified portfolio. CPISM and CPIM are instructed to monitor and act to reduce exposure or to agree with the Board of Directors 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.

Short selling involves borrowing securities and selling them to a broker-dealer. The Compartment has an obligation to replace the borrowed securities at a later date. Short selling allows the Compartment to profit from a decline in market price to the extent that such decline exceeds the transaction costs and the costs of borrowing the securities, while the gain is limited to the price at which the Compartment sold the security short. Possible losses from short sales may be unlimited as the Compartment has a liability to repurchase the security in the market at prevailing prices at the date of acquisition.

##### **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 instruments in the European Union and surrounding countries. Most of the Compartment's investments in debt instruments 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.

	Change in basis points	Sensitivity of interest income increase/(decrease)	As % of financial assets
		€000	%
<b>31-Dec-17</b>			
EUR	+25 / -25	812 / (812)	0.11%
USD	+25 / -25	464 / (464)	0.06%
GBP	+25 / -25	263 / (263)	0.03%
<b>31-Dec-16</b>			
EUR	+25 / -25	1003 / (1003)	0.16%
USD	+25 / -25	312 / (312)	0.05%
GBP	+25 / -25	279 / (279)	0.04%

**CVC European Credit Opportunities S.à r.l., in respect of its Compartment A**

**Notes to the Financial Statements (Continued)**  
**For the year ended December 31, 2017**  
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**16 Financial risk and management objectives and policies (continued)**

**Interest rate risk - (continued)**

As 12% of the portfolio (on a fair value basis) (2016: 12%) 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 2017*

	<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, 2017</b>			
<b>Assets</b>			
Cash and cash equivalents	-	167,040	167,040
Interest and other receivables	43,221	1,199	44,420
Financial assets at fair value through profit or loss	744,561	-	744,561
<b>Total Assets</b>	<b>787,782</b>	<b>168,239</b>	<b>956,021</b>
<b>Liabilities</b>			
Debt instruments sold short	23,500	-	23,500
Loan and Borrowings	173,597	130	173,727
Other liabilities and accrued expenses	65,397	5,772	71,169
<b>Total liabilities</b>	<b>262,494</b>	<b>5,902</b>	<b>268,396</b>
<b>Total interest sensitivity gap</b>	<b>525,288</b>	<b>162,337</b>	<b>687,625</b>

*Interest rate risk exposure analysis 2016*

	<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, 2016</b>			
<b>Assets</b>			
Cash and cash equivalents	121,934	-	121,934
Interest and other receivables	7,569	4,803	12,372
Financial assets at fair value through profit or loss	639,344	-	639,344
<b>Total assets</b>	<b>768,847</b>	<b>4,803</b>	<b>773,650</b>
<b>Liabilities</b>			
Debt instruments sold short	21,193	-	21,193
Loan and Borrowings	152,655	500	153,155
Other liabilities and accrued expenses	42,842	10,375	53,217
<b>Total liabilities</b>	<b>216,690</b>	<b>10,875</b>	<b>227,565</b>
<b>Total interest sensitivity gap</b>	<b>552,157</b>	<b>(6,072)</b>	<b>546,085</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 December 31 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, and includes the impact of the hedging programme undertaken by the Compartment.

<b>Currency</b>	<b>Change in currency rate</b>	<b>Effect on net assets attributable to PEC holders and on the change in net assets attributable to PEC holders from operations</b>	
		<b>2017</b>	<b>2016</b>
	<b>%</b>	<b>€000</b>	<b>€000</b>
GBP	10%	193	(79)
USD	10%	(110)	406

An equivalent decrease in each of the aforementioned currencies against the euro would have resulted in an equivalent but opposite impact.

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (Continued) For the year ended December 31, 2017 (Expressed in thousand EUR)

#### 16 Financial risk and management objectives and policies (continued)

##### Currency risk - (continued)

###### *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. This excludes the impact of the hedging programme undertaken by the Compartment.

	31-Dec-17	31-Dec-16
	% of total financial assets	
<b>Financial assets (including debt securities, other receivables and cash)</b>		
GBP	16%	13%
USD	31%	27%
	47%	40%
	31-Dec-17	31-Dec-16
	% of total financial liabilities	
<b>Financial liabilities (including financial liabilities measured at amortised cost and payables)</b>		
GBP	40%	36%
USD	2%	1%
	42%	37%

##### 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 Directors of the Company has the ability to determine that a Redemption Deferral Event (as defined in the PPM) has occurred where there is insufficient liquidity to meet the redemption payments (please see the 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 fifty days notice (forty five days notice for PECs series 4 and 5) and subject to the restrictions detailed above, along with the redemption payment date falling forty days after the Valuation Date.

The Compartment satisfies 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 maintains sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests.

It is the Compartment's approach that CPIM 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.

###### *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, in addition certain significant PEC holders have certain restrictions which should result in a maximum 36% of the PECs issued by the Compartment as at December 31, 2017 (2016: 37%) being redeemable in the next 12 months.

###### *Financial assets*

Analysis of debt instruments 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.

**CVC European Credit Opportunities S.à r.l., in respect of its Compartment A**

**Notes to the Financial Statements (Continued)**  
**For the year ended December 31, 2017**  
 (Expressed in thousand EUR)

**16 Financial risk and management objectives and policies (continued)**

**Liquidity risk - (continued)**

*Liquidity risk exposure analysis*

	<b>Within 1 year</b>	<b>Greater than 1 year</b>	<b>Total</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>As at December 31, 2017</b>			
<b>Financial liabilities</b>			
Corporate bonds and debt instruments sold short	23,500	-	23,500
Management and performance fees payable	4,177	-	4,177
Custodian and administration fees payable	142	-	142
Loans and borrowings	-	175,000	175,000
Other payables and accrued expenses	66,850	-	66,850
Net assets attributable to PEC holders *	695,791	-	695,791
<b>Total undiscounted financial liabilities</b>	<b>790,460</b>	<b>175,000</b>	<b>965,460</b>

*Liquidity risk exposure analysis*

	<b>Within 1 year</b>	<b>Greater than 1 year</b>	<b>Total</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>As at December 31, 2016</b>			
<b>Financial liabilities</b>			
Corporate bonds and debt instruments sold short	21,193	-	21,193
Derivative financial instruments	7,383	-	7,383
Management and performance fees payable	5,057	-	5,057
Custodian and administration fees payable	126	-	126
Loans and borrowings	-	153,000	153,000
Other payables and accrued expenses	48,034	-	48,034
Net assets attributable to PEC holders *	540,723	-	540,723
<b>Total undiscounted financial liabilities</b>	<b>622,516</b>	<b>153,000</b>	<b>775,516</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.

**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.

CPIM and CPISM closely monitor the creditworthiness of the Compartment's counterparties (e.g. banks, money market funds and the issuers of the debt instruments) 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-17</b>	<b>31-Dec-16</b>
	<b>€000</b>	<b>€000</b>
Cash and cash equivalents	167,040	121,934
Other receivables and prepayments	44,420	12,372
Derivative financial instruments	8,166	2,021
Equities and warrants	2,557	2,637
Interest bearing securities designated at fair value through profit or loss	742,004	636,707
<b>Total credit risk exposure</b>	<b>964,187</b>	<b>775,671</b>

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (Continued) For the year ended December 31, 2017 (Expressed in thousand EUR)

#### 16 Financial risk and management objectives and policies (continued)

##### Credit risk - (continued)

##### Risk concentrations of the maximum exposure to credit risk

Concentration of credit risk is managed by CPIM and CPISM by monitoring the exposure to counterparty, geographical region and industry sector.

The Compartment has no counterparty comprising more than 3.9% of the whole portfolio as at December 31, 2017 (2016: 3.5%).

The following table analyses the concentration of credit risk in the Compartment's debt portfolio by geographical distribution (based on counterparties' country of domicile):

	31-Dec-17	31-Dec-16
	% of debt instruments	
European Union (excluding United Kingdom) and European Economic Area	50%	51%
United States of America	23%	25%
United Kingdom and British Isles	22%	14%
Others	5%	10%
	<u>100%</u>	<u>100%</u>

The following table analyses the concentration of credit risk in the Compartment's debt portfolio by industrial distribution.

	31-Dec-17	31-Dec-16
	% of debt instruments	
Retail Store	11%	10%
Diversified/Conglomerate Service	11%	5%
Electronics	10%	10%
Finance	6%	11%
Broadcasting and Entertainment	6%	8%
Ecological	6%	3%
Hotels, Motels, Inns and gaming	5%	6%
Chemicals, Plastics and Rubber	5%	6%
Business Services	5%	0%
Buildings and Real Estate	4%	9%
Healthcare, Education and Childcare	4%	7%
Transportation and Logistics	4%	0%
Leisure, Amusement, Motion Pictures, Entertainment	0%	5%
Healthcare and Pharmaceuticals	0%	4%
Other	23%	16%
	<u>100%</u>	<u>100%</u>

#### 17 Personnel

The Compartment did not employ any personnel during the year.

#### 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 Services Manager*

CPISM is an investor into the Series 1 PECs issued by the Compartment and is also the investment services manager of the Company under the Investment Services Agreement dated September 19, 2011 under which CPISM has the right to receive the Management Fee, Performance Fee and Redemption Fee as detailed below. Each of S. Riley, D. Maccabe, J. Bowers and B. Bradkin are members of the Board of directors of CPISM.

##### *Management fees*

The amount recognised for Management Fees for the period ended December 31, 2017 in the income statement was EUR 5,987,100 (2016: EUR 5,893,872) of which EUR 543,316 remains outstanding as at December 31, 2017 (2016: EUR 901,986). The fees are calculated based on a percentage of 1% of the gross asset value of each Series, 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, 2017 was EUR 3,631,619 (2016: EUR 4,194,683), of which EUR 3,633,224 remains outstanding as at December 31, 2017 (2016: EUR 4,154,896). 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).



## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (Continued) For the year ended December 31, 2017 (Expressed in thousand EUR)

#### 19 Related party disclosures (continued)

##### *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, 2017 (2016: nil).

##### *Other related party transactions*

During 2017 the Compartment subscribed for debt at primary issuance from the following companies: Avast Software, BJs, Corialis, Sky Bet, Parex Group, Paysafe, Tipico. CVC Capital Partners has an interest in these companies. These positions were entered into pari passu with third party investors.

#### 20 Post balance sheet events

During January 2018, the Compartment paid an income distribution of EUR 8.2 million to the PEC holders and allocated EUR 1.4 million to the non-distributing PEC holders and received subscriptions of EUR 1.7 million. During February 2018 redemptions on Series 5 and 6 PECs will be paid for approximately EUR 3.7 million and there will be a further subscription for Series 4, 5 and Series 8 PECs for EUR 8.3 million. During March 2018 there will be a further subscription for Series 5 PECs for EUR 2.1 million. During May 2018 redemptions of Series 4, 5, 6 and 7 PECs will be paid for approximately EUR 47.9 million.

**CVC EUROPEAN CREDIT OPPORTUNITIES S.À R.L., IN RESPECT OF ITS COMPARTMENT A**

**ANNUAL AUDITED FINANCIAL STATEMENTS  
For the year ended 31 December 2018**

Registered office:  
40 avenue Monterey  
L-2163 Luxembourg  
Grand Duchy of 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

#### **Board of Directors**

Mr. Mark DeNatale	Class A
Mr. Douglas Maccabe	Class B
Ms. Sue Player (appointed 4 April 2018)	Class A
Mr. Pierre-Guillaume Delhumeau (appointed 5 June 2018)	Class B
Mr. Andrew Davies (appointed 31 July 2018)	Class A
Ms. Annig Etesse (appointed 16 August 2018)	Class B
Ms. Paola Miccoli (resigned 22 February 2018)	Class B
Mr. Brandon Bradkin (resigned 27 March 2018)	Class A
Mr. Russell Proffitt-Perchard (resigned 5 June 2018)	Class B
Mr. Jonathan Bowers (resigned 31 July 2018)	Class A
Ms. Clarissa Steland (resigned 16 August 2018)	Class B
Mr. Simon Riley (resigned 16 August 2018)	Class B

#### **Investment Services Manager**

CVC Credit Partners Investment Services Management Limited  
1 Waverley Place  
Union Street  
St. Helier  
JE1 1SG  
Jersey  
Channel Islands

#### **Investment Manager**

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

#### **Registered Office**

40 avenue Monterey  
L-2163 Luxembourg  
Grand Duchy of Luxembourg

#### **Independent Auditor**

Ernst & Young S.A.  
35E avenue John F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Directors' Report For the year ended 31 December 2018 (Unaudited)

#### Report of the Directors

The Board of Directors (the "Board") presents the annual audited financial statements of CVC European Credit Opportunities S.à r.l. (the "Company"), in respect of its Compartment A (the "Compartment") for the year ended 31 December 2018.

#### Investment objective

The Investment Objective of the Compartment is to provide Preferred Equity Certificate ("PEC") holders with regular income returns and capital appreciation from a diversified portfolio of predominantly sub-investment grade debt instruments.

#### Investment policy

Investments are made predominantly in the debt obligations of companies domiciled, or with material operations, in Western Europe across various industries. The Compartment's portfolio is constructed with a focus on senior secured obligations, however investments may also be made across the capital structure of borrowers.

#### Performance

The performance of the Compartment is reported on a monthly basis and is summarised below:

Net Total Return Monthly Performance <sup>1</sup>													
EUR	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	0.82%	0.46%	0.24%	0.60%	0.22%	0.57%	0.95%	0.55%	0.17%	-0.94%	-1.76%	-1.50%	0.34%
2017	2.15%	0.81%	0.58%	0.85%	1.21%	0.73%	1.11%	0.27%	0.26%	0.41%	0.44%	0.03%	9.20%
2016	-0.49%	-1.55%	2.17%	1.65%	1.01%	-0.81%	2.02%	0.90%	0.61%	0.88%	1.46%	1.32%	9.50%
2015	0.86%	1.19%	1.17%	1.17%	0.77%	-0.35%	0.79%	-0.15%	0.09%	0.23%	-0.31%	-0.39%	5.15%
2014	0.71%	0.43%	0.30%	0.44%	0.47%	0.69%	0.23%	0.19%	-0.15%	-0.34%	-0.10%	0.23%	3.13%
2013	1.13%	0.71%	0.82%	1.43%	0.71%	-0.79%	0.33%	0.53%	0.69%	0.68%	0.68%	0.42%	7.58%

Year to Date Performance <sup>1</sup>		Performance <sup>1</sup>		
		2018	3 yr Ann <sup>4</sup>	ITD Ann <sup>5</sup>
Gross Return <sup>2</sup>	1.28%	1.28%	7.80%	11.65%
Net Total Return <sup>3</sup>	0.34%	0.34%	6.26%	10.19%

#### Reconciliation of Investor Reporting to International Financial Reporting Standards ("IFRS")

The Compartment's financial statements are prepared in accordance with IFRS. As described in the notes to the financial statements, PECs have been classified as financial liabilities. Due to this classification, distributions paid to PECs during the year and the net loss on derivative financial instruments on Sterling PECs have been recorded as charges and have reduced the total comprehensive income. Adjusting for these two items would result in a total comprehensive loss of EUR 0.44 million for the year (2017: EUR 50.9 million income), which reflects the trading performance of the Compartment:

	2018	2017
	EUR'000	EUR'000
<b>Total comprehensive (loss) / gain for the year under IFRS</b>	(33,244)	16,189
<b>Add back:</b>		
- Net loss on derivative financial instruments on Sterling PECs	911	8,403
- Income distributions paid to PEC holders	31,892	26,281
<b>Adjusted total comprehensive (loss) / gain for the year</b>	<b>(441)</b>	<b>50,873</b>

<sup>1</sup> Returns presented are for the Investment Vehicle as a whole, excluding any amounts specifically allocated to non-EUR PECs further to the PPM.

<sup>2</sup> Gross Return is before management and performance fees and assumes distributions are reinvested.

<sup>3</sup> Net Total Return is post management and performance fees and assumes distributions are reinvested.

<sup>4</sup> Three years annualised return.

<sup>5</sup> Inception to date annualised return ("ITD Ann") includes performance from the Compartment's predecessor vehicle. The assets of the predecessor vehicle were contributed into the Compartment in September 2011.

## **CVC European Credit Opportunities S.à r.l., in respect of its Compartment A**

### **Directors' Report (continued) For the year ended 31 December 2018 (Unaudited)**

#### **Market overview**

Management remain optimistic with regards to the growing opportunity within the Performing Credit and Credit Opportunities segments of the portfolio. Wider credit spreads and anticipated volatility will allow for active portfolio management to manage the risk profile in large liquid capital structures with a focus on senior secured floating rate assets. As highlighted throughout 2018, Management continue to identify opportunities across the corporate credit spectrum. The volatility of the last quarter of trading was very sharp and as such impacted the portfolio across strategies on a mark to market basis. 2018 will be remembered as the worst performing year in credit since 2008 where both Investment Grade and High Yield across Europe and the US resulted in negative performance for the year.

In 2019, the market opportunity will be driven by continued disposition and activity from European bank balance sheets; sustained divergence in monetary policy between the USA, EU, Japan and UK impacting market liquidity; a slow down in global economic growth as already being identified in the EU as well as geopolitical concerns resulting in sudden shifts in risk sentiment. It is anticipated that all of these will result in periods of market volatility driving corporate fundamentals and technical flows.

#### **Significant events during the year**

There were no significant events outside of the Compartment's normal course of business.


#### **Research and development**

There are no research and development activities carried out for the year ended 31 December 2018.

#### **Post balance sheet events**

In January 2019, the Compartment paid an income distribution of EUR 2.7 million and GBP 5.2 million to the PEC holders and allocated EUR 2.6 million to the non-distributing PEC holders. Moreover, in January 2019 the Compartment received subscriptions amounting to EUR 0.65 million and GBP 3.0 million.

  
Director  
Date: 13 February 2019

  
Director  
Date: 13 February 2019

To the Board of Managers of  
CVC European Credit Opportunities S.à r.l.  
in respect of its Compartment A  
40, Avenue Monterey  
L-2163 Luxembourg

## Independent auditor's report

### Opinion

We have audited the financial statements of CVC European Credit Opportunities S.à r.l. in respect of its Compartment A (the "Compartment"), which comprise the statement of financial position as at 31 December 2018 and the statement of comprehensive income and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Compartment as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

### Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under those Law and standards are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Compartment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

The Board of Managers is responsible for the other information. The other information comprises the information included in the management report but does not include the financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

### **Responsibilities of the Board of Managers and those charged with governance for the financial statements**

The Board of Managers is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS as adopted by the European Union legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Managers determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Compartment's internal control.

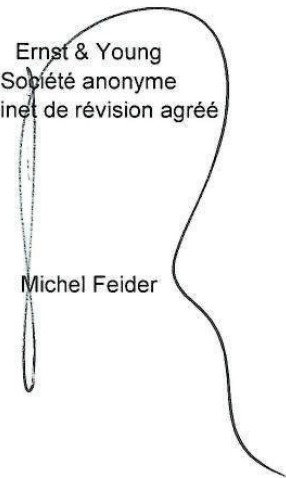
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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.
- Conclude on the appropriateness of Board of Managers use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Compartment's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Compartment to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young  
Société anonyme  
Cabinet de révision agréé



Michel Feider

Luxembourg, 13 February 2019

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**CVC European Credit Opportunities S.à r.l., in respect of its Compartment A**

**Statement of Comprehensive Income  
For the year ended 31 December 2018  
(Expressed in thousand EUR)**

	Notes	1-Jan-18 to 31-Dec-18 EUR'000	1-Jan-17 to 31-Dec-17 EUR'000
<b>Income</b>			
Net (loss) / gain on financial assets and liabilities at fair value through profit or loss:			
In respect to equity and debt securities	3	(10,599)	(2,772)
In respect to derivative financial instruments on non-EUR PECs	3	(911)	(8,403)
In respect to other derivative financial instruments	3	(20,318)	26,740
Net foreign exchange gains		665	1,255
Interest income	13	44,613	40,180
Other income	14	2,781	4,332
		<u>16,231</u>	<u>61,332</u>
<b>Expenses</b>			
Interest expense	13	(8,365)	(6,963)
Management fees	12	(6,805)	(5,987)
Performance fees	12	(25)	(3,632)
Custodian and administration fees	12	(794)	(882)
Other general expenses	12	(1,592)	(1,397)
		<u>(17,581)</u>	<u>(18,861)</u>
<b>Operating (loss) / profit</b>		<u>(1,350)</u>	<u>42,471</u>
Income distributions paid to PEC holders	8	(31,892)	(26,281)
Other taxes	15	(2)	(1)
<b>(Loss) / profit for the year</b>		<u>(33,244)</u>	<u>16,189</u>
<b>Total comprehensive (loss) / income for the year</b>		<u>(33,244)</u>	<u>16,189</u>

The financial statements on pages 9 to 42 were authorised by the Board on 7 February 2019 and authorised for release on 13 February 2019 and were signed on its behalf by:

  
Director  
Date: 13 February 2019

  
Director  
Date: 13 February 2019

The accompanying notes 1 to 22 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 31 December 2018  
(Expressed in thousand EUR)**

	Notes	31-Dec-18 EUR'000	31-Dec-17 EUR'000
<b>Assets</b>			
Financial assets at fair value through profit or loss			
Equity securities	3, 4	4,986	2,557
Debt securities	3, 4	813,206	742,004
Derivative financial instruments	3, 4, 5	-	8,166
Other receivables and prepayments	6	29,057	44,420
Cash and cash equivalents	7	247,850	167,040
<b>Total assets</b>		<b>1,095,099</b>	<b>964,187</b>
<b>Liabilities</b>			
Financial liabilities at fair value through profit or loss			
Debt securities	3, 4	57,100	23,500
Derivative financial instruments	3, 4, 5	2,198	-
Financial liabilities measured at amortised cost			
Loans and borrowings	3, 9	174,337	173,727
Other financial liabilities			
Management fees payable	3, 12	574	544
Performance fees payable	3, 12	3	3,633
Custodian and administration fees payable	3, 12	213	142
Other payables and accrued expenses	3, 11	81,296	66,850
<b>Total liabilities (excluding net assets attributable to the PEC holders)</b>		<b>315,721</b>	<b>268,396</b>
<b>Net assets attributable to the PEC holders</b>	8	<b>779,378</b>	<b>695,791</b>

The financial statements on pages 9 to 42 were authorised by the Board on 7 February 2019 and authorised for release on 13 February 2019 and were signed on its behalf by:

  
Director  
Date: 13 February 2019

  
Director  
Date: 13 February 2019

The accompanying notes 1 to 22 are an integral part of these financial statements.

**CVC European Credit Opportunities S.à r.l., in respect of its Compartment A**

**Statement of Cash Flows  
For the year ended 31 December 2018  
(Expressed in thousand EUR)**

	Notes	1-Jan-18 to 31-Dec-18 EUR'000	1-Jan-17 to 31-Dec-17 EUR'000
<b>Cash flow from operating activities</b>			
(Payments) / Proceeds on settlement of derivative financial instruments	5	(10,865)	4,809
Proceeds from sale of financial assets and financial liabilities at fair value through profit or loss	3	755,059	703,459
Payments for purchase of financial assets and financial liabilities at fair value through profit or loss	3	(773,440)	(823,073)
Interest received	13	43,623	43,784
Interest paid	11, 13	(5,961)	(5,883)
Management fees paid	12	(6,775)	(6,345)
Performance fees paid	12	(3,655)	(4,154)
Custodian and administration fees paid	12	(723)	(866)
Other general expenses paid		(1,435)	(1,597)
Other income received		1,395	2,487
<b>Net cash flows used in operating activities</b>		<b><u>(2,777)</u></b>	<b><u>(87,379)</u></b>
<b>Cash flow from financing activities</b>			
Proceeds from issuance of PECs	8, 10	190,287	174,630
Payments on redemption of PECs	8, 10	(73,458)	(35,451)
Income distributions paid to PEC holders	8, 10	(31,892)	(26,281)
Subscriptions received in advance	10, 11	148	300
Proceeds from borrowings	9	-	175,000
Repayment on borrowings	9, 10	-	(153,000)
Interest paid on borrowings	9, 10	(1,949)	(2,910)
Transaction costs on borrowings	9, 10	(214)	(1,058)
<b>Net cash flows from financing activities</b>		<b><u>82,922</u></b>	<b><u>131,230</u></b>
Net increase in cash and cash equivalents		80,145	43,851
Cash and cash equivalents at beginning of the year		167,040	121,934
Effect of exchange rate changes on cash and cash equivalents		665	1,255
<b>Cash and cash equivalents at end of the year</b>		<b><u>247,850</u></b>	<b><u>167,040</u></b>

The financial statements on pages 9 to 42 were authorised by the Board on 7 February 2019 and authorised for release on 13 February 2019 and were signed on its behalf by:

  
Director  
Date: 13 February 2019

  
Director  
Date: 13 February 2019

The accompanying notes 1 to 22 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 31 December 2018 (Expressed in thousand EUR)

### 1 Organisation and control

CVC European Credit Opportunities S.à r.l. (the "Company") was incorporated in Luxembourg on 2 December 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 Commission de Surveillance du Secteur Financier ("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. The ultimate parent of the Company is The CECO Charitable Trust. As at 31 December 2018, the Company operates Compartment A, C and D. These financial statements are solely for Compartment A which has issued Preferred Equity Certificates ("PECs") with a maturity date of 2030 (the "Compartment" or the "Issuer").

The corporate objective of the Company is the entering into and the performance of any transactions permitted under the Securitisation Law, 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 Securitisation Law; 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 Securitisation Law.

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 Securitisation Law 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.

As set out in the Compartment's Private Placement Memorandum (the "PPM"), first issued in 19 September 2011, with the current version in force being dated 20 November 2018, 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 Compartment 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) re-financing of existing transactions to reduce or eliminate refinancing risk, (iv) follow on/acquisition financing, (v) corporate refinancings driven by downgrades, (vi) provision of solution capital for stressed and distressed situations, (vii) acquisition of seller finance and (viii) dividend recapitalisations. The Compartment seeks to provide investors with such returns whilst endeavouring to maintain and preserve investors' capital.

The Compartment receives assistance in the formulation of investment strategy and monitoring services from the Investment Services Manager, CVC Credit Partners Investment Services Management Limited ("CPISM") and, indirectly, reporting and execution of the pre-determined investment strategies from the Investment Manager, CVC Credit Partners Investment Management Limited ("CPIM").

The Compartment's PECs are redeemable subject to various conditions at the option of the holder and were issued in 12 different series and as at 31 December 2018, 9 series are outstanding (as described further in Note 8).

The Compartment's financial year runs from 1 January to 31 December.

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (continued) For the year ended 31 December 2018 (Expressed in thousand EUR)

#### 2 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below and are consistent with those of the previous financial years.

##### 2.1 Basis of preparation and statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and interpretations adopted by the International Accounting Standards Board ("IASB") and the provisions of Luxembourg legal and regulatory requirements applicable to securitisation vehicles.

The financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities at fair value through profit or loss that have been measured at fair value.

The financial statements are presented in Euro ("EUR") and all values are rounded to the nearest thousand EUR (EUR '000) except where otherwise indicated.

##### 2.2 Use of accounting judgments, 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 years.

###### *Judgements*

In the process of applying the Compartment's accounting policies, management has made the following judgements, estimates and assumptions, 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 has the ability to determine that a Redemption Deferral Event (as defined in the PPM) has occurred as and when there is insufficient liquidity to meet all the redemption payments. In addition, certain significant PEC holders have certain restrictions which should result in a maximum 33% (2017: 36%) of the PECs issued by the Compartment as at 31 December 2018 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. Please see further Note 16.

###### *Functional currency*

The primary objective of the Compartment is to generate returns in EUR, its capital-raising currency. The liquidity of the Compartment is managed on a day-to-day basis in EUR in order to handle the issue, acquisition and resale of the Compartment's PECs. The Compartment's performance is evaluated in EUR, therefore, the management considers the EUR 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.

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (continued) For the year ended 31 December 2018 (Expressed in thousand EUR)

#### 2 Significant accounting policies (continued)

##### 2.2 Use of accounting judgments, estimates and assumptions (continued)

###### *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. See Note 4 "Fair Value of Financial Instruments".

##### 2.3 Financial instruments

On 1 January 2018, the Compartment adopted IFRS 9, Financial Instruments ("IFRS 9"), see Note 2.16 for the explanation of the impact. The comparative figures for the year ended 31 December 2017 have not been restated. Therefore, financial instruments in the comparative year are still accounted for in accordance with IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39").

###### (i) Classification

###### *Classification policy effective from 1 January 2018 under IFRS 9*

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

In applying that classification, a financial asset or financial liability is considered to be held for trading if any of the following is met:

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

###### *Financial assets*

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

- (a) The entity's business model for managing the financial assets
- (b) The contractual cash flow characteristics of the financial asset

###### *Financial assets measured at amortised cost*

A debt security is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Compartment includes in this category cash and cash equivalents, interest receivable, receivables on unsettled trades and other short-term receivables. Their carrying value, measured at amortised cost less any expected loss, is an approximation of fair value given their short-term nature.

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (continued) For the year ended 31 December 2018 (Expressed in thousand EUR)

#### 2 Significant accounting policies (continued)

#### 2.3 Financial instruments (continued)

##### (i) Classification (continued)

*Classification policy effective from 1 January 2018 under IFRS 9 (continued)*

*Financial assets measured at fair value through profit or loss ("FVPL")*

A financial asset is measured at fair value through profit or loss if any of the following is met:

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

The Compartment includes in this category equity securities and debt securities which are held under a business model to manage them on a fair value basis for investment income and fair value gains. This category also includes derivative contracts in an asset position. The equity securities, debt securities and derivatives are classified as held for trading.

*Financial liabilities*

*Financial liabilities measured at fair value through profit or loss ("FVPL")*

A financial liability is measured at FVPL if it meets the definition of held for trading. The Compartment includes in this category, equity securities and debt securities sold short and derivative contracts in a liability position as they are classified as held for trading. The Company also includes its redeemable participating notes or PECs in this category and their corresponding accounting policy is described further in Note 2.7.

*Financial liabilities measured at amortised cost*

This category includes all financial liabilities other than those measured at fair value through profit or loss. The Compartment includes in this category loans and borrowings, payables on unsettled trades, redemptions payable, and other short-term payables. Their carrying value, measured at amortised cost, is an approximation of fair value.

*Classification policy effective before 1 January 2018 under IAS 39*

*Financial assets and liabilities at FVPL*

The Company had classified its investments into the financial assets and liabilities at fair value through profit or loss category, in accordance with IAS 39.

*Financial instruments designated at fair value through profit or loss upon initial recognition*

These include debt and equity securities (long positions). Long positions are classified as financial assets at fair value through profit or loss. The Compartment may also undertake short sales in which a debt security not held in portfolio is sold in anticipation of a decline in the market value of that instrument. Short sales are classified as financial assets and liabilities at fair value through profit or loss.

The financial assets and liabilities are designated upon initial recognition on the basis that they are part of a group of financial assets and liabilities 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 PPM. The financial information about these financial assets and liabilities is provided internally on that basis to CPIM, CPISM and to the Board.



## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (continued)

For the year ended 31 December 2018

(Expressed in thousand EUR)

#### 2 **Significant accounting policies (continued)**

#### 2.3 **Financial instruments (continued)**

##### **(i) Classification (continued)**

###### *Derivative financial instruments*

The Compartment may engage, for the proportion of its financial assets, cash and cash equivalents and PEC's denominated in non-EUR, in currency hedging operations with a view to manage exposures to foreign currency risk. These hedging operations are considered as economic hedging. The Compartment does not apply hedge accounting. The derivative financial instruments are measured at fair value through profit or loss and carried as assets when the fair value is positive, and as liabilities when the fair value is negative, as disclosed in Note 5. Market values are determined by reference to the forward price at which a new forward currency exchange contract of the same size and maturity could be undertaken at the valuation date. The unrealised gain or loss on open forward currency exchange contracts is calculated as the difference between the contract rate and forward price, and is recognised in the Statement of Comprehensive Income.

###### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Compartment includes in this category cash and cash equivalents, interest receivable, receivables for unsettled trades and other short-term receivables.

###### *Other financial liabilities*

This category includes all financial liabilities other than those measured at fair value through profit or loss. The Compartment includes in this category loans and borrowings, payables on unsettled trades, redemptions payable, and other short-term payables.

##### **(ii) Recognition**

The Compartment recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the 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 and financial liabilities 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 Statement of Comprehensive Income. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

##### **(iv) Subsequent measurement**

After initial measurement, the Compartment's financial assets and liabilities at fair value through profit and loss are measured at fair value (see Note 2.6). Subsequent changes in the fair value of those financial assets and liabilities at fair value through profit and loss are recorded in net gain/(loss) on financial assets and liabilities at fair value through profit or loss in the Statement of Comprehensive Income. Interest earned or paid on these instruments is recorded separately in interest income or interest expense in the Statement of Comprehensive Income. Interest accrued but not yet paid at year end are included within the fair value of the instruments or in other payables and accrued expenses in the Statement of Financial Position.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in 'interest expense' in the Statement of Comprehensive Income.

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (continued) For the year ended 31 December 2018 (Expressed in thousand EUR)

#### 2 Significant accounting policies (continued)

#### 2.3 Financial instruments (continued)

##### (iv) Subsequent measurement (continued)

EIR is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense in the Statement of Comprehensive Income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the Compartment estimates cash flows considering all contractual terms of the financial instruments, but does not consider expected credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

##### (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. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Comprehensive Income.

#### 2.4 Impairment of financial asset

##### *Impairment policy effective from 1 January 2018 under IFRS 9*

The Compartment only holds receivables at amortised cost, with no financing component and which have maturities of less than 12 months, and as such, has chosen to apply an approach similar to the simplified approach for expected credit losses ("ECL") under IFRS 9 to all its receivables. Therefore, the Compartment does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECLs at each reporting date.

The Compartment's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Compartment uses the provision matrix as a practical expedient to measuring ECLs on receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

The carrying value of interest receivable, receivables on unsettled trades and other short-term receivables, measured at amortised cost less any expected loss, is an approximation of fair value given their short-term nature.

The Compartment did not recognise any impairment during the year ended 31 December 2018.

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (continued) For the year ended 31 December 2018 (Expressed in thousand EUR)

#### 2 Significant accounting policies (continued)

##### 2.4 Impairment of financial asset (continued)

*Impairment policy effective before 1 January 2018 under IAS 39*

The Compartment assesses at each reporting date whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future ECLs that have not yet been incurred) discounted using the asset's original EIR. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Comprehensive Income as a credit loss expense.

Impaired debts, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Compartment. If a previous write-off is later recovered, the recovery is credited to the credit loss expense. Interest revenue on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

##### 2.5 Foreign currency translations

Transactions during the year, including purchases and sales of securities and 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 net gain/(loss) on financial assets and liabilities at fair value through profit or loss in the Statement of Comprehensive Income. Exchange differences on other financial instruments are included in net foreign exchange gain/(loss) in the Statement of Comprehensive Income.

##### 2.6 Fair value measurement

The Compartment measures its investments in financial instruments such as interest bearing investments, corporate bonds and other debt securities, collateralised loan obligations including asset backed securities ("CLOs including ABSs") 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 Compartment. 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.

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (continued)

For the year ended 31 December 2018

(Expressed in thousand EUR)

#### 2 Significant accounting policies (continued)

##### 2.6 Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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.

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 categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the beginning of each reporting year.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 4.

##### 2.7 Preferred Equity Certificates

The PECs are redeemable at the PEC holders option and are classified as financial liabilities. The Compartment can issue several series of PECs, each a "Series". 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 date 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 8, 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 8 for further details).

As at 31 December 2018, the Compartment has five series of income distributing PECs and four series of non-distributing PECs outstanding (2017: six series of income distributing PECs, two series of non-distributing PECs).

##### 2.8 Income distributions to PEC holders

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 (as defined in the PPM). Income distributions are recognised as finance cost in the Statement of Comprehensive Income, when declared. As set out in the PPM, the frequency of the income distribution is every three months.

The non-distributing PECs are not entitled to receive income distributions, however a pro-rata allocation of the income distribution is calculated and allocated to them on a three monthly basis for the purposes of the calculation of the proportionate share of the Compartment's net asset value on the optional redemption date or upon winding up of the Compartment. The first allocation has been made in January 2016.

##### 2.9 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.

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (continued) For the year ended 31 December 2018 (Expressed in thousand EUR)

#### 2 Significant accounting policies (continued)

##### 2.10 Interest income and expense

Interest income is 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 interest accrued but not yet paid at year end which are included within the fair value of the instruments or in 'other payables and accrued expenses'. Interest expense is recognised in the Statement of Comprehensive Income for all financial instruments classified at fair value through profit or loss and for loans and borrowings.

Payment-in-kind (PIK) is classified under 'other income'.

Where an acquisition or 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 or 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 and 20 days for a distressed loan.

Where the Compartment has to pay or receive delayed compensation or cost of carry, this is recognised as 'interest expense' or 'interest income' in the Statement of Comprehensive Income.

Interest and dividend earned or paid on corporate bonds and debt instruments sold short classified at fair value through profit and loss are recognised in the Statement of Comprehensive Income and classified as 'interest income' or 'interest expense'.

##### 2.11 Net gain or loss on financial assets and liabilities at fair value through profit or loss

This item includes changes in the fair value of financial assets and liabilities 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 assets and liabilities for the year and from reversal of prior year's unrealised gains and losses for financial assets and liabilities which were realised in the reporting year.

Unrealised gains and losses and realised gains and losses on disposals of financial assets and liabilities 'at fair value through profit or loss' are calculated using the First-in, First-out 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).

##### 2.12 Unsettled trades

Unsettled trades represent amounts payable for securities purchased and receivable for securities sold that have been contracted for but not yet settled or delivered on the reporting date. These are recognised as payables or receivables on unsettled trades as part of the other receivable and payables, respectively, in the Statement of Financial Position.

##### 2.13 Fees and commissions

The recognition of the fee revenue (including commission) is determined by the purpose of the fees and the basis of accounting for any associated financial instruments. If the financial instrument is recorded at market value, any associated fees are recorded separately in the profit and loss when the instrument is initially recognised. Legal and audit fees are included within 'other general expenses' in the Statement of Comprehensive Income.

##### 2.14 Taxation

The Company is subject to taxation pursuant to Luxembourg law. In some jurisdictions, investment income and capital gains are subject to withholding taxes deducted at the source of the income. Withholding taxes are not significant for the Compartment. The Compartment presents the withholding taxes separately from the gross investment income in the Statement of Comprehensive Income. For the purpose of the Statement of Cash Flows, cash inflows from investments are presented net of withholding taxes, when applicable.

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (continued) For the year ended 31 December 2018 (Expressed in thousand EUR)

#### 2 Significant accounting policies (continued)

##### 2.15 Offsetting of assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. As at 31 December 2018, the Compartment holds derivative instruments that are eligible for offset in the Statement of Financial Position and are subject to a master netting agreement, as disclosed in Note 5. The master netting arrangement allows the counterparty to net any collateral held on behalf of the Compartment or liabilities or payment obligations of the counterparty against any liabilities or payment obligations of the Compartment to the counterparty.

##### 2.16 Standards, amendments and interpretations effective 1 January 2018 that have been adopted by the Compartment

###### *IFRS 9 Financial Instruments*

The Compartment adopted IFRS 9, Financial Instruments on its effective date of 1 January 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is not applicable to items that have already been derecognised at 1 January 2018, the date of initial application.

###### (a) Classification and measurement

The Compartment has assessed the classification of financial instruments as at the date of initial application and has applied such classification retrospectively. Based on that assessment:

- All financial assets previously held at fair value continue to be measured at fair value.
- Equity securities, debt securities and derivative contracts are acquired for the purpose of generating short-term profit. Therefore, they meet the held-for-trading criteria and are required to be measured at FVPL.
- Financial assets previously classified as loans and receivables continue to be measured at amortised cost under IFRS 9. The carrying value of such financial assets is an approximation of fair value given their short-term nature.
- The classification of financial liabilities under IFRS 9 remains broadly the same as under IAS 39. The main impact on measurement from the classification of liabilities under IFRS 9 relates to the element of gains or losses for financial liabilities designated as at FVPL attributable to changes in credit risk. IFRS 9 requires that such element be recognised in other comprehensive income (OCI), unless this treatment creates or enlarges an accounting mismatch in profit or loss, in which case, all gains and losses on that liability (including the effects of changes in credit risk) should be presented in profit or loss. The Compartment has not designated any financial liabilities at FVPL. Therefore, this requirement has not had an impact on the Compartment.

###### (b) Impairment

IFRS 9 requires the Compartment to record ECLs on loans and receivables, either on a 12-month or lifetime basis. Given the limited exposure of the Compartment to credit risk, this amendment has not had a material impact on the financial statements. The Compartment only holds receivables with no financing component and that have maturities of less than 12 months at amortised cost. Therefore, it has adopted an approach similar to the simplified approach to ECLs. Loans and receivables are measured at amortised cost.

###### (c) Hedge accounting

The Compartment has not applied hedge accounting under IAS 39 nor will it apply hedge accounting under IFRS 9.

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (continued) For the year ended 31 December 2018 (Expressed in thousand EUR)

#### 2 Significant accounting policies (continued)

#### 2.16 Standards, amendments and interpretations effective 1 January 2018 that have been adopted by the Compartment (continued)

##### *Impact of adoption of IFRS 9*

The classification and measurement requirements of IFRS 9 have been adopted retrospectively as of the date of initial application on 1 January 2018. However, the Compartment has chosen to take advantage of the option not to restate comparatives. Therefore, the 2017 figures are presented and measured under IAS 39.

The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Compartment's financial assets and financial liabilities as at 1 January 2018.

Financial assets	IAS 39 classification	IAS 39 measurement in '000 EUR	IFRS 9 classification	IFRS 9 measurement in '000 EUR
Cash and cash equivalents	Loans and receivables	167,040	Amortised cost	167,040
Equity securities	Designated at FVPL	2,557	FVPL	2,557
Debt securities	Designated at FVPL	742,004	FVPL	742,004
Derivative financial instruments	Designated at FVPL	8,166	FVPL	8,166
Other receivables and prepayments	Loans and receivables	44,420	Amortised cost	44,420

Financial assets	IAS 39 classification	IAS 39 measurement in '000 EUR	IFRS 9 classification	IFRS 9 measurement in '000 EUR
Debt securities sold short	Designated at FVPL	23,500	FVPL	23,500
Loans and borrowings	Amortised cost	173,727	Amortised cost	173,727
Other financial liabilities	Other financial liabilities	71,169	Amortised cost	71,169

In line with the characteristics of the Compartment's financial instruments as well as its approach to their management, the Compartment neither revoked nor made any new designations on the date of initial application. IFRS 9 has not resulted in changes in the carrying amounts of the Compartment's financial instruments due to changes in measurement categories. All financial assets that were classified as FVPL under IAS 39 are still classified as FVPL under IFRS 9. All financial assets that were classified as loans and receivables and measured at amortised cost continue to be measured at amortised cost.

In addition, the application of the ECL mode under IFRS 9 has not changed the carrying amounts of the Compartment's amortised cost financial assets.

The carrying amounts of amortised cost financial assets and liabilities continued to approximate their fair values on the date of transition to IFRS 9.

##### ***IFRS 15, Revenue from contracts with customers***

The Compartment adopted IFRS 15 Revenue from contracts with customers on its effective date of 1 January 2018. IFRS 15 replaces IAS 18 Revenue and establishes a five-step model to account for revenue arising from contracts with customers. In addition, guidance on interest and dividend income have been moved from IAS 18 to IFRS 9 without significant changes to the requirements. Therefore, there was no impact of adopting IFRS 15 for the Compartment.

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

Notes to the Financial Statements (continued)  
For the year ended 31 December 2018  
(Expressed in thousand EUR)

### 2 Significant accounting policies (continued)

#### 2.17 Accounting standards in issue that are not yet effective and have not been early adopted

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

### 3 Financial assets and liabilities

	31-Dec-18	31-Dec-17
	EUR'000	EUR'000
<b>Financial assets at fair value through profit or loss</b>		
Equity securities		
Equities and warrants	4,986	2,557
Debt securities		
Corporate bonds and other debt securities	790,512	711,935
CLOs including ABSs	22,694	30,069
	<b>813,206</b>	<b>742,004</b>
Derivative financial instruments		
Forward currency contracts	-	8,166
<b>Total financial assets at fair value through profit or loss</b>	<b>818,192</b>	<b>752,727</b>
	31-Dec-18	31-Dec-17
	EUR'000	EUR'000
<b>Financial liabilities at fair value through profit or loss</b>		
Debt securities		
Corporate bonds and other debt securities sold short	57,100	23,500
Derivative financial instruments		
Forward currency contracts	2,198	-
<b>Total financial liabilities at fair value through profit or loss</b>	<b>59,298</b>	<b>23,500</b>
<b>Financial liabilities measured at amortised cost</b>		
Loans and borrowings (Note 9)	174,337	173,727
Other financial liabilities		
Management fees payable (Note 12)	574	544
Performance fees payable (Note 12)	3	3,633
Custodian and administration fees payable (Note 12)	213	142
Other payables and accrued expenses (Note 11)	81,296	66,850
<b>Total financial liabilities measured at amortised cost</b>	<b>82,086</b>	<b>71,169</b>
	<b>256,423</b>	<b>244,896</b>



## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

Notes to the Financial Statements (continued)  
For the year ended 31 December 2018  
(Expressed in thousand EUR)

### 3 Financial assets and liabilities (continued)

Net changes in fair value on financial assets and liabilities at fair value through profit or loss:	31-Dec-18 EUR'000	31-Dec-17 EUR'000
<i>Equity and debt securities</i>		
Realised (loss) / gain	(5,534)	10,261
Change in unrealised	(5,065)	(13,033)
	<u>(10,599)</u>	<u>(2,772)</u>
<i>Derivative financial instruments</i>		
Realised gain / (loss) on derivative financial instruments on non-EUR PECs	4,910	(11,204)
Change in unrealised on derivative financial instruments on non-EUR PECs	(5,821)	2,801
	<u>(911)</u>	<u>(8,403)</u>
Realised (loss) / gain on other derivative financial instruments	(15,775)	16,013
Change in unrealised on other derivative financial instruments	(4,543)	10,727
	<u>(20,318)</u>	<u>26,740</u>
	<u>(21,229)</u>	<u>18,337</u>
<b>Net (loss) / gain on financial assets and liabilities at fair value through profit or loss</b>	<b><u>(31,828)</u></b>	<b><u>15,565</u></b>

For information on the liquidity profile of the financial assets and liabilities, please refer to Note 16.

During the year, the Compartment paid out cash of EUR 773.4 million (2017: EUR 823 million) in respect of settling trades with brokers and received cash inflows of EUR 755.1 million (2017: EUR 703.5 million).

### 4 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 table below 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.

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

Notes to the Financial Statements (continued)  
For the year ended 31 December 2018  
(Expressed in thousand EUR)

### 4 Fair value of financial instruments (continued)

#### Financial instruments recognised at fair value

	31 December 2018			Total EUR'000
	Level 1 EUR'000	Level 2 EUR'000	Level 3 EUR'000	
<b>Financial assets</b>				
<b>Equity securities</b>				
Equities and warrants	863	-	4,123	4,986
<b>Debt securities</b>				
Corporate bonds and other debt securities	178,807	554,304	57,401	790,512
CLOs including ABSs	2,372	-	20,322	22,694
<b>Total</b>	<b>182,042</b>	<b>554,304</b>	<b>81,846</b>	<b>818,192</b>
<b>Financial liabilities</b>				
Corporate bonds and other debt securities sold short	51,371	5,729	-	57,100
Forward currency contracts	-	2,198	-	2,198
<b>Total</b>	<b>51,371</b>	<b>7,927</b>	<b>-</b>	<b>59,298</b>

The carrying amounts of financial assets and financial liabilities at amortised cost and PECs continued to approximate their fair values as at 31 December 2018.

	31 December 2017			Total EUR'000
	Level 1 EUR'000	Level 2 EUR'000	Level 3 EUR'000	
<b>Financial assets</b>				
<b>Equity securities</b>				
Equities and warrants	1,652	-	905	2,557
<b>Debt securities</b>				
Corporate bonds and other debt securities	116,072	488,255	107,608	711,935
CLOs including ABSs	-	-	30,069	30,069
<b>Derivatives financial instruments</b>				
Forward currency contracts	-	8,166	-	8,166
<b>Total</b>	<b>117,724</b>	<b>496,421</b>	<b>138,582</b>	<b>752,727</b>
<b>Financial liabilities</b>				
Corporate bonds and other debt securities	20,178	3,322	-	23,500
<b>Total</b>	<b>20,178</b>	<b>3,322</b>	<b>-</b>	<b>23,500</b>

The carrying amounts of financial assets and financial liabilities at amortised cost and PECs continued to approximate their fair values as at 31 December 2017.

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (continued) For the year ended 31 December 2018 (Expressed in thousand EUR)

#### 4 Fair value of financial instruments (continued)

##### Transfers between Level 2 and Level 3

During 2018, following further developments in the liquidity of certain debt securities, investments of the Compartment with a market value of EUR 11.7 million as at 31 December 2018 were reclassified from Level 2 to Level 3 (31 December 2017: EUR 17.4 million). There were also investments reclassified from Level 3 to Level 2 having a market value of EUR 34 million as at 31 December 2018 (31 December 2017: EUR 7.2 million).

##### Listed corporate bonds

The fair values of listed corporate bonds 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 equity, corporate bonds and other debt 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 unlisted corporate debt, managed collateralised loan obligations ("CLOs") including Asset Backed Securities ("ABSs"). These investments are generally not quoted in an active market and 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 securities are valued based on a combination of a third party pricing service, an appraisal of the performance of the issuing company and utilising appropriate valuation techniques such as counterparty marks and recently executed transaction prices in securities of the issuer or comparable issuers. The Compartment has classified the fair value of these investments as Level 3 for this financial year.

##### Valuation process for Level 3 investments

Valuations are the responsibility of the Board of the Compartment, who have engaged CPISM, CPIM 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, CPIM presents the valuation of the assets to the Board on a monthly basis, including a discussion on the assumptions used and significant fair value changes during the year.

Investments in CLOs are primarily valued based on the bid price as provided by the third party pricing service, and may be amended following consideration of the Net Asset Value (NAV) published by the administrator of the CLOs. Furthermore, 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 investments as Level 3.

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (continued) For the year ended 31 December 2018 (Expressed in thousand EUR)

#### 4 Fair value of financial instruments (continued)

##### Valuation process for Level 3 investments (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 there are no broker quotes, CPIM produces a pricing memorandum for the Compartment drawing on the International Private Equity Valuation guidelines, which is discussed, reviewed and accepted by the Board and the independent service provider.

If CPIM and the independent service provider have difficulty in establishing an agreed upon valuation for an asset, they will discuss and agree alternative valuation methods.

##### 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 year.

	Equities and Warrants EUR'000	Corporate bonds and other debt securities EUR'000	CLOs (including ABSs) EUR'000	Total EUR'000
<b>Balances as at 1 January 2017</b>	<b>139</b>	<b>45,418</b>	<b>34,121</b>	<b>79,678</b>
Total gains / (losses) in Statement of Comprehensive Income during the year	766	(651)	2,428	2,543
Purchases / Subscriptions	-	102,364	7,697	110,061
Sales / Redemptions	-	(49,648)	(14,177)	(63,825)
Transfers into and out of Level 3	-	10,125	-	10,125
<b>Balances as at 31 December 2017</b>	<b>905</b>	<b>107,608</b>	<b>30,069</b>	<b>138,582</b>
Total gains / (losses) in Statement of Comprehensive Income during the year	3,218	1,512	(3,964)	766
Purchases / Subscriptions	-	31,196	12,894	44,090
Sales / Redemptions	-	(63,332)	(18,677)	(82,009)
Transfers into and out of Level 3	-	(19,583)	-	(19,583)
<b>Balances as at 31 December 2018</b>	<b>4,123</b>	<b>57,401</b>	<b>20,322</b>	<b>81,846</b>
Total unrealised gains and losses at 31 December 2017 included in Statement of Comprehensive Income for assets held at the end of the year	<b>857</b>	<b>(906)</b>	<b>1,955</b>	<b>1,906</b>
Total unrealised gains and losses at 31 December 2018 included in Statement of Comprehensive Income for assets held at the end of the year	<b>3,218</b>	<b>(824)</b>	<b>(3,799)</b>	<b>(1,405)</b>

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (continued) For the year ended 31 December 2018 (Expressed in thousand EUR)

#### 4 Fair value of financial instruments (continued)

##### Quantitative information of significant unobservable inputs – Level 3

Description	31 December 2018 EUR '000	Valuation technique	Unobservable input	Range (weighted average)
Equities and warrants	4,123	Broker quotes / other methods	Specific valuations of the industry: expert valuation	N/A
Corporate bonds and other debt securities	57,401	Broker quotes/ Market multiples/ Discounted Cash Flow	Cost of market transactions / Multiple of listed companies / Management information	N/A
CLOs (including ABSs)	20,322	Broker quotes / other methods	Specific valuations of the industry: expert valuation	N/A

The Board and CPIM have valued the CLO positions at bid-price as at 31 December 2018 as they believe this is the most appropriate value for these positions. The Board and CPIM 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 2018 are as shown below:

Description	Input	Sensitivity used	Effect on fair value in EUR '000
Equities and warrants	Discount to broker quotes / valuation method	20%	825
Corporate bonds and other debt securities	Discount to broker quotes / valuation method	10%	5,740
CLOs (including ABSs)	Discount to broker quotes / other methods	20%	4,064

#### 5 Derivative financial instruments

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 two series are issued in a non-EUR currency. The performance of the derivative contracts taken out further to purpose (1) are allocated to all PEC holders; the performance of the derivative contracts taken out further to purpose (2) are allocated to the non-EUR 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.

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (continued) For the year ended 31 December 2018 (Expressed in thousand EUR)

#### 5 Derivative financial instruments (continued)

CPIM 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. Upon review, no credit valuation adjustments have been undertaken.

##### **Forward currency contracts**

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. These 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.

In addition to market risk, the main risks 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. During the year, payments on settlement of derivative financial instruments amounted to EUR 10.9 million (31 December 2017: EUR 4.8 million proceeds from settlement of derivative financial instruments).

	<b>31-Dec-18</b>		
	<b>Assets</b>	<b>Liabilities</b>	<b>Net</b>
	<b>EUR'000</b>	<b>EUR'000</b>	<b>EUR'000</b>
<b>Derivatives primarily held for risk management purposes</b>			
Forward currency contracts undertaken to hedge exposure to:			
PECs denominated in non-EUR	649	(1,648)	(999)
Financial assets denominated in non-EUR	1,357	(2,556)	(1,199)
	<b>2,006</b>	<b>(4,204)</b>	<b>(2,198)</b>
	<b>31-Dec-17</b>		
	<b>Assets</b>	<b>Liabilities</b>	<b>Net</b>
	<b>EUR'000</b>	<b>EUR'000</b>	<b>EUR'000</b>
<b>Derivatives primarily held for risk management purposes</b>			
Forward currency contracts undertaken to hedge exposure to:			
PECs denominated in non-EUR	4,979	(157)	4,822
Financial assets denominated in non-EUR	4,968	(1,624)	3,344
	<b>9,947</b>	<b>(1,781)</b>	<b>8,166</b>

#### 6 Other receivables and prepayments

	<b>31-Dec-18</b>	<b>31-Dec-17</b>
	<b>EUR'000</b>	<b>EUR'000</b>
Receivables on unsettled trades	26,868	43,221
Interest receivable	2,189	1,199
	<b>29,057</b>	<b>44,420</b>

#### 7 Cash and cash equivalents

	<b>31-Dec-18</b>	<b>31-Dec-17</b>
	<b>EUR'000</b>	<b>EUR'000</b>
Cash at banks	247,850	167,040
	<b>247,850</b>	<b>167,040</b>

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (continued) For the year ended 31 December 2018 (Expressed in thousand EUR)

#### 8 Preferred Equity Certificates

The Compartment's investment capital consists of funds received for subscriptions to the PECs and loans and borrowings. 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 entitle the holders to income distributions, and non-distributing PECs whose holders are not entitled to income distributions. As at 31 December 2018, the Compartment has five series of income distributing PECs and four series of non-distributing PECs outstanding (2017: six series of income distributing PECs, two series of non-distributing PECs).

The non-distributing PECs are not entitled to receive income distributions, however a pro-rata allocation of the income distribution is calculated and allocated to them on a three monthly basis (such periodicity being set as of October 2016) for the purposes of the calculation of the proportionate share of the Compartment's net asset value on the optional redemption date or upon winding up of the Compartment. The first allocation was made in January 2016.

The income distributing PECs are entitled to receive income distributions every three months (such periodicity being set as of October 2016) 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, the Compartment paid income distributions in January 2018 of EUR 8.16 million for the period October to December 2017, April 2018 of EUR 8.23 million for the period January to March 2018, July 2018 of EUR 7.29 million for the period April to June 2018, October 2018 of EUR 8.21 million for the period July to September 2018. The next income distribution was paid in January 2019 as disclosed further in Note 21.

The total expected cash outflow on redemption of all the PECs equals the Compartment's residual value after settling all other payables, including loans and borrowings. For the purpose of calculating the NAV attributable to holders of the PECs in accordance with the PPM, the Compartment's assets and liabilities are valued on the basis of current bid prices and redemptions are made using the weighted average cost of capital. During the year, there were net redemptions of 9% of the Compartment's average PECs in issue during the same year (2017: 6%).

A reconciliation of the number of PECs outstanding at the beginning and at the end of each of the reporting years is provided below.

	Notional		Issued fully paid and outstanding PECs		
	Income distributing PECs	Non-distributing PECs	Income distributing PECs	Non-distributing PECs	Total
<b>At 1 January 2017</b>	<b>411,950</b>	<b>57,306</b>	<b>477,219</b>	<b>63,504</b>	<b>540,723</b>
Issuance of PECs	116,636	25,720	144,080	30,250	174,330
Redemption of PECs (at fair value)	(30,557)	-	(35,451)	-	(35,451)
Net movement in nominal PECs resulting from conversions between EUR and non-EUR currencies series	(1,157)	587	-	-	-
	<b>496,872</b>	<b>83,613</b>	<b>585,848</b>	<b>93,754</b>	<b>679,602</b>
Result for the year:					
Increase in net assets attributable to the PEC holders from operations before distributions excluding net loss on financial assets and liabilities at fair value through profit or loss in respect to derivative financial instruments on non-EUR PECs	-	-	43,203	7,670	50,873
Distributions to PEC holders	-	-	(26,281)	-	(26,281)
Net loss on financial assets and liabilities at fair value through profit or loss in respect to derivative financial instruments on non-EUR PECs	-	-	(8,403)	-	(8,403)
	-	-	8,519	7,670	16,189
<b>At 31 December 2017</b>	<b>496,872</b>	<b>83,613</b>	<b>594,367</b>	<b>101,424</b>	<b>695,791</b>

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## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (continued) For the year ended 31 December 2018 (Expressed in thousand EUR)

#### 8 Preferred Equity Certificates (continued)

	Notional		Issued fully paid and outstanding PECs		Total
	Income distributing PECs	Non- distributing PECs	Income distributing PECs	Non- distributing PECs	
<b>At 1 January 2018</b>	<b>496,872</b>	<b>83,613</b>	<b>594,367</b>	<b>101,424</b>	<b>695,791</b>
Issuance of PECs	87,999	54,505	108,566	81,721	190,287
Redemption of PECs (at fair value)	(48,665)	(125)	(73,322)	(136)	(73,458)
Net movement in nominal PECs resulting from conversions between EUR and non-EUR currencies series	(14,927)	12,702	-	-	-
	<b>521,279</b>	<b>150,695</b>	<b>629,611</b>	<b>183,009</b>	<b>812,620</b>
Result for the year:					
Increase / (decrease) in net assets attributable to the PEC holders from operations before distributions excluding net loss on financial assets and liabilities at fair value through profit or loss in respect to derivative financial instruments on non-EUR PECs	-	-	336	(775)	(439)
Distributions to PEC holders	-	-	(31,892)	-	(31,892)
Net loss on financial assets and liabilities at fair value through profit or loss in respect to derivative financial instruments on non-EUR PECs	-	-	(911)	-	(911)
	-	-	(32,467)	(775)	(33,242)
<b>At 31 December 2018</b>	<b>521,279</b>	<b>150,695</b>	<b>597,144</b>	<b>182,234</b>	<b>779,378</b>

<u>2018</u>	Maturity	Notional in units '000	Unrealised revaluation as at 31-Dec-18 EUR'000	31-Dec-18 EUR'000
Series 1 PECs - Income distributing	December 2030	125	19	144
Series 4 PECs - Income distributing	December 2030	124,306	2,577	130,102
Series 5 PECs - Income distributing	December 2030	338,776*	(15,463)	407,428
Series 6 PECs - Income distributing	December 2030	7,990	143	8,162
Series 8 PECs - Non-distributing	December 2030	141,753	12,236	173,168
Series 9 PECs - Income distributing	December 2030	50,082	(481)	51,308
Series 10 PECs - Non-distributing	December 2030	1,106	31	1,183
Series 11 PECs - Non-distributing	December 2030	3,100*	(144)	3,318
Series 12 PECs - Non-distributing	December 2030	4,736	(185)	4,565
			<b>(1,267)</b>	<b>779,378</b>

\* The nominal units issued to Series 5 and 11 PECs are denominated in GBP.



## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (continued) For the year ended 31 December 2018 (Expressed in thousand EUR)

#### 8 Preferred Equity Certificates (continued)

<u>2017</u>	Maturity	Notional in units '000	Unrealised revaluation as at 31-Dec-17 EUR'000	31-Dec-17 EUR'000
Series 1 PECs - Income distributing	December 2030	125	27	152
Series 4 PECs - Income distributing	December 2030	121,787	9,701	134,199
Series 5 PECs - Income distributing	December 2030	294,111*	7,087	373,339
Series 6 PECs - Income distributing	December 2030	13,135	949	14,148
Series 7 PECs - Income distributing	December 2030	40,000	2,755	42,755
Series 8 PECs - Non-distributing	December 2030	83,164	12,674	100,947
Series 9 PECs - Income distributing	December 2030	27,714	1,730	29,774
Series 10 PECs - Non-distributing	December 2030	449	39	477
			<b>34,962</b>	<b>695,791</b>

\* The nominal units issued to Series 5 PECs are denominated in GBP.

#### **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.

#### 9 Loans and borrowings

	Effective interest rate (EIR, %)	Maturity	31-Dec-18 EUR'000	31-Dec-17 EUR'000
Current interest-bearing loans and borrowings				
Interest on loan – Bank			396	130
			<b>396</b>	<b>130</b>
Non-current interest-bearing loans and borrowings				
Loan - Bank (principal EUR 175 million)	1.59%	18-Dec-20	173,941	173,597
			<b>173,941</b>	<b>173,597</b>
<b>Total loans and borrowings at year end</b>			<b>174,337</b>	<b>173,727</b>

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (continued)

For the year ended 31 December 2018

(Expressed in thousand EUR)

#### 9 Loans and borrowings (continued)

The effective interest rate (EIR) is the combination of the nominal interest rate of Euribor + 3 months + 1.28% and the amortisation of the arrangement fee of EUR 1.66 million. The EUR 175 million loan is shown net of the arrangement fee, which is expensed via the EIR over 3 years.

There is collateral cash of EUR 155 million and assets with market value of EUR 225 million in regards of the loan with Bank 2 (31 December 2017: EUR 139 million and assets with market value of EUR 160 million in regards of the loan with Bank 2).

#### 10 Reconciliation of financing liabilities

The table below shows changes in Compartment's liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes as per application of the "Amendments to IAS 7, Statement of Cash Flows: Disclosure Initiative".

	1-Jan-18	Cash flows	Non-cash flows	31-Dec-18
	EUR'000	EUR'000	EUR'000	EUR'000
Loans and borrowings	173,727	(2,163)	2,773	174,337
Subscriptions received in advance	300	148	-	448
PECs	695,791	84,937	(1,350)	779,378
<b>Total liabilities from financing activities</b>	<b>869,818</b>	<b>82,922</b>	<b>1,423</b>	<b>954,163</b>

#### 11 Other payables and accrued expenses

	31-Dec-18	31-Dec-17
	EUR'000	EUR'000
Payables on unsettled trades	79,908	65,397
Subscription received in advance	448	300
Interest payable	217	586
Other payables and expenses	723	567
	<b>81,296</b>	<b>66,850</b>

#### 12 Fees and Expenses

##### *Management fees*

The amount recognised for Management fees for the year ended 31 December 2018 in the income statement was EUR 6.8 million (31 December 2017: EUR 6.0 million) of which EUR 0.6 million remains outstanding as at 31 December 2018 (31 December 2017: EUR 0.5 million). The fees are calculated based on a percentage of 1% of the gross asset value of each Series, 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 year ended 31 December 2018 was EUR 25 thousand (2017: EUR 3.6 million), of which EUR 3 thousand remains outstanding as at 31 December 2018 (31 December 2017: EUR 3.6 million). 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).

##### *Other fees and expenses*

The Compartment bears its own costs and expenses including, but not limited to, audit fees, legal fees, taxes, organisational, custodian, administration expenses and other expenses associated with its activities.

During the year, custodian and administration fees amounted to EUR 0.8 million (31 December 2017: EUR 0.9 million) of which EUR 0.2 million remains outstanding as at 31 December 2018 (31 December 2017: EUR 0.1 million). Other general expenses during the year amounted to EUR 1.6 million (31 December 2017: EUR 1.4 million) which consists of bank charges, transaction costs, regulatory, brokerage, audit and professional fees. Outstanding other payables and accrued expenses are disclosed in Note 11.

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (continued) For the year ended 31 December 2018 (Expressed in thousand EUR)

#### 12 Fees and Expenses (continued)

##### *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 31 December 2018 (31 December 2017: EUR Nil).

#### 13 Interest income and expense

	<b>31-Dec-18</b>	<b>31-Dec-17</b>
	<b>EUR'000</b>	<b>EUR'000</b>
<b>Interest income</b>		
Interest income on debt securities	44,613	40,180
	<u><b>44,613</b></u>	<u><b>40,180</b></u>

During the year, EUR 43.6 million interest was received (31 December 2017: EUR 43.8 million)

	<b>31-Dec-18</b>	<b>31-Dec-17</b>
	<b>EUR'000</b>	<b>EUR'000</b>
<b>Interest expense</b>		
Interest and related expenses on non-current interest-bearing loans and borrowings	(4,548)	(3,807)
Other interest expense*	(3,817)	(3,156)
	<u><b>(8,365)</b></u>	<u><b>(6,963)</b></u>

\*This mostly consists of delayed compensation and cost of carry on debt securities sold short paid by the Compartment during 2018. Please see Note 2.10 for further details.

During the year, EUR 6 million was paid in cash interest (31 December 2017: EUR 5.9 million).

#### 14 Other income

	<b>31-Dec-18</b>	<b>31-Dec-17</b>
	<b>EUR'000</b>	<b>EUR'000</b>
Other income received on debt securities	<u><b>2,781</b></u>	<u><b>4,332</b></u>

This mostly includes payment in kind interest and prepayment fees received from debt securities held by the Compartment.

#### 15 Taxation

The Company, of which the Compartment A was one of three compartments as at 31 December 2018, is subject to the minimum net wealth tax payable in Luxembourg of EUR 4,815 per annum. This is allocated equally between the compartments that existed in the year. Interest revenue is subject to withholding tax in certain foreign jurisdictions and is the only item subject to taxation. During the year, no withholding tax was applied on the interest (31 December 2017: EUR Nil).

#### 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.

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (continued) For the year ended 31 December 2018 (Expressed in thousand EUR)

#### 16 Financial risk and management objectives and policies (continued)

##### **Risk management structure**

The Board are ultimately responsible for overall risk management of the Compartment including identifying and controlling the risks of the Compartment. The Board has chosen to delegate certain risk management oversight functions to CPISM and CPIM.

##### **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. 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.

##### **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 year, the Compartment undertook foreign exchange hedging strategies to mitigate the risk arising from the fluctuations in the foreign exchange rates, please refer to Note 5 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 PPM includes specific guidelines to focus on maintaining a diversified portfolio. CPISM and CPIM are instructed to monitor and act to reduce exposure or to agree with the Compartment's Board of Directors 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.

Short selling involves borrowing securities and selling them to a broker-dealer. The Compartment has an obligation to replace the borrowed securities at a later date. Short selling allows the Compartment to profit from a decline in market price to the extent that such decline exceeds the transaction costs and the costs of borrowing the securities, while the gain is limited to the price at which the Compartment sold the security short. Possible losses from short sales may be unlimited as the Compartment has a liability to repurchase the security in the market at prevailing prices at the date of acquisition.

##### **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 instruments in the European Union and surrounding countries. Most of the Compartment's investments in debt instruments carry variable interest rates and mature within seven years.

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (continued) For the year ended 31 December 2018 (Expressed in thousand EUR)

#### 16 Financial risk and management objectives and policies (continued)

##### Interest rate risk (continued)

The following table demonstrates the sensitivity of the Compartment's profit or loss for the financial year 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 year 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 year.

In practice, the investment results may differ from the sensitivity analysis presented below.

	Change in basis points	Sensitivity of interest income increase/(decrease) EUR'000	As % of financial assets %
<b>31-Dec-18</b>			
EUR	+25 / -25	1,254 / (1,254)	0.17%
USD	+25 / -25	487 / (487)	0.06%
GBP	+25 / -25	286 / (286)	0.04%
<b>31-Dec-17</b>			
EUR	+25 / -25	812 / (812)	0.11%
USD	+25 / -25	464 / (464)	0.06%
GBP	+25 / -25	263 / (263)	0.03%

As 13% of the portfolio (on a fair value basis) (2017: 12%) has a fixed interest rate, and the Board does not consider it likely that interest rates will change significantly in the near future, the Directors consider 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 2018*

	0-6 months EUR'000	Non-interest bearing EUR'000	Total EUR'000
<b>As at 31 December 2018</b>			
<b>Assets</b>			
Cash and cash equivalents	-	247,850	247,850
Other receivables and prepayments	26,868	2,189	29,057
Financial assets at fair value through profit or loss	813,206	4,986	818,192
<b>Total assets</b>	<b>840,074</b>	<b>255,025</b>	<b>1,095,099</b>
<b>Liabilities</b>			
Financial liabilities at fair value through profit or loss	59,298	-	59,298
Loans and borrowings	173,941	396	174,337
Management fees payable	-	574	574
Performance fees payable	-	3	3
Custodian and administration fees payable	-	213	213
Other payables and accrued expenses	79,908	1,388	81,296
<b>Total liabilities</b>	<b>313,147</b>	<b>2,574</b>	<b>315,721</b>
<b>Total interest sensitivity gap</b>	<b>526,927</b>	<b>252,451</b>	<b>779,378</b>

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (continued) For the year ended 31 December 2018 (Expressed in thousand EUR)

#### 16 Financial risk and management objectives and policies (continued)

##### Interest rate risk (continued)

*Interest rate risk exposure analysis 2017*

	0-6 months	Non-interest bearing	Total
	EUR'000	EUR'000	EUR'000
<b>As at 31 December 2017</b>			
<b>Assets</b>			
Cash and cash equivalents	-	167,040	167,040
Other receivables and prepayments	43,221	1,199	44,420
Financial assets at fair value through profit or loss	752,727	-	752,727
<b>Total assets</b>	<b>795,948</b>	<b>168,239</b>	<b>964,187</b>
<b>Liabilities</b>			
Financial liabilities at fair value through profit or loss	23,500	-	23,500
Loans and borrowings	173,597	130	173,727
Management fees payable	-	544	544
Performance fees payable	-	3,633	3,633
Custodian and administration fees payable	-	142	142
Other payables and accrued expenses	65,397	1,453	66,850
<b>Total liabilities</b>	<b>262,494</b>	<b>5,902</b>	<b>268,396</b>
<b>Total interest sensitivity gap</b>	<b>533,454</b>	<b>162,337</b>	<b>695,791</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 EUR. 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 5 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 financial year end on its financial assets and liabilities. The analysis calculates the total effect of a reasonably possible movement of the currency rate against the EUR on the net assets attributable to PEC holders with all other variables held constant, and includes the impact of the hedging programme undertaken by the Compartment.

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	
		2018 EUR'000	2017 EUR'000
GBP	10%	(55)	193
USD	10%	(258)	(110)

An equivalent decrease in each of the aforementioned currencies against the EUR 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. This excludes the impact of the hedging programme undertaken by the Compartment.

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (continued) For the year ended 31 December 2018 (Expressed in thousand EUR)

#### 16 Financial risk and management objectives and policies (continued)

##### Currency risk (continued)

	31-Dec-18	31-Dec-17
	% of total financial assets	
<b>Financial assets (including debt securities, other receivables and cash)</b>		
GBP	11%	16%
USD	20%	31%
	<b>31%</b>	<b>47%</b>
	% of total financial liabilities	
<b>Financial liabilities (including financial liabilities measured at amortised cost and payables)</b>		
GBP	38%	40%
USD	1%	2%
	<b>39%</b>	<b>42%</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 has the ability to determine that a Redemption Deferral Event (as defined in the PPM) has occurred where there is insufficient liquidity to meet the redemption payments (please see the 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 fifty days notice (forty five days notice for PECs series 4 and 5) and subject to the restrictions detailed above, along with the redemption payment date falling forty days after the Valuation Date.

The Compartment satisfies 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 maintains sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests.

It is the Compartment's approach that CPIM and a representative of the Board monitor the Compartment's liquidity position on a daily basis and that the Board reviews it on a monthly basis.

The table on the following page 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.

##### *Financial liabilities*

The maturity grouping is based on the remaining period from the end of the reporting year to the contractual maturity date. When the 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.

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (continued) For the year ended 31 December 2018 (Expressed in thousand EUR)

#### 16 Financial risk and management objectives and policies (continued)

##### Liquidity risk (continued)

Pursuant to the terms of the PPM, all PECs are redeemable on a quarterly basis, however the Board has the ability to determine a Redemption Deferral Event has occurred as and when there is insufficient liquidity to meet all the redemption payments. In addition, certain significant PEC holders have certain restrictions which should result in a maximum 33% of the PECs issued by the Compartment as at 31 December 2018 (2017: 36%) being redeemable in the next 12 months. Please refer to Note 2.2.

##### *Financial assets*

Analysis of debt instruments 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 year 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 EUR'000	Greater than 1 year EUR'000	Total EUR'000
<b>As at 31 December 2018</b>			
<b>Financial liabilities</b>			
Financial liabilities at fair value through profit or loss	59,298	-	59,298
Loans and borrowings	396	173,941	174,337
Management fees payable	574	-	574
Performance fees payable	3	-	3
Custodian and administration fees payable	213	-	213
Other payables and accrued expenses	81,296	-	81,296
Net assets attributable to PEC holders *	779,378	-	779,378
<b>Total undiscounted financial liabilities</b>	<b>921,158</b>	<b>173,941</b>	<b>1,095,099</b>
	Within 1 year EUR'000	Greater than 1 year EUR'000	Total EUR'000
<b>As at 31 December 2017</b>			
<b>Financial liabilities</b>			
Financial liabilities at fair value through profit or loss	23,500	-	23,500
Loans and borrowings	-	173,727	173,727
Management fees payable	544	-	544
Performance fees payable	3,633	-	3,633
Custodian and administration fees payable	142	-	142
Other payables and accrued expenses	66,850	-	66,850
Net assets attributable to PEC holders *	695,791	-	695,791
<b>Total undiscounted financial liabilities</b>	<b>790,460</b>	<b>173,727</b>	<b>964,187</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 (continued) For the year ended 31 December 2018 (Expressed in thousand 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.

CPIM and CPISM closely monitor the creditworthiness of the Compartment's counterparties (e.g. banks, money market funds and the issuers of the debt instruments) through 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-18</b>	<b>31-Dec-17</b>
	<b>EUR'000</b>	<b>EUR'000</b>
Cash and cash equivalents	247,850	167,040
Other receivables and prepayments	29,057	44,420
Equity securities	4,986	2,557
Debt securities	813,206	742,004
Derivative financial instruments	-	8,166
<b>Total credit risk exposure</b>	<b>1,095,099</b>	<b>964,187</b>

##### Risk concentrations of the maximum exposure to credit risk

Concentration of credit risk is managed by CPIM and CPISM through monitoring the exposure to counterparty, geographical region and industry sector.

The Compartment has no counterparty comprising more than 3.3% of the whole portfolio as at 31 December 2018 (2017: 3.9%).

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-18</b>	<b>31-Dec-17</b>
	<b>% of debt instruments</b>	
European Union (excluding United Kingdom) and European Economic Area	49%	50%
United Kingdom and British Isles	23%	22%
United States of America	17%	23%
United Arab Emirates	3%	0%
Others	8%	5%
	<b>100%</b>	<b>100%</b>

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (continued) For the year ended 31 December 2018 (Expressed in thousand EUR)

#### 16 Financial risk and management objectives and policies (continued)

##### Credit risk (continued)

The following table analyses the concentration of credit risk in the Compartment's debt portfolio by industrial distribution.

	31-Dec-18	31-Dec-17
	<b>% of debt instruments</b>	
Healthcare and pharmaceuticals	12%	0%
Retail stores	10%	11%
Broadcasting and entertainment	9%	6%
Diversified/Conglomerate service	8%	11%
Chemicals, plastics and rubber	8%	5%
Electronics	7%	10%
Healthcare, education and childcare	6%	4%
Telecommunications	5%	0%
Business services	4%	5%
Diversified/Conglomerate manufacturing	3%	0%
Cargo transport	3%	0%
Hotels, motels, inns and gaming	3%	5%
Metals and mining	3%	0%
Utilities	3%	0%
Ecological	0%	6%
Finance	0%	6%
Buildings and real estate	0%	4%
Transportation and logistics	0%	4%
Other	16%	23%
	<b>100%</b>	<b>100%</b>

#### 17 Personnel

The Compartment did not employ any personnel during the year.

#### 18 Commitments and contingencies

Apart from the commitment under the redemption of the PECs as disclosed in Note 8, there are no other commitments or contingencies at the reporting date.

#### 19 Related party disclosures

Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The following parties are considered related parties of the Compartment:

##### *Investment Services Manager*

CPISM is an investor into the Series 1 PECs issued by the Compartment and is also the Investment Services Manager of the Company under the Investment Services Agreement dated 19 September 2011 under which CPISM has the right to receive the Management Fee, Performance Fee and Redemption Fee. Amount of transactions relating to these fees and outstanding balances are detailed in Note 12.

S. Player and D. Maccabe are members of CPISM Board of Directors. Previously, S. Riley, B. Bradkin and J. Bowers were also members of CPISM Board of Directors, but have resigned during the year.

## CVC European Credit Opportunities S.à r.l., in respect of its Compartment A

### Notes to the Financial Statements (continued) For the year ended 31 December 2018 (Expressed in thousand EUR)

#### 19 **Related party disclosures (continued)**

##### *Other related party transactions*

During 2018, the Compartment subscribed for EUR 61.8 million (31 December 2017: EUR 135.8 million) and redeemed EUR 61.1 million (31 December 2017: EUR 90.8 million) debt securities in eight companies where CVC Capital Partners also had an interest (31 December 2017: eight companies). These positions were entered into pari passu with third party investors. The holdings of the Compartment in companies where CVC Capital Partners also had an interest amounted to EUR 87.4 million as at 31 December 2018 (31 December 2017: EUR 87.1 million).

During the year, there were EUR 2.7 million of buy transactions and EUR 3.3 million of sell transactions between the Compartment and other CVC Credit Partners managed investment vehicles.

#### 20 **Significant event during the year**

There were no significant events outside of the Compartment's normal course of business.

#### 21 **Post balance sheet events**

In January 2019, the Compartment paid an income distribution of EUR 2.7 million and GBP 5.2 million to the PEC holders and allocated EUR 2.6 million to the non-distributing PEC holders. Moreover, in January 2019 the Compartment received subscriptions amounting to EUR 0.65 million and GBP 3.0 million.

#### 22 **Approval of the financial statements**

The financial statements in respect to Compartment A were authorized by the Board on 7 February 2019 and authorized for release on 13 February 2019.

## 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. The most recent Annual Circular published by the Company is dated 20 March 2019.
- 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 on the Company's Website. Shareholders accepting a tender offer will be deemed to have accepted such changes, if any. On 17 July 2018, the Company published an Addendum to the Tender Terms and Conditions setting out information on the De Minimis Tender Process, further details of which are set out in paragraphs 12 and 13 in this Part XIII of this Prospectus. With effect from the Contractual Quarterly Tender for June 2019, the Directors have also introduced the Minimum Subscription Condition as set out in the Annual Circular dated 20 March 2019.

#### 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 Quarterly Tender 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 each year is conditional on the approval of Shareholders by way of a Special Resolution, which will be presented at a general meeting on an annual basis.

- 3.2 Tender Purchases are conditional on satisfaction of the Realisation Condition and the Minimum 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 and Restrictions 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, the Company will determine the Quarterly Restriction, making any necessary adjustments for Shares submitted for tender in a previous quarter but not yet repurchased by the Company. 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 a number of shares up to their Basic Entitlement (i.e. no more than 24.99 per cent. of their holding), 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 may be permitted 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 invoked, 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 delivered 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 the United States, Canada, South Africa, or Japan or any other jurisdiction where the extension or availability of a Contractual Quarterly Tender would breach any applicable law (each, 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 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.

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 relevant 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 10.3 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 within four days following each Submission Deadline specified in an Annual Circular, the Company will make a public announcement of 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. Approximately three weeks after the relevant Quarterly Tender NAV Determination Date, the Company will make a public announcement of the Tender Price for the relevant Contractual Quarterly Tender.
- 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 TFE 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**

- 7.1 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 themselves, and their respective personal representatives, heirs, successors and assigns) that:
- 7.2 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;
- 7.3 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, and to the extent applicable any dividends or other distributions declared, paid or made between the relevant Quarterly Tender NAV Determination Date and Share Settlement Date;
- 7.4 the execution of the Tender Form or the input of a TTE Instruction will, subject to the relevant 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 7.2 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 relevant 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 relevant 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;
- 7.5 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;
- 7.6 if such Shareholder holds Shares in certificated form, they will deliver to the Registrar their share certificate(s) and/or other document(s) of title in respect of the Shares referred to in paragraph 7.2 in this Part XIII of this Prospectus, or an indemnity acceptable to the Registrar 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;

- 7.7 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;
- 7.8 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 them under the laws of the relevant jurisdiction;
- 7.9 such Shareholder has not received or been 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;
- 7.10 the provisions of the Tender Form shall be deemed to be incorporated into the Tender Terms and Conditions;
- 7.11 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;
- 7.12 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;
- 7.13 on execution, the Tender Form takes effect as a deed; and
- 7.14 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 valid tenders accepted by 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 relevant Share Settlement Date, including the right to receive all dividends and other distributions declared, paid or made after that date, and to the extent applicable any dividends or other distributions declared, paid or made between the relevant Quarterly Tender NAV Determination Date and Share Settlement 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.
- 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 9.1 and 11 of this Part XIII of this Prospectus, all Tender Requests in relation to certificated Shareholders must be made on the 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 TTE 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 10.3 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 for any reason.

- 9.2 If any Contractual Quarterly Tender terminates in accordance with this paragraph 8.1 of this Part XIII of this Prospectus, the Company shall by an RIS announcement withdraw that Contractual Quarterly Tender and, in such event, that 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 or cancelled.

- 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 (at the directors' discretion) levy a €1,000 administration charge per Shareholder for satisfying the repurchase request pursuant to each 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 themselves 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 are not available to Restricted Shareholders. Restricted Shareholders are 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 7.8 (if relevant) and 7.9 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 7.8 (if relevant) and 7.9 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. CHANGES TO THE TENDER TERMS AND CONDITIONS EFFECTIVE ON 17 JULY 2018

- 12.1 From time to time, the Company receives Tender Requests in a quarter with a low aggregate value. Such Tender Requests have been relatively costly to administer.
- 12.2 In order to deal with such “**De Minimis Tender Requests**” (being all Tender Requests received in one or two successive quarters which, when aggregated, have a value not exceeding £100,000 (the “**De Minimis Threshold**”)) in a more efficient way, the Directors implemented a process through which the Company may satisfy such De Minimis Tender Requests, on a short term basis, through use of its available cash, subject to certain terms and conditions being met as such are set out in paragraph 13 of this Part XIII of this Prospectus (the “**De Minimis Tender Process**”).
- 12.3 The Board considers that the De Minimis Tender Process assists the Investment Vehicle Investment Manager in managing the Investment Vehicle’s portfolio and in avoiding incurring disproportionate costs when dealing with De Minimis Tender Requests.
- 12.4 Given both: (1) the value of the De Minimis Threshold relative to the value of the Company; and (2) the requirement to satisfy the Realisation Condition in due course, the Board determined the De Minimis Tender Process to be a non-material administrative change to the Tender Terms and Conditions and, accordingly, the De Minimis Tender Process was introduced and an addendum published on the Company’s Website in accordance with paragraph 1.6 of the Tender Terms and Conditions.
- 12.5 The De Minimis Tender Process is an internal administrative process and does not impact the other Tender Terms and Conditions (which remain in full force and effect) or the procedure for tendering Shares in Contractual Quarterly Tenders. Shareholders should therefore continue to tender their Shares in the usual way should they wish to do so.

## 13. THE DE MINIMIS TENDER PROCESS

- 13.1 In the circumstances set out below, the Company may fund Tender Purchases out of cash (any Tender Purchase funded out of cash being a “**Cash Tender Purchase**”).
- 13.1.1 The Company must have sufficient available cash, as such is determined by the Board in its sole discretion, to make Cash Tender Purchases. If this condition is not satisfied, De Minimis Tender Requests must be funded through a *pro rata* redemption of Company Investment Vehicle Interests in the usual way.
- 13.1.2 The Realisation Condition is not waived with respect to Cash Tender Purchases since it must be satisfied in due course in accordance with the terms and conditions set out below.
- 13.1.3 For the purposes of this De Minimis Tender Process, the aggregate value of Tender Requests with respect to a quarter shall be calculated based on: (i) the latest available NAV per Share published prior to the day of the Submission Deadline for the relevant quarter; and (ii) the Euro/Sterling exchange rate as at the day of the Submission Deadline for the relevant quarter.
- 13.1.4 If the aggregate value of all Tender Requests received in a quarter (such quarter being “**Q1**”) is below the De Minimis Threshold, the Company may make Cash Tender Purchases in that quarter.

- 13.1.5 Cash Tender Purchases may also be made in the quarter immediately following Q1 (that quarter being “Q2”) if cash is available and if the aggregate value of both: (1) the Cash Tender Purchases in Q1; and (2) the Tender Requests in Q2, is less than the De Minimis Threshold.
- 13.1.6 If, in Q2, the aggregate value of both: (1) the Cash Tender Purchases in Q1; and (2) the Tender Requests in Q2, exceeds the De Minimis Threshold, then a *pro rata* redemption of Company Investment Vehicle Interests must be made to satisfy the Realisation Condition with respect to both the Cash Tender Purchases in Q1 and the Tender Purchases to be made in Q2.
- 13.1.7 If Cash Tender Purchases are made in Q1 and Q2, then in the subsequent quarter (“Q3”), even if the aggregate value of both: (1) the Cash Tender Purchases made in Q1 and Q2; and (2) the Tender Requests in Q3, remains at or below the De Minimis Threshold, a *pro rata* redemption of Company Investment Vehicle Interests must then be made in order to satisfy the Realisation Condition with respect to the Cash Tender Purchases made in Q1 and Q2 and the Tender Purchases to be made in Q3.
- 13.1.8 When Company Investment Vehicle Interests are redeemed in a quarter following Q1 or Q2 in accordance with paragraph 13.1.6 or paragraph 13.1.7 above (as applicable), the proceeds from that redemption of Company Investment Vehicle Interests which are attributable to the Cash Tender Purchases in the preceding quarter or quarters (as applicable) shall be used to replace the working capital that was used to fund those Cash Tender Purchases. If there is any shortfall between the value of the Company Investment Vehicle Interests redeemed to satisfy the Cash Tender Purchases and the cash amount used to make the Cash Tender Purchases (because of a change in the value of the Company Investment Vehicle Interests between the time of the Cash Tender Purchases and the redemption of the Company Investment Vehicle Interests), the working capital will be reduced by the amount of the shortfall. It is expected that if any such shortfall does occur, it would be de minimis.
- 13.1.9 If any of the Restrictions set out in paragraph 2.3 of the Tender Terms and Conditions applies in Q2 or Q3 (as applicable) such that a *Pro Rata* Scaling Back is applied in accordance with paragraph 2.4 or 2.5 (as applicable) of the Tender Terms and Conditions, the *Pro Rata* Scaling back shall not apply to the redemption of Company Investment Vehicle Interests to satisfy the Realisation Condition with respect to the Cash Tender Purchases and paragraph 13.1.8 above shall apply as if there had been no *Pro Rata* Scaling Back.
- 13.1.10 If a suspension is in place in a quarter or quarters following a quarter in which Cash Tender Purchases have been effected, Company Investment Vehicle Interests shall be redeemed to satisfy the Realisation Condition with respect to those Cash Tender Purchases at the earliest available opportunity and the redemption of Company Investment Vehicle Interests for such purposes shall take priority over the satisfaction of Tender Requests received after those Cash Tender Purchases.
- 13.2 The Directors note that the De Minimis Tender Process may give rise to the following risks to the Company:
- 13.2.1 there will be a reduction in cash available for working capital purposes. However, given the De Minimis Threshold, any such reduction would be small in the context of the Company; and
- 13.2.2 the value of the Company Investment Vehicle Interests may have decreased in the period between the satisfaction of the De Minimis Tender Requests out of cash and the redemption of the Company Investment Vehicle Interests, meaning that the Company may be left out of pocket by an amount equal to the shortfall. Again though, any such shortfall would be minimal in the context of the Company.

#### **14. 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

- 1.1 Each Placee who may lawfully be, and is, invited to participate by Winterflood and which confirms its agreement (whether orally or in writing) to Winterflood to subscribe for Placing Shares will be irrevocably bound by these terms and conditions and will be deemed to have accepted them.
- 1.2 Winterflood 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 may require any such Placee to execute a separate placing letter.

#### 2. AGREEMENT TO SUBSCRIBE FOR PLACING SHARES

- 2.1 Conditional on, amongst other things: (i) Admission occurring and becoming effective by 8.00 a.m. (London time) no later than three Business Days following the relevant trade date (or such other time as Winterflood 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) Winterflood confirming to the Placees their allocation of Placing Shares (verbally or by electronic mail), a Placee agrees to become a member of the Company and agrees to subscribe for those Placing Shares allocated to it by Winterflood at the Placing Price. 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.
- 2.2 Applications under a Placing must be for a minimum amount of €1,000, £1,000 or US\$1,000 (as applicable).
- 2.3 Any commitment to acquire Placing Shares agreed orally with Winterflood, as agent for the Company, will constitute an irrevocable, legally binding commitment upon that person (who at that point will become a Placee) in favour of the Company and Winterflood, to subscribe for the number of Placing Shares allocated to it on the terms and subject to the conditions set out in this Part XIV and in a contract note (the “**Contract Note**”) and in accordance with the Articles. Except with the consent of Winterflood, each person will be deemed to have confirmed that such oral commitment will not be capable of variation or revocation after the time at which it is made. In the event that Winterflood has procured acceptances from any person in connection with a Placing prior to the date of the despatch of this Prospectus, Winterflood will, prior to Admission, request confirmation from any such person that their earlier commitment remains firm and binding upon these terms and conditions and no reliance may be placed by such person on an earlier version or draft of this Prospectus.
- 2.4 Each Placee’s allocation of Placing Shares under a Placing will be evidenced by a Contract Note confirming: (i) the number of Placing Shares that such Placee has agreed to acquire; (ii) the aggregate amount that such Placee will be required to pay for such Placing Shares; and (ii) settlement instructions to pay Winterflood, as agent for the Company. The provisions as set out in this Part XIV will be deemed to be incorporated into that Contract Note.
- 2.5 The Sterling Shares and Euro Shares issued pursuant to any Placing will rank pari passu in all respects with the existing Sterling Shares and Euro Shares (as applicable) and will rank in full for all dividends and other distributions declared, made or paid on the ordinary share capital of the Company after Admission.
- 2.6 None of the Company, the Directors or Winterflood owes any fiduciary duty to any Placee in respect of the representations, warranties, undertakings or indemnities in the Sponsor and Placing Agreement.
- 2.7 For the avoidance of doubt, no Placing will be underwritten and no commissions are payable to a Placee in respect of any commitment with respect to a Placing.

### **3. PAYMENT FOR PLACING SHARES**

- 3.1 Each Placee undertakes to pay the Placing Price for the Placing Shares issued to the Placee in the manner and by the time directed by Winterflood. In the event of any failure by any Placee to pay as so directed and/or by the time required by Winterflood, the relevant Placee's application for Placing Shares may, at the discretion of Winterflood, either be accepted or rejected and, in the former case, paragraph 3.2 below shall apply.
- 3.2 Each Placee is deemed to agree that if it does not comply with its obligation to pay the Placing Price for the Placing Shares allocated to it in accordance with paragraph 3.1 of these terms and conditions and Winterflood elects to accept that Placee's application, Winterflood may sell all or any of the Placing Shares allocated to the Placee on such Placee's behalf and retain from the proceeds an amount equal to the aggregate amount owed by the Placee plus any interest due. The Placee will, however, remain liable for any shortfall below the aggregate amount owed by such Placee and it may be required to bear any tax or other charges (together with any interest or penalties) which may arise upon the sale of such Placing Shares on such Placee's behalf.
- 3.3 The Company has applied for all of the Existing Shares to be held in CREST and will apply for all Placing Shares with respect to classes of shares other than the Existing Shares to be held in CREST prior to the relevant Admission. Settlement of transactions in the Placing Shares following Admission will take place in CREST but Winterflood reserves the right in its absolute discretion to require settlement in certificated form if, in its opinion, delivery or settlement is not possible or practicable within the CREST system within the timescales previously notified to the Placee (whether orally, in the Contract Note or otherwise) or would not be consistent with the regulatory requirements in any Placee's jurisdiction.
- 3.4 Placing Shares will be delivered direct into the Placee's CREST account provided payment has been made in terms satisfactory to Winterflood and the details provided by the Placee have provided sufficient information to all the CREST system to match to the CREST account specified. Placing Shares comprised in a commitment with respect to the relevant Placing by a Placee are expected to be delivered to the CREST account which a Placee specifies by telephone to the Placee's usual sales contact at Winterflood.
- 3.5 If the Placee does not provide any CREST details or if the Placee provides insufficient CREST details to match within the CREST system to such Placee's details, Winterflood may, at its absolute discretion, deliver or procure the delivery of the commitment with respect to the relevant Placing by such Placee in certificated form provided payment has been made in terms satisfactory to Winterflood and all conditions in relation to the relevant Placing have been satisfied or waived.

### **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 for any person(s) procured by it to subscribe for Placing Shares and any nominee(s) for any such person(s)) be deemed to irrevocably agree, undertake, represent, warrant and acknowledge to each of the Company, Winterflood and the Registrar that:

- 4.1 in agreeing to subscribe for Placing Shares, it is relying solely on this Prospectus and any supplementary prospectus issued by the Company and not on any other information given, or representation or statement made at any time by any person concerning the Company, the Placing Shares, the Placing Programme or Admission (including, without limitation, the roadshow presentation prepared by the Company or research by any party containing information about the Company). It agrees that none of the Company, Winterflood or the Registrar, nor any of their respective officers, agents, employees or affiliates, 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 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Placing Shares, it warrants and represents that it is a person to whom the Placing Shares may be lawfully offered under that other territory or jurisdiction's laws and regulations, 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 application in any territory and that it has not taken any

action or omitted to take any action which will result in the Company, Winterflood or the Registrar or any of their respective officers, agents, employees or affiliates 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;

- 4.3 it has carefully read and understands this Prospectus in its entirety and acknowledges that it is acquiring Placing Shares on the terms and subject to the conditions set out in this Part XIV and in the Contract Note and the Articles as in force at the date of Admission;
- 4.4 the Placing Price payable per Placing Share is payable to Winterflood on behalf of the Company in accordance with these terms and conditions and the terms in the Contract Note;
- 4.5 it has the funds available to pay in full for the Placing Shares for which it has agreed to subscribe and it will pay the total subscription amount in accordance with these terms and conditions and the terms set out in the Contract Note on the due time and date;
- 4.6 it has not relied on Winterflood or any person affiliated with Winterflood in connection with any investigation of the accuracy of any information contained in this Prospectus;
- 4.7 it acknowledges that the content of this Prospectus is exclusively the responsibility of the Company and the Directors and neither Winterflood nor any person acting on its behalf nor any of its affiliates are responsible for or shall have any liability for any information, representation or statement contained in this Prospectus or any information published by or on behalf of the Company and will not be liable for any decision by a Placee to participate in the Placing Programme based on any information, representation or statement contained in this Prospectus or otherwise;
- 4.8 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, if given or made, any information or representation must not be relied upon as having been authorised by Winterflood or the Company;
- 4.9 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;
- 4.10 it is liable for any capital duty, stamp duty, stamp duty reserve tax and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by it or any other person on the acquisition by it of any Placing Shares or the agreement by it to acquire any Placing Shares;
- 4.11 it accepts that none of the Placing Shares have been or will be registered under the securities laws, or with any securities regulatory authority of, the United States, any member state of the EEA other than the United Kingdom, Australia, Canada, the Republic of South Africa, New Zealand or Japan (each, a “**Restricted Jurisdiction**”). Accordingly, the Placing Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Restricted Jurisdiction unless an exemption from any registration requirement is available;
- 4.12 if it is within the United Kingdom, it is: (a) a person who falls within (i) Articles 49(2)(A) to (D) or (ii) Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (the “**Order**”) or is a person to whom the Placing Shares may otherwise lawfully be offered under such Order, or, 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; and (b) a qualified investor (as such term is defined in section 86(7) of FSMA);

- 4.13 if it is a resident in the EEA (other than in the United Kingdom), it is: (a) a qualified investor within the meaning of the law in the relevant EEA member state implementing Article 2(1)(i), (ii) or (iii) of the Prospectus Directive; and (b) if the relevant member state has implemented the AIFM Directive, that it is a person to whom the Placing Shares may lawfully be marketed to under the applicable implementing legislation (if any) of the relevant member state;
- 4.14 in the case of any Placing Shares acquired by an investor as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive: (i) the Placing Shares acquired by it in the relevant Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant member state other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of Winterflood has been given to the offer or resale; or (ii) where Placing Shares have been acquired by it on behalf of persons in any relevant member state other than qualified investors, the offer of those Placing Shares to it is not treated under the Prospectus Directive as having been made to such persons;
- 4.15 if it is outside the United Kingdom, neither this Prospectus nor any other offering, marketing or other material in connection with the Placing Programme (for the purposes of this Part XIV, each, a “**Placing Document**”) constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for Placing Shares 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;
- 4.16 it does not have a registered address in, and is not a citizen, resident or national of a Restricted Jurisdiction or 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;
- 4.17 if the investor is a natural person, such investor is not under the age of majority (18 years of age in the United Kingdom) on the date of such investor’s agreement to subscribe for Placing Shares under the relevant Placing;
- 4.18 it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Placing Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person and you acknowledge and agree that no Placing Document is being issued by Winterflood in its capacity as an authorised person under section 21 of FSMA and such documents may not therefore be subject to the controls which would apply if they were made or approved a financial promotion by an authorised person;
- 4.19 it is aware of and acknowledges that it is required to comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Placing Shares in, from or otherwise involving, the United Kingdom;
- 4.20 it is aware of the provisions of the Criminal Justice Act 1993 and the Market Abuse Regulation regarding insider dealing and the Proceeds of Crime Act 2002 and confirms that it has and will continue to comply with any obligations imposed by such statutes;
- 4.21 unless it is otherwise expressly agreed with the Company and Winterflood in the terms of any particular placing, it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other Placing Document to any persons within the United States or to any U.S. Persons, nor will it do any of the foregoing;
- 4.22 it represents, acknowledges and agrees to the representations, warranties, undertakings, acknowledgements and agreements as set out in the section entitled “Purchase and Transfer Restrictions, Subscriber and Shareholder warranties” in Part VI of this Prospectus;
- 4.23 no action has been taken or will be taken in any jurisdiction other than the United Kingdom that would permit a public offering of the Placing Shares or possession of this Prospectus (and any

- supplementary prospectus issued by the Company), in any country or jurisdiction where action for that purpose is required;
- 4.24 it acknowledges that neither Winterflood nor any of its 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 a Placing is on the basis that it is not and will not be a client of Winterflood and that Winterflood does not have any duties or responsibilities to it for providing protection afforded to their respective clients or for providing advice in relation to the relevant Placing;
- 4.25 that, save in the event of fraud on the part of Winterflood, none of Winterflood, its ultimate holding companies nor any direct or indirect subsidiary undertakings of such holding companies, nor any of their respective directors, members, partners, officers and employees, shall be responsible or liable to a Placee or any of its clients for any matter arising out of Winterflood' role as sponsor, financial adviser and bookrunner or otherwise in connection with the Placing and that where any such responsibility or liability nevertheless arises as a matter of law the Placee and, if relevant, its clients, will immediately waive any claim against any of such persons which the Placee or any of its clients may have in respect thereof;
- 4.26 it acknowledges that 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; and (iii) to receive on behalf of each such account any documentation relating to the relevant Placing in the form provided by the Company and/or Winterflood. It agrees that the provision of this paragraph shall survive any resale of the Placing Shares by or on behalf of any such account;
- 4.27 it irrevocably appoints any Director and any director of Winterflood 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 a Placing in the event of its own failure to do so;
- 4.28 it accepts that if the relevant Placing does not proceed or the relevant conditions to the Sponsor and Placing Agreement are not satisfied as regards the relevant Placing or the Placing Shares for which valid application are received and accepted are not admitted to trading on the Main Market of the London Stock Exchange for any reason whatsoever, then none of Winterflood, the Company, 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;
- 4.29 in connection with its participation in the relevant Placing it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and that its application is only made on the basis that it accepts full responsibility for any requirement to 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; (ii) subject to the Money Laundering Directive; (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;
- 4.30 it acknowledges that due to anti-money laundering requirements, Winterflood, the Administrator, the Registrar and the Company may require proof of identity and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, Winterflood and the Company may refuse to accept the application and the subscription monies relating thereto. It holds harmless and will indemnify Winterflood and the Company against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been requested has not been provided by it in a timely manner;

- 4.31 that it is aware of, has complied with and will at all times comply with its obligations in connection with money laundering under the Proceeds of Crime Act 2002, the Terrorism Act 2000 and Terrorism Act 2006;
- 4.32 Winterflood and the Company are entitled to exercise any of their rights under the Sponsor and Placing Agreement or any other right in their absolute discretion without any reference or liability whatsoever to it and that, as Placee, it has no rights against either Winterflood, the Company or any of their respective directors and employees under the Sponsor and Placing Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999;
- 4.33 the representations, undertakings and warranties contained in this Prospectus are irrevocable. It acknowledges that Winterflood and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing 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 Placing Shares are no longer accurate, it shall promptly notify Winterflood and the Company;
- 4.34 where it or any person acting on behalf of it is dealing with Winterflood, any money held in an account with Winterflood on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require Winterflood to segregate such money, as that money will be held by Winterflood under a banking relationship and not as trustee;
- 4.35 any of its clients, whether or not identified to Winterflood, will remain its sole responsibility and will not become clients of Winterflood for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- 4.36 it accepts that the allocation of Placing Shares shall be determined by Winterflood, in its absolute discretion (following consultation with the Company), and that Winterflood may scale down commitments with respect to any Placing for this purpose on such basis as it may determine;
- 4.37 time shall be of the essence as regards its obligations to settle payment for the Placing Shares and to comply with its other obligations with respect to a Placing;
- 4.38 it authorises Winterflood to deduct from the total amount subscribed under a Placing the aggregation commission (if any) payable on the number of Placing Shares allocated under the relevant Placing;
- 4.39 if a supplementary prospectus is required to be produced pursuant to section 87G FSMA, and if it chooses not to exercise any right of withdrawal pursuant to section 87(Q)(4) FSMA, such Placee will immediately re-subscribe for the Placing Shares previously comprising its commitment with respect to the relevant Placing;
- 4.40 the commitment to subscribe for Placing Shares on these terms and conditions will continue notwithstanding any amendment that may in the future be made to the terms of any Placing and that it will have no right to be consulted or require that its consent be obtained with respect to the Company's conduct of any Placing;
- 4.41 it is capable of being categorised as a person who is a “**professional client**” or an “**eligible counterparty**” within the meaning of Chapter 3 of the FCA's Conduct of Business Sourcebook; and
- 4.42 if it is acting as a “**distributor**” (for the purposes of the MiFID II Product Governance Requirements):
- 4.42.1 it acknowledges that the Target Market Assessment undertaken by Winterflood does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares, and each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels;

- 4.42.2 notwithstanding any Target Market Assessment undertaken by Winterflood, it confirms that it has satisfied itself as to the appropriate knowledge, experience, financial situation, risk tolerance and objectives and needs of the investors to whom it plans to distribute the Placing Shares and that it has considered the compatibility of the risk/reward profile of such Placing Shares with the end target market;
- 4.42.3 it acknowledges that the price of the Placing Shares may decline and investors could lose all or part of their investment; the Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom; and
- 4.42.4 it acknowledges that Winterflood is acting for the Company in connection with the Placing Programme and for no-one else and that it will not treat you as its customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of the Placing Shares or concerning the suitability of the Placing Shares for you or be responsible to you for the protections afforded to their customers.

## 5. SUPPLY AND DISCLOSURE OF INFORMATION

If Winterflood, the Registrar, the Company or any of their respective agents request any information about a Placee's agreement to subscribe for Placing Shares, such Placee must promptly disclose it to them.

## 6. DATA PROTECTION

- 6.1 Each Placee understands that any information the Placee provides in relation to any natural person (a "**relevant individual**") by whatever means in relation to an application for Placing Shares or information which may be obtained in relation to any relevant individual from other sources (the "**personal information**") will be held, controlled and processed by the Company, Winterflood, the Administrator and/or the Registrar subject always to (as applicable) the provisions of: (i) the GDPR and any national law issued under that regulation; and (ii) the DP Law (together, the "**DP Legislation**").
- 6.2 With respect to the Company, each Placee is advised to read in detail the Company's privacy notice, which is available for consultation on the Company's Website at <https://www.ccpeol.com/data-privacy/> (the "**Privacy Notice**") and which sets out the purposes for which a relevant individual's personal information will be held and processed by the Company, Winterflood, the Administrator and/or the Registrar and provides an outline of the data protection rights of relevant individuals under the DP Legislation.
- 6.3 Each Placee warrants and confirms that:
- 6.3.1 it has all necessary authority to provide the personal data on behalf of each relevant individual;
- 6.3.2 it has complied and shall continue to comply in all respects with the DP Legislation in relation to the disclosure of personal data in connection with this Prospectus, any supplementary prospectus and the Placing Programme; and
- 6.3.3 it will make the Privacy Notice available to each relevant individual and draw their attention to it.

## 7. MISCELLANEOUS

- 7.1 The rights and remedies of the Company, Winterflood, 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.

- 7.2 On application, if a Placee is an individual, that Placee may be asked to disclose in writing or orally, their nationality. 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 Programme will be sent at the Placee's risk. Such documents may be returned by post to such Placee at the address notified by such Placee.
- 7.3 Each Placee agrees to be bound by the Articles once the Placing Shares, which the Placee has agreed to subscribe for pursuant to the relevant Placing, have been acquired by the Placee. The contract to subscribe for Placing Shares under the relevant Placing and the appointments and authorities mentioned in this Prospectus and all disputes and claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of Winterflood, the Company and the Registrar, 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 the Placee in any other jurisdiction.
- 7.4 In the case of a joint agreement to subscribe for Placing Shares, 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.
- 7.5 Winterflood 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. The Placing Programme and each Placing 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 or replaced from time to time
<b>“Administration Agreement”</b>	the administration agreement between the Company and the Administrator, a summary of which is set out in paragraph 5.4 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 relevant 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 five 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>“AIC”</b>	the Association of Investment Companies
<b>“AIC Code”</b>	the AIC Code of Corporate Governance for Jersey-domiciled member companies, as amended or replaced from time to time
<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 Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No. 1095/2010, as supplemented by Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision, as such may be amended or replaced from time to time
<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, as such may be amended from time to time
<b>“ATAD”</b>	has the meaning given in the section entitled “Risks Relating to Law, Regulation and Taxation” in the section entitled “Risk Factors” in this Prospectus
<b>“ATAD 1”</b>	has the meaning given in the section entitled “Risks Relating to Law, Regulation and Taxation” in the section entitled “Risk Factors” in this Prospectus
<b>“ATAD 2”</b>	has the meaning given in the section entitled “Risks Relating to Law, Regulation and Taxation” in the section entitled “Risk Factors” in this Prospectus
<b>“ATAD Law”</b>	has the meaning given in the section entitled “Risks Relating to Law, Regulation and Taxation” in the section entitled “Risk Factors” in this Prospectus
<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>“Benchmarks Regulation”</b>	Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and the Market Abuse Regulation
<b>“Borrowing Limit”</b>	means the borrowing limit applicable to the Company, the Investment Vehicle or the Conversion Vehicle (as the context may require) as further described in the sections entitled “Investment Policy” in Part I and Part II of this Prospectus
<b>“Business Day”</b>	a day (excluding Saturdays and Sundays or public holidays in England, Wales and Jersey) on which banks generally are open for business in London and Jersey for the transaction of normal 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 “Management Fees, Performance Fees And Other Fees And Expenses Payable By The Investment Vehicle And The Conversion Vehicle” in Part II of this Prospectus
<b>“Calculation Period”</b>	has the meaning given in the section entitled “Management Fees, Performance Fees And Other Fees And Expenses Payable By The Investment Vehicle And The Conversion Vehicle” in Part II of this Prospectus

<b>“Calculation Time”</b>	has the meaning given in the section entitled “C Share Definitions” in Part III 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>“Cash Tender Purchase”</b>	a Tender Purchase funded out of the Company’s available cash, as such is further described in paragraph 13.1 of Part XIII of this Prospectus
<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, as amended or replaced from time to time
<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>“CLO Securities”</b>	an asset-backed security (known as a “collateralised loan obligation” or “CLO”) issued as part of a securitisation of a pool of assets, 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 or replaced from time to time 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, a Sterling-denominated Company Investment Vehicle Interest and/or a U.S. Dollar-denominated Company Investment Vehicle Interest
<b>“Company’s Website”</b>	the website of the Company ( <a href="http://www.ccpeol.com">www.ccpeol.com</a> )

<b>“Compartment”</b>	one or more of the compartments of CECO as may be in existence from time to time
<b>“Conflicts Committee”</b>	has the meaning given in the risk entitled “The Investment Vehicle Manager may provide services to Other CVC 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 and, by extension, by the Company. The Investment Vehicle Manager may also encounter potential conflicts of interest in connection with the other activities of the CVC Credit Partners Group” in the section entitled “Risk Factors” in 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 III of this Prospectus
<b>“Conversion Calculation Date”</b>	has the meaning given in the section entitled “Share Conversion Mechanism” in Part IX of this Prospectus
<b>“Conversion Company”</b>	has the meaning given in the section entitled “Treasury Share Convertor Mechanism” in Part I of this Prospectus
<b>“Conversion Ratio”</b>	has the meaning given in the section entitled “C Share Definitions” in Part III of this Prospectus
<b>“Conversion Vehicle”</b>	Compartment AA of CECO
<b>“Conversion Vehicle Interest”</b>	a preferred equity certificate issued by the Conversion Vehicle in a Series, including a Euro-denominated Conversion Vehicle Interest, a Sterling-denominated Conversion Vehicle Interest and/or a U.S. Dollar-denominated Conversion Vehicle Interest
<b>“Conversion Vehicle Interest Holder”</b>	the holder of a Conversion Vehicle Interest, as recorded in the Conversion Vehicle’s register of Conversion Vehicle Interest Holders
<b>“Conversion Vehicle Investment Management Fee”</b>	means the management fee payable by the Conversion Vehicle as discussed in the section entitled “Management Fees, Performance Fees and Other Fees and Expenses 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 the 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 Fees, Performance Fees and Other Fees and Expenses Payable by the Investment Vehicle and the Conversion Vehicle” in Part II of this Prospectus
<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 Services and Support Agreement”</b>	the corporate services and support agreement between the Company and the Investment Vehicle Manager a summary of which is set out in paragraph 5.2 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, as amended by Regulation (EU) No 513/2011 of the European Parliament and of the Council of 11 May 2011 and Regulation (EU) No 462/2013 of the European Parliament and of the Council of 21 May 2013, as such may be amended or replaced from time to time
<b>“Credit Opportunities”</b>	has the meaning given to it in the section entitled “Investment Strategy” in Part II of this Prospectus
<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, as amended or replaced from time to time
<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, as amended or replaced from time to time
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 of the United Kingdom (SI No. 2001/3755) and the CREST Jersey Regulations, as amended or replaced from time to time
<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 5.5 of Part IX of this Prospectus
<b>“CVC Capital Partners”</b>	(i) CVC Capital Partners SICAV-FIS S.A., a Luxembourg Société d’investissement à capital variable having its registered address as of the date hereof at 20 Avenue Monterey L-2163 Luxembourg-Ville, and (ii) CVC Capital Partners Advisory Group Holding Foundation, and each of their Associates and each of their respective successors and permitted assigns

<b>“CVC Capital Partners Fund”</b>	has the meaning given in the risk entitled “The Investment Vehicle Manager may provide services to Other CVC 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 and, by extension, by the Company. The Investment Vehicle Manager may also encounter potential conflicts of interest in connection with the other activities of the CVC Group” in the section entitled “Risk Factors” in this Prospectus
<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 Limits on the basis of the accounting treatment of such holdings in the books and records of the relevant CVC Fund
<b>“CVC Credit Partners”</b>	CVC Credit Partners Investment Management Limited
<b>“CVC Credit Partners Group”</b>	CVC Credit Partners Group Holding Foundation, together with its direct and indirect subsidiaries and their respective affiliates, excluding any CVC Fund
<b>“CVC Credit Partners Vehicle”</b>	has the meaning given in the risk entitled “The Investment Vehicle Manager may provide services to Other CVC 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 and, by extension, by the Company. The Investment Vehicle Manager may also encounter potential conflicts of interest in connection with the other activities of the CVC Group” in the section entitled “Risk Factors” in this Prospectus
<b>“CVC Fund”</b>	a fund managed and/or advised by the CVC Group
<b>“CVC Group”</b>	CVC Capital Partners and CVC Credit Partners Group
<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”); and (iii) any investment fund controlled by a CVC Group entity or its affiliates for any CVC Related Person

<b>“Default Shares”</b>	has the meaning given in paragraph 4.7.2 of Part IX of this Prospectus
<b>“De Minimis Tender Process”</b>	the process described in paragraph 13.1 of Part XIII of this Prospectus
<b>“De Minimis Tender Requests”</b>	has the meaning given in the section entitled “Changes to the Tender terms and Conditions Effective on 17 July 2018” in Part XIII of this Prospectus
<b>“De Minimis Threshold”</b>	£100,000
<b>“Designated Series Adjustments”</b>	has the meaning given in the section entitled “Calculation of the Investment Vehicle and the Conversion Vehicle Net Asset Values” in Part II of this Prospectus
<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 Guidance and Transparency Rules” or “DTRs”</b>	the disclosure guidance 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>	the Data Protection (Jersey) Law 2018, as amended or replaced from time to time
<b>“DP Legislation”</b>	the GDPR, the DP Law and any other applicable data protection legislation, as such may be amended or replaced from time to time
<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>“EMIR”</b>	Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories and its various delegated regulations and technical standards
<b>“ERISA”</b>	the U.S. Employee Retirement Income Security Act of 1974, as amended, and the applicable regulations thereunder
<b>“ESG”</b>	environmental, social and governance
<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>“EURIBOR”</b>	Euro interbank offered rate, a benchmark interest rate
<b>“Euro” or “€”</b>	the lawful currency of the EU

<b>“Euro Share”</b>	a Euro denominated Share
<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>“Eurozone”</b>	the EU Member States which have adopted the Euro
<b>“Excess Total Return”</b>	has the meaning given in the section entitled “Management Fees, Performance Fees And Other Fees And Expenses Payable By The Investment Vehicle And The Conversion Vehicle” in Part II of this Prospectus
<b>“Existing Share”</b>	a Share in issue at the date of this Prospectus or, as the context may require, a Share in issue at a future date relative to some future action or event
<b>“External Conflicts Committee”</b>	has the meaning given in the risk entitled “The Investment Vehicle Manager may provide services to Other CVC 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 and, by extension, by the Company. The Investment Vehicle Manager may also encounter potential conflicts of interest in connection with the other activities of the CVC Group” in the section entitled “Risk Factors” in this Prospectus
<b>“Extraordinary Resolution”</b>	a resolution of the Company or of a class of Shareholders passed: (i) at a general meeting or a class meeting by a majority of not less than 75 per cent. of the votes of the Shareholders entitled to vote and voting in person or by proxy; or (ii) in writing by Shareholders holding 75 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, as amended
<b>“Financial Conduct Authority” or “FCA”</b>	the UK Financial Conduct Authority and any successor regulatory authority
<b>“FSMA”</b>	The UK Financial Services and Markets Act 2000, as amended or replaced from time to time
<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>“GDPR”</b>	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation), as amended or replaced from time to time



<b>“Gross Assets”</b>	the aggregate value of the assets of the Company, the Investment Vehicle or the Conversion Vehicle (as the context may require)
<b>“Gross Placing Proceeds”</b>	the aggregate value of the Placing Shares issued pursuant to any Placing at the relevant Placing Price
<b>“Gross Placing Programme Proceeds”</b>	the aggregate value of the Placing Shares issued pursuant to the Placing Programme at the relevant Placing Prices
<b>“GST”</b>	a Jersey goods and services tax applied at a standard rate of 5 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 “Management Fees, Performance Fees And Other Fees And Expenses Payable By The Investment Vehicle And The Conversion Vehicle” 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 “Management Fees, Performance Fees And Other Fees And Expenses Payable By The Investment Vehicle And The Conversion Vehicle” in Part II of this Prospectus
<b>“IFRS”</b>	the International Financial Reporting Standards, as adopted by the EU, as amended or replaced from time to time
<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>“Initial Issue Date”</b>	has the meaning given in the section entitled “Management Fees, Performance Fees And Other Fees And Expenses Payable By The Investment Vehicle And The Conversion Vehicle” in Part II of this Prospectus
<b>“interested party”</b>	has the meaning given in paragraph 4.7.1 of Part IX of this Prospectus
<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 may require)
<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 Team”</b>	CVC Credit Partners Group’s investment team
<b>“Investment Vehicle”</b>	Compartment A of CECO
<b>“Investment Vehicle Administrative Services Agreement”</b>	the administrative services agreement between CECO and the Investment Vehicle Administrator as may be amended and restated, a summary of which is set out in paragraph 7.4 of Part X of this Prospectus
<b>“Investment Vehicle Administrator”</b>	SS&C (Luxembourg) S.à.r.l

<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 7.3 of Part X of this Prospectus
<b>“Investment Vehicle Agents”</b>	has the meaning given in paragraph 7.3 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 7.6 of Part X of this Prospectus
<b>“Investment Vehicle Corporate Service Provider”</b>	Saltgate S.A.
<b>“Investment Vehicle Currency Risk Advisor”</b>	Validus Risk Management Limited or such other person or persons from time to time appointed by CECO to provide currency risk advisory services to the Investment Vehicle
<b>“Investment Vehicle Currency Risk Advisor Agreement”</b>	the currency risk advisor agreement between CECO and the Investment Vehicle Currency Risk Advisor, a summary of which is set out in paragraph 7.8 of Part X of this Prospectus
<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 7.5 of Part X of this Prospectus
<b>“Investment Vehicle Interest”</b>	a preferred equity certificate issued by the Investment Vehicle in a Series.
<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 Fees, Performance Fees and Other Fees and Expenses 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 the 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 “Management Fees, Performance Fees And Other Fees And Expenses Payable By The Investment Vehicle And The Conversion Vehicle” in Part II of this Prospectus

<b>“Investment Vehicle Prime Broker”</b>	Goldman Sachs International
<b>“Investment Vehicle Prime Brokerage Agreement”</b>	the prime brokerage agreement between CECO and the Investment Vehicle Prime Broker, a summary of which is set out in paragraph 7.7 of Part X of this Prospectus
<b>“Investment Vehicle Redemption”</b>	the redemption facility offered by the Investment Vehicle
<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 Luxembourg 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 Shares of the Company in June 2013
<b>“ISA”</b>	an individual savings account maintained in accordance with the UK Individual Savings Account Regulations 1998 (SI 1998 No. 1870), as amended from time to time
<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, as such may be amended or replaced from time to time
<b>“JFSC” or “Commission”</b>	Jersey Financial Services Commission
<b>“LCD”</b>	Standard & Poor’s leveraged commentary and data
<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, as amended or replaced from time to time
<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, as amended or replaced from time to time
<b>“Luxembourg Business Day”</b>	a day on which banks in Luxembourg are normally open for business
<b>“Main Market”</b>	the London Stock Exchange’s regulated market for securities admitted to trading
<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 Regulation”</b>	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and repealing the Directive of the European Parliament and of the Council of 28 January 2003 and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, as amended or replaced from time to time
<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 in the section entitled “Management Fees, Performance Fees and Other Fees and Expenses Payable by the Investment Vehicle and the Conversion Vehicle” in Part II of this Prospectus
<b>“MiFID II”</b>	Directive 2014/65/EU on markets in financial instruments, as amended or replaced from time to time
<b>“MiFID II Delegated Directive”</b>	Commission Delegated Directive (EU) 2017/593 supplementing MiFID II, as amended or replaced from time to time
<b>“MiFID II Product Governance Requirements”</b>	the product governance requirements contained within: (i) MiFID II; (ii) Articles 9 and 10 of the MiFID II Delegated Directive; and (iii) local implementing measures in connection with the foregoing, as amended or replaced from time to time
<b>“Minimum Redemption Condition”</b>	has the meaning given in the section entitled “Discount Control: Quarterly Tenders” in Part I of this Prospectus
<b>“Money Laundering Directive”</b>	Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, as amended or replaced from time to time
<b>“Money Laundering Regulations”</b>	the UK Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended or replaced from time to time
<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” or “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 Share” or “NAV per Share”</b>	the Net Asset Value attributable to a class of shares of the Company 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 Share”</b>	a Euro Share to be issued pursuant to the Placing Programme
<b>“New Share”</b>	a New Euro Share, a New Sterling Share and/or a New U.S. Dollar Share, in each case issued under the Placing Programme, as the context may require
<b>“New Sterling Share”</b>	a Sterling Share to be issued pursuant to the Placing Programme
<b>“New U.S. Dollar Share”</b>	a U.S. Dollar 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 or C 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; or (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 at a general meeting of the Company by a majority of the Shareholders present in person or by proxy and entitled to vote and voting at a general meeting
<b>“Other CVC Clients”</b>	has the meaning given in the risk entitled “The Investment Vehicle Manager may provide services to Other CVC 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 and, by extension, by the Company. The Investment Vehicle Manager may also encounter potential conflicts of interest in connection with the other activities of the CVC Group” in the section entitled “Risk Factors” in this Prospectus
<b>“Overseas Shareholders”</b>	all non-UK Shareholders who are not Restricted Shareholders
<b>“payment in kind” or “PIK”</b>	in reference to a loan or other debt instrument, means a form of Subordinated Secured Obligation

<b>“PD Amending Directive”</b>	Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010 amending the Prospectus Directive and Directive 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, as amended or replaced from time to time
<b>“Performance Fees”</b>	the Investment Vehicle Performance Fee and the Conversion Vehicle Performance Fee
<b>“Performing Credit”</b>	has the meaning given in the section entitled “Investment Strategy” in Part II of this Prospectus
<b>“Placee”</b>	a person subscribing for Shares under a Placing
<b>“Placing”</b>	a placing of Placing Shares at the relevant Placing Price to one or more investors made pursuant to the Placing Programme
<b>“Placing Price”</b>	the price at which Placing Shares will be issued to Placees pursuant to a Placing, being such price in respect of the relevant Placing 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 500 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 may require) to be issued pursuant to a Placing under the Placing Programme
<b>“POI Law”</b>	the Protection of Investors (Bailiwick of Guernsey) Law, 1987
<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 may require
<b>“PRIIPs Regulation”</b>	Regulation (EU) No. 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) and its implementing and delegated acts
<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 of the European Union on the prospectus to be published when securities are offered to the public or admitted to trading and any relevant implementing measure in each Relevant Member State (as amended, supplemented or replaced from time to time, including by the PD Amending Directive and the Prospectus Regulation)

<b>“Prospectus Regulation”</b>	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing the Prospectus Directive
<b>“Prospectus Rules”</b>	the prospectus rules made by the FCA under Part VI of FSMA, as amended or replaced from time to time
<b>“Q1”</b>	for the purposes of the De Minimis Tender Process, a quarter in which De Minimis Tender Requests are received which follows either: (i) a quarter in which no Tender Requests were received; or (ii) a quarter in which the aggregate value of the Tender Requests received exceeded the De Minimis Threshold
<b>“Q2”</b>	for the purposes of the De Minimis Tender Process, the quarter following Q1
<b>“Q3”</b>	for the purposes of the De Minimis Tender Process, the quarter following Q2
<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>“Quarterly Tender NAV Determination Date”</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>	Computershare Investor Services (Jersey) 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”</b>	Computershare Investor Services (Jersey) Limited or such other person or persons from time to time appointed by the Company as its registrar
<b>“Registrar Agreement”</b>	the registrar agreement between the Company and the Registrar, a summary of which is set out in paragraph 5.6 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 a Placing or a Contractual Quarterly Tender (as applicable) 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>“Scrip Shares”</b>	has the meaning given in the section entitled “Target Returns and Dividend Policy” in Part I of this Prospectus
<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 may require) 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 the 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 the Conversion Vehicle Net Asset Values” in Part II of this Prospectus
<b>“Share”</b>	except where the context expressly requires otherwise, 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 of any class of the Company
<b>“Shareholder”</b>	except where the context expressly requires otherwise, 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>“Share Surplus”</b>	the net assets of the Company attributable to the Shares
<b>“SIPP”</b>	a UK self-invested personal pension as defined in Regulation 3 of the UK Retirement Benefits Schemes (Restriction on Discretion to Approve) (Permitted Investments) Regulations 2001 (SI 2001 No. 117)
<b>“Special Resolution”</b>	a resolution of the Company passed at a general meeting of the Company by a majority of the Shareholders representing not less than two thirds of the Shareholders present in person or by proxy and entitled to vote and voting at a general meeting
<b>“Sponsor and Placing Agreement”</b>	the conditional agreement between the Company, the Investment Vehicle Manager and Winterflood, a summary of which is set out in paragraph 5.3 of Part IX of this Prospectus
<b>“SSAS”</b>	a UK small self-administered pension scheme which satisfies the requirements of the UK Finance Act 2004 (as amended from time to time) so that it may be registered with HMRC as a “registered pension scheme” pursuant to the provisions of the UK Finance Act 2004
<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 a 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 or replaced from time to time
<b>“Target Market Assessment”</b>	has the meaning given in the section entitled “Information to Distributors” in the section entitled “Important Notices” in this Prospectus
<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>“TFE Instruction”</b>	a transfer from escrow instruction
<b>“TIOPA”</b>	the Taxation (International and Other Provisions) Act 2010
<b>“Trade Mark Licence Agreement”</b>	the Trade Mark Licence 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>“Treasury Share Convertor Mechanism”</b>	has the meaning given in the section entitled “Treasury Share Convertor Mechanism” 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>“Treasury Shares”</b>	Shares held in treasury by the Company
<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, as amended or replaced from time to time
<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>“Underlying Issuer”</b>	has the meaning given in the risk entitled “The Investment Vehicle Manager may provide services to Other CVC 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 and, by extension, by the Company. The Investment Vehicle Manager may also encounter potential conflicts of interest in connection with the other activities of the CVC Group” in the section entitled “Risk Factors” in this Prospectus
<b>“United States” or “U.S.” or “USA”</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 a borrower or borrower group and includes unsecured high yield bonds
<b>“U.S. Dollar” or “US\$” or “USD”</b>	the lawful currency of the United States
<b>“U.S. Dollar-denominated Company Investment Vehicle Interest”</b>	a U.S. Dollar denominated Investment Vehicle Interest to be issued to the Company by the Investment Vehicle upon the issuance of any U.S. Dollar Shares and such U.S. Dollar-denominated Company Investment Vehicle Interests constitute the thirteenth Series of Investment Vehicle Interests issued by the Investment Vehicle
<b>“U.S. Dollar-denominated Conversion Vehicle Interest”</b>	a U.S. Dollar denominated Conversion Vehicle Interest issued to the Company by the Conversion Vehicle
<b>“U.S. Dollar Share”</b>	a U.S. Dollar denominated Share
<b>“U.S. Exchange Act”</b>	the U.S. Securities Exchange Act of 1934, 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 promulgated under the U.S. Securities Act
<b>“U.S. Plan”</b>	any plan subject to Title 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 U.S. 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
<b>“Winterflood”</b>	Winterflood Securities Limited

