

**THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE 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, legal adviser, accountant, or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000 (the “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 relating to NB Distressed Debt Investment Fund Limited (the “Company”) in connection with the Issue of New Global Shares in the Company and Admission of the New Global Shares resulting from the Issue, prepared in accordance with the Prospectus Rules of the UK Listing Authority made pursuant to section 73A of the FSMA, has been filed with the Financial Conduct Authority in accordance with Rule 3.2 of the Prospectus Rules. This document also constitutes a Listing Document for the purposes of seeking admission of the New Global Shares to the Official List of the CISEA.

The New Global Shares are only suitable for investors: (i) who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company; (ii) for whom an investment in the New Global Shares is part of a diversified investment programme; and (iii) who fully understand and are willing to assume the risks involved in such an investment programme.

Applications will be made to the London Stock Exchange and the CISEA for the New Global Shares to be admitted to trading on the Specialist Fund Market of the London Stock Exchange and to listing and trading on the Official List of the CISEA.

This document should not be distributed, forwarded or transmitted in or into the U.S., Australia, Canada, Japan, New Zealand, South Africa or, within the EEA, outside the United Kingdom, or into any other jurisdiction where to do so would constitute a violation of applicable laws or regulations of such other jurisdiction. Persons in possession of this document are required to inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of such jurisdictions. In particular, subject to very limited exceptions, U.S. Persons (as defined in Part X), will not be eligible to acquire New Global Shares in the Issue and this document and any other related documents should not be distributed, forwarded to or transmitted in or into the United States. See “Purchase and transfer restrictions” in Part V of this document.

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# **NB Distressed Debt Investment Fund Limited**

*(A non-cellular company limited by shares incorporated under the laws of Guernsey with registered number 51774)*

## **New Global Share Class**

**Placing and Offer for Subscription for a target issue in excess of 100,000,000**

**New Global Shares at an issue price of 100 pence per New Global Share**

*Investment Manager*

**Neuberger Berman Europe Limited**

*Sub-Investment Manager*

**Neuberger Berman Fixed Income LLC**

*Joint Financial Advisers*

**Oriel Securities Limited  
and Winterflood Securities Limited**

*Joint Bookrunners*

**Oriel Securities Limited  
and Winterflood Securities Limited**

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This document includes particulars given in compliance with the Listing Rules of the CISEA for the purpose of giving information with regard to the Company. The Company and the Directors, whose names appear on page 47 of this document, accept responsibility for the information contained in this document. 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 document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect the import of such information.

The Investment Managers accept responsibility for the information contained in this document pertaining to each of them and each other. To the best of the knowledge of the Investment Managers, who have taken all reasonable care to ensure that such is the case, the information contained in this document pertaining to each of them and each other is in accordance with the facts and contains no omission likely to affect its import.

Capitalised terms contained in this document shall have the meanings set out in Part X of this document.

**The attention of Shareholders is drawn to the Risk Factors set out on pages 21 to 39 of this document.**

This document does not constitute an offer to issue or sell, or the solicitation of an offer to acquire or subscribe for, New Global 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 or the Investment Managers. The New Global Shares have not been and will not be registered under the applicable securities laws of the U.S., Australia, Canada, Japan, New Zealand or South Africa. Subject to certain exceptions, the New Global Shares may not be offered or sold within the U.S., Australia, Canada, Japan, New Zealand or South Africa or into any other jurisdiction where to do so would constitute a violation of applicable laws or regulations of such other jurisdiction or to any U.S. Persons or to any national, resident or citizen of Australia, Canada, Japan, New Zealand or South Africa or into any other jurisdiction where to do so would constitute a violation of applicable laws or regulations of such other jurisdiction.

The Company has not been and will not be registered under the U.S. Investment Company Act and, as such, Shareholders will not be entitled to the benefits of the U.S. Investment Company Act. The New Global 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, delivered or distributed, 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 in the United States, and in a manner which would not require the Company to register under the U.S. Investment Company Act and which would not require the Investment Manager to register with the U.S. Commodity Exchange Act. There will be no public offer of the New Global Shares

in the United States. Subject to very limited exceptions, the New Global Shares are being offered and sold only outside the U.S. to non-U.S. persons in “offshore transactions” pursuant to Regulation S under the U.S. Securities Act.

**None of the SEC, the CFTC or any state securities commission or other U.S. regulatory authority has approved or disapproved of the New Global Shares or passed upon or endorsed the merits of the offering of the New Global Shares or the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States.**

Subject to very limited exceptions, neither this document nor any other related documents will be distributed to U.S. Persons or in or into the United States or any of the Restricted Territories, and neither this document nor any other related documents constitute an offer of the New Global Shares to any U.S. Person or to any person with a registered address in, or who is resident or located in, the United States or any of the Restricted Territories. None of the New Global Shares have been or will be registered under the relevant laws of any state, province or territory of the United States or any of the Restricted Territories. This document does not constitute an invitation or offer to issue or the solicitation of an invitation or offer to acquire the New Global Shares in any jurisdiction in which such offer or solicitation is unlawful. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Except with the express written consent of the Company, the New Global 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 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; 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 New Global Shares are subject to significant restrictions on transfers and investors may be required to bear the financial risks of their investment in the New Global Shares for an indefinite period of time. For a description of restrictions on acquisitions and transfers of the New Global Shares, see “Purchase and transfer restrictions” in Part V of this document.**

Conditional upon passing of the Resolutions at the Class Meetings, the New Global Shares will carry voting rights in the Company and may further exercise specific class rights. Please refer to the section entitled “Memorandum and Articles” in Part VII of this document for further information.

Neither the admission of the New Global Shares to the Official List of the CISEA nor the approval of this document pursuant to the listing requirements of the CISEA shall constitute listing and trading or a warranty or representation by the CISEA as to the competence of the service providers to, or any other party connection with, the Company, the adequacy and accuracy of the information contained in this document or the suitability of the issuer for investment or for any other purpose.

The CISEA has been designated as a recognised stock exchange by the HMRC under Section 1005 of the Income Tax Act 2007.

Oriel, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as Joint Financial Adviser and Joint Corporate Broker to the Company in connection with the matters described herein. Oriel is acting for the Company in relation to the Issue, 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 contents of this document or any transaction or arrangement referred to herein.

Winterflood, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as Joint Financial Adviser and Joint Corporate Broker to the Company in connection with the matters described herein. Winterflood is acting for the Company in relation to the Issue, 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 contents of this document or any transaction or arrangement referred to herein.

Shareholders should rely only on the information in this document. No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Investment Managers, Oriel or Winterflood. Without prejudice to the Company’s obligations under the Prospectus Rules, the delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct at any time subsequent to, the date of this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on each of Oriel and Winterflood by the FSMA or the regulatory regime established thereunder, neither Oriel nor Winterflood accepts any responsibility whatsoever for the contents of this document or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Investment Managers, the New Global Shares, or the Issue. Each of Oriel and Winterflood accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of such document or any such statement.

The contents of this document are not to be construed as legal, financial, business, investment or tax advice. Prospective investors should consult their own legal adviser, financial adviser or tax adviser for legal, financial or tax advice. Prospective investors must inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of the New Global Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of the New Global 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 the New Global Shares. Prospective investors must rely on their own representatives, including their own legal advisers and accountants, as to legal, tax, investment, or any other related matters concerning the Company and an investment therein.

## Commodity Futures Trading Commission Regulatory Notices

### *As To Commodity Pool Operator Registration:*

Because the Company invests in commodity interests, the Company is considered to be a commodity pool. The operator of a commodity pool generally must be registered as a commodity pool operator with the CFTC, unless an exemption is available. The Investment Manager acts as an unregistered commodity pool operator with respect to the Company in reliance upon the exemption set forth in CFTC Regulation 4.13(a)(3). Accordingly, the Investment Manager is not required to deliver to a prospective or existing investor either: (i) a CFTC compliant disclosure document; or (ii) an audited annual report or other CFTC-required reports. The Investment Manager operates the Company in compliance with the investor qualification and de minimis trading limits with respect to the Company's commodity interest positions. Notwithstanding the foregoing, the Company is hereby delivering this prospectus to prospective investors and will deliver unaudited half yearly reports and audited annual reports described herein to all investors.

Given that the Company may trade commodity interests, you should carefully consider whether your financial condition permits you to participate in a commodity pool. In so doing, you should be aware that futures and options trading can quickly lead to large losses as well as gains. Such trading losses can sharply reduce the net asset value of the pool and consequently the value of your interest in the pool. In addition, restrictions on redemptions may affect your ability to withdraw your participation in the pool.

### *As To Commodity Trading Adviser Registration:*

Although the Investment Manager may in the future register as a commodity trading advisor and the Sub-Investment Manager is registered as a commodity trading advisor, each of the Investment Manager and the Sub-Investment Manager provide commodity interest trading advice to the Company pursuant to the exemption from registration as a commodity trading advisor in CFTC Regulation 4.14(a)(8).

This document is dated 28 January 2014.

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## Summary

Summaries are made up of disclosure requirements known as ‘Elements’. These elements are numbered in Sections A - E (A.1 - E.7). This summary contains all the Elements required to be included in a summary for this type of security and issuer. 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 issuer, 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’.

Section A – Introduction and warnings		
<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>
<b>A1</b>	<b>Warning</b>	This summary section should be read as an introduction to this document. Any decision to acquire New Global Shares should be based on a consideration of this document as a whole. Where a claim relating to the information contained in a prospectus is brought before a court, a plaintiff investor might, under national legislation of the European Economic Area states, 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 document or it does not provide, when read together with the other parts of the document, key information in order to aid investors when considering whether to invest in such securities.
<b>A2</b>	<b>Consent for resale</b>	<b>Not applicable.</b> The Company has not given its consent to the use of the Prospectus for any subsequent resale or final placement of the New Global Shares by any financial intermediary.
Section B – Issuer		
<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>
<b>B1</b>	<b>Legal and commercial name</b>	NB Distressed Debt Investment Fund Limited.
<b>B2</b>	<b>Domicile and legal form</b>	The Company is a non-cellular company limited by shares incorporated in Guernsey under the Companies Law on 20 April 2010, with registration number 51774.
<b>B5</b>	<b>Group description</b>	<p>The Company is the ultimate parent company of all members of the Group.</p> <p>The Company is the parent company of the following subsidiaries: London Adams LLC, London Dearborn LLC, London Granite Ridge LLC, London Jackson LLC, London Jackson Holdco LLC, London Madison LLC, London Mayslake LLC, London Randolph LLC, London Randolph Holdco LLC, London Tides LLC, London Tides Holdco LLC, London Wabash LLC, London Wacker LLC, London Washington LLC, London Washington Holdco LLC, London American Homes LP (together, the “<b>Group</b>”). London American Homes LP is a wholly owned, exempted limited partnership registered in the Cayman Islands and all of the remaining wholly-owned subsidiaries are incorporated in Delaware. Each subsidiary owns assets that operate in the United States.</p>

<p><b>B6</b></p>	<p><b>Notifiable interests/ voting rights</b></p>	<p><b>Not applicable.</b> No interest in the Company’s capital or voting rights is notifiable under the Company’s national law. The Class A Shares in issue are held by the Trustee. By virtue of the Trustee’s holding of Class A Shares the Trustee, subject to the Articles, may exercise direct control over the Company. The Articles seek to prevent the abuse of such control by reserving certain matters, including any adverse change to the rights attaching to the Shares of any class to the Shareholders of the relevant class voting at a separate meeting of the Shareholders of that class. Conditional upon passing of the Resolutions at the Class Meetings, the Ordinary Shares, the Extended Life Shares and the New Global Shares will have full voting rights and the Class A Shares will not have voting rights except where no other Shares are in issue.</p> <p>Save as described above, as at 24 January 2014 (the latest practicable date prior to the publication of this document), to the extent known to the Company, it is not directly or indirectly owned or controlled by any person and there are no arrangements known to the Company which may subsequently result in a change of control of the Company.</p> <p>Voting rights of major Shareholders of the same class are no different from the voting rights of the other Shareholders of that class.</p> <p>As at 24 January 2014 (the latest practicable date prior to the publication of this document), insofar as is known to the Company, the following persons are directly or indirectly interested in 5 per cent. or more of the Company’s total voting rights:</p> <table border="1" data-bbox="619 1048 1401 1115"> <thead> <tr> <th></th> <th style="text-align: right;">% Company’s voting rights</th> </tr> </thead> <tbody> <tr> <td>NBDDIF Purpose Trust</td> <td style="text-align: right;">100</td> </tr> </tbody> </table> <p>Assuming that the Resolutions at the Class Meetings are passed on 24 January 2014 (the latest practicable date prior to the publication of this document), insofar as is known to the Company, the following persons are directly or indirectly interested in 5 per cent. or more of the Company’s total voting rights:</p> <table border="1" data-bbox="619 1305 1401 1574"> <thead> <tr> <th></th> <th style="text-align: right;">% Company’s voting rights</th> </tr> </thead> <tbody> <tr> <td>BlackRock Investment Mgt</td> <td style="text-align: right;">11.2</td> </tr> <tr> <td>Baring Asset Mgt</td> <td style="text-align: right;">9.2</td> </tr> <tr> <td>M&amp;G Investment Management</td> <td style="text-align: right;">8.2</td> </tr> <tr> <td>Baillie Gifford &amp; Co</td> <td style="text-align: right;">6.7</td> </tr> <tr> <td>Sarasin &amp; Partners</td> <td style="text-align: right;">5.9</td> </tr> <tr> <td>Credit Suisse AG Zurich</td> <td style="text-align: right;">5.7</td> </tr> <tr> <td>Miton Asset Management</td> <td style="text-align: right;">5.1</td> </tr> </tbody> </table>		% Company’s voting rights	NBDDIF Purpose Trust	100		% Company’s voting rights	BlackRock Investment Mgt	11.2	Baring Asset Mgt	9.2	M&G Investment Management	8.2	Baillie Gifford & Co	6.7	Sarasin & Partners	5.9	Credit Suisse AG Zurich	5.7	Miton Asset Management	5.1
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Credit Suisse AG Zurich	5.7																					
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<p><b>B7</b></p>	<p><b>Key financial information</b></p>	<p>The key audited figures that summarise the financial condition of the Company in respect of the financial years ended 31 December 2010, 31 December 2011 and 31 December 2012 and the key unaudited figures that summarise the financial condition of the Company in respect of the financial periods from 1 January 2012 to 30 June 2012 and from 1 January 2013 to 30 June 2013, which have been extracted directly on a straightforward basis without material adjustment from the historical financial information incorporated by reference in this document, are set out in the following table. Investors should read the whole of such report and not rely solely on the key or summarised information set out below:</p>																				

	at 30 June 2013 (unaudited)	at 31 December 2012 (audited)	at 30 June 2012 (unaudited)	at 31 December 2011 (audited)	at 30 June 2011 (unaudited)	at 31 December 2010 (audited)
<b>Assets</b>						
Investments, at fair value	514,230,348	479,439,510	443,096,812	420,330,876	510,242,325	470,739,677
Cash and cash equivalents	27,517,428	55,096,277	28,861,130	51,264,893	46,780,241	21,808,522
Forward currency contracts	1,168,620	–	–	–	–	–
<i>Other assets</i>						
Interest receivables	3,628,643	2,444,396	3,092,620	1,521,807	7,893,750	572,543
Receivables for investments sold	10,227,369	2,601,172	1,753,576	668,145	1,628,760	6,614,558
Credit default swap	–	239,676	–	–	789,366	–
Other receivables and pre-payments	54,850	54,039	1,848	32,208	56,350	75,640
<b>Total assets</b>	<b>556,827,258</b>	<b>539,875,070</b>	<b>476,805,986</b>	<b>473,817,929</b>	<b>567,390,792</b>	<b>499,810,940</b>
<b>Liabilities</b>						
Payments for investments purchased	29,292,470	60,094,975	24,799,488	43,095,401	108,321,999	69,616,129
Credit Default Swap	12,228	–	–	–	–	–
Forward currency contracts	–	281,633	–	–	–	–
Payables to Investment Manager and affiliates	1,672,559	617,738	525,459	537,300	568,965	536,691
Accrued expenses and other liabilities	390,154	615,333	396,182	482,846	379,579	317,683
<b>Total liabilities</b>	<b>31,367,411</b>	<b>61,609,679</b>	<b>25,721,089</b>	<b>44,115,547</b>	<b>109,270,543</b>	<b>70,470,503</b>
<b>Total net assets</b>	<b>525,459,847</b>	<b>478,265,391</b>	<b>451,084,897</b>	<b>429,702,382</b>	<b>458,120,249</b>	<b>429,340,437</b>
Net assets attributable to ordinary shares	146,963,344	478,265,391	451,084,897	429,702,382	458,120,249	429,340,437
Net assets attributable to extended life shares	378,496,503	–	–	–	–	–
Net asset value per ordinary share	1.1837	1.0765	1.0153	0.9672	1.0408	0.9754
Net asset value per extended life share	1.1824	–	–	–	–	–

The Company was incorporated on 20 April 2010 in Guernsey and raised gross proceeds of US\$197.2 million as part of its IPO. It was admitted to trading on the SFM and the Channel Islands Stock Exchange, LBG on 10 June 2010 and on 20 October 2010 it raised US\$244.2 million through the Secondary Placing. In the period of operation to 31 December 2010, the Net Asset Value per Ordinary Share decreased by 0.47 per cent. to US\$0.9754. By 31 December 2010, the Company had invested approximately 31 per cent. of its capital and had made investments in 36 companies across 12 industries. The Company exited one investment in the period to 31 December 2010 at a 15 per cent. premium to the purchase price of the investment. The Company had no borrowings during the period.

At 31 December 2011, approximately 85 per cent. of the Company's NAV was invested in 47 companies across 13 different sectors. In the year ending 31 December 2011 the Company's NAV was affected by the market volatility, which started in early August and resulted in a decrease in NAV for the year of 0.84 per cent. from US\$0.9754 to US\$0.9672 per Share. For purposes of comparison, the Hedge Fund Research Inc. Distressed/Restructuring Index 2011 return was –1.79 per cent. (The HFRI

		<p>Distressed/Restructuring Index reflects distressed restructuring strategies which employ an investment process focused on corporate fixed income instruments primarily on corporate credit instruments of companies trading at significant discounts to their value at issuance or obliged (par value) at maturity as a result of either formal bankruptcy proceedings or financial market perception of near term proceedings (provided by Hedge Fund Research, Inc.)) The Company exited 5 investments in the period with each of these generating returns for the company of between 6 per cent. and 20 per cent. on the capital deployed and ultimately resulted in a gain of US\$5 million (including interest) for the Company. The Company had no borrowings during the period.</p> <p>For the interim period from 1 January 2012 to 30 June 2012, the Company remained substantially invested with approximately 82 per cent. of the portfolio deployed in 44 investments across 15 industries. During the period, the Company exited 3 investments bringing the total number of realisations since inception to eight. The exits in the period generated returns for the Company of between 13 per cent. and 23 per cent. of the capital deployed. The NAV per Ordinary Share during this period increased by 1.48 per cent., from \$0.9672 to \$0.9815. The NAV, in the second quarter particularly, benefited from the mark-ups of several positions which reached key restructuring milestones. These gains were offset by the markdown of a position which detracted 2.2 per cent. from NAV. The Company had no borrowings during the period.</p> <p>From June 2012 the Company has continued to deploy funds in distressed opportunities and as at 31 December 2012, over 91 per cent. of the Company's NAV was invested in 48 companies across 16 industries. The Company's unaudited NAV per Ordinary Share increased 11.3 per cent. in 2012 overall, to US\$1.0766 from US\$0.9672.</p> <p>On 6 March 2013, the Company published a prospectus in connection with the creation of a new Extended Life Share Class. Following the approval by the shareholders of the resolution proposed on 8 April 2013, 320,109,841 Ordinary Shares were converted to an equivalent number of Extended Life Shares with an extended investment period to 31 March 2015.</p> <p>As at 30 June 2013, for both the Ordinary and the Extended Life Shares, the portfolios had 55 holdings across 17 industries. The Company exited three investments during the period from 1 January 2013 to 30 June 2013, bringing the total number of realisations since inception to fourteen. Between 31 December 2012 and 30 June 2013, the Company's NAV per share increased by 10.0 per cent. from \$1.0765 to \$1.1837 for the Ordinary Class of Shares. Between 12 April 2013 and 30 June 2013, the NAV per share increased by 4.1 per cent. from \$1.1353 to \$1.1824 for the Extended Life Class of Shares. The primary driver of growth in the NAVs of each share class was marked-to-market gains on a number of positions which reached key restructuring milestones or made progress post reorganisation.</p> <p>On 4 July 2013 the Company announced it had raised gross proceeds of \$38.4 million through the issue for cash of 31,978,973 new ordinary shares in the Extended Life Share class at an issue price of \$1.20. Following admission, the Company had 124,160,471 Ordinary Shares in issue, with 352,088,814 shares in the extended life share class.</p>
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		As at 24 January 2014, being the latest practical date before publication of this document, the Company has realised six further investments at rates of return between 12 per cent. and 31 per cent., taking the total number of exits since inception to 20. The NAV per Ordinary Share and the NAV per Extended Life Share has increased to \$1.2236 and \$1.2358, respectively as at 24 January 2014.
<b>B8</b>	<b>Key pro forma financial information</b>	<b>Not applicable.</b> No pro forma information about the Company is included in this document.
<b>B9</b>	<b>Profit forecast</b>	<b>Not applicable.</b> No profit estimate or forecast for the Company is made.
<b>B10</b>	<b>Description of the nature of any qualifications in the audit report on the historical financial information</b>	<b>Not applicable.</b> There are no qualifications to the audit reports on the historical financial information.
<b>B11</b>	<b>Insufficient working capital</b>	<b>Not applicable.</b> The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements, that is for at least the next 12 months from the date of this document.
<b>B34</b>	<b>Investment policy</b>	<p><b>New Global Share Investment Objective</b></p> <p>The Company's primary objective is to provide investors in New Global Shares with attractive risk-adjusted returns through long-biased, opportunistic, stressed, distressed and special situation credit-related investments while seeking to limit downside risk by, amongst other things, focusing on senior and senior secured debt with both collateral and structural protection.</p> <p><b>New Global Share Investment Policy</b></p> <p>The Investment Managers will seek to identify mispriced or otherwise overlooked securities or assets that they believe have the potential to produce attractive absolute returns while seeking to limit downside risk through collateral and structured protection where possible.</p> <p>The Company intends that the Company Portfolio relating to the New Global Shares will be biased toward investing in stressed and distressed debt securities secured by hard asset collateral. In investing on behalf of the Company (in respect of the New Global Shares), the Investment Managers intend to focus on companies with significant tangible assets they believe are likely to maintain long-term value through a restructuring. The Company will seek to avoid "asset-light" companies, as their value tends to be degraded in distressed scenarios. The Investment Managers will also aim to concentrate on companies with stressed balance sheets whose low implied enterprise value multiples – often calculated off currently depressed cash flows – offer a discount to current comparable market valuations.</p> <p>The Investment Managers will attempt to limit the Company's downside risk by focusing on senior and senior secured debt with both collateral and structural protection. The Investment Managers will further attempt to limit the Company's downside risk by investing in situations in which the debt acquired by the Company can be converted to equity at a valuation multiple below comparable valuation multiples in its sector. Such investments may</p>

		<p>include companies that are currently involved in a court-supervised or out-of-court restructuring or reorganisation, a liquidity crisis, a merger, a divestiture or another corporate event conducive to a mispricing of intrinsic value.</p> <p>The Investment Managers will seek to achieve the New Global Share Investment Objective primarily by investing in: bankruptcy situations; out-of-court restructurings and workouts as well as in special situations. The Investment Managers from time to time may, however, also make opportunistic investments that are neither distressed nor related to a special situation.</p> <p>The Company Portfolio relating to the New Global Shares may comprise both public and private securities and investments, which may include secured bank debt (first and second lien), senior unsecured bank debt, subordinated bank debt, investment grade and high-yield bonds, funded and unfunded bridge loans, trade claims, distressed securities, mezzanine securities, equity securities (including the equities of public and private issuers, listed and unlisted equities, U.S. and non-U.S. equities, American Depositary Receipts and preferred stock), convertible securities, options, warrants, when-issued securities, leases, and credit and other derivatives such as swaps, forward contracts and futures.</p> <p>In certain situations, the Company may also invest in performing and non-performing real estate assets, including commercial mortgage loans, single-family and multi-family residential real estate assets and mortgage-backed securities, as well as in other asset backed securities, assets, businesses and any other type of financial claim that the Investment Managers identify as a compelling investment opportunity. The Company may also participate in the origination of loans. The Investment Managers may take short positions (either outright or through the use of derivatives) for what the Investment Managers believe to be hedging and general risk reduction. In addition, from time to time the Company may also invest in such derivatives for investment purposes.</p> <p>The Company may also hedge risk within its portfolio using single-name credit default swaps, credit default swap and loan credit default swap indexes, equity futures and equity indexes.</p> <p>The Company intends to make a substantial number of control investments and/or investments in which it seeks a position of influence over management – in circumstances which the Investment Managers believe that doing so has the potential to facilitate value recognition.</p> <p><b><i>Diversification policy</i></b></p> <p>The Investment Managers, with respect to the New Global Shares, will be subject to diversification policies limiting the maximum amount of capital – as a percentage of the NAV of the New Global Shares – that may (without the prior approval of the Board) be invested in a given issuer (or group of affiliated issuers) or geography as well as in Original Issue Equity:</p> <p>New Global Shares:</p> <p>By issuer: maximum per issuer (or group of affiliated issuers) – 7 per cent.;</p> <p>By geography: minimum U.S./Europe/Australia – 80 per cent.;</p> <p>Original Issue Equity: maximum – 10 per cent.</p>
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		<p>Compliance with the foregoing thresholds will be measured at the time of each investment made by the Company. No investment shall be made (without the prior approval of the Board) if as a result of such investment any of the above thresholds would be exceeded.</p> <p>For the avoidance of doubt, the Company will not be required to liquidate any portion of its portfolio to remain within such thresholds. In particular, given the distressed financial condition of the issuers in which the Company will focus its portfolio, the Company may receive substantial amounts of equity (which could come to represent substantially all of its portfolio at certain times) in the course of reorganisations.</p> <p><b>Leverage</b></p> <p>The Company will not leverage its market exposure through the use of borrowings. For the avoidance of doubt, this will not limit the ability of the Company to give guarantees as an owner (either whole or in part) of any special purpose vehicles used to structure the Company's investments.</p> <p>The limitations on the Company's own borrowing will not limit the borrowings by the Portfolio Companies, certain of which will be highly leveraged.</p> <p><b>Changes to the Company's New Global Share Investment Policy</b></p> <p>Any material change to the New Global Share Investment Policy will be made only with the approval of the New Global Shareholders.</p> <p><b>Investment Objective and Policy relating to the Ordinary Shares and the Extended Life Shares</b></p> <p>The Ordinary Shares and the Extended Life Shares are subject to the same Investment Objective and Policy, which is broadly similar to the New Share Investment Objective and Policy outlined above except the following applies to the Ordinary Shares and the Extended Life Shares:</p> <ul style="list-style-type: none"> <li>● A maximum size of issuer of 5 per cent.</li> <li>● A maximum single industry exposure of 20 per cent.</li> <li>● A minimum North American exposure of 70 per cent.</li> </ul>
<b>B35</b>	<b>Borrowing limits</b>	<p>Whilst the Company will not employ leverage or gearing for investment purposes through the use of borrowings, the Company may, from time to time, use borrowings for share buy backs and short-term liquidity purposes, including for bridging purposes, prior to the sale of investments. Save for such bridging borrowings, the Directors intend to restrict borrowing, with respect to each Share class, to an amount not exceeding 10 per cent. of the NAV of the Company at the time of drawdown at any time.</p> <p>The Company at present has no borrowings.</p>
<b>B36</b>	<b>Regulatory status</b>	<p>The Company has been declared by the GFSC to be a registered closed-ended collective investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Registered Collective Investment Scheme Rules 2008 issued by the GFSC. The Company is regulated by the GFSC. The Company is not regulated by any regulator other than the GFSC.</p>

B37	Typical investors	The New Global Shares are suitable only for institutional, professional and high net worth investors, private client fund managers and brokers and other investors who are capable of evaluating the merits and risks of such an investment and/or who have received advice from their fund manager or broker regarding such an investment and who have sufficient resources to be able to bear losses (which may equal the whole amount invested) that may result from such an investment. The New Global Shares should constitute part of a diversified investment portfolio. Accordingly, typical investors in the Company are expected to be institutional, professional and high net worth investors, private client fund managers and brokers and other investors who understand the risks involved in investing in the Company and/or who have received advice from their fund manager or broker regarding investment in the Company.
B38	Investment of 20 per cent. or more in single underlying asset or investment company	<b>Not applicable.</b> No investment of 20 per cent. or more in single underlying asset or investment company.
B39	Investment of 40 per cent. or more in single underlying asset or investment company	<b>Not applicable.</b> No investment of 40 per cent. or more in single underlying asset or investment company.
B40	Applicant's service providers	<p><b>Investment Manager</b></p> <p>The Investment Manager will be entitled to a Base Fee in respect of the Ordinary Shares and the Extended Life Shares, which shall accrue daily, and be payable monthly in arrears, at a rate of 0.125 per cent. per month of the NAV of the Ordinary Share Class Fund and the Extended Life Share Class Fund calculated as at the last business day of the relevant month. For this purpose, any accrual for any Performance Fee will be disregarded when calculating the relevant NAV.</p> <p>The Investment Manager will be entitled to the Base Fee in respect of the New Global Shares, which shall accrue daily, and be payable monthly in arrears, at a rate of 0.125 per cent. per month of the NAV of the New Global Share Class Fund (excluding, until such time as the New Global Share Class Fund is 85 per cent. invested, any cash balances (or cash equivalents)) calculated as at the last business day of the relevant month.</p> <p>The Investment Manager will be entitled to a Performance Fee.</p> <p><b>Ordinary Share Performance Fee</b></p> <p>The Ordinary Share Performance Fee will only become payable once the Company has made aggregate cash distributions with respect to the Ordinary Shares (which shall include: (i) such proportion of the aggregate price of all Ordinary Shares repurchased or redeemed by the Company at any time prior to the Conversion as would be equal to the ratio of the Ordinary Shares to total Shares immediately following the Conversion; and (ii) the aggregate price of all Ordinary Shares repurchased or redeemed by the Company at any time following the Conversion) equal to: (a) such proportion of the aggregate gross proceeds of issuing Ordinary Shares (whether pursuant to the IPO, Secondary Placing, the exercise of Subscription Rights or otherwise) immediately prior to the Conversion as would be equal to the ratio of Ordinary</p>

		<p>Shares to total Shares immediately following the Conversion; plus (b) the aggregate gross proceeds of issuing Ordinary Shares following the Conversion ((a) and (b) together, the “<b>Ordinary Share Contributed Capital</b>”); plus (c) such amount as will result in the Company having distributed a realised (cash-paid) IRR in respect of the Ordinary Share Contributed Capital equal to the Ordinary Share Hurdle Rate (the “<b>Ordinary Share Initial Return</b>”). Following distribution by the Company of an amount with respect to the Ordinary Shares equal to the Ordinary Share Initial Return, there will be a 100 per cent. catch up to the Investment Manager until the Investment Manager has received 20 per cent. of all amounts in excess of Ordinary Share Contributed Capital distributed with respect to Ordinary Shares and paid to the Investment Manager as a performance fee. Thereafter, all amounts attributable to the Ordinary Shares which are distributed by the Company shall be split 20/80 per cent. between the Investment Manager’s performance fee and the cash distributions to the Ordinary Shareholders respectively.</p> <p><b>Extended Life Share Performance Fee</b></p> <p>The Extended Life Share Performance Fee will only become payable once the Company has made aggregate cash distributions with respect to the Extended Life Shares (which shall include: (i) such proportion of the aggregate price of all Ordinary Shares repurchased or redeemed by the Company at any time prior to the Conversion as would be equal to the ratio of Extended Life Shares to total Shares immediately following the Conversion; and (ii) the aggregate price of all Extended Life Shares repurchased or redeemed by the Company) equal to: (a) such proportion of the aggregate gross proceeds of issuing all Ordinary Shares immediately prior to the Conversion (whether pursuant to the IPO, Secondary Placing, the exercise of Subscription Rights or otherwise) as would be equal to the ratio of Extended Life Shares to total Shares immediately following the Conversion; plus (b) the aggregate gross proceeds of issuing Extended Life Shares following the Conversion ((a) and (b) together, the “<b>Extended Life Share Contributed Capital</b>”); plus (c) such amount as will result in the Company having distributed a realised (cash-paid) IRR in respect of the Extended Life Share Contributed Capital equal to the Extended Life Share Hurdle Rate (the “<b>Extended Life Share Initial Return</b>”). Following distribution by the Company of an amount with respect to the Extended Life Shares equal to the Extended Life Share Initial Return, there will be a 100 per cent. catch up to the Investment Manager until the Investment Manager has received 20 per cent. of all amounts in excess of Extended Life Share Contributed Capital distributed with respect to Extended Life Shares and paid to the Investment Manager as a performance fee. Thereafter, all amounts attributable to the Extended Life Shares which are distributed by the Company shall be split 20/80 per cent. between the Investment Manager’s performance fee and the cash distributions to the Extended Life Shareholders respectively.</p> <p><b>New Global Share Performance Fee</b></p> <p>The New Global Share Performance Fee will only become payable once the Company has made aggregate distributions in cash to New Global Shareholders (which shall include the aggregate price of all New Global Shares repurchased or redeemed by the Company) equal to the aggregate gross proceeds of issuing New Global Shares pursuant to the Issue (the “<b>New Global Share Contributed Capital</b>”)</p>
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		<p>plus such amount as will result in the New Global Shareholders having received a realised (cash-paid) IRR in respect of the New Global Share Contributed Capital equal to the New Global Share Hurdle Rate (“<b>New Global Share Initial Return</b>”). Following the distribution by the Company of an amount equal to the New Global Share Initial Return there will be a 100 per cent. catch up to the Investment Manager until the Investment Manager has received 20 per cent. of all amounts in excess of New Global Share Contributed Capital distributed to New Global Shareholders and paid to the Investment Manager as a performance fee. Thereafter, all amounts attributable to the New Global Shares which are distributed by the Company shall be split 20/80 per cent. between the Investment Manager’s performance fee and the cash distributions to the New Global Shareholders respectively.</p> <p>However, the Investment Manager may, at its discretion, enter into arrangements with certain investors pursuant to which it will rebate to such investors a proportion of the Management Fee received from the Company.</p> <p><b>Administration</b></p> <p>The Administrator (also acting as Secretary and Custodian) is entitled to the following fees from the Company, including an annual administration fee of 0.10 per cent. subject to a minimum of £100,000, an annual secretarial fee of £36,000, a custodian fee of either: (i) 0.02 per cent. for transactions on the U.S. Markets and Euroclear; or (ii) 0.4 per cent. for unlisted equities, subject to a minimum of £20,000, and an annual loan administration fee of 0.08 per cent. subject to a minimum of £75,000.</p> <p><b>Registrar</b></p> <p>The Registrar will be entitled to an annual fee from the Company equal to £2.00 per shareholder per annum or part thereof, with a minimum of £7,500 per annum, and £2,000 per share class in relation to any capital distribution to be made by the Company. Other registrar activity will be charged for in accordance with the Registrar’s normal tariff as published from time to time.</p>
<b>B41</b>	<b>Regulatory status of investment manager and custodian</b>	<p>The Investment Manager is authorised and regulated in the UK by the Financial Conduct Authority. The Investment Manager is also registered in the U.S. with the SEC and regulated by the SEC as an investment adviser under the U.S. Investment Advisers Act.</p> <p>The Sub-Investment Manager is registered in the U.S. with the SEC and regulated by the SEC as an investment adviser under the U.S. Investment Advisers Act.</p> <p>The Custodian (also acting as Administrator and Secretary) is licensed and regulated in Guernsey by the GFSC to carry out controlled investment business under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended.</p>
<b>B42</b>	<b>Calculation of Net Asset Value</b>	<p>The Company publishes the NAV per Ordinary Share and the NAV per Extended Life Share on a daily basis. Following the Issue, in addition, the Company will publish the NAV per New Global Share on a daily basis. The NAV per Ordinary Share, the NAV per Extended Life Share and the NAV per New Global Share will be published by RIS announcement and be available on the websites of the Company and the CISEA as soon as practicable after calculation.</p>

<b>B43</b>	<b>Cross liability</b>	If the assets of any Class Fund are insufficient to meet the liabilities attributable to it, the assets of the other Class Fund may become available to satisfy such liabilities.																																																																																																																																																																								
<b>B44</b>	<b>No financial statements have been made up</b>	<b>Not applicable.</b> Financial statements have been made up.																																																																																																																																																																								
<b>B45</b>	<b>Portfolio</b>	<p>The Extended Life Share Class Fund Portfolio was approximately 89.5 per cent. invested in distressed assets as at 23 January 2014 with investments in 52 companies diversified across 17 industries. The Ordinary Share Class Fund is now in run-off. The top ten investments for each share class as at 23 January 2014 are set out below. There has been no material change in the composition of the portfolio since 23 January 2014.</p> <p style="text-align: center;"><b>Ordinary Share Class Fund: Top 10 holdings by percentage of total NAV as at 23 January 2014</b></p> <table border="1"> <thead> <tr> <th>Holding</th> <th>Industry</th> <th>Purchased Instrument</th> <th>Status</th> <th>Country</th> <th>Percentage of NAV</th> <th>Primary Assets</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Building &amp; Development</td> <td>Post-reorganisation Equity</td> <td>Post-reorganisation</td> <td>US</td> <td>4.4%</td> <td>Residential real estate</td> </tr> <tr> <td>2.</td> <td>REIT/REOCs</td> <td>Private Equity</td> <td>Current</td> <td>US</td> <td>4.3%</td> <td>Residential real estate</td> </tr> <tr> <td>3.</td> <td>Real Estate Development</td> <td>Secured Loan</td> <td>Post-reorganisation</td> <td>US</td> <td>4.2%</td> <td>Multifamily residential real estate</td> </tr> <tr> <td>4.</td> <td>Lodging &amp; Casinos</td> <td>Secured Loan</td> <td>Defaulted</td> <td>US</td> <td>3.8%</td> <td>Hotel/lodging real estate</td> </tr> <tr> <td>5.</td> <td>Leisure</td> <td>Secured Loan</td> <td>Current</td> <td>US</td> <td>3.8%</td> <td>Sports/entertainment stadium</td> </tr> <tr> <td>6.</td> <td>Utilities</td> <td>Secured Loan</td> <td>Current</td> <td>Australia</td> <td>3.6%</td> <td>Power plants</td> </tr> <tr> <td>7.</td> <td>Utilities</td> <td>Secured Loan</td> <td>Defaulted</td> <td>US</td> <td>3.1%</td> <td>Power plants</td> </tr> <tr> <td>8.</td> <td>Utilities</td> <td>Post-reorganisation Equity</td> <td>Post-reorganisation</td> <td>US</td> <td>3.0%</td> <td>Power plants</td> </tr> <tr> <td>9.</td> <td>Utilities</td> <td>Secured Loan</td> <td>Current</td> <td>US</td> <td>2.8%</td> <td>Power plants</td> </tr> <tr> <td>10.</td> <td>Utilities</td> <td>Secured Loan</td> <td>Current</td> <td>US</td> <td>2.5%</td> <td>Power plants</td> </tr> <tr> <td colspan="5">Total</td> <td>35.5%</td> <td></td> </tr> </tbody> </table> <p style="text-align: center;"><b>Extended Life Share Class Fund: Top 10 holdings by percentage of total NAV as at 23 January 2014</b></p> <table border="1"> <thead> <tr> <th>Holding</th> <th>Industry</th> <th>Purchased Instrument</th> <th>Status</th> <th>Country</th> <th>Percentage of NAV</th> <th>Primary Assets</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Commercial Mortgage</td> <td>Secured Loan</td> <td>Defaulted</td> <td>US</td> <td>5.3%</td> <td>Multifamily residential real estate</td> </tr> <tr> <td>2.</td> <td>Building &amp; Development</td> <td>Post-reorganisation Equity</td> <td>Post-reorganisation</td> <td>US</td> <td>4.5%</td> <td>Residential real estate</td> </tr> <tr> <td>3.</td> <td>Financial Intermediary</td> <td>Private Notes</td> <td>Post-reorganisation</td> <td>US</td> <td>4.5%</td> <td>Cash &amp; securities</td> </tr> <tr> <td>4.</td> <td>REIT/REOCs</td> <td>Private Equity</td> <td>Current</td> <td>US</td> <td>3.9%</td> <td>Residential real estate</td> </tr> <tr> <td>5.</td> <td>Real Estate Development</td> <td>Secured Loan</td> <td>Post-reorganisation</td> <td>US</td> <td>3.7%</td> <td>Multifamily residential real estate</td> </tr> <tr> <td>6.</td> <td>Utilities</td> <td>Secured Loan</td> <td>Current</td> <td>US</td> <td>3.4%</td> <td>Power plants</td> </tr> <tr> <td>7.</td> <td>Lodging &amp; Casinos</td> <td>Secured Loan</td> <td>Default</td> <td>US</td> <td>3.4%</td> <td>Hotel/lodging real estate</td> </tr> <tr> <td>8.</td> <td>Leisure</td> <td>Secured Loan</td> <td>Current</td> <td>US</td> <td>3.4%</td> <td>Sports/entertainment stadium</td> </tr> <tr> <td>9.</td> <td>Utilities</td> <td>Secured Loan</td> <td>Current</td> <td>Australia</td> <td>3.2%</td> <td>Power plants</td> </tr> <tr> <td>10.</td> <td>Shipping</td> <td>Secured Loan</td> <td>Current</td> <td>US</td> <td>3.1%</td> <td>Dry bulk vessels</td> </tr> <tr> <td colspan="5">Total</td> <td>38.4%</td> <td></td> </tr> </tbody> </table>	Holding	Industry	Purchased Instrument	Status	Country	Percentage of NAV	Primary Assets	1.	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<b>B46</b>	<b>Net Asset Value</b>	As at 24 January 2014 (the last practicable date before the publication of this document) the Net Asset Value per Ordinary Share is US\$1.2236 and the Net Asset Value per Extended Life Share is US\$1.2358.																																																																																																																																																																								
<b>Section C – Securities</b>																																																																																																																																																																										
<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>																																																																																																																																																																								
<b>C1</b>	<b>Type and class of securities being offered and/or admitted to trading, including any security identification number</b>	<p>New Global Shares, being redeemable ordinary shares of no par value each in the Company issued and designated as such, are being offered to investors pursuant to the Issue and applications will be made to the London Stock Exchange and the CISEA for the New Global Shares to be admitted to trading on the Specialist Fund Market of the London Stock Exchange and to listing and trading on the Official List of the CISEA.</p> <p>The ISIN for the New Global Shares is GG00BH7JH183.</p>																																																																																																																																																																								

C2	Currency	The currency of the New Global Shares is Sterling.
C3	Number of securities in issue	<p>The Company's issued and fully paid up share capital consists of two Class A Shares of a par value US\$1.00 each, 124,160,471 Ordinary Shares of no par value each, and 352,088,814 Extended Life Shares of no par value each.</p> <p>The Company has not issued any Shares that are not fully paid up.</p>
C4	Description of the rights attaching to the securities	<p><b>Rights as to Income</b> The New Global Shares shall carry the right to receive all income from the Company's portfolio attributable to the New Global Shares (as determined by the Directors in accordance with the Articles).</p> <p><b>Return of Capital and Winding-Up</b> As to a return of capital or a winding-up of the Company (other than by way of a repurchase or redemption of Ordinary Shares, Extended Life Shares or New Global Shares in accordance with the provisions of the Articles and the Companies Law or a capital distribution):</p> <p>(A) first, there shall be paid to the Class A Shareholders the nominal amount paid up on their Class A Shares;</p> <p>(B) second, there shall be paid to the holder of Capital Distribution Shares an amount equal to the amount paid up on their Capital Distribution Shares; and</p> <p>(C) third, there shall be paid to: (i) the Ordinary Shareholders the surplus assets of the Company attributable to the Ordinary Shares available for distribution; (ii) the Extended Life Shareholders the surplus assets of the Company attributable to the Extended Life Shares available for distribution; and (iii) the New Global Shareholders the surplus assets of the Company attributable to the New Global Shares available for distribution, in each case as determined by the Directors in accordance with the Articles.</p> <p>Following the expiry of any Investment Period the Capital Proceeds attributable to the corresponding share class (as determined by the Directors in accordance with the Articles), will, at such times and in such amounts as the Directors shall in their absolute discretion determine, be distributed, to Shareholders of that class <i>pro rata</i> to their respective holdings of the relevant Shares. The amount and timing of any such return of capital will be solely within the discretion of the Directors to determine.</p> <p><b>Voting</b> <b>General</b> Conditional upon passing of the Resolutions at the Class Meetings, New Global Shareholders will have the right to vote at any general meeting of the Company.</p>
C5	Restrictions on the free transferability of the securities	A Shareholder may transfer all or any of his New Global Shares in any manner which is permitted by the Companies Law or in any other lawful manner which is from time to time approved by the Board subject to significant restrictions to ensure that the Company will not be required to register the New Global Shares under the U.S. Securities Act, that the Company will not have an obligation to register as an "investment company" under the U.S. Investment Company Act, that the Investment Manager will not have an



		obligation to register under the U.S. Commodity Exchange Act and related rules and to address certain ERISA, U.S. Tax Code and other considerations.
C6	<b>Admission</b>	Applications will be made to the London Stock Exchange and CISEA for the New Global Shares to be admitted to trading on the SFM and to listing and trading on the Official List of the CISEA.  It is expected that Admission will become effective and that dealings in such New Global Shares will commence at 8.00 a.m. on 4 March 2014.
C7	<b>Dividend policy</b>	The Company will pay out in each year, in respect of each class of Shares, all net income received on investments of the Company attributable to such class of Shares, as appropriate. It is not anticipated that income on the portfolio will be material and therefore any dividends may be on an <i>ad-hoc</i> basis. It is a requirement of an exception to the United Kingdom offshore fund rules that all income from the Company's Portfolio (after deduction of reasonable expenses) is to be paid to investors. This dividend policy should ensure that this requirement will be met. The exact amount of such dividend in respect of any class of Shares will be variable depending on the amounts of income received by the Company attributable to such class of Shares and will only be made available in accordance with applicable law at the relevant time, including the Companies Law (and, in particular, will be subject to the Company passing the solvency test contained in the Companies Law at the relevant time). Furthermore, the amount of dividends paid in respect of one class of Shares may be different from that of another class.
<b>Section D – Risks</b>		
<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>
D1	<b>Key information on the key risks specific to the issuer or its industry</b>	<ul style="list-style-type: none"> <li>● The New Global Shares are a newly formed share class in the Company with a new investment policy and no operating history and no previous revenues, and investors should not evaluate the Company's ability to achieve its investment objective by reference to information about other share classes.</li> <li>● The Company may be unable to realise value from its investments and investors could lose all or part of their investment.</li> <li>● Global capital markets have been experiencing volatility, disruption and instability as evidenced by a lack of liquidity in the equity and debt capital markets, significant write-offs in the financial services sector, the repricing of credit risk in the credit market and the failure of major financial institutions. Continued or recurring market deterioration may materially adversely affect the ability of a Portfolio Company to refinance its outstanding debt. Furthermore, such financial market disruptions may have a negative effect on the valuations of the Company's investments, or the ability to restructure investments, and on the potential for liquidity events involving its investments. In the future, non-performing assets in the Company Portfolio may cause the value of its investment portfolio to decrease if the Company is required to write down the values of its investments. Depending on market conditions, the Company may incur substantial</li> </ul>

		<p>realised losses and may suffer additional unrealised losses in future periods, which may adversely affect its business, financial condition and results of operations.</p> <ul style="list-style-type: none"> <li>● The Company does not have employees and its Directors are appointed on a non-executive basis. All of its investment and asset management decisions will be made by the Investment Managers and not by the Company and accordingly, the Company will be completely reliant upon, and its success will depend exclusively on, the Investment Managers and their personnel, services and resources.</li> <li>● If the assets of any Class Fund are insufficient to meet the liabilities attributable to it, the assets of the other Class Fund may become available to satisfy such liabilities, which may have a material adverse effect on the NAV of that other Class Fund.</li> </ul>
D3	<b>Key information on the key risks specific to the securities</b>	<ul style="list-style-type: none"> <li>● The New Global Shares may trade at a discount to their underlying NAV and a New Global Shareholder may be unable to realise its investments through the secondary market at NAV.</li> <li>● The existence of a liquid market in the New Global Shares cannot be guaranteed. The number of New Global Shares to be issued pursuant to the Issue is not yet known, and, following the Issue, there may be a limited number of holders of New Global Shares. Limited numbers and/or holders of New Global Shares may mean that there is limited liquidity in such New Global Shares which may affect: (i) an investor's ability to realise some or all of his investment; and/or (ii) the price at which such investor can effect such realisation, and/or (iii) the price at which such New Global Shares trade in the secondary market.</li> <li>● The New Global Shares will be subject to significant U.S. transfer restrictions as well as forced transfer provisions. The New Global Shares have not been registered and will not be registered under the U.S. Securities Act or under the securities laws of any state or other jurisdiction of the United States and are subject to restrictions on transfer contained in such laws. Moreover, in order to avoid being required to register under the U.S. Investment Company Act and the U.S. Commodity Exchange Act and to address certain ERISA, U.S. Tax Code and other considerations, the Company has imposed significant restrictions on the transfer of the New Global Shares which may materially affect the ability of Shareholders to transfer their New Global Shares.</li> </ul>
<b>Section E – Offer</b>		
<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>
E1	<b>The total net proceeds and an estimate of the total expenses of the issue/offer, including estimated expenses charged to the investor by the issuer or the offeror</b>	<p>The target size of the Issue is in excess of £100,000,000 with the actual size of the Issue being subject to investor demand. The number of New Global Shares to be issued pursuant to the Issue, and therefore the Gross Issue Proceeds, is not known as at the date of this document but will be notified by the Company via a RIS announcement prior to Admission.</p> <p>The Net Issue Proceeds will not be known until after the Issue and will be dependent on investor demand. On the assumption that the Issue size is £100 million worth of New Global Shares and that the</p>

		<p>expenses of the Issue are 2 per cent. of the Gross Issue Proceeds, the expenses would be £2 million, and the Net Issue Proceeds would be £98 million. In the event that the Issue size is the maximum amount of £250 million the expenses would be £5 million and the Net Issue Proceeds would be £245 million.</p> <p>These expenses will be paid on or around Admission and will include, without limitation, listing and admission fees; the cost of settlement and escrow arrangements; printing; legal fees, and any other applicable expenses.</p>
<b>E2a</b>	<b>Reasons for the offer and use of proceeds</b>	<p>The Board, as advised by the Investment Managers, continues to be positive about the prospects for the global distressed debt market. With many banks yet to dispose of non-performing loans and legacy assets, and with minimum capital requirements of banks scheduled to increase, the Investment Managers expect a continued supply of non-performing loans to the market which is anticipated to result in attractive valuations. In addition to the opportunities in the U.S., the Investment Managers also have a pipeline of attractive European opportunities with the biggest current opportunities expected in Germany and the United Kingdom. In light of these continued attractive opportunities, the Investment Managers have discussed the proposition of a new share class with existing shareholders and new investors who have shown considerable interest in exposure to a new investment period and a more geographically diverse investment remit. The Company is therefore targeting an issue in excess of £100 million worth of New Global Shares to invest according to a New Global Share Investment Policy.</p> <p>The Company will employ the Net Issue Proceeds in implementing the New Global Share Investment Policy, with the aim of spreading investment risk. The Company expects that the Net Issue Proceeds will be fully invested between 6 and 9 months following the date of the Issue.</p>
<b>E3</b>	<b>Terms and conditions of the offer</b>	<p>The Company is offering the New Global Shares to investors in the United Kingdom pursuant to the Offer. Applications under the Offer must be for a minimum subscription amount of £25,000. Payment for New Global Shares pursuant to the Offer may be made by cheque, banker's draft or building society cheque and must accompany the Application. The Directors reserve the right to refuse applications for any reason.</p> <p>The New Global 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, delivered or distributed, 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 in the United States and in a manner which would not require the Company to register under the U.S. Investment Company Act and which would not require the Investment Manager to register under the U.S. Commodity Exchange Act. Subject to very limited exceptions, the New Global Shares are being offered and sold only outside the U.S. to non-U.S. persons in "offshore transactions" pursuant to Regulation S under the U.S. Securities Act.</p>

		<p>Each purchaser of New Global Shares in the Issue and each subsequent transferee, by acquiring New Global Shares or a beneficial interest therein, will be deemed to have given certain representations, warranties, undertakings, agreements and acknowledgements primarily relating to U.S. Securities Act, U.S. Investment Company Act, ERISA, U.S. Tax Code, the U.S. Commodity Exchange Act and other related considerations.</p> <p>The Issue is conditional upon:</p> <ol style="list-style-type: none"> <li>(1) the passing of the Resolutions at each of the Class Meetings;</li> <li>(2) Admission occurring at 8.00 a.m. on 4 March 2014 (or such later time or date, not being later than 28 March 2014, as the Company and the Placing Agents may agree); and</li> <li>(3) the Placing Agreement becoming otherwise unconditional in all respects, and not being terminated in accordance with its terms before Admission becomes effective.</li> </ol>
<b>E4</b>	<b>Material interests</b>	<b>Not applicable.</b> No interest is material to the Issue.
<b>E5</b>	<b>Name of person selling securities</b>	The New Global Shares are being offered pursuant to the Issue to investors by NB Distressed Debt Investment Fund Limited.
<b>E5</b>	<b>Lock-up agreements: the parties involved; and indication of the period of the lock up</b>	<b>Not applicable.</b> There are no lock-up agreements in place.
<b>E6</b>	<b>Dilution</b>	<b>Not applicable.</b> No dilution will result from the Issue.
<b>E7</b>	<b>Expenses charged to the investor</b>	<p>The expenses of the Issue will be borne by the holders of the New Global Shares up to a maximum of 2 per cent. of the Gross Issue Proceeds.</p> <p>These expenses will be paid on or around Admission and will include, without limitation, listing and admission fees; the cost of settlement and escrow arrangements; printing; legal fees, and any other applicable expenses.</p>

## Risk Factors

*An investment in the Company, its industry and the New Global Shares carries a number of risks including the risk that the entire investment may be lost. In addition to all other information set out in this document, the following specific factors should be considered when deciding whether to make an investment in the Company, its industry and the New Global Shares. The risks set out below are those which are considered to be the material risks relating to the Group, its industry and the New Global Shares but are not the only risks relating to the Group, its industry or the New Global Shares. No assurance can be given that Shareholders will realise profit on, or recover the value of, their investment in the New Global Shares. It should be remembered that the price of securities and the income from them can go down as well as up.*

*The New Global Shares are only suitable for potential investors who understand the risk of capital loss and that there may be limited liquidity in the underlying investments of the Company and in the New Global Shares, for whom an investment in the New Global Shares would be of a long-term nature and constitutes part of a diversified investment portfolio and who understand and are willing to assume the risks involved in investing in the New Global Shares. Additional risks and uncertainties of which the Company is presently unaware or that the Company currently believes are immaterial may also adversely affect its business, financial condition, results of operations or the value of the New Global Shares.*

*Potential investors in the New Global Shares should review this document carefully and in its entirety and consult with their professional advisers prior to subscribing for New Global Shares. Defined terms used in the risk factors below have the meanings set out under the section headed "Glossary of Selected Terms" on pages 128 to 134 of this document.*

### Risks relating to the Company

#### **The New Global Shares are a newly formed share class in the Company with a new investment policy and no operating history and no previous revenues**

The New Global Shares are a newly formed share class with a new investment policy and no operating history. Therefore, investors have no basis on which to evaluate the Company's ability to achieve the New Global Share Investment Objective and Policy and provide a satisfactory investment return. The prior performance of the Company in relation to the Ordinary Shares and the Extended Life Shares are not indicative of the future performance of the New Global Shares.

The Company's returns in respect of the New Global Shares will depend on many factors, including the price and performance of its investments, the availability and liquidity of investment opportunities falling within the New Global Share Investment Objective and Policy, the level and volatility of interest rates, readily accessible short-term and borrowings, conditions in the financial markets, real estate market and economy, the financial performance of Portfolio Companies, the timing of restructurings and exits and the Company's ability to successfully operate the New Global Share Investment Objective and Policy. There can be no assurance that the New Global Share Investment Objective and Policy will be successfully implemented by the Investment Managers.

#### **The Company may be unable to realise value from its investments and investors could lose all or part of their investment**

Investments that the Company makes may not appreciate in value and, in fact, may decline in value. A substantial component of the Investment Managers' 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 or the borrower. This residual or recovery value will be driven primarily by the value of the underlying assets constituting the collateral for such investment. The value of collateral can, however, be extremely difficult to predict and in certain market circumstances there could be little, if any, market for such assets. Moreover, depending upon the status of these assets at the time of an issuer's default, they may be substantially worthless. The types of collateral owned by the issuers in which the Company invests will vary widely, but are expected primarily to be hard assets such as aircraft, office buildings, power stations and commercial property. During times of recession and economic contraction, there may be little or no ability to realise value on any of these assets, or the value which can be realised may be substantially below the assessed value of the collateral.

Furthermore, due to the illiquid nature of many of the investments the Company expects to make, the Investment Managers are unable to predict with confidence, what, if any, exit strategy for a given

investment will ultimately be available to the Company and the Company may be unable to realise value from these investments. Accordingly, there can be no assurance that the Company's investments will generate gains or income or that any gains or income that may be generated will be sufficient to offset any losses that may be sustained. As a result, investing in the Company is speculative and involves a high degree of risk. The Company's performance may be volatile and investors could lose all or part of their investment. Past performance is no indication of future results and there can be no assurance that the Company will achieve results comparable to any past performance achieved by the Investment Managers or any employee of the Investment Managers described in this prospectus. In particular, past performance of the Company in relation to the Ordinary Shares and the Extended Life Shares is not an indication of future results in respect of the New Global Shares.

**Gains from the Company's investments may require significant time to materialise**

There is typically a significant period between the date that the Company makes an investment and the date that any gain or loss on such investment is realised. Based on the Investment Managers' experience with investments made (and expected to be made) by the Company, it is likely that returns on the Company's investments are not likely to be realised for a substantial time period.

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

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

Continued or recurring market deterioration may materially adversely affect the ability of a Portfolio Company to refinance its outstanding debt. Further, such financial market disruptions may have a negative effect on the valuations of the Company's investments, or the ability to restructure investments, and on the potential for liquidity events involving its investments. In the future, non-performing assets in the Company Portfolio may cause the value of its investment portfolio to decrease if the Company is required to write down the values of its investments. Adverse economic conditions may also decrease the value of collateral securing some of its loans. In the event of sustained market improvement, the Company may have access to only a limited number of potential investment opportunities, which also would result in limited returns to shareholders.

Depending on market conditions, the Company may incur substantial realised losses and may suffer additional unrealised losses in future periods, which may adversely affect its business, financial condition and results of operations.

**Possible defaults by member states of the European Monetary Union on their sovereign debt may have an adverse effect on investments of the Company in Europe**

Certain European countries which are part of the European Monetary Union have experienced and may further experience increased borrowing costs in the international sovereign debt markets which brings with it a risk of default on such debts if refinancing costs increase beyond certain levels. Such defaults, which may lead to a breakup of the European Monetary Union, and related systemic failures in the European Monetary Union may materially adversely affect the ability of private sector borrowers to service or refinance their debts. Therefore, such financial market disruptions may have a negative effect on the performance of the Company's investments and the Company may have to write down the values of its investments as a result. Adverse economic conditions may also decrease the value of collateral securing some of the Company's loans.

In addition, if the Company holds any assets that are denominated in Euros, the impact of the events described above would also mean an increase in and a realisation of currency risks that the investment strategy of the Company brings with it. In particular, if any country were to leave the Eurozone, or if the Eurozone were to break up entirely, the treatment of debt obligations previously denominated in Euros is uncertain. A potential re-denomination of those investments could have a material adverse effect on the value of the Company's investments and the income from them.

In the event of sustained market improvement, however, the Company may have access to only a limited number of potential investment opportunities, which also would result in limited returns to Shareholders.

**The Company is dependent on the expertise of the Investment Managers and their key personnel to properly evaluate attractive investment opportunities and to implement its investment strategy**

In accordance with the Investment Management Agreement and the Sub-Investment Management Agreement, the Investment Managers are responsible for the management of the Company's investments. The Company does not have employees and its Directors are appointed on a non-executive basis. All of its investment and asset management decisions will be made by the Investment Managers and not by the Company and accordingly, the Company will be completely reliant upon, and its success will depend exclusively on, the Investment Managers and their personnel, services and resources. The Investment Managers are not required to and generally will not submit individual investment decisions for approval to the Board.

Consequently, the future ability of the Company to successfully pursue the New Global Share Investment Policy may depend on the ability of the Investment Managers to retain their existing staff and/or to recruit individuals of similar experience and calibre. Whilst the Investment Managers have endeavoured to ensure that the principal members of their management teams are suitably incentivised, the retention of key members of the teams cannot be guaranteed. Furthermore, in the event of a departure of a key employee of the Investment Managers, there is no guarantee that the Investment Managers would be able to recruit a suitable replacement or that any delay in doing so would not adversely affect the performance of the Company. Events impacting but not entirely within the Company's and the Investment Managers' control, such as its financial performance, its being acquired or making acquisitions or changes to its internal policies and structures could in turn affect their ability to retain key personnel.

The Investment Managers' strategy is resource and time intensive, particularly in those cases in which the Company takes a position of control or influence in a Portfolio Company. If the Investment Managers are unable to allocate the appropriate time or resources to the Company's investments, the Company may be unable to achieve its investment objectives. In addition, the Investment Management Agreement and the Sub-Investment Management Agreement do not require the Investment Managers to dedicate specific personnel to the Company or to require personnel servicing the Company's business to allocate a specific amount of time to the Company.

The Company is also subject to the risk that the Investment Management Agreement may be terminated and that no suitable replacement will be found to manage the Company. If the Investment Management Agreement is terminated and a suitable replacement is not secured in a timely manner or key personnel of the Investment Managers are not available to the Company with an appropriate time commitment, the ability of the Company to execute its investment strategy or achieve its investment objective may be adversely affected.

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

**If the assets of any Class Fund are insufficient to meet the liabilities attributable to it, the assets of the other Class Funds may become available to satisfy such liabilities, which may have a material adverse effect on the NAV of those other Class Funds**

As a result of the Issue, the Company Portfolio will be divided into three Class Funds relating to each of the Ordinary Share class, the Extended Life Share class and the New Global Share class. Ordinarily, each Class Fund will be treated as a distinct and segregated pool of assets and will bear all liabilities of the Company attributable solely to the corresponding Share class, until such time as each such Class Fund has been fully realised and all realisation proceeds have been distributed to the relevant Shareholders. However, the Class Funds are not legally "ring-fenced" and, if the assets of any Class Fund are insufficient to meet the liabilities attributable to it, the excess liabilities may have to be met out of the assets of the other Class Funds, which may have a material adverse effect on the NAV of such Class Funds.

**The success of the Company depends on the Investment Managers' ability to advise on, identify and realise investments in accordance with the Company's investment policy**

The activity of identifying, completing and realising attractive distressed debt investments is highly competitive and involves a high degree of uncertainty. The availability of suitable investment opportunities generally will be subject to market conditions, competition from other investment managers, as well as to the prevailing regulatory and political climate. A number of entities will compete with the Company to invest in the types of companies that the Investment Managers aim to include in the Company Portfolio. The Company will compete with public and private funds, commercial and investment banks and commercial finance companies. This increases competition for attractive investments and may make it more difficult for the Investment Managers to secure a sufficient number of suitable investment opportunities.

The ability and success of the Investment Managers to realise investments may be affected by a number of reputational issues. In particular, litigation, misconduct, operational failures, negative publicity and press speculation, whether valid or not, may harm the reputation of the Investment Managers. Such negative publicity could be based on misconduct by a client, allegations that it does not fully comply with regulatory requirements or anti-money laundering rules, publicity about politically exposed persons in its client base, allegations that a regulator is conducting investigations involving it, or the conduct of business of introducers or third party managers linked to them. Any damage to the reputation of the Investment Managers may result in potential counterparties and their parties being unwilling to deal with the Investment Managers and by extension, with the Company. This may have an adverse effect on the ability of the Company to pursue successfully its investment policy.

Further, the performance fees, payable to the Investment Managers may materially affect their ability to advise on, identify and realise investments in accordance with the Company's investment policy. The existence of such performance fees may create an incentive for the Investment Managers to make riskier or more speculative investments than it would otherwise make in the absence of such fees, which may adversely affect the Company's business, financial condition and results of operations.

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

The Company has not, and does not intend to become and may be unable to become, registered in the United States as an investment company under the U.S. Investment Company Act. The U.S. Investment Company Act provides certain protections to U.S. investors and imposes certain restrictions on companies that are registered as investment companies. As the Company is not so registered, and does not intend to register, none of these protections or restrictions is or will be applicable to the Company.

## Risks relating to the Investment Managers

**A New Global Shareholder may not receive aggregate cash distributions from the Company equal to the amount of capital invested by such New Global Shareholder in the Company before a New Global Share Performance Fee is payable to the Investment Manager**

The New Global Share Performance Fee will only become payable once the Company has made aggregate distributions in cash to New Global Shareholders (which shall include the aggregate price of all New Global Shares repurchased or redeemed by the Company) equal to the aggregate gross proceeds of issuing New Global Shares pursuant to the Issue (the "**New Global Share Contributed Capital**") plus such amount as will result in the New Global Shareholders having received a realised (cash-paid) IRR in respect of the New Global Share Contributed Capital equal to the New Global Share Hurdle Rate ("**New Global Share Initial Return**"). Following the distribution by the Company of an amount equal to the New Global Share Initial Return there will be a 100 per cent. catch up to the Investment Manager until the Investment Manager has received 20 per cent. of all amounts in excess of New Global Share Contributed Capital distributed to New Global Shareholders and paid to the Investment Manager as a performance fee. Thereafter, all amounts attributable to the New Global Shares which are distributed by the Company shall be split 20/80 per cent. between the Investment Manager's performance fee and the cash distributions to the New Global Shareholders respectively.

As any amounts paid out by the Company in respect of any New Global Shares repurchased or redeemed by the Company are included when determining the amount of capital which has been returned to New Global Shareholders for the purposes of calculating when the Investment Manager begins to receive a Performance Fee, the Investment Manager may receive a Performance Fee before each New Global Shareholder has received from the Company an amount equal to the aggregate purchase price of the New Global Shares held by him plus the hurdle IRR.

**The Investment Managers will source all of the Company's investments and affiliates of the Investment Managers may participate in some of those investments, which may result in conflicts of interest**

The Company is subject to a number of actual or potential conflicts of interest involving the Investment Managers and their respective affiliates, which are summarised below.

The Investment Managers and/or companies with which they are associated may from time to time act as manager, sponsor, investment manager, trustee, custodian, sub-custodian, registrar, broker, administrator, investment advisor or dealer in relation to, or be otherwise involved with, other clients, including other investment funds and client accounts, including those which follow an investment program substantially similar to that of the Company (such other clients, funds and accounts, collectively the "**Other Accounts**").



The Company will not have an interest in these Other Accounts. Conflicts of interest among the Company and these Other Accounts may exist, which include, but are not limited to, those described herein. These Other Accounts may have investment objectives that are similar to, or overlap to a greater or lesser extent, with those of the Company as well as investment guidelines that differ from those applicable to the Company's investments. The Investment Managers may determine that an investment opportunity in the Company is appropriate for an Other Account but not for the Company or that the allocation to the Company should be of a different proportion than that of an Other Account.

It is the policy of the Investment Managers to allocate investment opportunities fairly and equitably among the Company and Other Accounts, where applicable, to the extent possible over a period of time. The Investment Managers, however, will have no obligation to purchase, sell or exchange any investment for the Company which the Investment Managers may purchase, sell or exchange for one or more Other Accounts if the Investment Managers believe in good faith at the time the investment decision is made that such transaction or investment would be unsuitable, impractical or undesirable for the Company. As a general policy, investment opportunities will be allocated among those accounts for which participation in the respective opportunity is considered appropriate *pro rata* based on the relative capital size of the accounts. In addition, the Investment Managers may also take into consideration other factors such as the investment programs of the accounts, tax consequences, legal or regulatory restrictions, including those that may arise in various different international jurisdictions, the relative historical participation of an account in the investment, the difficulty of liquidating an investment for more than one account, new accounts with a substantial amount of investable cash and such other factors considered relevant. Such considerations may result in allocations among the Company and one or more Other Accounts on other than a *pari passu* basis (which may result in different performances among them).

The Investment Managers and their officers and employees will devote as much of their time to the activities of the Company as they deem necessary and appropriate. The Investment Managers and their affiliates are not restricted from forming additional investment funds, from entering into other investment advisory relationships or from engaging in other business activities, even though such activities may be in competition with the Company and/or may involve substantial time and resources. These activities may be viewed as creating a conflict of interest in that the time and effort of the Investment Managers and their officers and employees will not be devoted exclusively to the business of the Company but will be allocated between the business of the Company and such other activities. Future activities by the Investment Managers and their affiliates, including the establishment of other investment funds, may give rise to additional conflicts of interest.

NB Affiliates are actively engaged in transactions in the same securities, currencies and instruments in which the assets of the Company may be invested. Subject to applicable law, NB Affiliates may purchase or sell securities of, or otherwise invest in or finance, issuers in which the Company has an interest. NB Affiliates also may manage or advise other accounts or investment funds that have investment objectives similar or dissimilar to those of the Company and which engage in transactions in the same type of securities, currencies and instruments as the Company. Trading activities of NB Affiliates are carried out without reference to positions held directly or indirectly by the Company and may have an effect on the value of the positions so held or may result in NB Affiliates having an interest adverse to that of the Company. NB Affiliates are not under any obligation to share any investment opportunity, idea or strategy or other relevant information about an investment with the Company or a portfolio manager and/or may not be able to share such information with the Investment Managers because of informational walls, confidentiality obligations or other disclosure constraints. As a result, NB Affiliates may compete with the Company for appropriate investment opportunities.

The Investment Managers may be prevented from taking control positions in certain issuers, or positions adverse to their management, due to other business commitments and relationships of Neuberger Berman Group or decisions of its management. In such cases, the Investment Managers will be compelled to act other than in the best interests of the Company due to conflicts of interest with the Neuberger Berman Group organisation, which may adversely affect the Company's ability to achieve its investment objectives.

**Access to material non-public information may restrict the ability of the Investment Managers to take action with respect to some investments**

The Investment Managers have established policies and procedures reasonably designed to prevent the misuse by the Investment Managers and their personnel of material information regarding particular issuers that has not been publicly disseminated ("**material non-public information**") in accordance with applicable legal and regulatory requirements. In general, under such policies, procedures and applicable law, when the Investment Managers are in possession of material non-public information related to a

publicly-traded security or the issuer of such security, whether acquired unintentionally or otherwise, neither the Investment Managers nor their personnel are permitted to render investment advice as to, or otherwise trade or recommend a trade in, the securities of such issuer until such time as the information that the Investment Managers have is no longer deemed to be material non-public information.

The Investment Managers have procedures that outline the process by which they will determine whether to elect to receive material non-public information, or whether they will determine not to receive material non-public information, in any given case. This determination will be made on an issuer-by-issuer basis using objective criteria established by the Investment Managers. It should be noted that the Investment Managers' determination regarding whether or not to receive material non-public information regarding a specific issuer may have implications for the services the Investment Managers are able to provide to certain clients in certain situations, including the Company.

For example, where the Investment Managers have determined to receive material non-public information regarding an issuer or a borrower in connection with their clients' potential investments in distressed debt situations or loan assets of such issuer, they will be prohibited from rendering investment advice to clients, including the Company, regarding the public securities of such issuer, thereby potentially limiting the universe of public securities that the Investment Managers may purchase or potentially limiting the ability of the Investment Managers to sell particular securities. Similarly, where the Investment Managers decline access to (or otherwise do not receive) material non-public information regarding an issuer, they may base their investment decisions for their clients, including the Company, with respect to the distressed debt opportunities of such issuer solely on public information, thereby limiting the amount of information available to them in connection with such investment decisions.

European and U.S. restrictions on the use of material non-public information are often materially more stringent than those in other jurisdictions. The Investment Managers will be subject to both European and U.S. restrictions even though the Company is not incorporated in mainland Europe or the U.S. and even though a majority of the investors in the Company will be non-U.S. persons. The Investment Managers may determine not to elect to receive any material non-public information.

In deciding whether to accept material non-public information in distressed debt situations, the Investment Managers will need to weigh: (i) the risks of being "frozen" in a position due to the receipt of material non-public information against; (ii) the profit potential of the investment. In making its determinations whether or not to elect to receive material non-public information, the Investment Managers will endeavour to act fairly to its clients as a whole. A miscalculation of the risk by the Investment Managers may lead to major losses which the Investment Managers are unable to control and which may adversely affect the Company's business, financial condition, results of operations and the price of the Shares (including the New Global Shares).

**The due diligence process that the Investment Managers plan to undertake in evaluating specific investment ideas for the Company may not reveal all facts that may be relevant in connection with an investment and any corporate mismanagement, fraud or accounting irregularities may materially affect the integrity of the Investment Managers' due diligence on investment opportunities.**

When conducting due diligence and making an assessment regarding an investment, the Investment Managers will be required to rely on resources available to them, including internal sources of information as well as information provided by existing and potential Portfolio Companies 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 particularly with respect to newly established companies for which only limited information may be available.

In addition, the Investment Managers will select investments for the Company 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 Managers by such issuers or third parties. Although the Investment Managers will evaluate all such information and data and seek independent corroboration when they consider it appropriate and reasonably available, the Investment Managers will not be in a position to confirm the completeness, genuineness or accuracy of such information and data. The Investment Managers are 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. Recent events have demonstrated the material losses that investors such as the Company can incur as a result of corporate mismanagement, fraud and accounting irregularities.

In addition, investment analyses and decisions by the Investment Managers may be undertaken on an expedited basis in order to make it possible for the Company 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 Managers are unlikely to have sufficient time to evaluate fully such information even if it is available.

Accordingly, due to a number of factors, the Company 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 Company 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 Company's business, financial condition, results of operations or the value of the New Global Shares.

Due diligence may also be costly, which will decrease the Company's overall profits from an investment.

## Risks relating to the Issue

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

The Company will apply for the New Global Shares to be admitted to trading on the SFM and to listing and trading on the Official List of the CISEA, and expects the New Global Shares to be traded on these exchanges on or about 4 March 2014.

The market price of the New Global Shares may rise or fall rapidly; investors should carefully consider, among other things, the following factors before dealing in New Global Shares:

- the prevailing market price of the New Global Shares;
- the net asset value, market price volatility and liquidity of the New Global Shares;
- any related transaction costs; and
- the Company's creditworthiness.

In addition, general movement in local and international stock markets, prevailing and anticipated economic conditions and interest rates, investor sentiment and general economic conditions may all affect the market price of the New Global Shares.

The SFM is a relatively new market and likely liquidity and price volatility levels are relatively unknown. Liquidity experienced on the SFM to date may not be a suitable indicator for liquidity levels in the future. The Company is not required to appoint a market maker or make a market for New Global Shares traded on the SFM or the CISEA. There can be no guarantee that a liquid market in the New Global Shares will develop or that the New Global Shares will trade at prices close to their underlying NAV. Accordingly, Shareholders may be unable to realise their investment at NAV or at all.

The Company has been established as a listed closed-ended vehicle. Accordingly, New Global Shareholders will have no right to have their New Global Shares redeemed or repurchased by the Company at any time. While the Directors retain the right to effect repurchases of New Global Shares and to return capital in the manner described in this document, they are under no obligation to use such powers at any time and New Global Shareholders should not place any reliance on the willingness of the Directors to do so. New Global Shareholders wishing to realise their investment in the Company will therefore be required to dispose of their New Global Shares through the secondary market. Accordingly, New Global Shareholders' ability to realise their investment at NAV or at all is dependent on the existence of a liquid market for the New Global Shares.

The number of New Global Shares to be issued pursuant to the Issue is not yet known, and, following the Issue, there may be a limited number of holders of New Global Shares. Limited numbers and/or holders of New Global Shares may mean that there is limited liquidity in such New Global Shares which may affect: (i) an investor's ability to realise some or all of his investment; and/or (ii) the price at which such investor can effect such realisation; and/or (iii) the price at which such New Global Shares trade in the secondary market.

## Risks relating to the investment strategy and investment portfolio

### **The Company Portfolio is concentrated in North America and Europe and is therefore sensitive to regional economic developments**

The Company Portfolio will be heavily concentrated in North America and Europe. The North American economies (the U.S. and Canada) tend to be highly correlated and inter-connected. Prolonged adverse economic conditions in North America could materially adversely affect the Portfolio Companies in which

the Company invests as well as the value of the collateral securing its investments. Similarly, the economies of the European states are closely interrelated so that any negative economic conditions existing across Europe for a prolonged period might have a material adverse effect on the Portfolio Companies in which the Company invests.

**The Company's overall exposure to the real estate sector may be more than its actual direct exposure to that industry sector**

In constructing the Company Portfolio relating to the New Global Shares in accordance with the New Global Share Investment Objective and Policy, the Investment Managers intend to ensure that it is diversified with reference to, amongst other things, industry sectors. However, irrespective of the industry sector in which an investment is made, the underlying assets constituting the collateral for the investment in a majority of cases comprise real estate assets. As a result, the Company's overall exposure to the real estate sector may be more than its actual direct exposure to that industry sector. This in turn makes the Company Portfolio less diversified and investors may, as a result, be exposed to a greater extent to the risks relating to holding real estate assets as set out in the section herein entitled "*Risks relating to Real Estate, Infrastructure and other hard asset investments*".

**The Portfolio Companies in which the Company invests are expected to be highly leveraged**

The Company's investment strategy is expected to include investments in Portfolio Companies that are in or near default on their borrowings, and that may be unable to generate sufficient cash flow to meet the principal and interest payments on their outstanding indebtedness, highly leveraged and unable to obtain financing from traditional sources. Numerous factors may affect a Portfolio Company's performance, including the failure to meet its business plan, a rise in interest rates or a downturn in the economy generally or further deterioration in the condition of a particular Portfolio Company and/or its market sector. A Portfolio Company's failure to satisfy financial or operating covenants imposed by the Company or other investors or lenders may lead to defaults and, potentially, termination of a Portfolio Company's loans or foreclosure on its secured assets, which may trigger cross defaults under other agreements and jeopardise the Portfolio Company's ability to meet its obligations under the loans or debt securities that the Company holds. In addition, the Portfolio Companies may have, or may be permitted to incur, other debt that ranks senior to or equally with loan securities held by the Company. This means that payments on such senior-ranking securities may have to be made before the Company receives any payments on its subordinated debt securities or loans. The value of the Company's investment in such a Portfolio Company may also be significantly reduced or even eliminated as a result of any further deterioration which may have a negative effect on the Company's business, financial condition and results of operations.

**There are a number of risks associated with senior loans including limited liquidity, limited protection and limited information**

The Company may invest directly in Portfolio Companies by means of senior loans. Senior loans are generally incurred by the obligors thereunder in connection with highly leveraged transactions, often to finance internal growth, acquisitions, mergers and/or stock purchases. The obligor under a leveraged loan often provides the lenders thereunder with extensive information about its business, which is not generally available to the public. Because of the provision of such confidential information, the unique and customised nature of a loan agreement, and the private syndication of the loan, leveraged loans are generally not as easily resold as publicly traded securities, and historically the trading volume in the loan market has been small relative to, for example, the high yield bond market. In addition, the unique nature of the loan documentation may involve a degree of complexity in negotiating a secondary market purchase or sale which may not exist, for example, in the bond market. There can be no assurance that future levels of supply and demand in loan trading will provide a sufficient degree of liquidity in the market. This means that such assets may be subject to greater disposal risk in the event that the Company wishes to sell such assets.

Although any particular senior loan often will share features with other loans and obligations of its type, its actual terms will have been a matter of negotiation and will thus be unique. Any particular loan or obligation may contain terms that are not standard and that provide less protection to creditors than might be expected, including in respect of covenants, events of default, security or guarantees.

There is limited historical data available as to the levels of defaults and/or recoveries that may be experienced on senior loans and no assurance can be given as to the levels of default and/or recoveries that may apply to any senior loans purchased by the Company. Recoveries on senior loans will be affected by the particular circumstance of the borrower and its owners and creditors, its assets and other factors and may also be affected by the different bankruptcy regimes applicable in different jurisdictions and the

enforceability of claims against obligors thereunder. Ultimate recovery rates are difficult to predict and may not achieve the Company's investment return objectives.

**The Company's special situations investments are subject to the risk of non-consummation**

The Company may invest in special situations, which will subject it to the risk of the non-consummation of the reorganisation, asset or business unit sale, merger, or other event that created the special situation in question. A special situation investment will typically incur material losses in the event of non-consummation. While the Investment Managers will attempt to limit this risk by the timing of the Company's investments, the profitability of the Company's special situation investments will primarily depend on successful consummation. Therefore, in the event of non-consummation, the Company's investments in special situations may suffer material losses, which may materially adversely affect the Company's business, financial condition and results of operations.

**New Global Shareholders may be exposed to currency risk**

The New Global Shares in the Company will be denominated in Sterling. Investments made by the Company, however, may be denominated in Euros, Sterling, U.S. Dollar or other currency. The financial statements of the Company will be prepared in U.S. Dollars and the operational and accounting currencies of the Company will be the U.S. Dollar.

Therefore, New Global Shareholders will be subject to foreign currency fluctuations between Sterling, being the currency in which the Shares are denominated, and the currency of the investments made by the Company.

The Company does not intend to engage in currency risk hedging, although it may do so in certain circumstances and the New Global Shareholders will be subject to currency exchange fluctuations between Sterling and the other currencies in which the assets and investments comprising the Company Portfolio are denominated.

**The Company's hedging arrangements may not be successful**

The Company's economic risks cannot be effectively hedged. However, in connection with the financing of certain investments, the Company may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices and/or currency exchange rates. While such transactions may reduce certain risks, they create others.

The Company may utilise certain derivative instruments (such as using single-name credit default swaps, credit default swap and loan credit default swap indexes, equity futures and equity indexes) for both hedging and investment 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 and unusual risks. The low initial margin deposits normally required to establish a position in such instruments permits an unusually high degree of leverage. As a result, a relatively small movement in the price of a contract may result in substantial losses to the Company (which may not be offset by increases in the value of the instrument being hedged). 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 addition, although short sales are not a major component of its strategy, it may engage in the short sales of a security which involves the risk of a theoretically unlimited increase in the market price of a security, which could result in an inability to cover the short position and a theoretically unlimited loss.

In connection with its non-U.S. dollar and non-Sterling denominated investments, the Company may, but is not required to, engage in currency hedging. In the case of investors for which the dollar is not their functional currency, any non-dollar/dollar hedging in which the Company engages with respect to its portfolio may constitute an additional expense without any prospect of reducing currency risk.

The Company may benefit from the use of these hedging strategies; however, such strategies may also result in losses and overall poorer performance than if the Company had not entered into such hedging transactions.

**The Company's acquisition of whole loans will subject the Company to the contractual obligations of the lender**

The Investment Managers may cause the Company to acquire whole loans, as opposed to commercial pass-through securities (such as mortgage-backed or asset-backed securities), whose payment flows are

dependent on payments of the underlying loans. When the Company holds a whole loan, the Investment Managers will be responsible for dealing directly with the issuer, consuming valuable resources of the Investment Managers, which may be more profitably employed in other investments as well as subjecting the Company to all the uncertainties, expenses and adversary proceedings which surround foreclosures in general.

The acquisition of whole loans often involves “engaging in a U.S. trade or business” for U.S. tax purposes, with the result that the Company may be subject to U.S. taxation of its income attributable to such activities.

The acquisition of whole loans may subject the Company to the contractual obligations of the lender, all of which may adversely affect the Company’s business, financial condition and results of operations.

#### **The Company’s investments in Portfolio Companies are subject to subordination, “cramdowns”, and dilution**

The Company, as the senior secured creditor of an issuer, can find itself subordinated to otherwise junior creditors. For example, in certain jurisdictions a bankrupt issuer may apply to a bankruptcy court for “Debtor in Possession” financing in order to obtain new capital for its operations. The persons who invest such new capital will take a senior position to the Company, even though the Company was previously senior to such persons. Although the Company would likely be given an opportunity to participate in such “Debtor in Possession” financings, the Company might not have the resources or be permitted under its diversification policies to do so.

A reorganisation plan approved by a bankruptcy court may result in a number of different creditors, which may include the Company, being compelled to accept materially adverse changes to the terms of the debt that they hold, including reduced interest rates, extended maturities and reduced acceleration rights. Such “cramdowns” may be imposed in the discretion of the bankruptcy court in order to give the issuer a better chance of remaining economically viable.

In a reorganisation or liquidation case relating to an issuer in which the Company invests, the Company may lose its entire investment, may be required to accept cash or substantial amounts of equity in the issuer in extinguishment of the issuer’s debt with a value less than the Company’s original investment and/or may be required to accept payment over an extended period of time. This can result in, among other things, substantial dilution to an equity position previously acquired in the issuer by the Company, either directly or through the acquisition of convertible debt. In addition, the issuance of such equity can cause the Company to own well in excess of the maximum 10 per cent. of a given issuer’s equity which the Company may acquire as Original Issue Equity.

Participating as a creditor of an issuer subjects the Company to subordination and “cramdowns”, and investing in issuers subject to reorganisation or liquidation may result in the dilution of the Company’s equity interest in such issuers, all of which may materially affect the Company’s business, financial condition and results of operations.

#### **The foreclosure process is subject to uncertainties**

The Investment Managers concentrate on acquiring debt that is secured by assets that the Investment Managers believe to have a value adequate to ensure payment of such debt. However, if it becomes necessary to foreclose on the assets underlying a loan acquired by the Company, significant uncertainty may arise as to the outcome of the proceeding. Bankruptcy judges in the United States, for example, have broad discretion as to how they deal with the claims of different creditors, and the claims of secured creditors may not, despite their legal entitlement, always be respected as a matter of policy. The Company may make investments in restructurings and workouts that involve Portfolio Companies that are experiencing, or are expected to experience, severe financial difficulties, which may never be overcome and may lead to uncertain outcomes.

The U.S. bankruptcy courts have broad discretion to control the terms of a reorganisation, and political factors may be of significant importance in the more high profile bankruptcies. Consequently, the Company may be prohibited from liquidating investments that are declining in value and such a prohibition may adversely affect the value of certain of the Company’s investments as well as its financial condition and results of operations.

In addition, foreclosures and reorganisations are contentious and the threat of, as well as actual litigation may be used as a negotiating technique which may be costly to defend and result in settlements or judgements borne by the Company.

### **The value of the Company's investments may be subject to jurisdiction-specific insolvency regimes**

The value of the investments held by the Company may be impacted by various laws enacted for the protection of creditors in the jurisdictions of incorporation of the obligors thereunder and, if different, the jurisdictions from which the obligors conduct their business and in which they hold their assets, which may adversely affect such obligors' abilities to make payment on a full or timely basis.

In particular, it should be noted that a number of continental European and emerging market jurisdictions operate "debtor-friendly" insolvency regimes which could result in delays in payments where obligations, debtors or assets thereunder are subject to such regimes. The different insolvency regimes applicable in the different European and emerging market jurisdictions result in a corresponding variability of recovery rates for senior loans, high yield bonds and other debt obligations entered into or issued in such jurisdictions.

Jurisdiction-specific insolvency regimes may negatively impact borrowers' or issuers' ability to make payments to the Company, or the Company's recovery in a restructuring or insolvency, which may adversely affect the Company's business, financial condition and results of operations. While the Investment Manager takes into account the relevant insolvency regime when making any investment decision, the operation of such regimes in relation to assets within the Portfolio may adversely affect the Group's ability to generate returns from such assets.

### **The Company may be subject to lender liability and equitable subordination**

The Company may invest directly in Portfolio Companies by making direct loans to issuers. In recent years, a number of judicial decisions have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories, collectively referred to as "lender liability". Generally, lender liability is founded on the premise that a lender has either violated a duty, whether implied or contractual, of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. The Company may become subject to allegations of lender liability. The Company cannot provide assurance that these claims will not arise or that it will not be subject to significant liability if a claim of this type arises.

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lender: (i) intentionally takes an action that results in the undercapitalisation of a borrower to the detriment of other creditors of such borrower; (ii) engages in other inequitable conduct to the detriment of such other creditors; (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors; or (iv) uses its influence as a shareholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lender to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination".

As a lender, the Company may be subject to additional liability such as liability resulting from the breach of fiduciary duty or duty of good faith and fair dealing, or its claims may be subject to equitable subordination, which may materially affect the Company's business, financial condition and results of operations.

### **The Company may be subject to losses on investments as a result of fraudulent conveyance findings by courts**

Various laws enacted for the protection of creditors may apply to certain investments that are debt obligations, although the existence and applicability of such laws will vary from jurisdiction to jurisdiction. For example, if a court were to find that the borrower did not receive fair consideration or reasonably equivalent value for incurring indebtedness evidenced by an investment and the grant of any security interest or other lien securing such investment, and, after giving effect to such indebtedness, the borrower: (i) was insolvent; (ii) was engaged in a business for which the assets remaining in such borrower 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 invalidate such indebtedness and such security interest or other lien as a fraudulent conveyance, subordinate such indebtedness to existing or future creditors of the borrower or recover amounts previously paid by the borrower (including to the Company) in satisfaction of such indebtedness or proceeds of such security interest or other lien previously applied in satisfaction of such indebtedness. In addition, if an issuer in which the Company has an investment becomes insolvent, any payment made on such investment may be subject to cancellation as a "preference" if made within a certain period of time (which may be as long as one year) before insolvency.

In general, if payments on an investment are voidable, whether as fraudulent conveyances or preferences, such payments can 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 Company, the resulting loss will be borne by the investors in the Company.

**The Company is subject to risks associated with participation in control situations**

From time to time, the Investment Managers will take control positions in an issuer in an effort to maximise value. Not only can control investments take an inordinately long period to exit, but also the Investment Managers' position of control can be highly time and resource-intensive and contentious. The Investment Managers and the Company may be particularly vulnerable to being named as defendants in litigation relating to their actions while in control of an issuer.

**With respect to investments that do not have a readily ascertainable market quotation in an active market, the Administrator will value such investments (with the Investment Managers' input) at fair value and such valuations will be inherently uncertain**

With respect to investments comprised in the Company Portfolio that do not have a readily available market quotation, such as unquoted investments or investments which are listed but deemed to be illiquid, the Administrator will value such investments (with the Investment Managers' input) at fair value on each NAV Calculation Date in accordance with the customary valuation methods, policies and procedures of the Investment Managers.

Because of the inherent uncertainty and subjectivity of determining the fair value of investments that do not have a readily ascertainable market quotation in an active market, the fair value of the Company's investments as determined in good faith by the Administrator (with the Investment Managers' input) may differ significantly from the values that would have been used had a ready market existed for such investments. The reliability of the NAV calculations published by the Company will be impacted accordingly.

## Risks relating to investing in distressed securities

**The Company may hold a portion of its investment portfolio in equities that are uncollateralised**

Although the Investment Managers do not expect that the Company will invest to a meaningful extent directly in equity securities the Company may come to have significant equity holdings as a result of participating in reorganisation or bankruptcy proceedings. In fact, it is possible that substantially all of the Company Portfolio will, from time to time, consist of equity acquired as a result of reorganisations.

Equity held by the Company will not have any underlying collateral supporting its value and will be subject to all the risks of the success of the reorganised issuer.

**The Company may acquire trade claims which do not have the protection of the securities laws and are highly illiquid**

The Company may acquire trade claims, which are amounts due from a company to its suppliers. Trade claims are not "securities" for regulatory purposes, and the Company, in investing in trade claims, will not have the protection of the securities laws. Trade claims are typically highly illiquid and may have a relatively junior position as compared to securities and other debt owed by the issuer. In addition, there may be defences to trade claims, for example, in circumstances where the services or products furnished did not meet specifications that may result in the devaluation of the trade claim, of which the Investment Managers may not be aware at the time of the Company's acquisition of such claims. If the Company is unable to receive a payment under, or dispose of, such trade claims, this may adversely affect the Company's business and results of operations.

**The Company may acquire participation interests in bank loans and other debt obligations and will have limited rights with respect to the bank loans and debt obligations and be subject to additional risks**

The Company may acquire interests in bank loans and other debt obligations either directly (by way of sale or assignment) or indirectly (by way of participation or sub-participation). The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes entitled to the benefit of the loans and other rights of the lender under the loan agreement with respect to the debt obligation.

By contrast, a participation interest in a portion of a debt obligation typically results in a contractual relationship with only the institution acting as a lender under the loan agreement, not with the borrower under such loan. As a holder of a participation interest, the Company would have the right to receive payments of principal and interest to which it is entitled only upon receipt by the institution selling the



participation under the loan agreement (the “**Selling Institution**”) of such payments from the obligor, but will have limited other rights against the borrower.

In addition, the Company will assume the credit risk of both the borrower under the loan and of the institution selling the participation. In the event of the insolvency of the Selling Institution, the Company may experience delays in receiving payments made to the Selling Institution by the borrower and may be treated as a general creditor of the Selling Institution.

Assignments and participations are sold strictly without recourse to the Selling Institution and the Selling Institution will generally make no representations or warranties about the underlying loan, the borrowers thereunder, the documentation or any collateral securing the loans. Further, the Company will be bound by provisions of the underlying loan agreements, if any, that require the preservation of the confidentiality of information provided by the borrower.

In addition, the Company may invest directly or through participations in loans with revolving credit features or other commitments or guarantees to lend funds in the future. A failure by the Company to advance requested funds to a borrower may result in claims against the Company and in possible assertions of offsets against amounts previously lent.

**The Company will hold a passive investment position in a substantial number of its Portfolio Companies and other co-investments and investors with controlling interests may take actions that adversely affect the value of the Company’s investment**

The Company will hold a passive investment position in a substantial number of the Portfolio Companies in which it invests. In addition, the Investment Managers will be authorised to offer co-investment opportunities to other investors, even in situations in which the Company is not fully invested in the applicable investment opportunity, if, in the opinion of the Investment Managers, the amount invested by the Company is sufficient for its purposes, or such co-investment may: (i) encourage reciprocal investment offers to the Company; (ii) enhance the investment opportunity; or (iii) allow the Company to participate in transactions that, if entered into without co-investors, would exceed the limits set forth in the Company’s risk management guidelines on compliance, internal audit, legal and business controls.

The investors with the controlling interests in such investments – which may often be competitors of the Company – may be able to take actions that adversely affect the value of the Company’s investment and the Company’s business.

## **Risks relating to Real Estate, Infrastructure and other hard asset investments**

Whilst investment opportunities remain strong in the Company’s core markets such as power stations and real estate, the Investment Manager is starting to see opportunities in a number of new areas such as residential real estate and transportation (i.e. shipping) and infrastructure (i.e. toll roads). The following risk factors are the material risks associated with investing in these sectors.

### **Reliance on Third-Party Operators and management**

The Investment Managers will rely on Third-Party Operators as well as other service providers familiar with the U.S. and European market to implement portions of the Investment Managers’ real estate investments. There are numerous different functions for which the Investment Managers will be dependent on such third parties – including selection, refurbishing, renting (and collecting rents), carrying out repairs and maintenance, evictions and resales. The market judgment of these third parties in identifying, acquiring, managing and selling such assets will be fundamental to the success of the Investment Managers’ real estate investments.

The mismanagement, indifference, incompetence, negligence and/or misconduct of any such third parties could materially adversely affect the prospects for real estate investments, as well as possibly cause liability for the Company.

The Company’s time horizon for its real estate investments may be inconsistent with that of the Third-Party Operators with which the Company invests (as a result of changed market conditions, changes in the financial condition of Third-Party Operators and/or a number of other factors). As a result, the Company could be forced to sell its interests in certain real estate assets, perhaps at disadvantageous prices.

### **General risks of real estate ownership**

The Company will be subject to all of the risks inherent in investing in real estate and real estate-related assets. These risks may include, without limitation, general, regional and local economic and social

conditions, knowledge of local markets, fluctuations in real estate values and the financial resources of tenants, vacancies, changes in tax, planning, zoning, building, general property, leasehold, environmental and other applicable laws, and regulatory regimes, real property tax rates, outgoings, changes in interest rates, the availability of mortgage financing and neighbourhood deterioration.

Real estate assets acquired by the Company could be materially adversely affected by natural catastrophes (e.g., earthquakes, hurricanes, tsunamis, floods, fire, storms or volcanic eruptions subsidence), industrial accidents resulting in widespread nuclear or chemical contamination, and acts of terrorism. Insurance on the real estate assets owned by the Company might not cover all of these risks or cover them adequately or be available on commercial terms. While such investments will generally be insured, the applicable insurance policies obtained on such properties will generally have material “deductibles” and may not cover losses resulting from certain types of natural catastrophes and/or other types of damage. Even if coverage exists and covers all losses, the Company might receive the proceeds due under the applicable policy only partially and after considerable delay.

#### **Limited availability of financing**

Without readily available financing, it is unlikely that there will be sufficient purchasing power in the real estate market for the Company to sell certain real estate assets at the contemplated profit level. The financial crisis of 2007-2008 has resulted in a severely reduced level of securitisation activity across a wide range of asset classes – residential and commercial mortgages, credit card receivables, automobile loans, etc. Ultimately, unless the securitisation markets recover, the financing available to prospective purchasers for certain real estate assets will be materially more restricted than is likely to be necessary for the Company to execute its exit strategy effectively. There can be no assurance that adequate financing will be available to prospective purchasers of certain real estate assets.

#### **Rising interest rates**

The higher the interest rates, the more difficult it will be for prospective purchasers to obtain financing and acquire certain real estate assets of the Company. Portions of the Company’s real estate assets will be vulnerable to increases in interest rates, as without affordable and immediately available mortgage loan financing there may be an insufficient number of buyers for these assets.

#### **Poor construction; depreciation; obsolescence**

The value of certain real estate assets can be materially impaired by deficient construction. Often it will be difficult, if not impossible, for the Third-Party Operators to detect any such deficiencies before investing.

It may be that certain real estate assets in which the Company invests are effectively made obsolete before the harvesting period due to technological improvements, design changes, new materials and other features of more recently-built Residential Housing.

#### **Regulation**

The U.S. Congress as well as several states and municipalities have enacted laws limiting certain rights of, and imposing additional responsibilities on, entities that become property owners through foreclosure. To the extent these requirements apply to the Company, they may result in increased delays and expenses.

#### **Eminent domain or compulsory acquisition**

Government authorities may exercise “eminent domain” to acquire the land on which the Residential Housing is built, in order to build roads, other infrastructure needs, etc. Private investors may encourage governmental authorities to make use of their right of “eminent domain” to acquire Residential Housing and/or mortgages, potentially competing with the Company for desirable Residential Housing acquisitions. Any such exercise of “eminent domain” would cause the Company to recover only the “fair value” of the affected Residential Housing which may be substantially less than real value.

In England and Wales, many public authorities and certain private sector entities (such as utility companies) have or can acquire powers to compulsorily acquire real estate assets or access to these assets. The exercise of those powers is subject to the overriding principles that the exercise of the power must be for the public benefit and that the owner of the interest acquired must be paid fair compensation. The amount of compensation payable to the Company may not reflect the expected exit value. Real estate assets may also become designated as listed, within a conservation area or area of archaeological importance or subject to another regime which could substantially affect the value of the asset.

### **General risks related to maritime investments**

Certain investments made by the Company in maritime assets are subject to the overall health of the global economy, although with particular interim risk exposure to the fiscal and geopolitical uncertainties in areas including, but not limited to the Middle East, Latin America, Russia, Southeast Asia, and West Africa.

Global demand for oil and natural gas is crucial for certain maritime vessels, and may be affected by the direct effects of rising energy costs, as well as by the indirect impacts of energy-related pressures on their major trading partners and the quantity of commodities shipped. Also, a substantial increase in shipyard capacity, without a subsequent increase in demand for tonnage has negative implications for new sales, resale and secondary prices.

### **General risks related to infrastructure investments**

When sourcing opportunities, the fund is able to invest in projects which are not substantially complete and are not immediately cash generative, resulting in a lower than anticipated return. Any overrun in costs of such construction will negatively affect returns. Once operational, a project may require the replacement or refurbishment of certain items of equipment which, if earlier than expected or costing more than expected, will also negatively affect returns. A further operational risk is that payments received on certain assets may be inherently tied to usage of those assets and as such exposed to demand risk.

Investments in infrastructure assets may result in future environmental liabilities in relation to sites used (including, for example, clean-up and remediation liabilities) which may adversely affect returns. In addition to this, the Company is exposed to insurance risk where its returns may be negatively impacted by the cost of insurance policies or an event may occur which is uninsurable or subject to an excess or exclusions of general events.

## **Risks relating to the Company's collateral**

### **The Company's 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 and the Company may be unable to realise value from its investments**

A substantial component of the Investment Managers' 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 borrower or issuer. This residual or recovery value will be driven primarily by the value of the underlying assets constituting the collateral for such investment. 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. Thus, valuation of such investments will be based, in part, on complex models that incorporate a range of different inputs.

As valuations, and in particular, valuations of investments for which market quotations are not readily available, are inherently uncertain, these may fluctuate over short periods of time and may be based on estimates. Even if market quotations are available for certain of the Company's investments, such quotations may not reflect the value that would actually be realised because of various factors, including the illiquidity of the investments held in the portfolio, future price volatility, foreign exchange fluctuations or the potential for a future loss in value based on poor industry conditions or overall company and management performance or market conditions.

For example, depending upon the status of underlying assets at the time of an issuer's default, they may be substantially worthless. The types of collateral owned by the borrowers and issuers in whom the Company invests will vary widely, but will generally all be hard assets such as aircraft, office buildings, power stations, and commercial property. During times of recession and economic contraction, there may be little or no ability to realise any of these assets, or the value which can be realised may be substantially below the assessed value of the collateral.

Inadequate or incorrect factual information, misstated assumptions, as well as unforeseeable changes in economic and political factors may cause these models to yield materially inaccurate valuations, even if the model is fundamentally sound. Moreover, there can be no assurance that the Investment Managers' models are fundamentally sound, or more accurate than its competitors' models. Particularly given the high level of illiquidity currently prevalent in the markets, there is a substantial risk of valuations differing from realisable values, which may materially adversely affect the Company's business, financial condition and results of operations.

**Certain secured instruments that the Company may purchase may be subject to repayment or bankruptcy plans and as a result the value of the collateral may decrease and adversely affect the Company's investment**

Certain of the instruments that the Company may purchase may include collateral that is subject to repayment or bankruptcy plans, under which prior delinquent payments and advances must be paid during a specified period after the plan is instituted. In addition, certain collateral may have arrearages that are not subject to plans and must be discharged before the collateral can be of any value to the Company itself. As a result, such collateral will be forced to generate larger payments until the obligations under the plans or under the arrearages are paid in full, which may degrade the value of such collateral as security for investments made by the Company and adversely affect the Company's results of operations.

## Risks relating to regulation and taxation

**Greater regulation of the financial services industry, in particular with respect to regulation of investment funds, which impose additional restrictions on the Company may materially affect the Company's business and its ability to carry out its investment objective**

Legislation proposing greater regulation of the financial services industry, including investment funds, is being actively pursued by U.S. Congress, as well as the governing bodies of non-U.S. jurisdictions, in the wake of the ongoing financial crisis and the dramatic losses incurred both by private funds and their counterparties from trading in substantially unregulated markets. The U.S. government "bailout" of financial institutions that began in 2008 is the largest governmental intervention in the history of the U.S. financial markets. In connection with this "bailout", U.S. Congress has applied new restrictions to the U.S. financial markets. Similar government "bailouts" of financial institutions by both individual member states and the European Union has also increased the scrutiny on the financial services industry in Europe and may lead to further regulation of the financial markets.

There can be no assurance that future regulatory action will not result in additional market dislocation. It is impossible to predict the nature, timing and scope of future changes in laws and regulations applicable to the Company, the Investment Managers, the markets in which they trade and invest or the counterparties with which they do business. Any such changes in laws and regulations may have a material adverse effect on the ability of the Company to carry out its business, to successfully pursue its investment policy and to realise its profit potential, and may include a requirement of increased transparency as to the identity of investors in the Company. Any such event may materially adversely affect the investment returns of the Company.

**Changes in the Company's tax status or tax treatment may adversely affect the Company and if the Company becomes subject to the UK offshore fund rules there may be adverse tax consequences for certain UK resident Shareholders**

Any change in the Company's tax status, or in taxation legislation or practice in either Guernsey, the United States or the United Kingdom or any jurisdiction in which Portfolio Companies are held or resident, or in the Company's tax treatment (for example, due to the disposition of equity accepted in settlement for debt) may affect the value of the investments held by the Company or the Company's ability to successfully pursue and achieve its investment objectives, or alter the after-tax returns to Shareholders. Statements in this document concerning the taxation of Shareholders are based upon current United Kingdom, United States and Guernsey tax law and published practice, any aspect of which law and practice is, in principle, subject to change (potentially with retrospective effect) that may adversely affect the ability of the Company to successfully pursue its investment policy or meet its investment objectives, and which may adversely affect the taxation of Shareholders.

In respect of the UK offshore fund rules, the statements contained in this prospectus have been confirmed by HM Revenue & Customs following an application for non-statutory clearance made by the Company's advisers on behalf of the Company.

**Failure by the Company to maintain its non-UK tax resident status may subject the Company to additional taxes which may materially adversely affect the Company's business, results of operations and the value of the Shares**

In order to maintain its non-UK tax resident status, the Company is required to be controlled and managed outside the United Kingdom. The composition of the board of Directors of the Company, the place of residence of the individual Directors and the location(s) in which the board of Directors of the Company makes decisions will be important in determining and maintaining the non-UK tax resident status of the Company. Although the Company is established outside the United Kingdom and a majority of the Directors live outside the United Kingdom, continued attention must be given to ensure that major

decisions are not made in the United Kingdom or the Company may lose its non-UK tax resident status. As such, management errors may potentially lead to the Company being considered UK tax resident which may adversely affect the Company's financial condition, results of operations, the value of the Shares and/or the after-tax return to the Shareholders.

**Individual Shareholders may have conflicting investment, tax and other interests with respect to their investments in the Company**

Shareholders are expected to include taxable and tax-exempt entities and persons or entities organised and residing in various jurisdictions, including outside of the United States, who may have conflicting investment, tax and other interests with respect to their investments in the Company. The conflicting interests of individual Shareholders may relate to or arise from, among other things, the nature of investments made by the Company, the structuring of the acquisition of investments, the timing of disposition of investments and the manner in which income and capital generated by the Company is distributed to Shareholders. The structuring of investments and distributions may result in different returns being realised by different Shareholders. As a consequence, conflicts of interest may arise in connection with decisions made by the Investment Managers, including the selection of Portfolio Companies, which may be more beneficial for one investor than for another investor, especially with respect to investors' individual situations. In selecting and structuring investments appropriate for the Company and in determining the manner in which distributions shall be made to Shareholders, the Investment Managers and the Directors, respectively, will consider the investment and tax objectives of the Company and Shareholders as a whole, not the investment, tax or other objectives of any Shareholder individually, which may adversely affect the investment returns of individual Shareholders.

**U.S. Source payments may be subject to withholding under the HIRE Act**

The Hiring Incentives to Restore Employment Act (the "HIRE Act") provides that a 30 per cent. withholding tax will be imposed on certain payments of U.S. source income and certain payments of proceeds from the sale of property that could give rise to U.S. source interest or dividends unless the Company enters into an agreement with the IRS to disclose the name, address and taxpayer identification number of certain U.S. persons that own, directly or indirectly, an interest in the Company, as well as certain other information relating to any such interest. The IRS has released regulations and other guidance that provide for the phased implementation of the foregoing withholding and reporting requirements. On 13 December 2013, the U.S. Treasury signed a Model 1 non-reciprocal intergovernmental agreement ("Model 1 IGA") with Guernsey. The Model 1 IGA modifies the foregoing requirements but generally requires similar information to be disclosed to the Guernsey government and ultimately to the IRS.

Although the Company will attempt to satisfy any obligations imposed on it to avoid the imposition of this withholding tax, no assurance can be given that the Company will be able to satisfy these obligations. If the Company becomes subject to a withholding tax as a result of the HIRE Act, the return of all Shareholders may be materially affected. Prospective investors are encouraged to consult with their own tax advisors regarding the possible implications of the HIRE Act on their investments in the Company.

**The AIFM Directive may impair the ability of the Investment Managers to manage the investments of the Company, which may materially adversely affect the Company's ability to implement its investment strategy and achieve its investment objective**

The AIFM Directive, which was transposed by many EU Member States into national law in 2013, seeks to regulate alternative investment fund managers (in this paragraph, "AIFM") based in the EU and prohibits such managers from managing any alternative investment fund (in this paragraph, "AIF") or marketing shares in such funds to EU investors unless authorisation is granted to the AIFM. In order to obtain such authorisation, and be able to manage the AIF, an AIFM will need to comply with various obligations in relation to the AIF, which may create significant additional compliance costs that may be passed to investors in the AIF.

The Investment Manager does not currently intend to become authorised as an AIFM. In due course, prior to 22 July 2014, it is intended that the Sub-Investment Manager be formally appointed as the AIFM of the Company, given that it is the Sub-Investment Manager that currently performs substantially all of the discretionary portfolio management and risk management of the Company.

Following national transposition of the AIFM Directive in a given EU Member State and after the end of any available transitional periods, the marketing of shares in the Company is likely to be conditional upon compliance with certain requirements. Some of these conditions are outside the Company's control as they are dependent on the regulators of the relevant third countries (in this case Guernsey and the US) and the

Member States in which marketing is planned entering into, and maintaining, cooperation arrangements with one another. Satisfying the requirements which are within the Company's control might involve additional compliance costs which may be passed on to Shareholders.

Any regulatory changes arising from implementation of the AIFM Directive (or otherwise) that impair the ability of the Investment Managers to manage the investments of the Company, or limit the Company's ability to market future issuances of its Shares, may materially adversely affect the Company's ability to carry out its investment strategy and achieve its investment objective.

## **Risks relating to the New Global Shares**

### **The New Global Shares will be subject to significant U.S. transfer restrictions as well as forced transfer provisions**

The New Global Shares have not been registered and will not be registered under the U.S. Securities Act or under the securities laws of any state or other jurisdiction of the United States and are subject to restrictions on transfer contained in such laws.

Moreover, in order to avoid being required to register under the U.S. Investment Company Act and the U.S. Commodity Exchange Act and to address certain ERISA, U.S. Tax Code and other considerations, the Company has imposed significant restrictions on the transfer of the New Global Shares which may materially affect the ability of New Global Shareholders to transfer their New Global Shares. For example, the New Global Shares may only be resold or otherwise transferred: (i) in an "offshore transaction" complying with the provisions of 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. See "Acquisition and transfer restrictions" in Part V of this document. Furthermore, under the Articles, if any New Global Shares are owned directly, indirectly or beneficially by a Non-Qualified Person, the Directors may give notice requiring such person within 30 days either: (i) to provide the Directors with sufficient satisfactory documentary evidence to satisfy the Directors that such person is a Qualified Person; or (ii) to sell or transfer his New Global Shares to a Qualified Person. Any such person who fails to comply with such notice shall be deemed to have forfeited his New Global Shares and the Directors shall be empowered at their discretion to follow the procedure provided for in the Articles with respect to forfeited shares. See paragraph 5.8 ("*Transfer of Shares*") in Part VII of this document.

### **Shareholders (including New Global Shareholders) do not have pre-emption rights**

Under the laws of Guernsey, to which the Company is subject, there are no rules restricting the ability of the Directors to issue additional Shares (including New Global Shares) on a non pre-emptive basis at any time.

### **Tax audits**

The Company may be audited by U.S. federal, state or other tax authorities. An income tax audit may result in an increased tax liability of the Company, including with respect to years when an investor was not a Shareholder of the Company, which could reduce the Net Asset Value of the Company and affect the return of all Shareholders.

### **Accounting for uncertainty in income taxes**

Accounting Standards Codification Topic No. 740, "Income Taxes" (in part formerly known as "FIN 48") ("**ASC 740**"), provides guidance on the recognition of uncertain tax positions. ASC 740 prescribes the minimum recognition threshold that a tax position is required to meet before being recognised in an entity's financial statements. It also provides guidance on recognition, measurement, classification and interest and penalties with respect to tax positions. A prospective investor should be aware that, among other things, ASC 740 could have a material adverse effect on the periodic calculations of the Net Asset Value of the Company, including reducing the Net Asset Value of the Company to reflect reserves for income taxes, such as U.S. and foreign withholding taxes and income taxes payable on income effectively connected with a trade or business, that may be payable by the Company. This could cause benefits or detriments to certain investors, depending upon the timing of their entry and exit from the Company.

### **Certain activities of the Company may cause it to be treated as engaged in a trade or business within the United States for U.S. federal income tax purposes**

It is possible that the Company may engage in certain activities that may be considered by the IRS to be a U.S. financing or other U.S. trade business if, among other facts, such activity is regularly carried on by the

Company during a taxable year. If the Company were engaged in, or deemed to be engaged in, a U.S. trade or business in any year, the Company (but not any of the Shareholders) would be required to file a U.S. federal income tax return for such year and pay tax on its income and gain that is effectively connected with such U.S. trade or business at U.S. corporate tax rates. In addition, the Company generally would be required to pay a branch profits tax equal to 30 per cent. of the earnings and profits of such U.S. trade or business that are not reinvested therein.

**The Company may become subject to regulation under ERISA or Section 4975 of the U.S. Tax Code or any 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 intends to 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 New Global Shares may trade at a discount to their underlying NAV and Shareholders may be unable to realise their investments through the secondary market at NAV**

The New Global Shares may trade at a discount to their underlying NAV for a variety of reasons, including due to market conditions or to the extent investors undervalue the management activities of the Investment Managers or discount their valuation methodology and judgments. While the Directors may seek to mitigate any discount to NAV through discount management mechanisms they consider appropriate, there can be no guarantee that they will do so or that such mechanisms will be successful.

## 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 other than those contained in this prospectus in connection with the Issue 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 or the Investment Managers. 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 hereof or that the information contained herein is correct as of any time subsequent to its date.**

The contents of this document are not to be construed as legal, business or tax advice. Each prospective investor should consult their own solicitor, financial adviser or tax adviser for legal, financial or tax advice in relation to the acquisition of New Global Shares pursuant to the Issue.

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

### General

Prospective investors should rely only on the information contained in this document. No broker, dealer or other person has been authorised by the Company, the Directors, Neuberger Berman Europe Limited, Oriel 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 New Global Shares other than those contained in this document 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, Neuberger Berman Europe Limited, Oriel or Winterflood.

Prospective investors should not treat the contents of this document 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 New Global Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of New Global 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 New Global Shares. Prospective investors must rely upon 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 document are based on the law and practice currently in force and are subject to changes therein. This document should be read in its entirety before making any application for New Global Shares.

Application will be made to the London Stock Exchange for all the New Global Shares to be issued pursuant to the Issue to be admitted to trading on the SFM. Application will also be made for all the New Global Shares to be issued pursuant to the Issue to be admitted to listing and trading on the Official List of the CISEA. It is expected that such admissions will become effective and that dealings in such New Global Shares will commence at 0800 on 4 March 2014.

The Investment Manager is authorised and regulated in the UK by the Financial Conduct Authority. The Sub-Investment Manager is registered with the SEC as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the “**U.S. Investment Advisers Act**”). Further information regarding the Sub-Investment Manager is contained in its Form ADV, which will be provided to prospective investors, upon written request to the Sub-Investment Manager, prior to their investment in the Company. The Investment Manager is registered with the SEC as an investment adviser under the Investment Advisers Act.



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

## Restrictions on Distribution, Acquisition and Transfer

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

**For a description of restrictions on acquisitions and transfers of the New Global Shares, see “Selling Restrictions” beginning on page 44 and “Purchase and transfer restrictions” in Part V of this document.**

A registered collective investment scheme is not permitted to be directly offered to the public in Guernsey but may be offered to regulated entities in Guernsey or offered to the public by entities appropriately licensed under the POI Law.

In addition, except with the express written consent of the Company, the New Global 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 Asset Regulations or (ii) a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the U.S. Tax Code and 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.

## No Incorporation of Website

The contents of the Company’s website at [www.nbddif.com](http://www.nbddif.com) do not form part of this document. Investors should base their decision to invest on the contents of this document alone and should consult their professional advisers prior to making an application to acquire New Global Shares.

## Enforceability of Judgments

The Company is incorporated under the laws of Guernsey. All or substantially all of the assets of the Company are expected to be in the United States. The Investment Manager is incorporated in the United Kingdom. As a result, it may not be possible for investors to effect service of process within jurisdictions other than the United Kingdom and Guernsey upon the Company, the Investment Manager or any of their respective directors, or to enforce in such other jurisdictions judgments obtained against the Company, the Investment Manager or any of their respective directors in the courts of such other jurisdictions, including, without limitation, judgments based upon the civil liability provisions of the laws of any state or territory other than the United Kingdom and Guernsey. There is doubt as to the enforceability in the United Kingdom and Guernsey, in original actions or in actions for enforcement of judgments of courts outside the United Kingdom and Guernsey, of civil liabilities predicated solely upon the laws of jurisdictions other

than the United Kingdom and Guernsey. In addition, awards for punitive damages in actions brought outside the United Kingdom and Guernsey may be unenforceable in the United Kingdom and Guernsey.

## Forward-looking Statements

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “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 document and include statements regarding the intentions, beliefs or current expectations of the Company concerning, amongst other things, the investment objectives and investment policy, financing strategies, investment performance, results of operations, financial condition, prospects, and dividend policy of the Company and the markets in which it, and its portfolio of investments, invest and/or operate. By their nature, forward-looking statements involve risks 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 document. 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 document, 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 returns on equity for investors;
- the Company’s ability to invest the cash on its balance sheet in suitable investments on a timely basis;
- foreign exchange mismatches with respect to exposed assets;
- changes in interest rates and/or credit spreads, as well as the success of the Company’s investment strategy in relation to such changes and the management of investment proceeds;
- impairments in the value of the Company’s investments;
- the availability and cost of capital for future investments;
- the departure of key personnel employed by the Investment Managers;
- the failure of the Investment Manager to perform its obligations under the Investment Management Agreement with the Company or the termination of the Investment Manager;
- the failure of the Sub-Investment Manager to perform its obligations under the Sub-Investment Management Agreement with the Investment Manager or the termination of the Sub-Investment Manager;
- changes in laws or regulations, including tax laws, or new interpretations or applications of laws and regulations, that are applicable to the Company or Portfolio Companies; and
- general economic trends and other external factors, including those resulting from war, incidents of terrorism or responses to such events.

Given these uncertainties, Shareholders are cautioned not to place any undue reliance on such forward-looking statements. Shareholders should carefully review the “Risk Factors” section of this document for a discussion of additional factors that could cause the Company’s actual results to differ materially before making an investment decision. Forward-looking statements speak only as at the date of this document. Although the Company and the Investment Managers undertake no obligation to revise or update any forward looking statements contained herein (save where required by the Prospectus Rules or Disclosure and Transparency Rules or rules of the CISEA), whether as a result of new information, future events, conditions or circumstances, any change in the Company’s or the Investment Managers’ expectations with regard thereto or otherwise, Shareholders 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.

## Bailiwick of Guernsey – regulatory considerations

The Company is a registered closed-ended collective investment scheme incorporated as a non-cellular company limited by shares in Guernsey. The Company is registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended (the “**POI Law**”) and the Registered Collective Investment Scheme Rules 2008 (the “**RCIS Rules**”) issued by the GFSC. The GFSC, in granting registration, has not reviewed this document but has relied upon specific warranties provided by BNP Paribas Securities Services S.C.A., Guernsey Branch, the Company’s “designated manager” for the purposes of the POI Law and the RCIS Rules. Neither the GFSC nor the States of Guernsey Policy Council 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.

The Commission takes no 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.

A registered collective investment scheme is not permitted to be directly offered to the public in Guernsey but may be offered to regulated entities in Guernsey or offered to the public by entities appropriately licensed under the POI Law.

If potential investors are in any doubt about the contents of this Prospectus they should consult their accountant, legal or professional adviser or other financial adviser.

The directors of the Company have taken all reasonable care to ensure that the facts stated in this Prospectus are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in the Prospectus, whether of fact or of opinion. All the directors accept responsibility accordingly. This statement is provided solely for the purposes of the RCIS Rules.

## Commodity Futures Trading Commission Matters

Because the Company invests in commodity interests, the Company is considered to be a commodity pool. The operator of a commodity pool generally must be registered as a commodity pool operator with the CFTC, unless an exemption is available. The Investment Manager acts as an unregistered commodity pool operator with respect to the Company in reliance upon the exemption set forth in CFTC Regulation 4.13(a)(3).

This exemption allows the Investment Manager to operate the Company in an unregistered capacity because, among other required elements, the Company is operated pursuant to the following criteria: (1) shares of the Company are exempt from registration under the U.S. Securities Act and such shares are offered and sold without marketing to the public in the United States; (2) each investor in the Company is an “accredited investor” as defined in Rule 501 of Regulation D under the U.S. Securities Act, a “qualified purchaser” as defined in the U.S. Investment Company Act, or a “qualified eligible person” as defined under CFTC Regulation 4.7 (which by definition includes “Non-United States persons” as also defined under CFTC Regulation 4.7); and (3) the Company’s commodity interest positions (whether or not entered into for bona fide hedging purposes) will be limited such that either: (a) the aggregate initial margin, premiums and required minimum security deposit for retail forex transactions required to establish such positions will be limited to 5 per cent. of the liquidation value of the Company’s portfolio, after taking into account unrealised profits and unrealised losses on any such positions it has entered into; or (b) the aggregate net notional value (as described below) of such positions, determined at the time the most recent position was established, does not exceed 100 per cent. of the liquidation value of the Company’s portfolio, after taking into account unrealised profits and unrealised losses on any positions it has entered into.

For these purposes, commodity interest positions include, among other things, futures contracts and commodity options (options on futures contracts and certain options on currencies and commodities), retail forex transactions and swaps. For futures contracts positions, notional value is calculated by multiplying the number of contracts by the size of the contract, in contract units (taking into account any multiplier specified in the contract), by the current market price per unit. For commodity options, notional value is calculated by multiplying the number of contracts by the size of the contract, adjusted by its delta, in contract units (taking into account any multiplier specified in the contract), by the strike price per unit. For a retail forex transaction, notional value is calculated as the value in U.S. Dollars of such transaction, at the time the transaction was established, excluding for this purpose the value in U.S. Dollars of the offsetting long and short transactions, if any. For swaps, the notional value is generally the notional amount. The Company may net futures contracts and options on futures with the same underlying

commodity across designated contract markets and foreign boards of trade and may net swaps cleared on the same derivatives clearing organisation.

As a result, the Investment Manager is not required to deliver to a prospective or existing investor either: (i) a CFTC compliant disclosure document; or (ii) an audited annual report or other CFTC-required reports. The Investment Manager operates the Company in compliance with the investor qualification and de minimis trading limits with respect to the Company's commodity interest positions. Notwithstanding the foregoing, the Company is hereby delivering this prospectus to the prospective investor and will deliver unaudited half yearly reports and audited annual reports described herein to all investors.

Although the Investment Manager may in the future register as a commodity trading advisor and the Sub-Investment Manager is registered as a commodity trading advisor, each of the Investment Manager and the Sub-Investment Manager provides commodity interest trading advice to the Company pursuant to the exemption from registration as a commodity trading advisor in CFTC Regulation 4.14(a)(8).

## 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 Shares: (i) by any person in any jurisdiction in which such offer or invitation is not authorised; or (ii) by any person 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 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 Shares and the distribution of this Prospectus under the laws and regulations of any jurisdiction in connection with any applications for Shares, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such jurisdiction. Save for the United Kingdom, no action has been taken or will be taken in any jurisdiction by the Company that would permit a public offering of 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 in any other jurisdiction where action for that purpose is required.**

### 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 Shares have been offered or will be offered pursuant to the Offer to the public in that Relevant Member State prior to the publication of a prospectus in relation to the 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 Shares to the public may be made at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

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

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

For the purposes of this provision, the expression an “offer to the public” in relation to any offer of 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 Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC (and the amendments thereto, including Directive 2010/73/EU (the “**2010 PD Amending Directive**”), to the extent implemented in the Relevant Member State and includes any relevant implementing measure in each Relevant Member State.

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

### **Switzerland**

This Prospectus may only be freely circulated and the New Global Shares may only be freely offered, distributed or sold to regulated financial intermediaries such as banks, securities dealers, fund management companies, asset managers of collective investment schemes and central banks as well as to regulated insurance companies. Circulating this Prospectus, distributing or selling the New Global Shares to other persons or entities including qualified investors as defined in the Federal Act on Collective Investment Schemes (“CISA”) and its implementing Ordinance (“CISO”) may trigger, in particular: (i) licensing/prudential supervision requirements for the distributor; (ii) a requirement to appoint a representative and paying agent in Switzerland; and (iii) the necessity of a written distribution agreement between the representative in Switzerland and the distributor. Accordingly, legal advice should be sought before providing this Prospectus or distributing, selling or on-selling the New Global Shares to any other persons or entities. This Prospectus does not constitute an issuance prospectus pursuant to Articles 652a or 1156 of the Swiss Code of Obligations and may not comply with the information standards required thereunder. The New Global Shares will not be listed on the SIX Swiss Exchange, and consequently, the information presented in this document does not necessarily comply with the information standards set out in the relevant listing rules. The documentation of the Company has not been and will not be approved, and may not be able to be approved, by the Swiss Financial Market Supervisory Authority (“FINMA”) under CISA. Therefore, investors do not benefit from protection under CISA or supervision by FINMA. This Prospectus does not constitute investment advice. It may only be used by those persons to whom it has been handed out in connection with the New Global Shares and may neither be copied nor directly/indirectly distributed or made available to other persons.

### **The Netherlands**

This material has not been prepared in the context of a public offering of securities or collective investment scheme in The Netherlands within the meaning of the Dutch Financial Supervision Act (“DFSA”) as amended from time to time. Furthermore, the New Global Shares have not been and will not be offered to the public in The Netherlands. Consequently, this document may not be made available nor may the New Global Shares otherwise be marketed or offered for sale directly or indirectly to any individual or legal entity in The Netherlands, other than to individuals or legal entities who are “Qualified Investors” pursuant the DFSA, as amended from time to time.

### **Jersey**

This document may be circulated in Jersey only by persons who are registered by the Jersey Financial Services Commission in accordance with the Financial Services (Jersey) Law 1998, as amended (the “FSL”) for the conduct of financial services business and the distribution of this Prospectus, or are exempt from such registration in accordance with the FSL. In addition, this Prospectus may be circulated in Jersey only to persons similar to those to whom, and in a manner similar to that in which, it is for the time being circulated in the United Kingdom.

Consent for the circulation of this Prospectus in accordance with article 8 of the Control of Borrowing (Jersey) Order 1958, as amended, has not been sought from or given by the Jersey Financial Services Commission.

## Expected Timetable

Class Meeting of the Ordinary Shareholders	10.30 a.m. hours on 25 February 2014
Class Meeting of the Extended Life Shareholders	10.35 a.m. hours on 25 February 2014
Result of the Class Meetings announced	25 February 2014
Latest time and date for receipt of Application Forms under the Offer	1100 hours on 26 February 2014
Latest time and date for placing commitments under the Placing	1300 hours on 26 February 2014
Result of the Issue announced	27 February 2014
Admission to listing and trading on the Official List of the CISEA	0800 hours on 4 March 2014
Admission to trading and unconditional dealings commence on the SFM	0800 hours on 4 March 2014
Crediting of CREST stock accounts in respect of the New Global Shares	0800 hours on 4 March 2014
New Global Share certificates dispatched	Week beginning 10 March 2014

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

## Issue Statistics

Issue Price <sup>(1)</sup>	100 pence
Estimated number of New Global Shares being issued <sup>(2)</sup>	in excess of 100,000,000
Estimated gross proceeds of the Issue <sup>(2)</sup>	in excess of £100,000,000
Net Asset Value per New Global Share <sup>(3)</sup>	98 pence
ISIN	GG00BH7JH183
SEDOL	BH7JH18 (LSE) BH7JH29 (CISE)
Ticker	NBDG

(1) Subject to Directors' discretion in each case, the minimum subscription per investor pursuant to the Offer is £25,000 and the minimum subscription per investor pursuant to the Placing is £100,000.

(2) The target size of the Issue is in excess of £100,000,000 with the actual size of the Issue being subject to investor demand. The number of New Global Shares to be issued pursuant to the Issue, and therefore the Gross Issue Proceeds, is not known as at the date of this document but will be notified by the Company via a RIS announcement prior to Admission.

If the Issue does not proceed, subscription monies received will be returned without interest at the risk of the applicant.

(3) Net Asset Value per New Global Share immediately following Admission. The costs of the Issue borne by the New Global Shareholders will not exceed 2 per cent. of the gross proceeds raised.

## Directors, Manager and Advisers

<b>Directors</b>	Robin Monro-Davies (Chairman) Talmai Morgan John Hallam Christopher Sherwell Michael Holmberg Patrick Flynn  All c/o the Company's registered office.
<b>Registered Office</b>	BNP Paribas House St. Julian's Avenue St. Peter Port Guernsey GY1 1WA Channel Islands
<b>Investment Manager</b>	Neuberger Berman Europe Limited 57 Berkeley Square London W1J 6ER United Kingdom
<b>Sub-Investment Manager</b>	Neuberger Berman Fixed Income LLC 190 S LaSalle Street Chicago IL 60603 United States of America
<b>Joint Financial Adviser and Joint Corporate Broker</b>	Oriel Securities Limited 150 Cheapside London EC2V 6ET United Kingdom
<b>Joint Financial Adviser and Joint Corporate Broker</b>	Winterflood Securities Limited The Atrium Building Cannon Bridge London EC4R 2GA United Kingdom
<b>Solicitors to the Company</b> <i>(as to English law and U.S. securities law)</i>	Herbert Smith Freehills LLP Exchange House Primrose Street London EC2A 2EG United Kingdom
<b>Advocates to the Company</b> <i>(as to Guernsey law)</i>	Carey Olsen PO Box 98 Carey House Les Banques St. Peter Port Guernsey GY1 4BZ Channel Islands
<b>Solicitors to the Joint Financial Advisers and Joint Bookrunners</b>	Maclay Murray & Spens LP One London Wall London EC2Y 5AB

<b>CISEA Sponsor</b>	Carey Commercial Limited PO Box 285 1st and 2nd Floor Elizabeth House Les Ruettes Braye St. Peter Port Guernsey GY1 4LX Channel Islands
<b>Receiving Agent</b>	Capita Asset Services Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
<b>Registrar</b>	Capita Registrars (Guernsey) Limited Mont Crevelt House Bulwer Avenue St. Sampson Guernsey GY2 4LH Channel Islands
<b>Administrator, Custodian and Company Secretary</b>	BNP Paribas Securities Services S.C.A., Guernsey Branch BNP Paribas House St. Julian's Avenue St. Peter Port Guernsey GY1 1WA Channel Islands
<b>Principal Bankers</b>	BNP Paribas Securities Services S.C.A. Guernsey Branch BNP Paribas House St. Julian's Avenue St. Peter Port Guernsey GY1 1WA Channel Islands
<b>Auditors</b>	KPMG Channel Islands Limited 20 New Street St. Peter Port Guernsey GY1 4AN Channel Islands
<b>Reporting Accountant</b>	KPMG Channel Islands Limited 20 New Street St. Peter Port Guernsey GY1 4AN Channel Islands



# Part I: Information on the Company

## Introduction

The Company is a non-cellular company limited by shares incorporated in Guernsey under the Companies Law on 20 April 2010, with registration number 51774. The Company is managed by Neuberger Berman Europe Limited, an indirect wholly-owned subsidiary of NB Group. The Investment Manager has delegated certain of its responsibilities and functions to the sub-investment manager, Neuberger Berman Fixed Income LLC, also an indirect wholly-owned subsidiary of NB Group.

Further information in relation to the Investment Manager, Sub-Investment Manager and NB Group is set out in Part IV of this document.

The Company's share capital consists of Ordinary Shares and Extended Life Shares (which carry limited voting rights) and Class A Shares (which carry extensive voting rights). Following the Issue, the Company's share capital will also consist of New Global Shares.

The Class A Shares are held by the Trustee pursuant to a purpose trust established under Guernsey law. Under the terms of the Trust Deed, the Trustee holds the Class A Shares for the purpose of exercising the rights conferred by such shares in the manner it considers, in its absolute discretion, to be in the best interests of the holders of Shares in the Company.

Conditional upon passing of the Resolutions at the Class Meetings, the Ordinary Shares, Extended Life Shares and the New Global Shares will all carry full voting rights, while the Class A Shares will become non-voting except when there are no other Shares of the Company in issue.

The Company originally raised capital through the issue of its Ordinary Shares for investment in the distressed debt asset class primarily focussed on the U.S. market. The Ordinary Share class was subject to the Ordinary Share Investment Period which expired on 10 June 2013. Prior to the expiry of the Ordinary Share Investment Period, part of the Ordinary Share class was converted into a new share class, the Extended Life Share class, which was subject to an extended investment period expiring on 31 March 2015.

The Company is now proposing to raise new capital through New Global Shares for investment in the distressed debt asset class with a global remit and hence a greater exposure to non-U.S. markets, in particular the European market, than the existing share classes.

The Directors will create the New Global Share Class Fund and will allocate to such Class Fund the net proceeds of the Issue and all assets and liabilities attributable to the New Global Shares.

The New Global Shares will be subject to the New Global Share Investment Period. The New Global Share Investment Period will expire on 31 March 2017, following which the proceeds (net of fees and expenses) of realising the Company's investments attributable to the New Global Shares (as determined by the Directors in accordance with the Articles) will, at such times and in such amounts as the Directors shall in their absolute discretion determine, be distributed, to New Global Shareholders *pro rata* to their respective holdings of New Global Shares.

The creation of a new share class is not expected to impact the structure or strategy of the existing Ordinary Share Class and Extended Life Share Class.

The Ordinary Share Investment Period expired on 10 June 2013 and the Extended Life Share Investment Period expires on 31 March 2015. The Ordinary Share Class Fund and the Extended Life Share Class Fund are both closed to further issuance. The Company announced on 17 January 2014 the maiden distribution on both classes in line with the capital return policies outlined on page 59 with the capital return expected to be paid to Shareholders on 12 February 2014.

The Ordinary Shares, the Extended Life Shares and the New Global Shares carry rights to receive all income and capital returns (attributable to their respective Class Funds) distributed by the Company. The Class A Shares carry a right to receive a fixed annual dividend equal to 0.000001 pence, but no other rights to participate in the profits of the Company.

Any distributions will only be made by the Company in accordance with applicable law at the relevant time, including the Companies Law (and, in particular, will be subject to the Company passing the solvency test contained in the Companies Law at the relevant time).

Investment in the Company is only suitable for 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.

Applications will be made to each of the London Stock Exchange and the CISEA for all of the New Global Shares arising pursuant to the Issue to be admitted to trading on the SFM and to listing and trading on the Official List of the CISEA respectively. It is expected that Admission will become effective and that dealings in such New Global Shares will commence at 0800 on 4 March 2014.

## Background and rationale for the Issue

The Company was incorporated on 20 April 2010 in Guernsey and raised gross proceeds of US\$197.2 million as part of its IPO. It was admitted to trading on the SFM and the Channel Islands Stock Exchange, LBG on 10 June 2010 and on 20 October 2010 it raised US\$244.2 million through a Secondary Placing. The Ordinary Share Investment Period expired on 10 June 2013, being the third anniversary of the IPO, and the Ordinary Shares were subsequently placed into run-off and the proceeds of realisations (net of the fees and expenses payable by the Company) will be distributed to Ordinary Shareholders. The first distribution is expected in February 2014, as announced on 17 January 2014.

Prior to the expiry of the Ordinary Share Investment Period, the Board and the Investment Managers were of the opinion that the distressed debt market would remain an attractive investment opportunity in the medium term. The Company therefore offered existing investors in the Ordinary Shares the opportunity to extend their exposure to the asset class and the Investment Managers by rolling their shares into a new Extended Life Share Class. On 8 April 2013, the Company announced that it had received a total of 320,109,841 conversion elections from Ordinary Shareholders to convert to Extended Life Shares, representing 72.1 per cent. of the issued share capital at the time. On 4 July 2013, the Company issued a further US\$38.4 million worth of Extended Life Shares to take advantage of further investment opportunities in light of continued investor demand. Following admission to trading on the London Stock Exchange of these additional Extended Life Shares, the Company had 124,160,471 Ordinary Shares and 352,088,814 Extended Life Shares in issue.

The Board, as advised by the Investment Managers, continues to be positive about the prospects for the global distressed debt market. With many banks yet to dispose of non-performing loans and legacy assets, and with minimum capital requirements of banks scheduled to increase, the Investment Managers expect a continued supply of non-performing loans on the market which is anticipated to result in attractive valuations. In addition to the opportunities in the U.S., the Investment Managers also have a pipeline of attractive European opportunities with the largest current opportunities expected in Germany and the United Kingdom. In light of these continued attractive opportunities, the Investment Managers have discussed the proposition of a new share class with existing shareholders and new investors who have shown considerable interest in exposure to a new investment period and a more geographically diverse investment remit. The Company is therefore targeting an issue in excess of £100 million worth of New Global Shares to invest according to a New Global Share Investment Policy. The Net Issue Proceeds will not be known until after the Issue and will be dependent on investor demand. On the basis that the Company issues £100 million worth of New Global Shares, the Net Issue Proceeds would be £98 million (with the expenses of the Issue capped at 2 per cent. of the Gross Issue Proceeds).

## Benefits of the Issue

The Directors believe that the Issue will have the following benefits to the Company and Shareholders:

- It will provide additional capital which will enable the Company to take advantage of the continued investment opportunities in the U.S. and European markets.
- Both existing and new investors will have the opportunity to gain continued access to the distressed debt market and the Investment Managers.
- The Company's fixed running costs will be spread across a wider shareholder base, thereby reducing the total expense ratio.

## Highlights

**Market opportunity** – The continued increase in the supply of distressed debt assets and non-performing loans, on a wider geographical remit, have created what the Directors and the Investment Managers believe

is an extended and compelling investment opportunity in the U.S. and Europe at least over the next few years.

**Proven track record** – Proven track record of generating attractive IRRs at exit across the Ordinary and Extended Life Shares. The Company has made 20 exits generating a combined IRR on investment exits of 21 per cent.

**Risk management** – The Investment Managers intend to invest in approximately 30 to 40 holdings diversified across distressed, stressed and special situations investments on behalf of the New Global Share Class, with a focus on senior debt backed by hard assets to attempt to limit downside risk.

**Limited life** – Investment/reinvestment period of approximately three years following which the Company Portfolio in respect of the New Global Share Class will be placed into run-off and distributions of capital proceeds will commence.

**Management fees** – No management fees charged on cash during capital deployment phase.

**Highly experienced portfolio management team** – The Company Portfolio in respect of the New Global Share Class will be managed by the distressed debt team of NB Non-Investment Grade Credit (“NIGC”). The team is part of the non-investment grade platform, which the Directors and the Investment Managers believe is one of the largest and most experienced credit teams in the industry with a dedicated presence in North America and Europe.

**Proprietary database** – NB NIGC has access to comprehensive proprietary information and commentary on over 1,500 U.S. and Euro-denominated issuers, providing extensive private and public financial and capital structure information.

**Discount control** – If, on average over a period of three consecutive calendar months, the New Global Shares trade at a discount of more than 5 per cent. to NAV per New Global Share, the Directors intend to repurchase New Global Shares with a view to reducing the discount.<sup>(1)</sup>

## Class Meetings

The Class A Shareholder by a special resolution passed by way of a written resolution dated 28 January 2014 has approved the amendments to the Articles necessary for the issue of New Global Shares (with full voting rights) pursuant to the Issue and the enfranchisement of the Ordinary Shares and the Extended Life Shares conditional upon the Resolutions being passed at the separate Class Meetings of the Ordinary Shareholders and the Extended Life Shareholders. Accordingly, the Directors have convened the Class Meetings in advance of Admission to seek approval of the Ordinary Shareholders and the Extended Life Shareholders to the amendments to the Articles necessary for the issue of New Global Shares (with full voting rights) pursuant to the Issue and the enfranchisement of the Ordinary Shares and the Extended Life Shares. The Issue and Admission is therefore conditional upon the Resolutions being passed at the Class Meetings.

## New Global Share Investment Objective

The Company’s primary objective with respect to the New Global Shares is to provide investors with attractive risk-adjusted returns through long-biased, opportunistic, stressed, distressed and special situation credit-related investments while seeking to limit downside risk by, amongst other things, focusing on senior and senior secured debt with both collateral and structural protection.

## New Global Share Investment Policy

The Investment Managers will seek to identify mispriced or otherwise overlooked securities or assets that they believe have the potential to produce attractive absolute returns while seeking to limit downside risk through collateral and structured protection where possible.

The Company intends that the Company Portfolio relating to the New Global Shares will be biased toward investing in stressed and distressed debt securities secured by hard asset collateral. In investing on behalf of the Company (in respect of the New Global Shares), the Investment Managers intend to focus on companies with significant tangible assets they believe are likely to maintain long-term value through a restructuring. The Company will seek to avoid “asset-light” companies, as their value tends to be degraded in distressed scenarios. The Investment Managers will also aim to concentrate on companies with stressed

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(1) This is subject to market conditions and availability of cash resources.

balance sheets whose low implied enterprise value multiples – often calculated off currently depressed cash flows – offer a discount to current comparable market valuations.

The Investment Managers will attempt to limit the Company’s downside risk by focusing on senior and senior secured debt with both collateral and structural protection. The Investment Managers will further attempt to limit the Company’s downside risk by investing in situations in which the debt acquired by the Company can be converted to equity at a valuation multiple below comparable valuation multiples in its sector. Such investments may include companies that are currently involved in a court-supervised or out-of-court restructuring or reorganisation, a liquidity crisis, a merger, a divestiture or another corporate event conducive to a mispricing of intrinsic value.

The Investment Managers will seek to achieve the New Global Share Investment Objective primarily by investing in: bankruptcy situations; out-of-court restructurings and workouts as well as in special situations. The Investment Managers from time to time may, however, also make opportunistic investments that are neither distressed nor related to a special situation.

The Company Portfolio relating to the New Global Shares may comprise both public and private securities and investments, which may include secured bank debt (first and second lien), senior unsecured bank debt, subordinated bank debt, investment grade and high-yield bonds, funded and unfunded bridge loans, trade claims, distressed securities, mezzanine securities, equity securities (including the equities of public and private issuers, listed and unlisted equities, U.S. and non-U.S. equities, American Depositary Receipts and preferred stock), convertible securities, options, warrants, when-issued securities, leases, and credit and other derivatives such as swaps, forward contracts and futures.

In certain situations, the Company may also invest in performing and non-performing real estate assets, including commercial mortgage loans, single-family and multi-family residential real estate assets and mortgage-backed securities, as well as in other asset backed securities, assets, businesses and any other type of financial claim that the Investment Managers identify as a compelling investment opportunity. The Company may also participate in the origination of loans. The Investment Managers may take short positions (either outright or through the use of derivatives) for what the Investment Managers believe to be hedging and general risk reduction. In addition, from time to time the Company may also invest in such derivatives for investment purposes.

The Company may also hedge risk within its portfolio using single-name credit default swaps, credit default swap and loan credit default swap indexes, equity futures and equity indexes.

The Company intends to make a substantial number of control investments and/or investments in which it seeks a position of influence over management – in circumstances which the Investment Managers believe that doing so has the potential to facilitate value recognition.

#### **Diversification policy**

The Investment Managers, with respect to the New Global Shares, will be subject to diversification policy limiting the maximum amount of capital – as a percentage of the NAV of the New Global Shares – that may (without the prior approval of the Board) be invested in a given issuer (or group of affiliated issuers) or geography as well as in Original Issue Equity:

New Global Shares:

By issuer: maximum per issuer (or group of affiliated issuers) – 7 per cent.

By geography  
(as determined  
by the issuer’s  
headquarters): minimum U.S./Europe/Australia – 80 per cent.

Original Issue  
Equity: maximum – 10 per cent.

“**Original Issue Equity**” means equity not created as a result of a reorganisation.

Compliance with the foregoing thresholds will be measured at the time of each investment made by the Company. No investment shall be made (without the prior approval of the Board) if as a result of such investment any of the above thresholds would be exceeded.

For the avoidance of doubt, the Company will not be required to liquidate any portion of its portfolio to remain within such thresholds. In particular, given the distressed financial condition of the issuers in which

the Company will focus its portfolio, the Company may receive substantial amounts of equity (which could come to represent substantially all of its portfolio at certain times) in the course of reorganisations.

### **Leverage**

The Company will not leverage its market exposure through the use of borrowings. For the avoidance of doubt, this will not limit the ability of the Company to give guarantees as an owner (either whole or in part) of any special purpose vehicles used to structure the Company's investments.

The limitations on the Company's own borrowing will not limit the borrowings by the Portfolio Companies, certain of which will be highly leveraged.

### **Changes to the Company's New Global Share Investment Policy**

Any material change to the New Global Share Investment Policy will be made only with the approval by ordinary resolution of the New Global Shareholders.

## **Investment Objective and Policy**

Both the Ordinary Shares and the Extended Life Shares are subject to the same investment objective and policy which are set out in the Conversion Prospectus on pages 62 to 64. The Conversion Prospectus which has been: (i) previously published; and (ii) approved by the FCA or filed with or notified to it, included on the pages set out in the table below the investment objective and policy of the Ordinary Shares and the Extended Life Shares, which shall be deemed to be incorporated in, and form part of, the Prospectus:

<b>Conversion Prospectus</b>	<b>Pages</b>
Investment Objective and Policy	62 to 64

The parts of the Conversion Prospectus which are not specifically referenced above or elsewhere in this document are not relevant to investors for the purposes of the Issue. A copy of the Conversion Prospectus is available for inspection at the addresses set out in paragraph 13 of Part VII of this document.

## **Investment Strategy**

The Investment Managers intend to employ a disciplined research process that includes fundamental credit analysis, combined with a thorough understanding of the industry and market position of each of the entities in which the Company invests. The Investment Managers also intend to assess the applicable process risks (for example, the likely forum for any dispute resolution and whether such forum is likely to be pro-issuer or pro-investor, the likelihood of a formal dispute arising and the time likely to be required for its resolution should it do so) prior to making an investment.

The Investment Managers expect to generate investment ideas for the Company through industry research and company specific due diligence as well as from access to the NB NIGC platform, a business group within the Sub-Investment Manager. The NB NIGC platform invests on behalf of the Sub-Investment Manager's clients in the debt of over 400 companies, thereby facilitating – through the detailed information that debt holders are generally entitled to receive – ongoing due diligence on those companies, their peers and their industries. The NB NIGC platform also provides the Investment Managers with broad access to a network of management teams, advisers and consultants.

In evaluating specific investment ideas for the Company, the Investment Managers intend to draw upon their substantial investing experience to analyse and assess each prospective Portfolio Company's value, capital structure, corporate structure, liquidity position, financial performance and competitive environment in an attempt to identify mispriced opportunities.

In general, the Company is expected to acquire its assets in the secondary market. However, in certain circumstances the Company may invest directly in Portfolio Companies – for example, making direct loans in circumstances in which the Investment Managers believe that the risk/reward parameters are compelling.

### **Bankruptcy situations**

It has been the experience of NB Distressed Credit, a part of the NB NIGC platform, that situations in which a Portfolio Company is involved, heading into or emerging from a reorganisation process governed by the United States Bankruptcy Code (or similar laws in other countries) often present opportunities to purchase assets at prices that are depressed in relation to their intrinsic value and/or estimated recovery proceeds. The Investment Managers believe that these depressed prices are often a result of investors and/or lenders selling securities when a company they own enters, or emerges from, a bankruptcy proceeding or displays signs of severe financial distress. In addition, the Investment Managers believe that

these sales are often driven by macro balance sheet concerns and can be consummated without an in-depth analysis of intrinsic value or potential recovery scenarios and/or dictated by certain laws, mandates, policies or restrictions compelling the sellers to dispose of the securities in question.

The Company intends to invest primarily in Bankruptcy Investments. The Company intends, however, only to make Bankruptcy Investments when NB Distressed Credit's analysis suggests that: (i) the price of the securities in question has declined to a level that the potential for post- "reorganisation" value presents an attractive return; and (ii) there is sufficient "quality" collateral supporting such securities to prevent a loss of principal (except in extraordinary circumstances).

The Company intends to focus on Bankruptcy Investments in Portfolio Companies which NB Distressed Credit believes have substantial asset values or business franchises and operate in indispensable "staple" market sectors (for example, power plants as opposed to video games). NB Distressed Credit identifies companies with public and private debt that show signs of financial distress, have recently entered bankruptcy proceedings or are close to emerging from bankruptcy protection. Additionally, companies that have defaulted on debt securities but have not yet filed for bankruptcy protection are also potential investment candidates. The Investment Managers may also cause the Company to invest in Portfolio Companies that NB Distressed Credit does not identify as a Bankruptcy Investment but whose securities have declined materially in price due to a general market expectation of a bankruptcy proceeding.

While the Company's primary focus is on senior and senior secured debt, the form and amount of the Company's investment in any given Portfolio Company will be dictated by a number of factors, including, but not limited to: (i) the capital and corporate structure of the prospective Portfolio Company; (ii) identification of the "fulcrum security" within its capital structure, ownership or control of which can lead to control of any reorganisation; (iii) the relative prices of its debt and equity securities; (iv) the terms of its available debt securities (collateral, seniority, accrued interest); and (v) NB Distressed Credit's view on valuation and recovery outcomes. NB Distressed Credit will also analyse a potential Bankruptcy Investment's balance sheet, historical financial performance, cash flow, management and the competitive environment as well as potential, contingent and legacy liabilities. The financial incentives and other motivations of key constituencies (banks, trade creditors, general unsecured creditors, unions, employees, retirees and equity holders), the estimated time to consummate any required reorganisation and any related legal or financial issues will also be considered in determining whether to invest.

#### **Out-of-court restructurings/workouts**

From time to time, the Company may invest in an out-of-court restructuring or a workout scenario in which the Investment Managers believe that there is an opportunity to exert influence on the process in an attempt to increase value. These investments may be made before or after formal restructuring or reorganisation efforts have been announced, and may be sold at any time during the restructuring or workout process. Out-of-court restructurings and workout opportunities will generally be identified and evaluated in the same manner as Bankruptcy Investments.

#### **Special situations**

While the majority of the Company's assets are expected to be invested in stressed and distressed debt, the Company may from time to time invest in certain non-distressed opportunities. These investments will typically involve event-driven situations in which NB Distressed Credit identifies potentially significant under-valuations. These investments may take the form of either debt or equity. The profitability of such investments will generally depend on the consummation of the "event" creating the special situation (for example, reorganisation, substantial asset or business unit sale and/or merger), and the Investment Managers will have little ability to hedge effectively against the risk of non-consummation.

#### **Non-distressed investments**

In the course of seeking to identify desirable stressed, distressed and special situation investment opportunities, the Investment Managers may identify what they believe to be a compelling outright investment (for example, long or short Original Issue Equity). The Investment Managers are permitted, and intend, to make such investments – subject to the general diversification policies of the Company.

#### **Direct investments**

From time to time the Company, instead of acquiring securities in the secondary market, may act as a direct lender to distressed companies through syndicated or bilateral credit facilities, including "rescue financings", bridge financings and debtor-in-possession loans extended within the context of a Chapter 11 (U.S. Bankruptcy Code) process. These investments will likely take the form of debt and will be identified and evaluated in the same manner as any other Company investment, but with the difference that the

Investment Managers will typically deal directly with the Portfolio Companies in question in structuring the Company's investments and have greater flexibility to structure the terms of such investments to the particular circumstances involved (whereas in acquiring securities in the secondary market, the Investment Managers have little, if any, ability to negotiate their terms). The timing of these investments – in other words, at what stage of the “distressed debt cycle” the Portfolio Company is when the Company invests – will vary based on the individual circumstances of each Portfolio Company. In these situations, the Company will attempt to manage its exposure to issuer-specific idiosyncratic risk by structuring the terms of its investment (for example, requiring additional collateral and/or “put” rights), conducting ongoing due diligence, holding regular meetings with management and, in certain cases, syndicating portions of its investment to third parties.

## **Investment Process**

Disciplined fundamental credit analysis and the integrated resources of NB NIGC will drive the team's investment process, which will typically include: (i) identifying attractively priced securities and assets of distressed or special situation enterprises, utilising both proprietary analytical resources and an established network of advisers; (ii) performing comprehensive due diligence to determine an investment's value proposition and downside risks; (iii) reviewing the target size of the specific investment in question as well as the effect of such investment on the risk profile of the Company's overall portfolio; (iv) establishing appropriate broker relationships to ensure effective trade execution; (v) ongoing monitoring for deal specific progress, deviation from investment assumptions, milestones and related market events; and (vi) exiting through either (A) a sale in the secondary market, or (B) a refinancing, recapitalisation, merger, sale or liquidation of the underlying Portfolio Company or asset.

## **Sourcing**

In generating specific investment ideas within the team given the broad set of opportunities potentially offered by current market conditions, the Investment Managers intend to analyse the macro trends, dislocations and general characteristics of certain industries and asset classes by leveraging research and company-specific due diligence from the NB NIGC platform, as well as consulting with the team's established network of distressed advisers. NB NIGC maintains a proprietary credit database with comprehensive financial and capital structure information for over 1,500 companies, which offers real-time analytics and commentary. The team believes that the scale and resources of NB NIGC provides the team with extensive information on the management, customers, competitors and suppliers of prospective Portfolio Companies – a combination of resources that the Investment Managers believe have the potential to provide a distinct competitive advantage.

## **Security selection**

NB Distressed Credit's due diligence will draw upon its substantial resources and investing experience to evaluate: (i) an issuer's competitive position, relationships with customers and suppliers, ability to generate free cash flow, liquidity and financial profile (including corporate and capital structures); (ii) the value of the collateral pledged to secure the Company's prospective investment, including such collateral's original and current replacement cost; (iii) the ability to dispose of such collateral upon foreclosure; (iv) industry characteristics such as barriers to entry, threat of product substitution, commodity risks, complexity and environmental hazards; (v) key provisions of the applicable credit documents; (vi) process risk, including the composition of respective creditor groups, the financial incentives and other motivations of key players and bankruptcy professionals, the presence and likely support or objections of unionised employees and the potential for government intervention; (vii) applicable law and the implications of such law for regulatory, tax or other considerations (for example, non-U.S. Bankruptcy Code insolvency standards may be materially different from those under the U.S. Bankruptcy Code and may not give effective protection to creditors); (viii) the quality and incentives of management; and (ix) potential signs of fraud. Incorporating these factors and other considerations into a probability-weighted scenario analysis should allow the team to assess (but always subject to the risks of general market and individual Portfolio Company uncertainty) the intrinsic value, potential return and downside risk of a prospective Company investment.

## **Management and disposition of outstanding investments**

The team will attempt to maximise investor value through ongoing due diligence and active management of the Company Portfolio. In addition to monitoring the progress, deviations from investment assumptions, milestones and related market events, the team anticipates opportunistically working with inter-creditor groups, financial advisers and management teams to influence outcomes.

When an investment held by the Company has achieved its objective or is no longer considered suitable for the Company Portfolio, the team may cause the Company to exit the position via: (i) direct sale of the investment in the secondary market; (ii) refinancing, recapitalisation or equity offering of the underlying Portfolio Company or asset; or (iii) merger, sale or liquidation of the Portfolio Company or asset.

## Cash Uses and Cash Management Activities

In accordance with the New Global Share Investment Policy, the Company's principal use of cash in relation to the New Global Shares will be to fund investments sourced by the Investment Managers, ongoing operational expenses and payment of dividends and other distributions to New Global Shareholders, in accordance with the Company's distribution policy as discussed in the section entitled "*Distribution policy*" in this Part I of this document.

It is likely that at certain times (for example, following the disposal of an acquired investment or pending a distribution to shareholders), the Company will have surplus cash. It is expected that surplus cash will be temporarily invested in cash, cash equivalents, money market instruments, government securities and other investment grade securities pending its use to make acquisitions. Subject to this investment mandate, the New Global Share Investment Policy does not impose any fixed requirements relating to the allocation of the Company's excess capital among various types of temporary investments.

## Borrowing Powers

Whilst the Company will not employ leverage or gearing for investment purposes through the use of borrowings, the Company may, from time to time, use borrowings for share buy backs and short-term liquidity purposes, including for bridging purposes, prior to the sale of investments. Save for such bridging borrowings, the Directors intend to restrict borrowing, with respect to each Share class, to an amount not exceeding 10 per cent. of the NAV of the Share class at the time of drawdown, and in any event, to an amount not exceeding 10 per cent. of the NAV of the Company at the time of drawdown at any time.

The Company at present has no borrowings.

## Hedging Transactions and Currency Risk Management

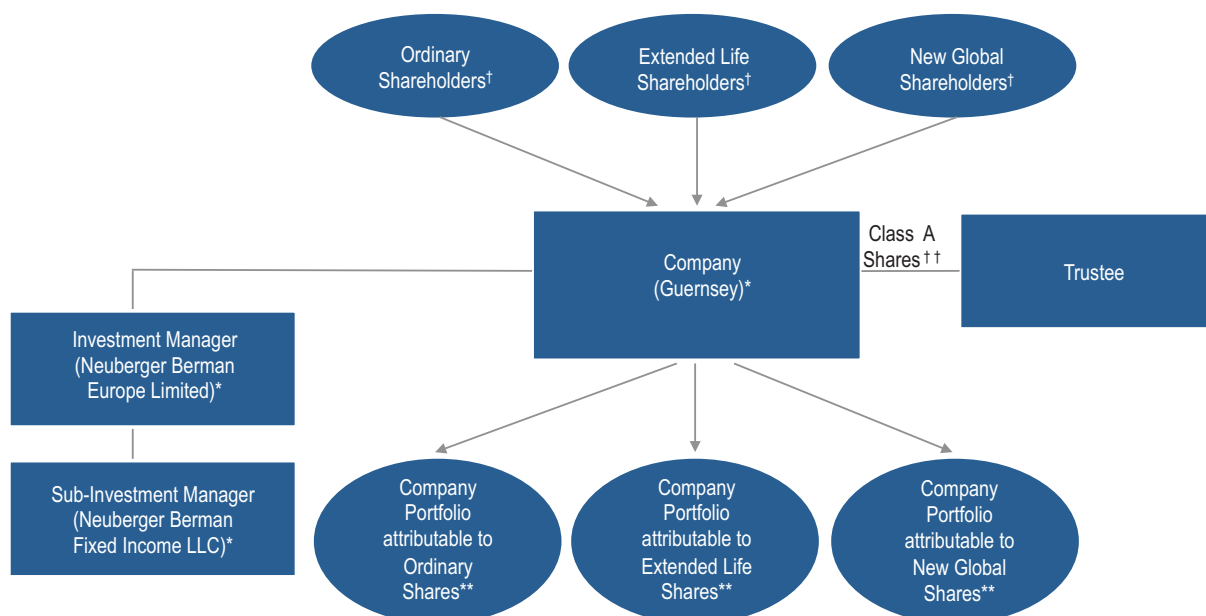
The Company may utilise derivative instruments for the purposes of efficient portfolio management and to hedge risk within the Company Portfolio using single-name credit default swaps, credit default swap and loan credit default swap indexes, equity futures and equity indexes. In addition, from time to time the Company may also invest in such derivatives for investment purposes. As part of their overall portfolio management obligations and, in any event, prior to entering into a derivative transaction on behalf of the Company, the Investment Managers will consider whether and to what extent it is appropriate to diversify the counterparty risk which results from the use of such derivatives and will monitor overall counterparty exposure within the Company Portfolio.

The Company does not intend to engage in currency risk hedging, although it may do so in certain circumstances. Any hedging of currency exposure that might take place would only be for the purposes of efficient portfolio management. The Company has no intention of using a currency hedging facility for the purposes of currency speculation for its own account.

## Organisational Structure

The chart below sets out the ownership, organisational and investment structure of the Company as it will be after the Issue. This chart should be read in conjunction with the accompanying explanation of the Company's ownership, organisational and investment structure and the information set out in Parts IV and VII of this document.





\* The Company and the Investment Manager have entered into the Investment Management Agreement. In addition, the Investment Manager and the Sub-Investment Manager have entered into the Sub-Investment Management Agreement. Please refer to the sections headed “Investment Managers” set out in Part IV of this document and “Material Contracts” set out in Part VII of this document for further information.

\*\* Investments forming the Company Portfolio may be held by the Company directly or indirectly through its subsidiaries and/or one or more custodians.

† As of the date of this prospectus, no New Global Shares are in issue and the Ordinary Shares and the Extended Life Shares have limited voting rights. Conditional upon passing of the Resolutions at the Class Meetings the Ordinary Shares, the Extended Life Shares and the New Global Shares will have full voting rights.

†† As at the date of the Prospectus, the Class A Shares have full voting rights. Conditional upon passing of the Resolutions at the Class Meetings, the Class A Shares will have no voting rights save where no other Shares are in issue. Save for a fixed non-cumulative annual dividend of 0.000001 pence, they will have no right to participate in profits.

## Trustee

The Trustee is an authorised person holding a full fiduciary licence under The Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000, as amended. The Trustee holds 100 per cent. of the issued Class A Shares pursuant to a purpose trust established under Guernsey law. As a result of its holding of the Class A Shares, the Trustee has the right to elect and remove Directors and to make other decisions usually made by a company’s shareholders (although the Investment Manager has the right to designate two of the Directors).

Under the terms of the Trust Deed, the Trustee holds the Class A Shares for the purpose of exercising the rights conferred by such shares in the manner it considers, in its absolute discretion, to be in the best interests of the holders of Shares as a whole. The Investment Manager, who has been appointed as the “enforcer” of the trust, has a duty under the Trust Deed to ensure that this purpose is fulfilled.

The Trustee can be removed and replaced by the Investment Manager as “enforcer” of the trust. The Investment Manager may appoint any other person as an enforcer to replace it but is not obliged to do so upon termination of the Investment Management Agreement so it could remain the enforcer of the trust in circumstances where there is a new investment manager.

Conditional upon passing of the Resolutions at the Class Meetings, the Ordinary Shares, Extended Life Shares and the New Global Shares will all carry full voting rights, while the Class A Shares will become non-voting except when there are no other Shares of the Company in issue.

## Share Purchases and Buy Backs

### Share buy backs

The Directors have general authority to purchase in the market up to 14.99 per cent. of the Shares of each class in issue at a price not exceeding the higher of: (i) 5 per cent. above the average of the mid-market value of the Shares of the relevant class for the five Business Days before the purchase is made; or (ii) the higher of the price of the last independent trade and the highest current independent bid for Shares of the

relevant class. The Directors intend to seek annual renewal of these authorities at each annual general meeting of the Company.

The Class A Shareholder has also granted the Directors the general authority to purchase in the market up to 14.99 per cent. of the New Global Shares in issue at a price not exceeding the higher of: (i) 5 per cent. above the average of the mid-market value of the New Global Shares for the five Business Days before the purchase is made; or (ii) the higher of the price of the last independent trade and the highest current independent bid for New Global Shares, conditional upon the Resolutions being passed at the Class Meetings. Thereafter, the Directors intend to seek the annual renewal of this authority at each annual general meeting of the Company.

Pursuant to these authorities, and subject to the Articles, the Listing Rules, the Companies Law and the discretion of the Directors, the Company may purchase Shares of any class in the market on an on-going basis with a view to addressing any imbalance between the supply of and demand for such Shares of the relevant class thereby increasing the relevant NAV per Share and assisting in controlling the discount to the relevant NAV per Share in relation to the price at which such Shares may be trading. Such purchases will only be made in accordance with applicable law at the relevant time, including the Companies Law (and, in particular, will be subject to the Company passing the solvency test contained in the Companies Law at the relevant time). Purchases of Shares of any class will also be made in accordance with any guidelines established from time to time by the Board and the timing of any such purchases will be decided by the Board. Notwithstanding the foregoing, any such purchases will be made at a price not exceeding the relevant published NAV per Share prevailing as at the time of purchase. Shares purchased by the Company may be cancelled or held in treasury.

The Company may borrow and/or realise investments in order to finance such Share purchases.

#### **Discount control policy in relation to New Global Shares**

If, as at the last Business Day of any calendar month, the New Global Shares have traded, on average over the last three calendar months, at a price which is at a discount of more than 5 per cent. to the most recently published Net Asset Value per New Global Share (“**Relevant Discount**”), the Company intends to, subject to normal market conditions and available cash resources, repurchase New Global Shares, with a view to reducing the Relevant Discount, provided: (i) the Directors have the requisite authority pursuant to the Articles and the Companies Law to repurchase the New Global Shares; and (ii) the repurchase of New Global Shares is not prohibited by any other statute, rule or regulation applicable to the Directors or the Company (and, in particular, will be subject to the Company passing the solvency test contained in the Companies Law at the relevant time).

The Company has a similar discount control policy in relation to the Extended Life Shares.

#### **Treasury shares**

Pursuant to the Companies Law and the Articles, the Company may hold up to 10 per cent. of each class of its issued share capital in treasury when Shares of a relevant class have been purchased by the Company. It is the Company’s current intention that Shares of any class held in treasury will only be sold at their corresponding NAV prevailing at the time or at a premium to their corresponding NAV.

Shareholders and prospective Shareholders should note that the purchase of Shares of any class by the Company is entirely discretionary and no expectation or reliance should be placed on the Directors exercising such discretion on any one or more occasions.

## **Distribution Policy**

### **Income**

The Company will pay out in each year, in respect of each class of Shares, all net income received on investments of the Company attributable to such class of Shares, as appropriate. It is not anticipated that income on the portfolio will be material and therefore any dividends may be on an *ad-hoc* basis. It is a requirement of an exception to the United Kingdom offshore fund rules that all income from the Company’s Portfolio (after deduction of reasonable expenses) is to be paid to investors. This dividend policy should ensure that this requirement will be met. The exact amount of such dividend in respect of any class of Shares will be variable depending on the amounts of income received by the Company attributable to such class of Shares and will only be made available in accordance with applicable law at the relevant time, including the Companies Law (and, in particular, will be subject to the Company passing the solvency test contained in the Companies Law at the relevant time). The amount of dividends paid in respect of one class of Shares may be different from that of another class.

## **Capital**

Following the expiry of any Investment Period the Capital Proceeds attributable to the corresponding share class (as determined by the Directors in accordance with the Articles), will, at such times and in such amounts as the Directors shall in their absolute discretion determine, be distributed to Shareholders of that class *pro rata* to their respective holdings of the relevant Shares. The amount and timing of any such return of capital will be solely within the discretion of the Directors to determine.

The Company will in addition, prior to expiry of the Extended Life Share Investment Period, seek to return to the holders of Extended Life Shares all capital profits arising from the exit from any assets attributable to the Extended Life Shares, at least every six months, with the first such distribution of capital profits attributable to Extended Life Shares having been announced on 17 January 2014 for the period ending on 31 December 2013.

Any capital return will only be made by the Company in accordance with the Articles and applicable law at the relevant time, including the Companies Law (and, in particular, will be subject to the Company passing the solvency test contained in the Companies Law at the relevant time).

Although the Directors intend to return capital to Shareholders in such manner so that Shareholders who are ordinarily 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, may be liable to United Kingdom tax on chargeable gains on such capital distributions, they may, at their sole discretion, return capital to Shareholders by way of a dividend in circumstances where, in the opinion of the Directors, it would be reasonably practicable to do so.

## **Reports and Accounts**

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

The audited annual accounts and half yearly reports are also available at the registered office of the Administrator and the Company and from the Company's website, [www.nbddif.com](http://www.nbddif.com).

The financial statements of the Company are prepared in accordance with U.S. GAAP. The Company's financial statements, which are the responsibility of its Board, consist of a balance sheet, profit and loss statement and cash flow statement, 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 U.S. GAAP 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.

## **Net Asset Value**

### **Publication of Net Asset Value**

The Company publishes the NAV per Ordinary Share and the NAV per Extended Life Share on a daily basis, as calculated by the process described below. Following the Issue, in addition the Company will publish the NAV per New Global Share on a daily basis. Such NAV per Ordinary Share, NAV per Extended Life Share and the NAV per New Global Share will be published by RIS announcement and be available on the websites of the Company and the CISEA as soon as practicable after calculation.

### **Valuation of the assets held in the Company Portfolio**

To the extent that the Company invests in listed or publically held quoted investments, such investments will be valued according to their bid price as at the close of the relevant exchange or the bid price as determined by Interactive Data Corporation on the relevant NAV Calculation Date. To the extent the Company invests in private securities, such investments will be priced at the bid side using Markit pricing service for private securities. If a price cannot be ascertained from the above sources, the Company will seek bid prices from third party broker/dealer quotes for the remaining investments.

With respect to investments comprised in the Company Portfolio that do not have a readily available market quotation, such as unquoted investments or investments which are listed but deemed to be illiquid, the Administrator will value such investments (with the Investment Managers' input) at fair value on each NAV Calculation Date in accordance with the customary valuation methods, policies and procedures of the Investment Managers.

The overall criterion for fair value is a price at which a round lot of the securities involved would change hands in a transaction between a willing buyer and a willing seller, neither being under compulsion to buy or sell and both having the same knowledge of the relevant facts.

Consistent with the above criterion, the following criteria will be considered when applicable:

- Valuation of other securities by the same issuer for which market quotations are available;
- Reasons for absence of market quotations;
- The soundness of the security, its interest yield, the date of maturity, the credit standing of the issuer and the current general interest rates;
- Recent sales prices and/or bid and asked quotations for the security;
- Value of similar securities of issuers in the same or similar industries for which market quotations are available;
- Economic outlook of the industry;
- Issuer's position in the industry;
- The financial statements of the issuer; and
- The nature and duration of any restriction on disposition of the security.

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

The Directors may at any time, but cannot be obliged to, temporarily suspend the calculation of the NAV per Ordinary Share, the NAV per Extended Life Share and/or the NAV per New Global Share during:

- any period when any of the principal markets or stock exchanges on which a substantial part of the investments are quoted is closed, otherwise than for ordinary holidays, or during which dealings thereon are restricted or suspended;
- 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 investments is not reasonably practicable without this being seriously detrimental to the interests of the Ordinary Shareholders, the Extended Life Shareholders and/or the New Global Shares (as appropriate) or if in the opinion of the Directors the NAV cannot be fairly calculated; or
- any breakdown in the means of communication normally employed in determining the value of the investments or when for any reason the current prices on any market of a substantial part of the investments cannot be promptly and accurately ascertained.

Such suspension of the calculation of the NAV per Ordinary Share, the NAV per Extended Life Share and/or the NAV per New Global Share shall be communicated by RIS announcement.

In the event that the calculation of the NAV per Ordinary Share, the NAV per Extended Life Share and/or the NAV per New Global Share is suspended as described above, trading in the Ordinary Shares, the Extended Life Shares and/or the New Global Shares (as appropriate) on the SFM and/or the CISEA and the listing of the Ordinary Shares, the Extended Life Shares and/or the New Global Shares (as appropriate) on the Official List of the CISEA may also be suspended.

## Part II: Investment Performance and Portfolio

Investors should note that the description of the Investment Performance and the Company Portfolio herein reflects investments made by the Company in accordance with the investment objective and policy relating to the Ordinary Shares and the Extended Life Shares and the performance of such investments. It is not representative of, or a guide, to the future composition of the Company Portfolio relating to the New Global Shares which will consist of investments made by the Company pursuant to a different investment objective and policy – the New Global Share Investment Objective and Policy – or to the future performance of the investments to be made by the Company in respect of the New Global Shares pursuant to the New Global Share Investment Objective and Policy. An illustrative portfolio composition for the New Global Share Class is set out in Part III of this Prospectus.

### Investment Performance

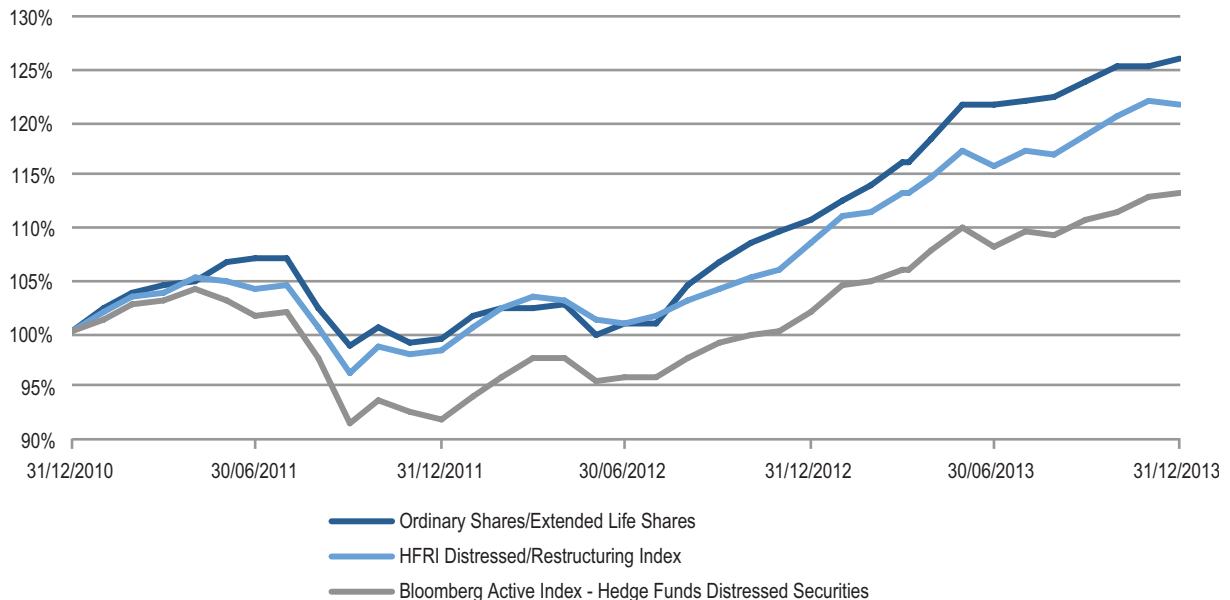
Since the IPO in June 2010, the NAV per Share has increased from US\$0.98 to US\$1.2236 and US\$1.2358 for the Ordinary Shares and the Extended Life Shares, respectively, as at 24 January 2014 (being the latest practicable date prior to the publication of this document).

The Ordinary Share Class Fund is now in run-off with no new investment being made since 10 June 2013. The Company announced on 17 January 2014 its first capital distribution to Ordinary Shareholders of US\$28 million, representing US\$0.2255 per Ordinary Share expected to be paid by 12 February 2014. Further distributions will be made going forward as the Company exits investments held within the Ordinary Share Class Fund.

The Company also announced on 17 January 2014 its initial capital profits distribution to Extended Life Shareholders of US\$20.9 million, representing US\$0.0593 per Extended Life Share which is expected to be paid by 12 February 2014. The Extended Life Share Class Fund will continue to reinvest the initial capital into new investments until 31 March 2015. The Extended Life Share Class Fund is closed to further issuance.

Figure 1 below shows the NAV performance from 31 December 2010 to 31 December 2013 against the HRFI Distressed Index showing an outperformance of 4.3 per cent.

**Figure 1 – NAV performance<sup>(1)</sup>**

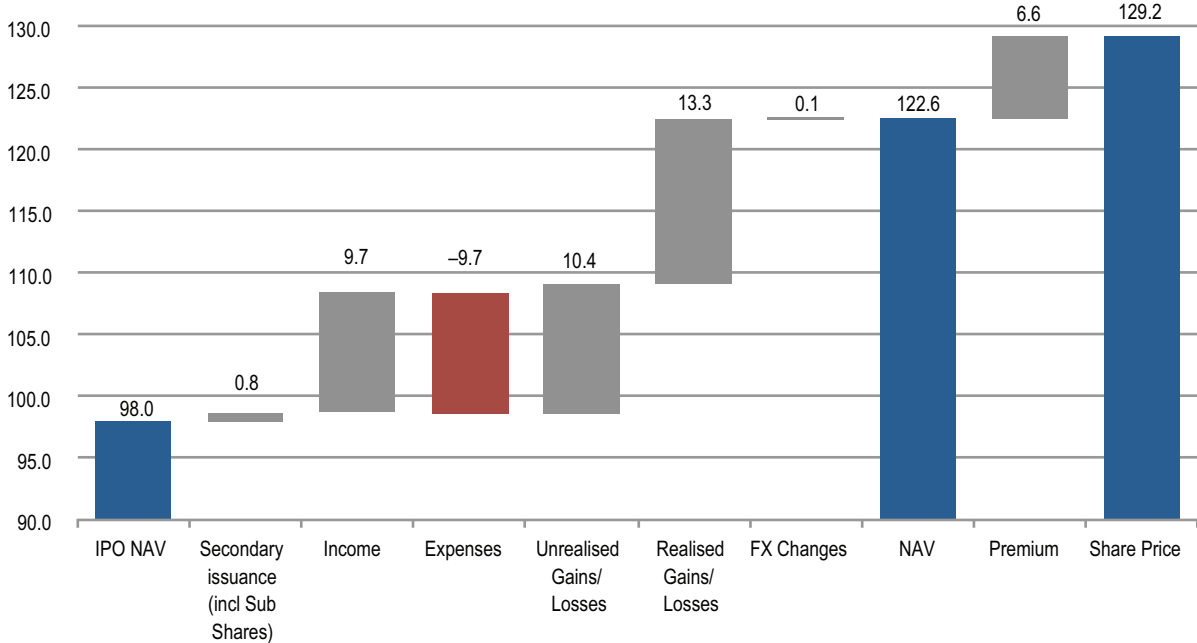


(1) The data shown from 31 December 2010 to 18 April 2013 is that of the Ordinary Share Class Fund, and the data shown from 19 April 2013 onwards is that of the Extended Life Share Class Fund.

Source: Bloomberg, Hedge Fund Research, Inc and BNP Paribas. Data as at 31 December 2013. Past performance is not indicative of future returns.

This performance has been driven primarily by gains generated through realisations with income broadly offsetting expenses. The Company anticipates that realisations will continue to be the driver for future NAV growth.

**Figure 2 – NAV bridge analysis from IPO in June 2010 to 31 December 2013**



Source: Neuberger Berman Fixed Income LLC. NAV bridge is for the Ordinary Share class from June 2010 through April 2013 and the Extended Class from April 2013 to December 2013.

The Company has made 20 realisations generating a weighted average IRR of 21 per cent.

**Figure 3 – Exits in the Ordinary Share Class and Extended Life Share Class to date<sup>(1)</sup>**

Exit	Industry	Instrument	Entry <sup>(2)</sup> Price	Exit <sup>(2)</sup> Price	Hold Period (months)	Catalyst	ROR	IRR
1.	Utilities	Secured Loan	84.6%	97.2%	4	Asset Sale	19%	55%
2.	Utilities	Secured Loan	87.0%	100.0%	2	Refinancing	16%	107%
3.	Lodging	Secured Loan	80.0%	89.1%	10	Asset Sale	13%	18%
4.	Commercial Mortgage	Secured Loan	58.6%	64.1%	7	Note Sale	6%	12%
5.	Utilities	Secured Loan	85.6%	100.0%	8	Refinancing	20%	39%
6.	Utilities	Private Equity	\$22.0m	\$25.8m	11	Liquidation	17%	31%
7.	Telecoms	Secured Loan	83.9%	90.0%	18	Secondary Sale	13%	9%
8.	Containers	Secured Loan	84.4	100.0%	19	Refinancing	23%	17%
9.	Telecoms	Secured Loan	\$3.3m	\$3.8m	25	Debt Restructuring	17%	11%
10.	REITs/REOCs	Secured Loan	\$15.8m	\$19.1m	25	Debt Restructuring	21%	14%
11.	Utilities	Post-reorganisation equity	\$8.9m	\$12.8m	20	Liquidation	38%	27%
12.	Broadcasting	Secured Loan	\$12.5m	\$17.7m	22	Debt Restructuring	41%	24%
13.	Food Products	Secured Loan	\$10.5m	\$8.7m	32	Debt Restructuring	-17%	-16%
14.	Publishing	Secured Loan	36.6%	39.0%	6	Secondary Sale	10%	26%
15.	Financial Intermediary	Bonds	\$16.4m	\$20.3m	27	Restructuring/ Liquidation	23%	22%
16.	Air Transport	Secured Notes	\$3.0m	\$4.0m	37	Liquidation	32%	31%
17.	Shipping <sup>(3)</sup>	Bonds	86.8%	97%	8	Secondary Sale	14%	31%
17.	Shipping <sup>(3)</sup>	Bonds	87.3%	97%	8	Secondary Sale	13%	33%
18.	Lodging and Casinos	Secured Loan	79.2%	98.2%	34	Refinancing	36%	12%
19.	Surface Transportation	Secured Loan	\$21.9m	\$37.9m	41	Debt Restructuring	73%	26%
20.	Oil & Gas	Secured Notes	23.2%	27.9%	22	Liquidation	20%	15%

(1) This represents historical performance of the existing share classes and is not a guide to the future performance of the new global share class, which will be subject to a different investment policy.

(2) Entry price is calculated as the total cash to purchase the investment or an average trade purchase price based on the face value of the position. The exit price is calculated as the total cash received on the investment in dollars or as a percentage of the face value of the position. Actual price information is generally provided when investments have not been converted into other assets.

(3) The Ordinary Share Class Fund and the Extended Life Share Class Fund invested in investment 17 at different entry prices, therefore resulting in different IRRs for the two share classes.

Source: BNP Paribas.

## Ordinary Share Class Fund Portfolio Summary

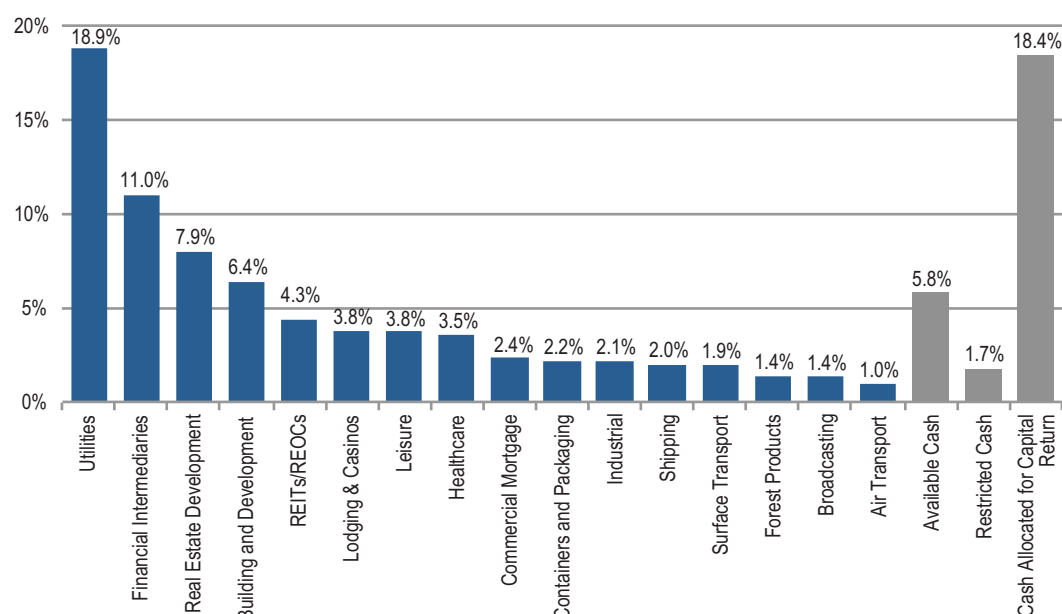
The Ordinary Share Class Investment Period ended on 10 June 2013 and the Ordinary Share Class Fund is now in run-off. During the realisation phase, the industry, geography and coupon paying mix of the Ordinary Share Class Fund Portfolio may vary significantly as the Company exits investments and returns capital to Ordinary Shareholders. The top ten investments for each share class as at 23 January 2014 along with an analysis of the portfolio by industry and geography and coupon profile are set out below. There has been no material change in the composition of the portfolio since 23 January 2014.

**Figure 4 – Ordinary Share Class Fund: Top 10 holdings by percentage of total NAV as at 23 January 2014**

Holding	Industry	Purchased Instrument	Status	Country	Percentage of NAV	Primary Assets
1.	Building & Development	Post-reorganisation Equity	Post-reorganisation	US	4.4%	Residential real estate
2.	REIT/REOCs	Private Equity	Current	US	4.3%	Residential real estate
3.	Real Estate Development	Secured Loan	Post-reorganisation	US	4.2%	Multifamily residential real estate
4.	Lodging & Casinos	Secured Loan	Defaulted	US	3.8%	Hotel/lodging real estate
5.	Leisure	Secured Loan	Current	US	3.8%	Sports/entertainment stadium
6.	Utilities	Secured Loan	Current	Australia	3.6%	Power plants
7.	Utilities	Secured Loan	Defaulted	US	3.1%	Power plants
8.	Utilities	Post-reorganisation Equity	Post-reorganisation	US	3.0%	Power plants
9.	Utilities	Secured Loan	Current	US	2.8%	Power plants
10.	Utilities	Secured Loan	Current	US	2.5%	Power plants
Total					35.5%	

Source: BNP Paribas.

**Figure 5 – Sector breakdown as at 23 January 2014**



Source: Categorisations determined by Neuberger Berman; percentages by BNP Paribas.

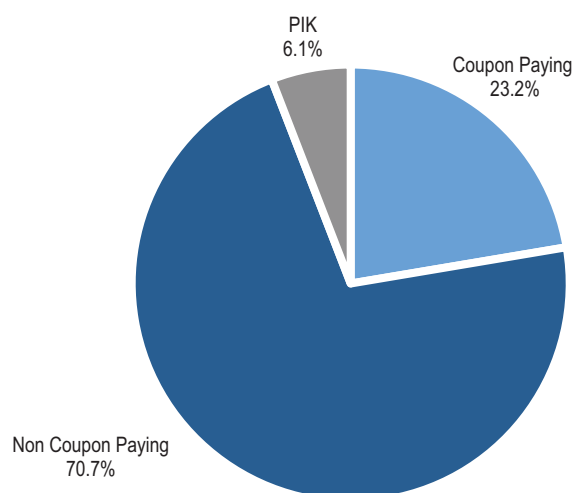
**Figure 6 – Country breakdown as at 23 January 2014**

North America (inc. cash)	81.4%
Germany	8.9%
Australia	3.6%
Brazil	1.9%
Luxembourg	1.9%
Cayman Islands	1.3%
Greece	0.7%
United Kingdom	0.3%
India	0.1%

Source: Categorisations determined by Neuberger Berman; percentages by BNP Paribas.



**Figure 7 – Coupon payments\***



\*Excludes cash and cash equivalents.

Source: Categorisations determined by Neuberger Berman; percentages by BNP Paribas.

## Extended Life Share Class Fund Portfolio Summary

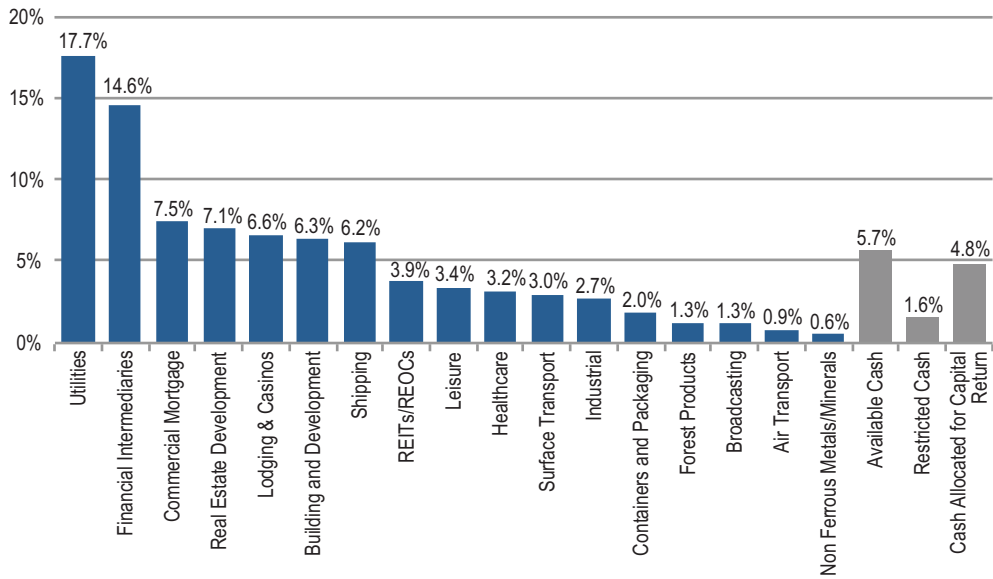
The Extended Life Class Fund Portfolio was approximately 89.5 per cent. invested in distressed assets as at 23 January 2014 with investments in 52 companies diversified across 17 industries. The Investment Managers seek to hold on average approximately 5 per cent. of the Company Portfolio in respect of the Extended Life Share Class Fund in cash in order to take advantage of mispricing opportunities and also to make follow-on investments. As at 23 January 2014, the cash holding of the Extended Life Share Class Fund was 10.5 per cent. of NAV of which 4.8 per cent. reflects cash held for distribution following the capital profits distribution announced on 17 January 2014. The top ten investments for the each share class as at 23 January 2014 along with an analysis of the portfolio by industry and geography and coupon profile are set out below. There has been no material change in the composition of the portfolio since 23 January 2014.

**Figure 8 – Extended Life Share Class Fund:  
Top 10 holdings by percentage of total NAV as at 23 January 2014**

Holding	Industry	Purchased Instrument	Status	Country	Percentage of NAV	Primary Assets
1.	Commercial Mortgage	Secured Loan	Defaulted	US	5.3%	Multifamily residential real estate
2.	Building & Development	Post-reorganisation Equity	Post-reorganisation	US	4.5%	Residential real estate
3.	Financial Intermediary	Private Notes	Post-reorganisation	US	4.5%	Cash & securities
4.	REIT/REOCs	Private Equity	Current	US	3.9%	Residential real estate
5.	Real Estate Development	Secured Loan	Post-reorganisation	US	3.7%	Multifamily residential real estate
6.	Utilities	Secured Loan	Current	US	3.4%	Power plants
7.	Lodging & Casinos	Secured Loan	Default	US	3.4%	Hotel/lodging real estate
8.	Leisure	Secured Loan	Current	US	3.4%	Sports/entertainment stadium
9.	Utilities	Secured Loan	Current	Australia	3.2%	Power plants
10.	Shipping	Secured Loan	Current	US	3.1%	Dry bulk vessels
Total					38.4%	

Source: BNP Paribas.

**Figure 9 – Sector breakdown as at 23 January 2014**



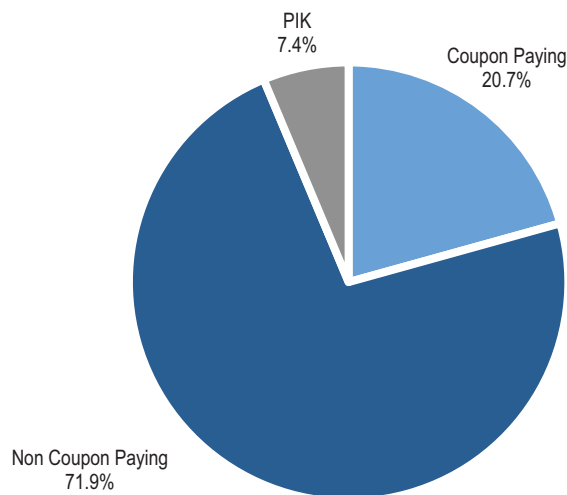
Source: Categorisations determined by Neuberger Berman; percentages by BNP Paribas.

**Figure 10 – Country breakdown as at 23 January 2014**

North America (inc. cash)	80.2%
Germany	8.0%
Australia	3.2%
Marshall Islands	1.9%
Brazil	1.7%
Luxembourg	1.7%
Cayman Islands	1.1%
Greece	0.6%
United Kingdom	0.3%
India	0.1%

Source: Categorisations determined by Neuberger Berman; percentages by BNP Paribas.

**Figure 11 – Coupon payments\***



\*Excludes cash and cash equivalents.

Source: Categorisations determined by Neuberger Berman; percentages by BNP Paribas.

## Part III: Distressed Debt Overview and Current Market Opportunity

### What is distressed debt?

Distressed debt is generally referred to as the financial obligations of a company that is either already in default, under bankruptcy protection, or in distress and heading toward default. Distressed debt often trades at a significant discount to its par value and may present investors with compelling opportunities to profit if there is a recovery in the business. Typically, when a company experiences financial distress or files for bankruptcy protection, the original debt holders often sell their debt securities or claims to a new set of investors at a discount. These investors often try to influence the process in which the issuer restructures its obligations or implements a plan to turn around its operations. These investors may also inject new capital into a distressed company in the form of debt or equity in order to prevent the company from going into liquidation or to aid the company in carrying out a restructuring plan. Investors in distressed debt typically must not only assess the issuer's ability to improve its operations but also whether the restructuring process is likely to result in a meaningful recovery to the investor's class of claims.

Distressed debt can be performing or non-performing. Performing debt refers to debt that maintains its contractual obligations relating to interest and/or principal payments. This can refer to debt that has yet to default or even debt that is under bankruptcy protection. Non-performing debt refers to debt that does not continue to meet its financial obligations.

There are a number of different strategies related to investing in distressed debt. These strategies differ mainly on the types of securities that investors purchase, the life of the fund and its investment period, and the fund's expected returns.

Four strategic categories include: (i) senior/senior secured debt strategies; (ii) control/private equity strategies; (iii) junior debt strategies; and (iv) capital structure arbitrage strategies. The Investment Managers will continue to focus on implementing a senior/senior secured debt strategy in which they invest primarily in secured debt with strong collateral value and structural protection. The Investment Managers invest in control positions and non-control positions with the objective of acquiring a blocking position.

Investing in secured debt at the top of the capital structure is, in the opinion of the Investment Managers, towards the more conservative end of the distressed debt strategy risk spectrum due to the support from the value of the underlying collateral. Additionally, secured debt holders often have the ability to foreclose on the assets securing their claim and to drive the restructuring process. The typical holding period for investments in this strategy is six months to three years while the typical fund life is up to six years.

Control/private equity strategies typically invest in a control position which allows them to direct the restructuring through board and/or management positions. Funds that invest in this type of strategy require a longer time horizon in order to implement their strategy and to realise investment gains. These funds typically invest in fewer companies and require a deep management bench that can improve portfolio company operations. These funds, in the opinion of the Investment Managers, utilise the least conservative distressed debt strategy, have the longest typical investment period and the longest fund life.

The third category, junior debt strategies, invests further down the capital structure in subordinated debt and mezzanine debt of middle-market leveraged buyouts. Funds that invest in this type of strategy will take both control and blocking positions and aim to create value through a restructuring. However, these funds have a higher risk of a "cram-down" in a bankruptcy due to their second or junior lien status. A "cram-down" is a reorganisation plan approved by a bankruptcy court that may result in a number of different creditors being compelled to accept materially adverse changes to the terms of the debt that they hold, including reduced interest rates, extended maturities and reduced acceleration rights. These funds are riskier than senior/senior secured debt strategies but less risky than control/private equity strategies. Fund lives and investment periods vary but are generally longer than secured/senior secured debt strategies but shorter than control/private equity strategies.

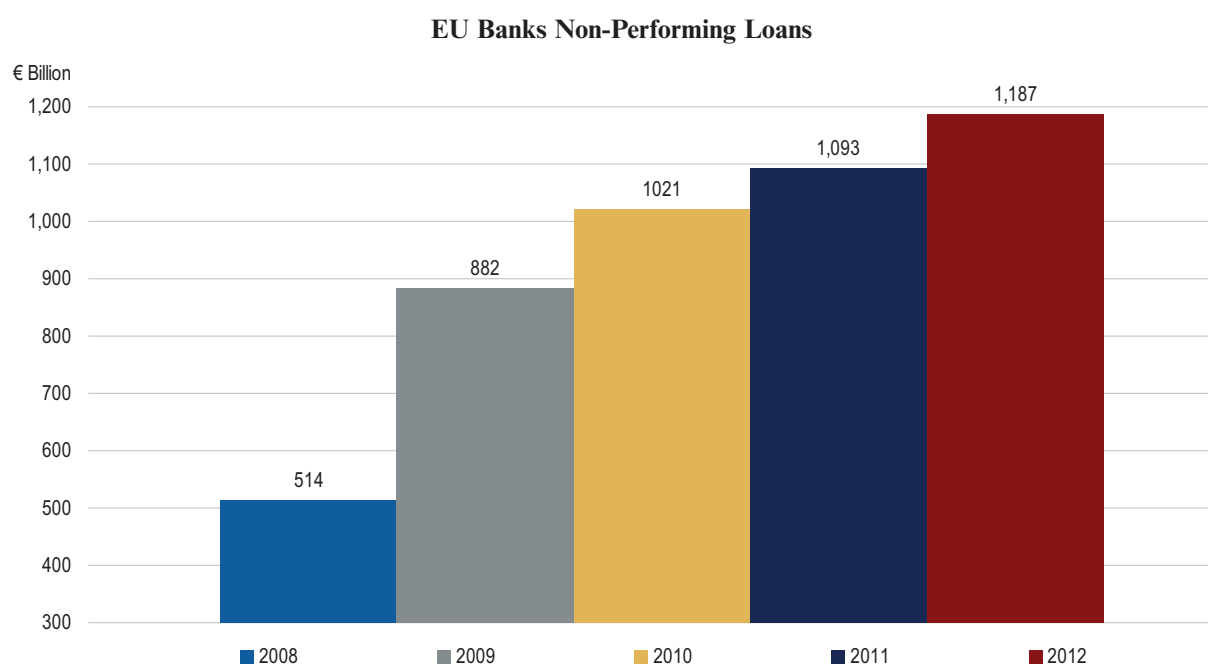
The fourth category, capital structure arbitrage strategies, typically focuses on relative mispricings between securities within a given capital structure. Funds that invest in this type of strategy can be, in the opinion of the Investment Managers, the most conservative of the strategies.

## Market Opportunity

Since the IPO of the Company in 2010, the Investment Managers have been able to capitalise on the opportunities in the distressed debt sector, building an attractive portfolio of distressed debt investments as the global financial crisis stretched leveraged companies and provided an attractive market backdrop for distressed debt investing. The Investment Managers believe that the investment opportunity for distressed debt will continue at least for the next few years. The Investment Managers' experience indicates that the supply of distressed debt is a key factor in the relative attractiveness of the asset class over time. The Investment Managers believe that a high and rising amount of non-performing loans ("NPLs") provides opportunities to purchase distressed debt at attractive valuations. Despite the passage of over five years since the peak of the 2008 financial crisis, many banks have yet to clean up their balance sheets and shed legacy assets. NPLs have continued to increase in Europe, and in the U.S. remain over three times pre-crisis levels.<sup>(1)</sup> At the same time, regulatory minimum capital requirements for banks are scheduled to increase in the near future. The disposal of NPLs and other non-core assets by Banks has increased every year since 2010. This increasing supply provides a visible pipeline of opportunities in asset-intensive sectors.

## Increasing NPLs in the Banking System

Over five years since the peak of the 2008 financial crisis, NPLs remain stubbornly high in the global banking system. European banks in particular have experienced an increase in NPLs.



Source: PWC Market Update Report dated October 2013.

Germany and the U.K. are two of the top three largest sources of NPLs in Europe, at €179 billion and €164 billion,<sup>(2)</sup> respectively. Commercial real estate loans represent one of the most actively traded sectors in these two markets.

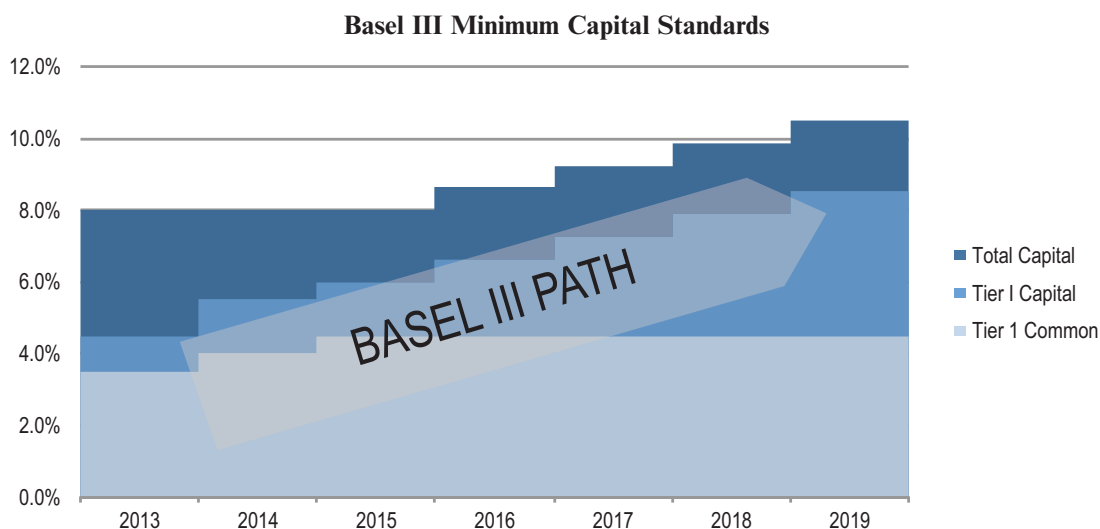
## Stricter Bank Capital Regulations

NPLs are expensive from a capital perspective, and with the introduction of Basel III, the minimum capital standards are expected to increase in the future. In Europe, the creation of a Single Supervisory Mechanism (SSM) will be undertaken by an ECB Comprehensive Assessment of approximately 130 banks which will include a Supervisory Risk Assessment, an Asset Quality Review (AQR) and a programme of Stress Tests, all conducted during 2014.<sup>(3)</sup>

(1) Federal Financial Institutions Examination Council as at 8 November 2013.

(2) PWC Market Update Report dated October 2013.

(3) PWC De-leverage take 2 Making a virtue of necessity dated November 2013.

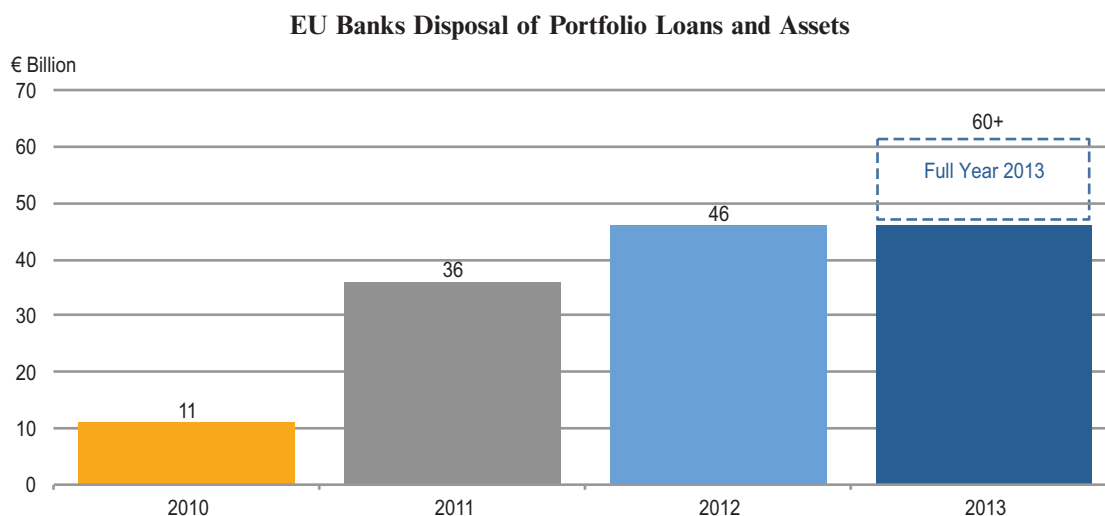


Source: Basel Committee on Banking Supervision, January 2013.

European banks in particular face substantial capital needs in 2014 through the combined impact of Basel III capital ratio requirements, leverage ratio requirements, the ECB Comprehensive Assessment and additional potential regulations at the national level. Total capital shortfalls are estimated to be approximately €280 billion.<sup>(4)</sup> With banks reluctant to issue new equity unnecessarily, the near term focus is anticipated to be on asset disposals with the disposal of NPLs a priority.

## Accelerating Distressed Debt Selling

As NPLs have increased and capital standards have risen, the Investment Managers believe that banks are divesting both European and US assets at an accelerating rate.



Source: PWC Market Update Report dated October 2013.

Of the over €60 billion of loan sales expected to have been completed in 2013 PricewaterhouseCooper estimates that €15 billion are backed by commercial real estate assets,<sup>(5)</sup> which is one of the key areas of focus for the Investment Managers. The estimated geographic split of aggregate loan sales is also attractive for the Investment Managers strategy, with approximately €17 billion from the U.K. and €9 billion from Germany.<sup>(5)</sup>

## Asset Quality Review & Stress Tests

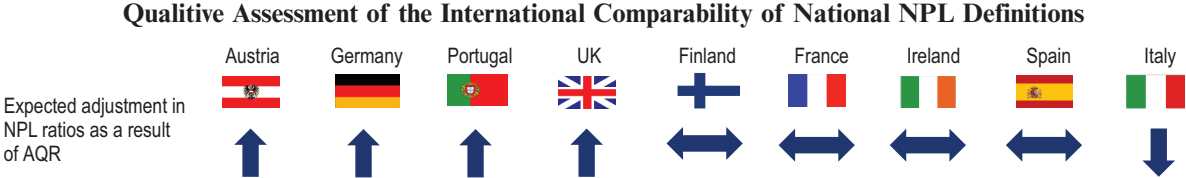
The ECB is scheduled to assume direct supervision of all Euro-area banks in 2014. In preparation for this expansion of responsibility, the ECB is conducting an Asset Quality Review (“AQR”) to harmonise

(4) PWC “De-leverage take 2: Making a virtue of necessity” dated November 2013.

(5) PWC “Market Update Report” dated October 2013.

disclosure and improve the credibility of stress tests. NPL definitions currently vary by geography which can result in underreporting and mismarked loans. Deutsche Bank estimates that the AQR could result in an approximate 30 per cent. increase in loans deemed “impaired” at target banks, and that additional credit provisions required are estimated to be €39 billion.<sup>(6)</sup> The Investment Managers believe that the AQR and related stress tests have the potential to further increase distressed loan sales.

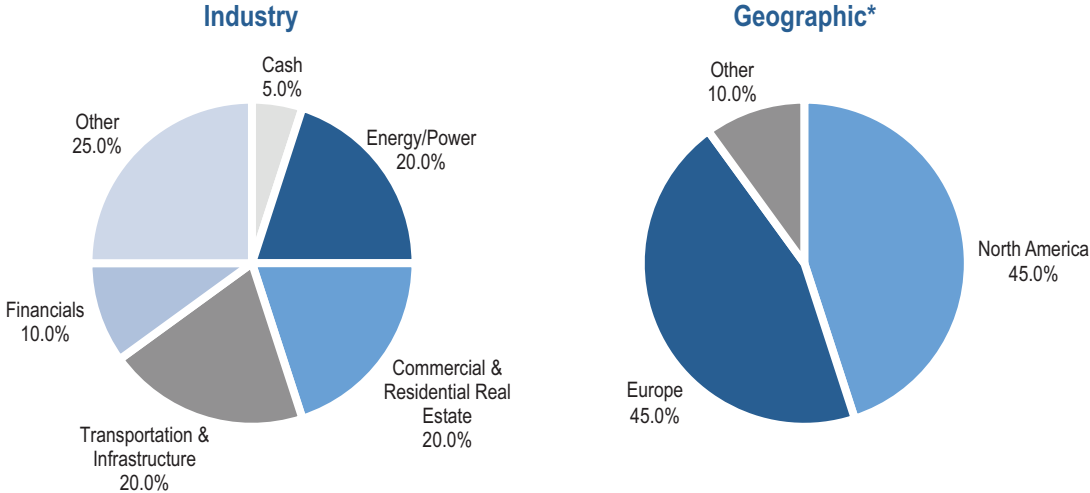
A qualitative assessment of the international comparability of national NPL definitions indicates that the AQR could result in increased opportunities in Germany and UK, which are key areas of interest to the Investment Managers.



Source: Barisitz, Austrian Central Bank Research, 2013.

**Current Pipeline and Illustrative Portfolio Composition**

The Investment Managers intend the Net Issue Proceeds to be fully invested within six to nine months of Admission. The Investment Managers continue to see opportunities in their core industries such as energy, power and commercial real estate. The opportunity set within the transportation, infrastructure and residential real estate continues to grow in particular within Europe. The Investment Managers expect these areas to represent a greater part of the portfolio going forward. The charts below outline the Investment Managers’ current expectation of the portfolio composition for the New Global Shares by industry and geography once fully invested, although the actual breakdown of the Company Portfolio relating to the New Global Shares could be significantly different from that set out below. While flows of distressed bank debt are likely to be sourced primarily in Europe, the Investment Managers expect an approximate balance between U.S. and European assets.



**\* Chart represents geographic asset location**  
*The above information is a sample only of certain transactions currently under consideration by the Investment Managers. While investments that contain similar characteristics to those described above may be sought, there can be no assurance that the above transactions will be entered into by the Company, will continue to be available for the Company to enter into following Admission, or that the future investments in the Company’s actual portfolio will share these characteristics.*

Source: Neuberger Berman.

(6) Deutsche Bank Markets Research, European Banks Strategy dated September 2013.

## Part IV: Directors, Management and Administration

### Voting rights

As at the date of this document, holders of Ordinary Shares, Extended Life Shares and New Global Shares are not entitled to vote in relation to the appointment or removal of directors of the Company. Rather, Directors may be elected and removed by the Trustee as holder of the Class A Shares.

However, conditional upon passing of the Resolutions at the Class Meetings, holders of Ordinary Shares, Extended Life Shares and New Global Shares will have full voting rights and will therefore be entitled to vote in relation to the appointment or removal of directors of the Company.

### Directors

The Directors are responsible for managing the business affairs 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. The Directors may delegate certain functions to other parties such as the Investment Manager, the Administrator and the Registrar. In particular, the Directors have delegated responsibility for managing the assets comprised in the Company Portfolio to the Investment Managers who are not required to, and generally will not, submit individual investment decisions for the approval of the Board.

The Board comprises four directors determined by the Board to be independent and two representatives of the Investment Managers. Details of each of the Directors are set out below.

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:

#### **Robin Monro-Davies** (*Chairman*)

Robin Monro-Davies served as a regular officer in the Royal Navy from 1958-1968, operating as a carrier pilot mainly in the Far East. He subsequently obtained a Master of Science degree from the Sloan School of Management, Massachusetts Institute of Technology in Boston ("MIT"). On leaving MIT, Mr Monro-Davies spent a year as an investment analyst on Wall Street and then joined Fox-Pitt Kelton ("FPK"). FPK became one of the U.K.'s leading independent brokerage and research houses and Mr Monro-Davies was appointed joint Chief Executive Officer (CEO) in 1976. In 1978, Mr Monro-Davies was appointed CEO of IBCA, FPK's newly established independent bank credit rating business, in addition to his role as FPK's Joint CEO. He continued as CEO of IBCA following his retirement from FPK in 1992, developing the business to become Fitch, the world's third largest rating agency. Mr Monro-Davies retired as CEO of Fitch at the end of 2001. Since then he has acted in various non-executive roles and currently is Chairman of Assured Guaranty Limited in Bermuda and HSBC Bank Middle East. He is also on the board of two listed investment trusts. Mr Monro-Davies was educated at St. Paul's School, London, and the Britannia Royal Naval College, Dartmouth.

#### **Talmi Morgan** (*Guernsey*)

Talmi Morgan qualified as a barrister in the United Kingdom in 1976. He moved to Guernsey in 1988 where he worked for Barings as general counsel and then for the Bank of Bermuda as managing director of Bermuda Trust (Guernsey) Limited. From January 1999 to June 2004, Mr Morgan was director of Fiduciary Services and Enforcement at the Guernsey Financial Services Commission (Guernsey's financial regulatory agency) where he was responsible for the design and subsequent implementation of Guernsey's law relating to the regulation of fiduciaries, administration businesses and company directors. Mr Morgan was also involved in working groups of the Financial Action Task Force and the Offshore Group of Banking Supervisors. From July 2004 to May 2005, Mr Morgan served as chief executive of Guernsey Finance, which is the official body for the promotion of the Guernsey finance industry. His other directorships include BH Global Limited alongside Mr Hallam. Mr Morgan is also currently the chairman or a non-executive director of a number of investment-companies including companies listed on the LSE. He holds an M.A. in economics and law from the University of Cambridge. Mr Morgan is a director of NB Private Equity Partners Limited, which is a publicly listed investment company to which a member of the NB Group provides investment management and accounting services, alongside Mr Hallam and Mr Sherwell.

**John Hallam** (*Guernsey*)

John Hallam is a fellow of the Institute of Chartered Accountants in England and Wales and qualified as an accountant in 1971. Previously, Mr Hallam was a partner at PricewaterhouseCoopers and retired in 1999 after 27 years with the firm in Guernsey and in other countries. Mr Hallam is currently chairman of Dexion Absolute Ltd and Partners Group Global Opportunities Ltd. He is also a director of BH Global Limited alongside Mr Morgan and a number of other financial services companies, some of which are listed on the LSE. Mr Hallam served for many years as a member and latterly chairman of the GFSC, from which he retired in 2006. Mr Hallam is a director of NB Private Equity Partners Limited, which is a publicly listed investment company to which a member of the NB Group provides investment management and accounting services, alongside Mr Morgan and Mr Sherwell.

**Christopher Sherwell** (*Guernsey*)

Christopher Sherwell is a non-executive director of a number of investment-related companies. Mr Sherwell was managing director of Schroders (C.I.) Limited from April 2000 to January 2004. He remained a non-executive director of Schroders (C.I.) Limited until he stepped down at the end of December 2008. Before joining Schroders in 1993, he worked as Far East regional strategist with Smith New Court Securities in London and then in Hong Kong. Mr Sherwell was previously a journalist, working for the Financial Times. Mr Sherwell received a B.Sc. (Gen) from the University of London in 1968, an M.A. from the University of Oxford in 1971 and an M.Phil. from the University of Oxford in 1973. Mr Sherwell is a director of NB Private Equity Partners Limited, which is a publicly listed investment company to which a member of the NB Group provides investment management and accounting services, alongside Mr Morgan and Mr Hallam.

**Michael Holmberg**

Michael J. Holmberg, Managing Director, joined NB Group in 2009. Michael is the co-head of the distressed portfolio management. Prior to joining NB Group, Michael founded Newberry Capital Management LLC in 2006 and prior to that Michael founded and managed Ritchie Capital Management's Special Credit Opportunities Group. He was also a managing director at Strategic Value Partners and Moore Strategic Value Partners. He began investing in distressed and credit oriented strategies as a portfolio manager at Continental Bank/Bank of America, where he established the bank's global proprietary capital account. Michael received an AB in economics from Kenyon College and an MBA from the University of Chicago.

**Patrick Flynn**

Patrick H. Flynn, Managing Director, joined NB Group in 2006. Patrick is the co-head of the distressed portfolio management. He came to NB Group with more than 15 years of experience, including positions with Putnam Investments, UBS and JP Morgan Chase. Most recently, Patrick served as director of research at DDJ Capital Management, LLC. He holds an AB from Columbia University and a MBA in Finance and Economics from the University of Chicago. Patrick has been awarded the Chartered Financial Analyst designation.

**Investment Managers**

The investment manager of the Company is Neuberger Berman Europe Limited, a company incorporated in England and Wales on 25 May 2005, with registered number 05463227, registered address at 57 Berkeley Square, London W1J 6ER, United Kingdom and telephone number +44 020 3214 9000. The Investment Manager has been appointed pursuant to the Investment Management Agreement (further details of which are set out in paragraph 6.1 of Part VII of this document) and has, pursuant to the Sub-Investment Management Agreement, delegated certain of its responsibilities and functions to the sub-investment manager, Neuberger Berman Fixed Income LLC, a limited liability company incorporated in Delaware. The Investment Manager relies upon the exemption from commodity pool operator registration under CFTC Regulation 4.13(a)(3) with respect to the Company. In addition, although the Investment Manager may in the future register as a commodity trading advisor and the Sub-Investment Manager is registered as a commodity trading advisor, each of the Investment Manager and the Sub-Investment Manager rely upon the exemption from commodity trading advisor registration under CFTC Regulation 4.14(a)(8).

The Investment Managers are wholly-owned indirect subsidiaries of the NB Group. Established in 1939, the NB Group is one of the world's largest private, independent employee-controlled asset management companies, managing approximately US\$227 billion in assets as of 30 September 2013, including over US\$96 billion in fixed income investments and which includes more than US\$26.1 billion in high yield bonds and approximately US\$7.3 billion loans.



The Investment Managers are responsible for the discretionary management of, and will conduct day-to-day management of, the assets held in the Company Portfolio (including un-invested cash). The Investment Managers are not required to, and generally will not, submit individual decisions for approval by the Board.

Details of the fees and expenses payable to the Investment Manager pursuant to the Investment Management Agreement are set out in the section headed “*Fees and expenses*” below.

## **Administrator, Secretary and Custodian**

BNP Paribas Securities Services S.C.A., Guernsey Branch has been appointed as Administrator, Secretary, Custodian and Designated Manager of the Company pursuant to the Administration and Custody Agreement (further details of which are set out in paragraph 6.2 of Part VII of this document). In such capacity, the Administrator is responsible for the day to day administration of the Company (including but not limited to the calculation and publications of the estimated daily NAV), general secretarial functions required by the Companies Law (including but not limited to the maintenance of the Company’s accounting and statutory records) and certain safekeeping and custody services.

In acting as custodian of the Company’s investments the Administrator provides for the safe keeping of contracts or other documents of title to the loans and may take custody of cash and other assets. The Company has consented to and the Administrator is permitted and may delegate the safekeeping function to BNP Paribas Securities Services S.C.A. London Branch and the custody function to BNP Paribas Securities Services S.C.A. Guernsey Branch or any other associate company of the Administrator. Documents are registered in the name of the Company and assets are held in a custody account and registered in the name of the Administrator or its delegate or a nominee as required under the Licensees (Conduct of Business) Rules 2009.

Investors should note that it is not possible for the Administrator to provide any investment advice to investors.

## **Principal Banker**

BNP Paribas Securities Services S.C.A. Guernsey Branch acts as the Company’s Principal Banker.

## **Fees and expenses**

### **Expenses relating to the Issue**

The expenses of the Issue will be borne by the holders of the New Global Shares up to a maximum of 2 per cent. of the Gross Issue Proceeds.

These expenses will be paid on or around Admission and will include, without limitation, listing and admission fees; the cost of settlement and escrow arrangements; printing; legal fees, and any other applicable expenses.

On the assumption that the Issue size is £100 million worth of New Global Shares and that the expenses of the Issue are 2 per cent. of the Gross Issue Proceeds, the expenses would be £2 million, and the Net Issue Proceeds would be £98 million. In the event that the Issue size is the maximum amount of £250 million the expenses would be £5 million and the Net Issue Proceeds would be £245 million.

### **Ongoing, Annual Expenses**

The Company also incurs ongoing annual expenses. These expenses include the following:

(i) ***Investment Manager***

The Investment Manager will be entitled to a Base Fee in respect of the Ordinary Shares and the Extended Life Shares, which shall accrue daily, and be payable monthly in arrears, at a rate of 0.125 per cent. per month of the NAV of the Ordinary Share Class Fund and the Extended Life Share Class Fund calculated as at the last business day of the relevant month. For this purpose, any accrual for any Performance Fee will be disregarded when calculating the relevant NAV.

The Investment Manager will be entitled to the Base Fee in respect of the New Global Shares, which shall accrue daily, and be payable monthly in arrears, at a rate of 0.125 per cent. per month of the NAV of the New Global Share Class Fund (excluding, until such time as the New Global Share

Class Fund is 85 per cent. invested, any cash balances (or cash equivalents)) calculated as at the last business day of the relevant month.

The Investment Manager will be entitled to a Performance Fee.

#### *Ordinary Share Performance Fee*

The Ordinary Share Performance Fee will only become payable once the Company has made aggregate cash distributions with respect to the Ordinary Shares (which shall include: (i) such proportion of the aggregate price of all Ordinary Shares repurchased or redeemed by the Company at any time prior to the Conversion as would be equal to the ratio of the Ordinary Shares to total Shares immediately following the Conversion; and (ii) the aggregate price of all Ordinary Shares repurchased or redeemed by the Company at any time following the Conversion) equal to (a) such proportion of the aggregate gross proceeds of issuing Ordinary Shares (whether pursuant to the IPO, Secondary Placing, the exercise of Subscription Rights or otherwise) immediately prior to the Conversion as would be equal to the ratio of Ordinary Shares to total Shares immediately following the Conversion plus (b) the aggregate gross proceeds of issuing Ordinary Shares following the Conversion ((a) and (b) together, the “**Ordinary Share Contributed Capital**”) plus (c) such amount as will result in the Company having distributed a realised (cash-paid) IRR in respect of the Ordinary Share Contributed Capital equal to the Ordinary Share Hurdle Rate (the “**Ordinary Share Initial Return**”). Following distribution by the Company of an amount with respect to the Ordinary Shares equal to the Ordinary Share Initial Return, there will be a 100 per cent. catch up to the Investment Manager until the Investment Manager has received 20 per cent. of all amounts in excess of Ordinary Share Contributed Capital distributed with respect to Ordinary Shares and paid to the Investment Manager as a performance fee. Thereafter, all amounts attributable to the Ordinary Shares which are distributed by the Company shall be split 20/80 per cent. between the Investment Manager’s performance fee and the cash distributions to the Ordinary Shareholders respectively.

#### *Extended Life Share Performance Fee*

The Extended Life Share Performance Fee will only become payable once the Company has made aggregate cash distributions with respect to the Extended Life Shares (which shall include: (i) such proportion of the aggregate price of all Ordinary Shares repurchased or redeemed by the Company at any time prior to the Conversion as would be equal to the ratio of Extended Life Shares to total Shares immediately following the Conversion; and (ii) the aggregate price of all Extended Life Shares repurchased or redeemed by the Company) equal to (a) such proportion of the aggregate gross proceeds of issuing all Ordinary Shares immediately prior to the Conversion (whether pursuant to the IPO, Secondary Placing, the exercise of Subscription Rights or otherwise) as would be equal to the ratio of Extended Life Shares to total Shares immediately following the Conversion; plus (b) the aggregate gross proceeds of issuing Extended Life Shares following the Conversion ((a) and (b) together, the “**Extended Life Share Contributed Capital**”) plus (c) such amount as will result in the Company having distributed a realised (cash-paid) IRR in respect of the Extended Life Share Contributed Capital equal to the Extended Life Share Hurdle Rate (the “**Extended Life Share Initial Return**”). Following distribution by the Company of an amount with respect to the Extended Life Shares equal to the Extended Life Share Initial Return, there will be a 100 per cent. catch up to the Investment Manager until the Investment Manager has received 20 per cent. of all amounts in excess of Extended Life Share Contributed Capital distributed with respect to Extended Life Shares and paid to the Investment Manager as a performance fee. Thereafter, all amounts attributable to the Extended Life Shares which are distributed by the Company shall be split 20/80 per cent. between the Investment Manager’s performance fee and the cash distributions to the Extended Life Shareholders respectively.

#### *New Global Share Performance Fee*

The New Global Share Performance Fee will only become payable once the Company has made aggregate distributions in cash to New Global Shareholders (which shall include the aggregate price of all New Global Shares repurchased or redeemed by the Company) equal to the aggregate gross proceeds of issuing New Global Shares pursuant to the Issue (the “**New Global Share Contributed Capital**”) plus such amount as will result in the New Global Shareholders having received a realised (cash-paid) IRR in respect of the New Global Share Contributed Capital equal to the New Global Share Hurdle Rate (“**New Global Share Initial Return**”). Following the distribution by the Company of an amount equal to the New Global Share Initial Return there will be a 100 per cent. catch up to the Investment Manager until the Investment Manager has received 20 per cent. of all amounts in

excess of New Global Share Contributed Capital distributed to New Global Shareholders and paid to the Investment Manager as a performance fee. Thereafter, all amounts attributable to the New Global Shares which are distributed by the Company shall be split 20/80 per cent. between the Investment Manager's performance fee and the cash distributions to the New Global Shareholders respectively.

However, the Investment Manager may, at its discretion, enter into arrangements with certain investors pursuant to which it will rebate to such investors a proportion of the Management Fee received from the Company.

(ii) **Administration**

The Administrator (also acting as Custodian and Secretary) is entitled to the following fees from the Company, including an annual administration fee of 0.10 per cent. subject to a minimum of £100,000, an annual secretarial fee of £36,000, a custodian fee of either: (i) 0.02 per cent. for transactions on the US Markets and Euroclear; or (ii) 0.4 per cent. for unlisted equities, subject to a minimum of £20,000, and an annual loan administration fee of 0.08 per cent. subject to a minimum of £75,000.

(iii) **Registrar**

The Registrar will be entitled to an annual fee from the Company equal to £2.00 per shareholder per annum or part thereof, with a minimum of £7,500 per annum, and £2,000 per share class in relation to any capital distribution to be made by the Company. Other registrar activity will be charged for in accordance with the Registrar's normal tariff as published from time to time.

(iv) **Directors**

In respect of the accounting year ending 31 December 2013, each of the Directors received US\$45,000 other than the Chairman who received US\$60,000. Pursuant to a written ordinary resolution of the holder of the Class A Shares passed on 28 January 2014, each of the Directors' remuneration, other than Michael Holmberg and Patrick Flynn, will increase by £10,000 per annum. In addition, the chairman of the Audit Committee will receive a further US\$5,000 for his services in this role. Each of Michael Holmberg and Patrick Flynn has waived their fees for their services as Directors. Further information in relation to the remuneration of the Directors is set out in Part VII of this document.

An additional amount of £10,000 will be paid to each Director (other than Michael Holmberg and Patrick Flynn) for their services in relation to the Issue if the Issue is completed.

**Other operational expenses**

All other on-going operational expenses (excluding fees paid to service providers as detailed above) of the Company 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 and website maintenance; audit and legal fees; annual SFM fees, annual CISEA listing fees and an annual CISEA sponsor fee; and the fees and expenses of the Trustee in relation to its holding of the Class A Shares. All out of pocket expenses of the Investment Manager that are reasonably and properly incurred, the Administrator, the Registrar, the CREST agent and the Directors relating to the Company are borne by the Company.

**Allocation of expenses**

Each Class Fund shall be charged with the expenses of the Company (or the appropriate proportion thereof) that the Directors, in their absolute discretion, determine are attributable to such Class Fund and any expenses of the Company not so attributable to any particular Class Fund or Class Funds shall be allocated and charged by the Directors between one or more Class Funds in such manner and on such basis as the Directors in their discretion deem fair and equitable.

**Taxation**

Information concerning the tax status of the Company and the tax treatment of Shareholders is contained in paragraph 4 of Part VII of this document. A potential investor should seek advice from his own independent professional adviser as to the taxation consequences of acquiring, holding or disposing of New Global Shares, he should seek advice from his own independent professional adviser.

## Meetings and reports to Shareholders

All general meetings of the Company shall be held in Guernsey.

The Company's audited annual report and accounts are prepared to 31 December each year and 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 dispatched in August each year, or earlier if possible. The Company's audited annual report and accounts are also available on the Company's website: [www.nbddif.com](http://www.nbddif.com).

The Company's accounts are drawn up in U.S. Dollars and in compliance with U.S. GAAP.

## Conflicts of interest

### Directors

In relation to transactions in which a Director is interested, the Articles provide that as long as the Board authorises the transaction in good faith after the Director's interest has been disclosed or the transaction is fair to the Company at the time it is approved, a Director shall not be disqualified by his office from entering into a contract or arrangement with the Company, and no such contract or arrangement or any contract or arrangement entered into by or on behalf of the Company with any person, firm or company of or in which any Director shall be in any way interested, shall be avoided. A Director may not, however, vote in respect of any such contract or arrangement.

The Directors are required by the RCIS Rules to take all reasonable steps to ensure that there is no breach of the conflicts of interest requirements of those rules.

### Investment Managers

The Company, and an investment in the Company, are subject to a number of actual and potential conflicts of interest involving NB Affiliates and, in particular, the Investment Managers. The Investment Managers' policy relating to conflicts of interest (the "**Conflicts Policy**"), as set out below, describes the arrangements in place within the Investment Managers to ensure the fair management of conflicts of interest. In addition, potential investors should read carefully the Risk Factors set out on pages 21 to 39 of this document and, in particular, the risks set out under the section headed "*Risks relating to the Investment Managers*" on page 24 of this document.

### Allocation of investment opportunities

The Investment Managers manage Other Accounts (and may in the future manage further Other Accounts) whose investment objectives and/or philosophies are the same as, overlap with, or are complementary to, the investment strategies and/or philosophies pursued by the Company, and both the Company and such Other Accounts will be eligible to participate in the same investment opportunities. It is anticipated that the aggregate amount of capital invested in the Company and such Other Accounts with the same or substantially similar investment strategies will not exceed US\$1.5 billion. Additionally, investment opportunities may become closed or limited with respect to new investments due to size constraints or other considerations. Moreover, the Company and/or such Other Accounts may not be eligible or appropriate investors in all potential investment opportunities. As a result of these and other factors, the Company may be precluded from making a specific investment.

It is the policy of the Investment Managers to allocate investment opportunities fairly and equitably among the Company and Other Accounts, where applicable, to the extent possible over a period of time. The Investment Managers, however, will have no obligation to purchase, sell or exchange any investment for the Company which the Investment Managers may purchase, sell or exchange for one or more Other Accounts if the Investment Managers believe in good faith at the time the investment decision is made that such transaction or investment would be unsuitable, impractical or undesirable for the Company.

As a general policy, investment opportunities will be allocated among those accounts for which participation in the respective opportunity is considered appropriate *pro rata* based on the relative capital size of the accounts. In addition, the Investment Managers may also take into consideration other factors such as the investment programs of the accounts, tax consequences, legal or regulatory restrictions, including those that may arise in various different international jurisdictions, the relative historical participation of an account in the investment, the difficulty of liquidating an investment for more than one account, new accounts with a substantial amount of investable cash and such other factors considered relevant by the Investment Managers. Such considerations may result in allocations among the Company

and one or more Other Accounts on other than a *pari passu* basis (which may result in different performances among them).

Investment allocation decisions will be made by the Investment Managers, taking into consideration the respective investment guidelines, investment objectives, existing investments, liquidity, contractual commitments or regulatory obligations and other considerations applicable to the Company and Other Accounts. However, there are likely to be circumstances where the Company is unable to participate, in whole or in part, in certain investments to the extent it would participate absent allocation of an investment opportunity among the Company and Other Accounts and the Investment Managers will notify the Board in such circumstances. In addition, it is likely that the Company's Portfolio and those of Other Accounts will have differences in the specific investments held in their portfolios even when their investment objectives are the same or similar. These distinctions will result in differences in portfolio performance between the Company and Other Accounts.

Similarly, as a general policy, investment opportunities will be allocated among the Class Funds of the Company for which participation in the respective opportunity is considered appropriate *pro rata* based on the relative capital size of the Class Funds. In addition, the Investment Managers may also take into consideration other factors such as the investment programs of the Class Funds, tax consequences, legal or regulatory restrictions, including those that may arise in various different international jurisdictions, the relative historical participation of an account in the investment, the difficulty of liquidating an investment for more than one Class Fund, new Class Funds with a substantial amount of investable cash and such other factors considered relevant by the Investment Managers. Such considerations may result in allocations among the Class Funds on other than a *pari passu* basis (which may result in different performances among them).

## Takeover Code

The Takeover Code applies to the Company.

## Corporate governance

On 1 January 2012, the GFSC's "Finance Sector Code of Corporate Governance" (the "**Code**") came into effect, which applies to all companies that hold a licence from the GFSC under the regulatory laws or which are registered or authorised as collective investment schemes. The GFSC has stated in the Code that companies which report against the UK Corporate Governance Code or the AIC Code are deemed to meet the requirements of Code.

The Board has considered the principles and recommendations of the AIC Code by reference to the AIC Corporate Governance Guide for investment companies (the "**AIC Guide**"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code of Corporate Governance, except as set out below.

The UK Corporate Governance Code includes provisions relating to: (i) the role of the chief executive; (ii) executive directors' remuneration; and (iii) internal audit function.

For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers these provisions are not relevant to the position of NB Distressed Debt Investment Fund Limited, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

### Audit committee

The Company's Audit Committee meets formally at least twice a year for the purpose, amongst other things, of considering the appointment, independence and remuneration of the auditor and to review the annual accounts, interim reports and interim management statements. Where non-audit services are to be provided by the auditor, full consideration of the financial and other implications on the independence of the auditor arising from any such engagement will be considered before proceeding. John Hallam is

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 auditors' letter of engagement and management letter and to analyse the key procedures adopted by the Company's service providers.

**Other committees**

The Board feels that, due to the size and structure of the Company, establishing a Management Engagement Committee and a Remuneration and Nomination Committee is unnecessary.

## Part V: Issue Arrangements

### The Issue

The target size of the Issue is in excess of £100 million with the potential for up to £250 million subject to investor demand. The actual number of New Global Shares to be issued pursuant to the Issue, and therefore the Gross Issue Proceeds, are not known as at the date of this document but will be notified by the Company via a RIS announcement and the Company's website ([www.nbddif.com](http://www.nbddif.com)) prior to Admission.

The Issue will not proceed if the Net Issue Proceeds would be less than £30 million (or such other amount as the Company, Winterflood and Oriel may determine and notify to investors via publication of an RIS and, provided such amount is lesser than £30 million, a supplementary prospectus). If the Issue does not proceed, subscription monies received will be returned without interest at the risk of the applicant.

The Issue is conditional on the Shareholders approving the Resolutions at the Class Meetings to be held in advance of the Issue.

The target issue size should not be taken as an indication of the number of New Global Shares to be issued. The actual number of New Global Shares will be announced via a RIS announcement shortly following the deadline for receipt of Applications under the Issue.

The Directors have determined that the New Global Shares under the Issue will be issued at a price equal to 100 pence per New Global Share.

The Issue is not being underwritten.

### Class Meetings

The Class A Shareholder by a special resolution passed by way of a written resolution dated 28 January 2014 has approved the amendments to the Articles necessary for the issue of New Global Shares (with full voting rights) pursuant to the Issue and the enfranchisement of the Ordinary Shares and the Extended Life Shares conditional upon the Resolutions being passed at the separate Class Meetings of the Ordinary Shareholders and the Extended Life Shareholders. Accordingly, the Directors have convened the Class Meetings in advance of Admission to seek approval of the Ordinary Shareholders and the Extended Life Shareholders to the amendments to the Articles necessary for the issue of New Global Shares (with full voting rights) pursuant to the Issue and the enfranchisement of the Ordinary Shares and the Extended Life Shares. The Issue and Admission is therefore conditional upon the Resolutions being passed at the Class Meetings.

### Proceeds of the Issue

The Company will employ the Net Issue Proceeds in implementing the New Global Share Investment Policy, with the aim of spreading investment risk. The Company expects that the Net Issue Proceeds will be fully invested between six and nine months following the date of the Issue.

### The Placing

The Company, the Investment Manager, Oriel and Winterflood have entered into the Placing Agreement pursuant to which Oriel and Winterflood have agreed, as agents for the Company, to use their reasonable endeavours to procure subscribers (in certain jurisdictions outside the United States) for the New Global Shares under the Placing at the Issue Price in return for the payment by the Company of placing commissions to Oriel and Winterflood.

A summary of the terms of the Placing Agreement are set out in Part VII of this document.

The terms and conditions which shall apply to any subscriber for New Global Shares procured by Oriel and Winterflood pursuant to the Placing are contained in Part VIII of this document.

Applications under the Placing must be for a minimum subscription amount of £100,000.

### The Offer

The Company is also offering the New Global Shares to investors in the United Kingdom pursuant to the Offer.

The Terms and Conditions of Application relating to the Offer are set out in Part IX of this document and an Application Form and notes on how to complete such Application Form are set out in Appendix A to

this document. The Terms and Conditions of Application should be read carefully before an application is made. Application Forms must be posted or delivered by hand (during normal business hours) to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to arrive by no later than 11.00 hours on 26 February 2014. The Offer will, unless extended, be closed at that time.

Applications under the Offer must be for a minimum subscription amount of £25,000, and in multiples of £10,000 thereafter.

Payment for New Global Shares pursuant to the Offer may be made by cheque, banker's draft or building society cheque and must accompany the Application. The Directors reserve the right to refuse applications for any reason.

## **The SFM**

The SFM is an EU regulated market. Pursuant to its admission to the SFM, the Company will be subject to Prospectus Rules, the Disclosure and Transparency Rules and the Market Abuse Directive (as implemented in the UK through FSMA).

## **Revocation of Issue**

The Issue may be revoked by the Company if Admission does not occur by 8.00 a.m. on 4 March 2014 (or such later date as the Company may determine in its absolute discretion, being in any event not later than 28 March 2014) or, if earlier, on the date on which the Placing and/or Offer ceases to be capable of becoming unconditional. Any such revocation will be announced by the Company through a RIS as soon as practicable after the Company has decided to revoke the Issue.

## **Scaling back and allocation**

In the event that aggregate applications for New Global Shares under the Placing and the Offer were to exceed £250 million, it would be necessary to scale back applications under the Issue. The Placing Agents reserve the right, at their sole discretion, but after consultation with the Company, to scale back applications in such amounts as they consider appropriate. The Company reserves the right to decline in whole or in part any application for New Global Shares pursuant to the Issue. The Offer will not be subject to scaling back in favour of the Placing. Accordingly, applicants for New Global Shares may, in certain circumstances, not be allotted the number of New Global Shares for which they have applied.

The Company will notify investors of the number of New Global Shares in respect of which their application has been successful and the results of the Issue will be announced by the Company on or around 27 February 2014 via a RIS announcement.

Subscription monies received in respect of unsuccessful applications (or to the extent scaled back) will be returned without interest at the risk of the applicant to the bank account from which the money was received.

## **General**

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK and/or Guernsey, the Company and its agents or the Investment Manager may require evidence in connection with any application for New Global Shares, including further identification of the applicant(s), before any New Global Shares are issued.

In the event that there are any significant changes affecting any of the matters described in this document or where any significant new matters have arisen after the publication of this document and prior to Admission, the Company will publish a supplementary prospectus. The supplementary prospectus will give details of the significant change(s) or the significant new matter(s).

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

Should the Issue be aborted or fail to complete for any reason (including as a result of Net Issue Proceeds being less than £30 million), monies received will be returned without interest at the risk of the applicant.

No commissions will be paid by the Company to any applicants under the Issue. However, the Investment Manager may, at its discretion, enter into arrangements with certain investors pursuant to which it will rebate to such investors a proportion of the Management Fee received from the Company.



Definitive certificates in respect of New Global Shares in certificated form will be dispatched by post in the week commencing 10 March 2014. Temporary documents of title will not be issued.

## Clearing and settlement

Payment for the New Global Shares, in the case of the Placing should be made in accordance with settlement instructions to be provided to placees by (or on behalf of) the Company or the Placing Agents. Payment for the New Global Shares, in the case of the Offer should be made in accordance with the Terms and Conditions of Application under the Offer in Part IX of this document and in the Application Form. To the extent that any application for New Global 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.

New Global Shares placed will be issued in registered form and may be held in either certificated or uncertificated form and settled through CREST from Admission. In the case of New Global Shares to be issued in uncertificated form pursuant to the Issue, these will be transferred to successful applicants through the CREST system. Accordingly, settlement of transactions in the New Global Shares following Admission may take place within the CREST system if any shareholder so wishes.

New Global Shares issued under the Offer will be issued to successful applicants in accordance with the Terms and Conditions of Application under the Offer. CREST is a paperless book-entry settlement system operated by Euroclear UK and Ireland which enables securities to be evidenced otherwise than by certificates and transferred otherwise than by written instrument. CREST is a voluntary system and New Global Shareholders who wish to receive and retain share certificates will be able to do so.

It is expected that the Company will arrange for Euroclear UK and Ireland to be instructed on 4 March 2014 to credit the appropriate CREST accounts of the subscribers concerned or their nominees with their respective entitlements to New Global Shares. The names of subscribers or their nominees investing through their CREST accounts will be entered directly on to the share register of the Company.

The transfer of New Global Shares outside of the CREST system following the Issue should be arranged directly through CREST. However, an investor's beneficial holding held through the CREST system may be exchanged, in whole or in part, only upon the specific request of the registered holder to CREST for share certificates or an uncertificated holding in definitive registered form. If a Shareholder or transferee requests New Global Shares to be issued in certificated form and is holding such New Global Shares outside CREST, a share certificate will be despatched either to him or his nominated agent (at his risk) within 21 days of completion of the registration process or transfer, as the case may be, of the New Global Shares. New Global Shareholders holding definitive certificates may elect at a later date to hold such New Global Shares through CREST or in uncertificated form provided they surrender their definitive certificates.

## Dealings

Application will be made to the London Stock Exchange and CISEA for up to 250 million New Global Shares issued pursuant to the Issue to be admitted to trading on the SFM and to listing and trading on the Official List of the CISEA, respectively.

It is expected that Admission will become effective and that unconditional dealing in the New Global Shares will commence at 8.00 a.m. on 4 March 2014. Dealings in New Global Shares in advance of the crediting of the relevant stock account shall be at the risk of the person concerned.

The ISIN number for the New Global Shares is GG00BH7JH183 and the SEDOL code is BH7JH18 (SFM) and BH7JH29 (CISEA).

The Company does not guarantee that at any particular time market maker(s) will be willing to make a market in the New Global Shares or any class of New Global Shares, nor does it guarantee the price at which a market will be made in the New Global Shares. Accordingly, the dealing price of the New Global Shares may not necessarily reflect changes in the NAV per New Global Share. Furthermore, the level of the liquidity in the New Global Shares can vary significantly and typical liquidity on the SFM is relatively unknown.

## Purchase and transfer restrictions

This document does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, New Global 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 or the

Investment Managers. The New Global Shares have not been and will not be registered under the applicable securities laws of the U.S., Australia, Canada, Japan, New Zealand or South Africa. Subject to certain exceptions, the New Global Shares may not be offered or sold within the U.S., Australia, Canada, Japan, New Zealand or South Africa or into any other jurisdiction where to do so would constitute a violation of applicable laws or regulations of such other jurisdiction or to any U.S. Persons or to any national, resident or citizen of Australia, Canada, Japan, New Zealand or South Africa or into any other jurisdiction where to do so would constitute a violation of applicable laws or regulations of such other jurisdiction.

Subject to very limited exceptions, neither this document nor any other related documents will be distributed to U.S. Persons or in or into the United States or any of the Restricted Territories, and neither this document nor any other related documents constitute an offer of the New Global Shares to any U.S. Person or to any person with a registered address in, or who is resident or located in, the United States or any of the Restricted Territories. None of the New Global Shares have been or will be registered under the relevant laws of any state, province or territory of the United States or any of the Restricted Territories. This document does not constitute an invitation or offer to issue or the solicitation of an invitation or offer to acquire the New Global Shares in any jurisdiction in which such offer or solicitation is unlawful. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Company has elected to impose the restrictions described below on the Issue and on the future trading of the New Global Shares so that the Company will not be required to register the New Global Shares under the U.S. Securities Act, and so that the Company will not have an obligation to register as an “investment company” under the U.S. Investment Company Act and the Investment Manager will not have an obligation to register under the U.S. Commodity Exchange Act and related rules and to address certain ERISA, U.S. Tax Code and other considerations. These transfer restrictions, which are also set out in the Articles, will remain in effect until the Company determines in its sole discretion to remove them, may adversely affect the ability of holders of the New Global Shares to trade such securities. The Company and its agents will not be obligated to recognise any resale or other transfer of the New Global 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 restrictions**

The New Global 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, delivered or distributed, 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 in the United States, and in a manner which would not require the Company to register under the U.S. Investment Company Act. There will be no public offer of the New Global Shares in the United States. Subject to very limited exceptions, the New Global Shares are being offered and sold only outside the U.S. to non-U.S. Persons in “offshore transactions” pursuant to Regulation S under the U.S. Securities Act. The Company has not been and will not be registered under the U.S. Investment Company Act and New Global Shareholders will not be entitled to the benefits of the U.S. Investment Company Act.

The New Global Shares and any beneficial interests therein may only be resold or otherwise transferred: (i) in an “offshore transaction” complying with the provisions of 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.

### **ERISA, U.S. Internal Revenue Code and other restrictions**

If an investor holds New Global Shares at any time, except with the express consent of the Company given in respect of an investment in New Global Shares, it shall be deemed to have represented and agreed for the benefit of the Company, its affiliates and advisers that:

- (a) no portion of the assets it uses to purchase, and no portion of the assets it uses to hold, the New Global Shares or any beneficial interest therein constitutes or will constitute the 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 Asset Regulations; and

- (b) 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 New Global Shares will not constitute or result in a non-exempt violation of any such substantially similar law.

## Representations, warranties, undertakings, acknowledgements and agreements

Each purchaser of New Global Shares in the Issue, and each subsequent transferee, by acquiring New Global Shares or a beneficial interest therein, will be deemed to have represented, warranted, undertaken, acknowledged and agreed as follows:

- (a) it is not a U.S. Person, is not located within the United States and is not acquiring the New Global Shares for the account or benefit of a U.S. Person;
- (b) it is acquiring the New Global Shares in an “offshore transaction” meeting the requirements of Regulation S;
- (c) it acknowledges that the New Global 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;
- (d) it acknowledges that the New Global Shares have not been and will not be registered under the applicable securities laws of Australia, Canada, Japan, New Zealand or South Africa, and that, subject to certain exceptions, the New Global Shares may not be offered or sold within the Australia, Canada, Japan, New Zealand or South Africa or into any other jurisdiction where to do so would constitute a violation of applicable laws or regulations of such other jurisdiction or to any national, resident or citizen of Australia, Canada, Japan, New Zealand or South Africa or into any other jurisdiction where to do so would constitute a violation of applicable laws or regulations of such other jurisdiction;
- (e) it acknowledges that the Company has not registered under the U.S. Investment Company Act and that the Company has put in place transfer restrictions to ensure that, among other things, the Company is not and will not be required to register under the U.S. Investment Company Act and the Investment Manager is not and will not be required to register under the U.S. Commodity Exchange Act;
- (f) no portion of the assets used to purchase, and no portion of the assets used to hold, the New Global 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 Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the 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 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 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;
- (g) that if any New Global Shares are issued to it 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:

**NB DISTRESSED DEBT INVESTMENT FUND 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 OR OTHERWISE TRANSFERRED EXCEPT: (I) IN AN “OFFSHORE TRANSACTION” COMPLYING WITH THE PROVISIONS OF 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 AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT, BY PREARRANGEMENT OR OTHERWISE; OR (II) TO THE COMPANY OR A SUBSIDIARY THEREOF, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS.

- (h) if in the future it decides to offer, sell, transfer, assign, pledge or otherwise dispose of the New Global Shares or any beneficial interest therein, it will do so only: (i) in an “offshore transaction” complying with the provisions of 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. 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;
- (i) it is purchasing the New Global 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 New Global Shares in any manner that would violate the U.S. Securities Act, the U.S. Investment Company Act or any other applicable securities laws;
- (j) it acknowledges that the Company reserves the right to make inquiries of any holder of the New Global Shares or interests therein at any time as to such person’s status under the federal U.S. 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 New Global Shares or interests in accordance with the Articles;
- (k) it is entitled to acquire the New Global 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 New Global Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the Investment Managers or the Placing Agents, or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Issue or its acceptance of participation in the Issue;
- (l) it has received, carefully read and understands this document, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other presentation or offering materials concerning New Global Shares into or within the United States or to any U.S. Persons, nor will it do any of the foregoing;
- (m) if it is acquiring any New Global Shares as a fiduciary or agent for one or more accounts, the investor has sole investment discretion with respect to each such account and full power and authority to make, and does make, such foregoing representations, warranties, undertakings, acknowledgements and agreements on behalf of each such account; and
- (n) the Company, the Investment Managers and the Placing Agents, and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of 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.

Save as described in this Part V, persons in the United States or who are U.S. Persons will not be eligible to acquire New Global Shares in the Issue.

## Part VI: Financial Information

### 1. Published annual reports and accounts for the financial years ended 31 December 2010, 31 December 2011 and 31 December 2012

#### 1.1 Historical financial information

The published annual report and audited accounts of the Company for the financial years ended 31 December 2010, 31 December 2011 and 31 December 2012 (which has been incorporated in this document by reference) included, on the pages specified in the table below, the following information:

	31 December 2012	31 December 2011	31 December 2010
Independent auditors' report	25	24	21
Consolidated statement of assets and liabilities	26	25	22
Condensed consolidated schedule of investments	27-29	26-29	23-25
Consolidated statement of operations	30	30	26
Consolidated statement of changes in net assets	31	31	27
Consolidated statement of cash flows	32	32	28
Notes to the consolidated financial statements	33-47	33-46	29-38

#### 1.2 Selected financial information

The key audited figures that summarise the financial condition of the Company in respect of the financial years ended 31 December 2010, 31 December 2011 and 31 December 2012, which have been extracted directly on a straightforward basis without material adjustment from the historical financial information referred to in paragraph 1.1 of this Part VI are set out in the following table. Investors should read the whole of such report and not rely solely on the key or summarised information set out below:

##### *Consolidated statement of assets and liabilities*

	31 December 2012 US\$	31 December 2011 US\$	31 December 2010 US\$
<b>ASSETS</b>			
Investments, at fair value (2012: cost of US\$487,566,188) (2011: cost of US\$440,234,699) (2010: cost of US\$472,557,325)	479,439,510	420,330,876	470,739,677
Cash and cash equivalents	55,096,277	51,264,893	21,808,522
<i>Other assets</i>			
Interest receivables	2,444,396	1,521,807	572,543
Receivables for investments sold	2,601,172	668,145	6,614,558
Credit default swaps	239,676	–	–
Other receivables and prepayments	54,039	32,208	75,640
<b>Total assets</b>	<b>539,875,070</b>	<b>473,817,929</b>	<b>499,810,940</b>
<b>LIABILITIES</b>			
Payables for investments purchased	60,094,975	43,095,401	69,616,129
Forward currency contracts	281,633	–	–
Payables to Investment Manager and affiliates	617,738	537,300	536,691
Accrued expenses and other liabilities	615,333	482,846	317,683
<b>Total liabilities</b>	<b>61,609,679</b>	<b>44,115,547</b>	<b>70,470,503</b>
<b>Total net assets</b>	<b>478,265,391</b>	<b>429,702,382</b>	<b>429,340,437</b>
<b>Net asset value per ordinary share</b>	<b>1.0765</b>	<b>0.9672</b>	<b>0.9754</b>

## 2. Published unaudited interim report and financial statements for the financial periods ended 30 June 2012 and 30 June 2013

### 2.1 Historical financial information

Published unaudited interim report and financial statements for the financial periods ended 30 June 2012 and 30 June 2013 (which have been incorporated in this document by reference) included, on the pages specified in the table below, the following information:

	Period to 30 June 2013	Period to 30 June 2012
Independent accountant's report	13	12
Consolidated statement of assets and liabilities	14	13
Condensed consolidated schedule of investments	15-19	14-17
Consolidated statement of operations	20	18
Consolidated statement of changes in net assets	21	19
Consolidated statement of cash flows	22	20
Notes to the consolidated financial statements	23-42	21-34

### 2.2 Selected financial information

The key unaudited figures that summarise the financial condition of the Company in respect of the financial periods from 1 January 2012 to 30 June 2012 and from 1 January 2013 to 30 June 2013, which have been extracted directly on a straightforward basis without material adjustment from the half yearly reports of 2012 and 2013 respectively, as referred to in paragraph 2.1 of this Part VI, are set out in the following table. Investors should read the whole of such report and not rely solely on the key or summarised information set out below:

	30 June 2013 US\$	30 June 2012 US\$
<b>ASSETS</b>		
Investments, at fair value (2013: cost of US\$482,387,040) (2012: cost of US\$463,464,560)	514,230,348	443,096,812
Cash and cash equivalents	27,517,428	28,861,130
Forward currency contracts	1,168,620	–
<i>Other assets</i>		
Interest receivables	3,628,643	1,753,576
Receivables for investments sold	10,227,369	3,092,620
Other receivables and prepayments	54,850	1,848
<b>Total assets</b>	<u>556,827,258</u>	<u>476,805,986</u>
<b>LIABILITIES</b>		
Payables for investments purchased	29,292,470	24,799,448
Payables to Investment Manager and affiliates	1,672,559	525,459
Accrued expenses and other liabilities	390,154	396,182
Credit Default Swap	12,228	–
<b>Total liabilities</b>	<u>31,367,411</u>	<u>25,721,089</u>
<b>Total net assets</b>	<u>525,459,847</u>	<u>451,084,897</u>
<b>Net assets attributable to ordinary shares</b>	<u>146,963,344</u>	<u>–</u>
<b>Net assets attributable to extended life shares</b>	<u>378,496,503</u>	<u>–</u>
<b>Net asset value per ordinary share</b>	<u>1.1837</u>	<u>1.0153</u>
<b>Net asset value per extended life share</b>	<u>1.1824</u>	<u>–</u>

If the Issue had taken place as at 30 June 2013 (assuming that the Company raised gross proceeds of £100,000,000), the Issue would have increased the Net Asset Value of the Company as a whole by £98,000,000. The net impact on earnings would have been broadly neutral, with the additional variable expenses being offset by the interest earned, had the Issue taken place as at 31 December

2012. The actual net impact would have been dependent on the interest the Investment Managers were able to obtain on cash and liquid securities.

### 2.3 Operating and financial review

The published annual report and audited accounts of the Company for the financial years ended 31 December 2010, 31 December 2011 and 30 December 2012 (which have been incorporated in this document 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 that period.

	31 December 2012	31 December 2011	31 December 2010
Chairman's statement	2	2	3-4
Investment Managers' report	3-5	3-4	5-6
Consolidated schedule of investments	27-29	26-29	23-25

The published unaudited interim report and financial statements for the financial periods from 1 January 2012 to 30 June 2012 and from 1 January 2013 to 30 June 2013 (which have been incorporated in this document 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 that period. The parts of those documents which are not specifically referenced below or elsewhere in this document are not relevant to investors for the purposes of the Issue.

	Period to June 2013	Period to June 2012
Chairman's statement	2-3	2
Investment Managers' report	4-5	3-4
Consolidated schedule of investments	15-19	14-17

### 2.4 Incorporation by reference and availability of annual reports and interim reports for inspection

The following documents, each of which has been: (i) previously published; (ii) approved by the FCA or filed with or notified to it, shall be deemed to be incorporated in, and form part of, the Prospectus:

- the published annual report and audited accounts of the Company for the financial year ended 31 December 2010;
- the published annual report and audited accounts of the Company for the financial year ended 31 December 2011;
- the published annual report and audited accounts of the Company for the financial year ended 31 December 2012;
- the published unaudited interim report and financial statements for the financial periods from 1 January 2012 to 30 June 2012; and
- the published unaudited interim report and financial statements for the financial periods from 1 January 2013 to 30 June 2013.

The parts of those documents which are not specifically referenced above or elsewhere in this document are not relevant to investors for the purposes of the Issue.

Copies of the above documents are available for inspection at the addresses set out in paragraph 13 of Part VII of this document.

## Part VII: Additional Information

### 1. Incorporation and administration

- 1.1 The Company was incorporated as a non-cellular company limited by shares in Guernsey under the Companies Law on 20 April 2010 with registered number 51774. The Company has been declared by the GFSC to be a registered closed-ended collective investment scheme pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, and the Registered Collective Investment Scheme Rules 2008 issued by the GFSC. The registered office and principal place of business of the Company is BNP Paribas House, St. Julian's Avenue, St. Peter Port, Guernsey, GY1 1WA, and its telephone number is +44 (0) 1481 750850. The statutory records of the Company are kept at this address. The Company operates under the Companies Law and ordinances and regulations made thereunder and has no employees. The Company's accounting period ends on 31 December of each year.
- 1.2 KPMG Channel Islands Limited has been the auditor of the Company since its incorporation. KPMG Channel Islands Limited is a member of the Institute of Chartered Accountants of England & Wales. Further, in order to comply with US regulations, KPMG LLP also audits the consolidated financial statements of the Company in accordance with U.S. GAAP and auditing standards generally accepted in the United States.
- 1.3 The annual report and accounts are prepared according to U.S. GAAP.
- 1.4 Save for its entry into the material contracts summarised in paragraph 6 of this Part VII 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.
- 1.5 Changes in the issued share capital of the Company since incorporation are summarised in paragraph 2 below.
- 1.6 Save as disclosed below, there has been no significant change in the financial or trading position of the Group since 30 June 2013, the end of the last financial period for which interim financial information has been published:
  - The net asset value per Ordinary Share has increased from US\$1.1837 as at 30 June 2013 to US\$1.2236 as at 24 January 2014.
  - The net asset value per Extended Life Share has increased from US\$1.1824 as at 30 June 2013 to US\$1.2358 as at 24 January 2014.
  - The Company issued 31,978,973 new Extended Life Shares on 10 July 2013 at a price of US\$1.20 per Extended Life Share raising net proceeds of approximately \$38.0 million.
  - The net investment income for the five month period from 30 June 2013 to 30 November 2013 was negative US\$1.83 million compared to positive US\$0.08 million for the comparable five month period to 30 November 2012. Investment income is not anticipated to constitute a significant proportion of the overall return and a significant variability of income is expected and is a reflection of the distressed securities held in the portfolio at any one time.
- 1.7 As at 24 January 2014 (which is the latest practicable date prior to the publication of this document), the unaudited NAV per Ordinary Share was US\$1.2236 and the unaudited NAV per Extended Life Share was US\$1.2358.

The Company is the parent company of the following subsidiaries: London Adams LLC, London Dearborn LLC, London Granite Ridge LLC, London Jackson LLC, London Jackson Holdco LLC, London Madison LLC, London Mayslake LLC, London Randolph LLC, London Randolph Holdco LLC, London Tides LLC, London Tides Holdco LLC, London Wabash LLC, London Wacker LLC, London Washington LLC, London Washington Holdco LLC, London American Homes LP (together, the "Group"). London American Homes LP is a wholly owned, exempted limited partnership registered in the Cayman Islands and all of the remaining wholly-owned subsidiaries are incorporated in Delaware. Each subsidiary owns assets that operate in the United States.



1.8 Shares in the Company are not redeemable at the option of the Shareholders.

1.9 The New Global Shares will be denominated in Sterling.

## 2. Share capital

2.1 Under the Articles, the Board has the authority to issue and allot an unlimited number of Shares, such authority to expire on the fifth anniversary of adoption of the Articles unless revoked by the Shareholders by ordinary resolution. As at the date of this document, the share capital of the Company consists of: (a) 10,000 Class A Shares of par value US\$1.00 each; (b) an unlimited number of shares of no par value which may upon issue be designated as Ordinary Shares, Extended Life Shares or Capital Distribution Shares. If the Resolutions are approved at the Class Meetings, the share capital of the Company will also consist of New Global Shares. A maximum of 250,000,000 New Global Shares may be offered pursuant to this Prospectus. Applications will be made to each of the London Stock Exchange and the CISEA for all of the New Global Shares arising pursuant to the Issue to be admitted to trading on the SFM and to listing and trading on the Official List of the CISEA respectively. It is expected that Admission will become effective and that dealings in such New Global Shares will commence at 8.00 a.m. on 4 March 2014.

2.2 As at the date of this document, the Company's issued and fully paid up share capital consists of two Class A Shares of par value US\$1.00 each, 124,160,471 Ordinary Shares of no par value each and 352,088,814 Extended Life Shares of no par value each. On 7 June 2010 the Company issued 197,186,044 Ordinary Shares of no par value each and 39,437,205 Subscription Shares of no par value each pursuant to the IPO and on 12 October 2010 the Company issued 242,983,252 Ordinary Shares of no par value each pursuant to the Secondary Placing. On 8 April 2013 the Company cancelled 320,109,841 Ordinary Shares and issued 320,109,841 Extended Life Shares of no par value each pursuant to the Conversion. Further details of the history of the Company's issued share capital is set out in the table below.

Date	Class of Shares issued	Number issued	Price	Event
20 April 2010	A Shares	2	U.S.\$1.00	Incorporation
7 June 2010	Ordinary Shares	197,186,044	U.S.\$1.00 per share	IPO
7 June 2010	Subscription Shares	39,437,205	Nil	IPO
18 October 2010	Ordinary Shares	242,983,252	U.S.\$1.005	Secondary placing
12 December 2011	Subscription Shares	(39,437,205)	Cancelled	
12 December 2011	Ordinary Shares	4,101,016		Conversion of Subscription Shares
8 April 2013	Ordinary Shares	(320,109,841)	Cancelled	Conversion of Ordinary Shares
8 April 2013	Extended Life Shares	320,109,841	N/A - one for one exchange	Conversion of Ordinary Shares
10 July 2013	Extended Life Shares	31,978,973	U.S. \$1.20	Tap Issue

2.3 The Class A Shares in issue are held by the Trustee. For further information on the rights attaching to Ordinary Shares, Extended Life Shares, New Global Shares and Class A Shares, please refer to paragraph 5 below.

2.4 By virtue of the Trustee's holding of Class A Shares described in paragraph 2.3 above, the Trustee, save as disclosed elsewhere in this document and subject to the Articles (a summary of which is set out at paragraph 5 below) may exercise direct control over the Company. The Articles seek to prevent the abuse of such control by reserving certain matters, including any adverse change to the rights attaching to the Shares of any class to the Shareholders of the relevant class voting at a separate meeting of the Shareholders of that class.

2.5 The New Global Shares will be created in accordance with the Articles and the Companies Law. The Directors have absolute authority to allot and issue Shares under the Articles which expires on the fifth anniversary of the adoption of the Articles and may be renewed by the Shareholders and who are expected to resolve to do so shortly prior to Admission (subject to the approval of the Resolutions by the Shareholders at each of the Class Meetings). There are no provisions of Guernsey law which confer rights of pre-emption in respect of the allotment and issue of shares in a Guernsey company.

- 2.6 The New Global Shares will be in registered form and, from Admission, will be capable of being held in uncertificated form and title to such New Global Shares may be transferred by means of a relevant system (as defined in the Regulations). Where the New Global 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 New Global Shares. Where New Global 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 under the section headed “Directors, Managers and Advisers” of this document, maintains a register of Shareholders holding their Shares in CREST.
- 2.7 Pursuant to the Articles, the Company may from time to time by ordinary resolution of the Shareholders increase its share capital by such sum, to be divided into shares of such new or existing class and amount, as the resolution shall prescribe. In addition, the Company may by ordinary resolution:
- 2.7.1 consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;
- 2.7.2 sub-divide its Shares, or any of them, into Shares of smaller amount than is fixed by the Memorandum, so that in such sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived;
- 2.7.3 cancel any Shares which, at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its Share capital by the amount of the Shares so cancelled;
- 2.7.4 convert the whole, or any particular class, of its Shares into redeemable shares;
- 2.7.5 issue Shares which shall entitle the holder to no voting right or entitle the holder to a restricted voting right;
- 2.7.6 convert all or any of its fully paid Shares the nominal amount of which is expressed in a particular currency into fully paid shares of a nominal amount of a different currency, the conversion being effected at the rate of exchange (calculated to not less than 3 significant figures) current on the date of the resolution or on such other day as may be specified therein; and
- 2.7.7 where its share capital is expressed in a particular currency or former currency, denominate or redenominate it, whether by expressing its amount in units or subdivisions of that currency or former currency, or otherwise.
- 2.8 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 document, the Directors do not hold any Ordinary Shares but hold the number of Extended Life Shares as set out below:

Director	Number of Extended Life Shares
Robin Monro-Davies	300,000
Patrick Flynn	123,000
John Hallam	75,000
Michael Holmberg	123,000
Talmai Morgan	NIL
Christopher Sherwell	45,000

- 3.2 As at 24 January 2014 (the latest practicable date prior to the publication of this document), to the extent known to the Company, it is not directly or indirectly owned or controlled by any person and there are no arrangements known to the Company which may subsequently result in a change of control of the Company. Save as described above, as at 24 January 2014 (the latest practicable date prior to the publication of this document), to the extent known to the Company, it is not directly or indirectly owned or controlled by any person and there are no arrangements known to the Company which may subsequently result in a change of control of the Company. As at 24 January 2014 (the

latest practicable date prior to the publication of this document), insofar as is known to the Company, the following persons are directly or indirectly interested in 5 per cent. or more of the Company's total voting rights:

	Percentage of Company's voting rights
NBDDIF Purpose Trust	100%

Assuming that the Resolutions at the Class Meetings are passed on 24 January 2014 (the latest practicable date prior to the publication of this document), insofar as is known to the Company, the following persons are directly or indirectly interested in 5 per cent. or more of the Company's total voting rights:

	Percentage of Company's voting rights
BlackRock Investment Management	11.2%
Baring Asset Management	9.2%
M&G Investment Management	8.2%
Baillie Gifford & Co	6.7%
Sarasin & Partners	5.9%
Credit Suisse AG Zurich	5.7%
Miton Asset Management	5.1%

Voting rights of major Shareholders of the same class are no different from the voting rights of the other Shareholders of that class.

- 3.3 Under the Investment Management Agreement, the Investment Manager has the right to nominate up to two directors for appointment to the Board. As at the date of this document, the directors so appointed by the Investment Manager are Michael Holmberg and Patrick Flynn.
- 3.4 As employees of the Sub-Investment Manager, each of Michael Holmberg and Patrick Flynn are interested in the Investment Management Agreement, and the Sub-Investment Management Agreement. The Investment Manager will receive a fee for its services as described in paragraph 6.1 of this Part VII. In the event of a conflict of interest arising between Mr Holmberg or Mr Flynn's duties as Directors and as employees of the Sub-Manager, the provisions of the Articles summarised in paragraph 5 of this Part VII will apply.
- 3.5 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.
- 3.6 The aggregate remuneration and benefits in kind of the Directors in respect of the Company's accounting period ending on 31 December 2013 was US\$200,000. Each of the Directors received US\$45,000 per annum other than the Chairman who received US\$60,000 per annum and the chairman of the Audit Committee received an additional fee of US\$5,000 per annum. Each of Michael Holmberg and Patrick Flynn has agreed to waive his director fee. Pursuant to a written ordinary resolution of the holder of the Class A Shares passed on 28 January 2014, each of the Directors' remuneration, other than Michael Holmberg and Patrick Flynn, will increase by £10,000 per annum. No amount has been set aside or accrued by the Company to provide pension, retirement or other similar benefits. An additional amount of £10,000 will be paid to each Director (other than Michael Holmberg and Patrick Flynn) for their services in relation to the Issue if the Issue is completed.
- 3.7 No Director has a service contract with the Company, nor are any such contracts proposed. The Directors' appointments can be terminated in accordance with the Articles and without compensation. There is no notice period specified in the Articles for the removal of Directors. 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 6 months in succession; (iii) written request of the other Directors; and (iv) an ordinary resolution of the shareholders entitled to vote.
- 3.8 No loan has been granted to, nor any guarantee provided for the benefit of, any Director by the Company.
- 3.9 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 or which has been effected by the Company since its incorporation.

- 3.10 Pursuant to an instrument of indemnity entered into between the Company and each Director, the Company has undertaken, subject to certain limitations, to indemnify each Director out of the assets and profits of the Company against all costs, charges, losses, damages, expenses and liabilities arising out of any claims made against him in connection with the performance of his duties as a Director of the Company. Furthermore, pursuant to an agreement between the Directors and the Investment Manager, delegating the Directors' responsibilities as commodity pool operators ("CPOs") of the Company (to the extent that the Company is considered to be a "commodity pool" as defined under the U.S. Commodity Exchange Act, as amended (collectively with the rules and regulations thereunder, the "CEA") and to the extent that the Directors are considered to be CPOs of the Company) to the Investment Manager, the Investment Manager has agreed to provide certain indemnities to the Directors in connection with such delegation.
- 3.11 In addition to their directorships of the Company, the Directors hold or have held the directorships and are or were members of the partnerships, as listed in the table below, over or within the past five years. Details of the directorships that are held and have been held in the past five years by any Director will also be made available to any subscriber or potential subscriber at the registered office of the Company.

<b>Name</b>	<b>Current directorships/partnerships</b>	<b>Past directorships/partnerships</b>
<b>Robin Monro-Davies</b>	Assured Guaranty Limited Assured Guaranty (UK) Limited BigissueInvest Company Limited HSBC Bank Middle East Limited RMD Forestry Developments Thomas Murray The Ukraine Opportunities Trust Plc	Fitch Ratings Limited Fitch IBCA Sovereign Ratings Limited Fitch France S.A. Pakistan Credit Rating Agency Fitch South Africa (Pty) Limited Fitch Singapore Pte Limited IBCA Insurance Ratings Limited Inter Arab Rating Company Maghreb Rating Fitch Inc. Fitch Information Inc Nile Rating Fimalac SA New Flag UK Holdings Limited Fitch Holdings A.G. Fitch Deutschland GmbH PeopleRisk Limited Binley Management Limited Core Ratings MergerMarket Limited Forbes CP Limited Binley Limited AXA Asia Pacific Holdings Lay Properties European Equity Tranche Income Limited North American Banks Fund Limited China Export Finance Blakeney Management AXA UK Plc HSBC Bank Plc AXA Tech
<b>Talmai Morgan</b>	Altius Associates GP Limited BH Global Limited BH Macro Limited DCG Iris Limited Global Fixed Income Realisation Limited John Laing Infrastructure Fund Limited Kieger (Guernsey) Limited Mont Hubert Limited Myrtle Grove Limited NB Private Equity Partners Limited NB PEP Holdings Limited NB PEP Investments Limited	Altius Select Europe (GP) Limited AnaCap Atlantic Co-Investment GP Limited AnaCap Debt Opportunities Limited AnaCap Derby Co-Investment GP Limited AnaCap FP Debt Opportunities GP Limited AnaCap FP GP Limited AnaCap FP GP II Limited Babson Capital Global Floating Rate Loan Fund Limited Bourse Trust Company Limited BRIX Global Investment Limited

<b>Name</b>	<b>Current directorships/partnerships</b>	<b>Past directorships/partnerships</b>
<b>Talmaj Morgan</b> <i>(continued)</i>	NB PEP Investments LP Limited Real Estate Credit Investments PCC Limited Sherborne Investors (Guernsey) A Limited (In Voluntary Liquidation) Sherborne Investors (Guernsey) B Limited Star Asia Finance, Limited The Finance Sector Non-Executive Directors Forum LBG Third Point Offshore Independent Voting Company Limited	Close European Accelerated Fund Limited EuroDekania Limited (In Voluntary Liquidation) European Investments (Guernsey) Limited European Investment Holdings (Guernsey) Limited Glebe Central Cross Limited Glebe London Limited Goldman Sachs Dynamic Opportunities Limited Mayven International Limited Mayven UK plc Peak Asia Properties Limited PSource Asian Recovery Limited Prodesse Investment Limited TCR1 Limited TCR2 Limited The Emotional Assets Fund 1 Limited Therium Holdings Limited Trebuchet Finance Limited
<b>John Hallam</b>	AEW UK South East Office Fund Limited Barclays Insurance Guernsey PCC Limited Baring Coller Secondaries Fund Limited Baring Coller Secondaries Fund II Limited BH Global Limited Bracken Partners Investments Channel Islands Limited Calabash House Limited Dexion Absolute Limited EFG Private Bank (Channel Islands) Limited Genesis Asset Managers LLP HICL Infrastructure Co Limited Investec Expert Investment Funds PCC Limited Investec Premier Funds PCC Limited Les Grandes Moulins Limited Motion Fund II (GP) Ltd NB PEP Holdings Limited NB PEP Investments Limited NB PEP Investments LP Limited NB Private Equity Partners Limited Olivant Limited Olivant Investments (No 1) Ltd Partners Group Global Opportunities Limited Partners Group Prime Yield sarl Ruffer Illiquid Strategies Fund of Funds 2009 Ltd Ruffer Illiquid Strategies Fund 2011 Ltd Sienna Investment Co Limited Sienna Investment Co 2 Limited Sienna Investment Co 3 Limited Sienna Investment Co 4 Limited Stapleford Insurance Co Limited	Anfre Insurance PCC (Guernsey) Limited BSkyB Guernsey Limited Cazenove Absolute Equity Limited Ciel Bleu Limited Cognetas European Fund (GP) Limited Develica Asia Pacific Limited Develica Asia Pacific Real Estate Fund (GP) Limited Develica Deutschland Limited Develica Equity Partners Limited Develica Germany (GP) Limited EFG Offshore Limited Emperor Marine Limited Genesis Administration Limited Genesis Emerging Markets Opportunities Fund Limited Genesis Emerging Markets Opportunities Fund Limited II Genesis Emerging Markets Opportunities Fund Limited III Genesis Taihei Investments LLC Harlequin Insurance PCC Limited IGA LP GP Ltd Investec Emerging Markets Currency Alpha Fund Limited Investec Global Energy Long Short Fund Limited M&G Recovery Investment Co Limited Mannequin Insurance PCC Limited NB PEP GP Limited New Star RBC Hedge 250 Index Exchange Traded Securities PCC Limited Prodesse Investment Ltd Septup Limited Standard Life Investments Property Income Trust Limited Standard Life Investments Property Holdings Limited Tapestry Investment Co PCC Limited

<b>Name</b>	<b>Current directorships/partnerships</b>	<b>Past directorships/partnerships</b>
<b>John Hallam</b> <i>(continued)</i>		Vision Opportunity China Fund Ltd Vision Opportunity China GP Limited Weightman Vizards Insurance Limited
<b>Christopher Sherwell</b>	Burnaby Insurance (Guernsey) Limited Schroder Oriental Income Fund Limited F&C UK Real Estate Investments Limited (formerly known as IRP Property Investment Limited) F&C UK Real Estate Finance Limited IRP Holdings Limited IPT Property Holdings Limited The Prospect Japan Fund Limited Strategic Investment Portfolio GP Limited SIP (Holdings) Limited SIP (Investments) Limited GN3 SIP GP Limited GN3 SIP Limited FTS SIP GP Limited WDCRK SIP GP Limited Rufford & Ralston PCC Limited NB Private Equity Partners Limited NB PEP Investments Limited NB PEP Holdings Limited NB PEP Investments LP Limited Raven Russia Limited Baker Steel Resources Trust Limited Renshaw Bay Limited	Corazon Capital Group Limited Mid Europa III Management Limited EMP Europe (CI) Limited JP Morgan Progressive Multi-Strategy Fund Limited New Star RBC Hedge 250 Index Exchange Traded Securities PCC Ltd Hermes Absolute Return Fund (Guernsey) Limited NB PEP GP Limited Alternative Asset Opportunities PCC Limited Henderson Global Property Companies (Luxembourg) Sarl Ciel Bleu Limited Ugbrooke Properties Limited BSkyB Guernsey Limited Consulta (Channel Islands) Limited Consulta Alternative Strategy Fund PCC Ltd Consulta Capital Fund PCC Limited Consulta Collateral Fund PCC Limited Consulta High Yield Fund PCC Limited Consulta Canadian Energy Fund Limited Dexion Equity Alternative Limited Hermes Alternative Investment Funds plc (formerly known as Hermes Commodities Umbrella Fund Limited) FF&P Alternative Strategy Income PCC Ltd DP Property Europe Limited Henderson Global Property Companies Limited Goldman Sachs Dynamic Opportunities Limited Prodesse Investment Limited Collins Stewart (CI) Limited (now known as Canaccord Genuity Wealth (International) Limited) Cayuga Global Macro Fund Limited The Clifford Estate Company Limited The Clifford Estate (Chattels) Limited Alternative Liquidity Solutions Limited Guernsey Community Foundation LBG
<b>Michael Holmberg</b>	None	Newberry Capital Management LLC
<b>Patrick Flynn</b>	None	Bush Industries Inc

- 3.12 Save as disclosed in paragraph 3.4 above, as at the date of this document, 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.
- 3.13 As detailed above, Mr Monro-Davies was a director of Binley Management Limited, which has now been dissolved via solvent voluntary liquidation.
- 3.14 As detailed above, Mr Sherwell was a director of BSKyB Guernsey Limited, Ciel Bleu Ltd, New Star RBCHedge 250 Index Exchange Traded Securities PCC Limited, Prodesse Investment Limited, Alternative Liquidity Solutions Limited, Cayuga Global Macro Fund Limited, Goldman Sachs

Dynamic Opportunities Limited, Consulta Alternative Strategy Fund PCC Ltd, Consulta Collateral Fund PCC Limited, Dexion Equity Alternative Limited, Consulta Capital Fund PCC Limited, JP Morgan Progressive Multi-Strategy Fund Limited and Hermes Absolute Return Fund (Guernsey) Limited. All of these entities have now been either dissolved via solvent voluntary liquidation or are currently in solvent voluntary liquidation.

- 3.15 As detailed above, Mr Hallam was a director of BSKyB Guernsey Limited, Cazenove Absolute Equity Limited, Ciel Bleu Limited, Develica Asia Pacific Limited, Develica Asia Pacific Real Estate Fund (GP) Limited, Develica Deutschland Limited, Develica Germany (GP) Limited, Genesis Administration Limited, Genesis Taihei Investments LLC, Investec Emerging Markets Currency Alpha Fund Limited, Investec Global Energy Long Short Fund Limited, M&G Recovery Investment Co Limited, New Star RBC Hedge 250 Index Exchange Traded Securities PCC Limited, Prodesse Investment Limited, Septup Limited, Tapestry Investment Co PCC Limited, Vision Opportunity China Fund Ltd, Vision Opportunity China GP Limited and Weightman Vizards Insurance Limited. All of these entities have now been either dissolved via solvent voluntary liquidation or are currently in solvent voluntary liquidation.
- 3.16 As detailed above, Mr Morgan was a director of Prodesse Investment Limited which was liquidated by means of the voluntary solvent liquidation process in June 2011. Also as detailed above, Mr Morgan was a director of Glebe Limited, TCR1 Limited and TCR2 Limited, each of which was liquidated by means of the voluntary solvent liquidation process in 2010.
- 3.17 At the date of this document:
- 3.17.1 none of the Directors has any convictions in relation to fraudulent offences for at least the previous five years;
- 3.17.2 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;
- 3.17.3 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
- 3.17.4 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 document.
- 3.18 The Company maintains directors' and officers' liability insurance on behalf of the Directors at the expense of the Company.
- 3.19 No members of the Administrator or the Investment Managers have any service contracts with the Company.

## 4. Taxation

### General

**The information below, which relates only to United Kingdom, United States and Guernsey taxation, summarises the advice received by the Board and is applicable to the Company 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 the United Kingdom, United States or Guernsey for taxation purposes and who hold New Global Shares as an investment. It is based on current United Kingdom and Guernsey revenue law and published practice, respectively, which law or practice is, in principle, subject to any subsequent changes therein (potentially with retrospective effect). Certain New Global Shareholders, such as dealers in securities, collective investment schemes, insurance companies and persons acquiring their New Global Shares in connection with their employment may be taxed differently and are not considered.**

### United Kingdom

#### (i) *The Company*

The Directors intend that the Company will be managed and controlled in such a way that it should not be resident in the United Kingdom for United Kingdom tax purposes. Accordingly, and

provided that the Company does not carry on a trade in the United Kingdom (whether or not through a branch, agency or permanent establishment situated there), the Company will not be subject to United Kingdom income tax or corporation tax other than on any United Kingdom sourced income.

(ii) ***Shareholders***

*UK Offshore Fund Rules*

Following receipt of non-statutory clearance from HM Revenue & Customs prior to the launch of the Company, and given that all income of the Company after deductions for reasonable expenses will be required to be paid to holders of the Shares, the Directors have been advised that the Company should not, and each separate class of Shares in the Company should not, be an offshore fund for the purposes of United Kingdom taxation and that the legislation contained in Part 8 of the Taxation (International and other Provisions) Act 2010 should not apply. Accordingly, Shareholders (other than those holding Shares as dealing stock, who are subject to separate rules) who are resident or ordinarily 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, may, depending on their circumstances and subject as mentioned below, be liable to United Kingdom tax on chargeable gains realised on the disposal of their Shares (which will include a redemption and on final liquidation of the Company).

*Tax on Chargeable Gains*

A disposal of Shares (which will include a redemption) by a Shareholder who is resident or, in the case of an individual, ordinarily resident in the United Kingdom for United Kingdom tax purposes or who are not so resident but carry on business in the United Kingdom through a branch, agency or permanent establishment with which their investment in the Company is connected may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains or capital gains, depending on the Shareholder's circumstances and subject to any available exemption or relief. For such individual Shareholders, capital gains tax at the rate of tax at 18 per cent. (for basic rate taxpayers) or 28 per cent. (for higher or additional rate taxpayers) will be payable on any gain and for Shareholders that are bodies corporate any gain will be within the charge to corporation tax. Individuals may benefit from certain reliefs and allowances (including a personal annual exemption allowance, which presently exempts the first £10,900 of gains from tax for tax year 2013-14) depending on their circumstances. Shareholders which are bodies corporate resident in the United Kingdom for taxation purposes will benefit from indexation allowance which, in general terms, increases the chargeable gains tax base cost of an asset in accordance with the rise in the retail prices index.

*Capital Distributions*

Although the Directors intend to return capital to Shareholders in such manner so that Shareholders who are ordinarily 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, may be liable to United Kingdom tax on chargeable gains on such capital distributions, they may, at their sole discretion, return capital to Shareholders by way of a dividend in circumstances where, in the opinion of the Directors, it would be reasonably practicable to do so.

*Dividends*

Individual Shareholders resident in the United Kingdom for tax purposes will be liable to UK income tax in respect of dividend or other income distributions of the Company. An individual Shareholder resident in the UK for tax purposes and in receipt of a dividend from the Company will, provided they own less than 10 per cent. of the Ordinary Shares, Extended Life Shares or New Global Shares in respect of which the dividend is paid, be entitled to claim a non-repayable dividend tax credit equal to one-ninth of the dividend received.

The effect of the dividend tax credit would be to extinguish any further tax liability for eligible basic rate taxpayers (who currently pay tax at the dividend ordinary rate of 10 per cent.). The effect for current eligible higher rate taxpayers (who pay tax at the current dividend upper rate of 32.5 per cent.) would be to reduce their effective tax rate to 25 per cent. of the cash dividend received.

The additional rate of income tax applies for United Kingdom resident individuals with income in excess of £150,000. Such individuals will pay 37.5 per cent. tax on dividends received (reduced to 30.56 per cent. for eligible taxpayers as a result of applying the tax credit).



Shareholders who are bodies corporate resident in the United Kingdom for tax purposes may be able to rely on the corporation tax provisions which exempts certain classes of dividends.

#### *Stamp duty and Stamp Duty Reserve Tax*

Provided that the Shares are not registered in any register kept in the United Kingdom by or on behalf of the Company and that 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*

The Ordinary Shares, the Extended Life Shares and the New Global Shares are eligible for inclusion in a stocks and shares ISA.

The annual ISA investment allowance is £11,520 for the tax year 2013-2014. Up to £5,760 of that allowance can be invested as cash with one provider. The remainder of the allowance can be invested in a stocks and shares ISA with either the same or another provider.

The Ordinary Shares, the Extended Life Shares and the New Global 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 United Kingdom Tax Considerations*

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 United Kingdom corporation tax in respect of their share of the Company's undistributed profits in accordance with the provisions of Part 9A of the Taxation (International and Other Provisions) Act 2010, relating to controlled foreign companies. These provisions only apply if the company is controlled by United Kingdom residents.

Individuals ordinarily resident in the United Kingdom should note that Chapter II of Part XVIII of the Income Tax Act 2007, which contains provisions for preventing avoidance of income tax by transactions resulting in the transfer of income to persons (including companies) abroad, may render them liable to taxation in respect of any undistributed income and profits of the Company. It should be noted that the Finance Act 2013 (the "**Finance Act**") amended these provisions in order to make the legislation compatible with EU law. The amendments contained in the Finance Act limit the scope of these provisions by adding a new exemption from the transfer of assets charge which operates where the EU treaty freedoms are engaged and focuses on whether the nature of a transaction is genuine and whether it serves the purpose of the freedoms.

The attention of Shareholders resident or ordinarily 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 who holds, alone or together with associated persons, more than 25 per cent. of the Shares. The Finance Act reduced the scope of the provision to persons who hold, alone or together with associated persons, more than 25 per cent of the shares in a company from more than 10 per cent previously. The Finance Act also expanded the categories of assets excluded from charge to include those used in genuine economic activity and also introduced a motive test.

#### **United States**

The following is a summary of certain aspects of the U.S. federal income taxation of the Company and its Shareholders that should be considered by a prospective investor. This summary is based on the U.S. federal income tax laws, regulations, administrative rulings and judicial decisions in effect or available on the date hereof. No assurance can be given that administrative, judicial or legislative changes will not occur that would make the statements herein incorrect or incomplete. This summary does not discuss all of the tax consequences that may be relevant to a particular investor or to certain investors subject to special treatment under the U.S. federal income tax laws. In addition, this summary does not address the U.S. federal income tax considerations applicable to an investment in the Company by persons other than non-resident alien individuals and foreign corporations. Each prospective investor should consult its own tax advisors regarding the U.S. federal income tax consequences of an investment in the Company.

\* \* \* \*

Any discussion of U.S. federal tax issues set forth in this document is written in connection with the promotion and marketing by the Company of the Shares. Such discussion is not intended or written to be

legal or tax advice to any person and is not intended or written to be used, and cannot be used, by any person for the purpose of avoiding any U.S. federal tax penalties that may be imposed on such person. Each investor should seek advice based on its particular circumstances from an independent tax advisor.

\* \* \* \*

### ***The Company***

The Company will be classified as a corporation for U.S. federal income tax purposes. As a foreign corporation, the Company generally will not be subject to U.S. federal income taxation on income or gain realised by it from trading and investment activities provided that the Company is not engaged in, or deemed to be engaged in, a U.S. trade or business to which such income or gain is treated as effectively connected. The Company should not be considered to be so engaged, so long as: (i) the Company is not considered a dealer in stocks, securities or commodities, and does not regularly offer to enter into, assume, offset, assign, or otherwise terminate positions in derivatives with customers; (ii) the Company's U.S. business activities (if any) consist solely of investing in and/or trading stocks or securities, commodities of a kind customarily dealt in on an organised commodity exchange (if the transaction is of a kind customarily consummated at such place) and derivatives for their own account; and (iii) any entity in which the Company invests that is classified as a disregarded entity or partnership for U.S. federal income tax purposes is not engaged in, or deemed to be engaged in, a U.S. trade or business.

The Company may engage in certain activities that may be considered by the IRS to be a U.S. trade or business. If the Company were engaged in, or deemed to be engaged in, a U.S. trade or business in any year, the Company (but not any of the Shareholders) would be required to file a U.S. federal income tax return for such year and pay tax on its income and gain that is effectively connected with such U.S. trade or business at U.S. corporate tax rates. In addition, the Company generally would be required to pay a branch profits tax equal to 30 per cent. of the earnings and profits of such U.S. trade or business that are not reinvested therein.

Gain from the disposition of stock or securities that are treated as United States real property interests under the "FIRPTA" rules may be subject to direct U.S. federal income taxation. In such event, the gross proceeds of any sale of such stock or securities may also be subject to withholding at a 10 per cent. rate. Withholding of part of the proceeds of the sale of a United States real property interest is not an additional tax; any amounts so withheld may be credited against the Company's U.S. federal income tax liability or refunded if such amounts exceed the Company's tax liability.

The Company also will be subject to a 30 per cent. U.S. withholding tax on the gross amount of: (i) any U.S. source interest income that falls outside the portfolio interest exception or other available exception to withholding tax; (ii) any U.S. source dividend income or dividend equivalent payments; and (iii) any other U.S. source fixed or determinable annual or periodical gains, profits, or income, in each case to the extent such amounts are not effectively connected with a U.S. trade or business. For these purposes, interest will generally qualify for the portfolio interest exception if it is paid on an obligation issued after July 18, 1984 that: (i) is in registered form, provided that the Company provide certain required certifications; or (ii) was issued on or before March 18, 2012 and meets certain requirements as a foreign-targeted obligation for U.S. federal income tax purposes. In addition, interest on an obligation will not qualify for the portfolio interest exception if the Company is considered a 10-percent shareholder of the issuer of the obligation: (i) the Company is a controlled foreign corporation and is considered to be a related person with respect to the issuer of the obligation; or (ii) such interest is determined by reference to certain financial information of the issuer of the obligation (e.g., the issuer's receipts, sales, income or profits) or is otherwise considered to be contingent interest.

### ***Non-U.S. Shareholders***

Shareholders that are non-resident alien individuals or foreign corporations generally should not be subject to U.S. federal income taxation on gain realised from the sale, exchange, or redemption of Shares held as a capital asset unless such gain is otherwise effectively connected with a U.S. trade or business or, in the case of a non-resident alien individual, such individual is present in the United States for 183 days or more during a taxable year and certain other conditions are met.

### ***Compliance with U.S. Withholding Requirements***

The HIRE Act provides that a 30 per cent. withholding tax will be imposed on certain payments of U.S. source income and certain payments of proceeds from the sale of property that could give rise to U.S. source interest or dividends unless the Company enters into an agreement with the IRS to disclose the name, address and taxpayer identification number of certain U.S. persons that own, directly or indirectly,

an interest in the Company, as well as certain other information relating to such interest. The IRS has released regulations and other guidance that provide for the phased implementation of the foregoing withholding and reporting requirements. On December 13, 2013, the U.S. Treasury signed the Model 1 IGA with Guernsey. The Model 1 IGA modifies the foregoing requirements but generally requires similar information to be disclosed to the Guernsey government and ultimately to the IRS. The Company will attempt to satisfy any obligations imposed on it to avoid the imposition of this withholding tax.

The Company's ability to satisfy its obligations under the HIRE Act will depend on each Shareholder providing the Company with any information, including information concerning the direct or indirect owners of such Shareholder, that the Company determines is necessary to satisfy such obligations. If the Company fails to satisfy such obligations or if a Shareholder fails to provide the Company with the necessary information, payments of U.S. source income and payments of proceeds from the sale of property described in the previous paragraph will generally be subject to a 30 per cent. withholding tax. Shareholders are encouraged to consult with their own tax advisors concerning the foregoing matters.

## **Guernsey**

### ***The Company***

The Company has applied for and has been granted exemption from liability to income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 by the Director of Income Tax in Guernsey for the current year. Exemption must be applied for annually and will be granted, subject to the payment of an annual fee which is currently fixed at £600 and provided the Company qualifies under the applicable legislation for exemption. It is the intention of the Directors to conduct the affairs of the Company so as to ensure that it continues to qualify for exempt company status for the purposes of Guernsey taxation.

As an exempt company, the Company is and will be treated as if it were not resident in Guernsey for the purposes of liability to Guernsey income tax. Under current law and practice in Guernsey, the Company will only be liable to tax in Guernsey in respect of income arising or accruing in Guernsey, other than from a relevant bank deposit. It is anticipated that no income other than from a relevant bank deposit will arise in Guernsey and therefore the Company will not incur any additional liability to Guernsey tax. In the absence of exempt status, the Company would be treated as resident in Guernsey for Guernsey tax purposes and would be subject to the standard company rate of tax, currently zero per cent.

Guernsey currently does not levy taxes upon capital inheritances, capital gains gifts, sales or turnover (unless the varying of investments and the turning of such investments to account is a business or part of a business), nor are there any estate duties (save for registration fees and ad valorem duty for a Guernsey Grant of Representation where the deceased dies leaving assets in Guernsey which require presentation of such a Grant).

No stamp duty is chargeable in Guernsey on the issue, transfer or redemption of Shares in the Company.

### ***The Shareholders***

Provided the Company maintains its exempt status, Shareholders who are resident for tax purposes in Guernsey (which includes Alderney and Herm for these purposes) will suffer no deduction of tax by the Company from any dividends payable by the Company but the Administrator will provide details of distributions made to Guernsey resident Shareholders to the Director of Income Tax in Guernsey, including the names and addresses of the Guernsey resident Shareholders, the gross amount of any distribution paid and the date of the payment. The Director of Income Tax can require the Company to provide the name and address of every Guernsey resident who, on a specified date, has a beneficial interest in Shares, with details of the interest. Shareholders resident outside Guernsey will not be subject to any tax in Guernsey in respect of distributions paid in relation to any Shares owned by them nor on the redemption or disposal of their holding of Shares in the Company.

### ***EU Savings Directive***

Although not a Member State of the European Union, Guernsey, in common with certain other jurisdictions, entered into bilateral agreements with EU Member States on the taxation of savings income. From 1 July 2011 paying agents in Guernsey must automatically report to the Director of Income Tax in Guernsey any interest payment to individuals resident in the contracting EU Member States which falls within the scope of the EU Savings Directive (2003/48/EC) (the "**EU Savings Directive**") as applied in Guernsey. However, whilst such interest payments may include distributions from the proceeds of shares or units in certain collective investment schemes which are, or are equivalent to, UCITS, in accordance with EC Directive 85/611/EEC (as recast by EC Directive 2009/65/EC (recast)) and guidance notes issued by the

States of Guernsey on the implementation of the bilateral agreements, the Company should not be regarded as, or as equivalent to, a UCITS. Accordingly, any payments made by the Company to Shareholders will not be subject to reporting obligations pursuant to the agreements between Guernsey and EU Member States to implement the EU Savings Directive in Guernsey.

The European Commission is currently reviewing the scope and operation of the EU Savings Directive. Any review will affect EU Member States. Guernsey, along with other dependent and associated territories, will consider the effect of any proposed changes to the EU Savings Directive in the context of existing bilateral treaties and domestic law, once the outcome of that review is known. If changes are implemented, the position of Shareholders of the Company in relation to the EU Savings Directive may be different to that set out above.

### ***HIRE Act***

As mentioned above, the Company and/or interests in the Company could be subject to the application of the HIRE Act.

On 13 December 2013 the Chief Minister of Guernsey signed an intergovernmental agreement with the US (“US-Guernsey IGA”) regarding the implementation of the HIRE Act, under which certain disclosure requirements will be imposed in respect of certain investors in the Company who are residents or citizens of the US. The US-Guernsey IGA will be implemented through Guernsey’s domestic legislation, in accordance with regulations and guidance yet to be published. Accordingly, the full impact of the US-Guernsey IGA on the Company and the Company’s reporting responsibilities pursuant to the US-Guernsey IGA as implemented in Guernsey is currently uncertain.

On 22 October 2013 the Chief Minister of Guernsey signed an intergovernmental agreement with the UK (“UK-Guernsey IGA”) under which certain disclosure requirements will be imposed in respect of certain investors in the Company who are resident in the UK. The UK-Guernsey IGA will be implemented through Guernsey’s domestic legislation, in accordance with regulations and guidance yet to be published. Accordingly, the full impact of the UK-Guernsey IGA on the Company and the Company’s reporting responsibilities pursuant to the UK-Guernsey IGA as implemented in Guernsey is currently uncertain.

### ***Request for Information***

The Company reserves the right to request from any investor or potential investor such information as the Company deems necessary to comply with the HIRE Act, any FFI Agreement from time to time in force, or any obligation arising under the implementation of any applicable intergovernmental agreement, including the US-Guernsey IGA and the UK-Guernsey IGA.

## **5. Memorandum and Articles**

Conditional upon the Resolutions at the Class Meetings being passed, the Articles adopted on 28 January 2014 contain the provisions below.

### **5.1 Objects**

The Memorandum does not restrict the objects of the Company and is available for inspection at the registered office of the Company as stated in paragraph 9.1 below.

### **5.2 Class Fund**

The Directors shall establish a class fund (a “**Class Fund**”) for each class of Shares (unless they determine it appropriate to group one or more classes of Shares together for such purpose) and designate each such Class Fund created in such manner as they think fit and shall maintain all the assets, income, earnings, liabilities, expenses and costs of each such Class Fund segregated and separate from all other assets, income, earnings, liabilities, expenses and costs of the Company and any other Class Fund.

### **5.3 Rights as to Income**

5.3.1 The Ordinary Shares shall carry the right to receive all income from the Company’s portfolio attributable to the Ordinary Shares (as determined by the Directors in accordance with paragraph 5.2).

5.3.2 The Extended Life Shares shall carry the right to receive all income from the Company’s portfolio attributable to the Extended Life Shares (as determined by the Directors in accordance with paragraph 5.2).

- 5.3.3 The New Global Shares shall carry the right to receive all income from the Company's portfolio attributable to the New Global Shares (as determined by the Directors in accordance with paragraph 5.2).
- 5.3.4 The Class A Shares carry a right to receive a fixed non-cumulative annual dividend of 0.000001 pence provided if such amount payable is less than £5.00 it will be paid to a charity designated by the Directors.
- 5.3.5 The Capital Distribution Shares carry a right to receive a fixed non-cumulative annual dividend of 0.000001 pence provided if such amount payable is less than £5.00 it will be paid to a charity designated by the Directors.

#### 5.4 **Return of Capital and Winding-Up**

5.4.1 As to a return of capital or a winding-up of the Company (other than by way of a repurchase or redemption of Ordinary Shares, Extended Life Shares or New Global Shares in accordance with the provisions of the Articles and the Companies Law or a capital distribution as described in paragraph 5.4.3(A)):

- (A) first, there shall be paid to the Class A Shareholders the nominal amount paid up on their Class A Shares;
- (B) second, there shall be paid to the holder of Capital Distribution Shares an amount equal to the amount paid up on their Capital Distribution Shares; and
- (C) third, there shall be paid to: (i) the Ordinary Shareholders the surplus assets of the Company attributable to the Ordinary Shares available for distribution; (ii) the Extended Life Shareholders the surplus assets of the Company attributable to the Extended Life Shares available for distribution; and (iii) the New Global Shareholders the surplus assets of the Company attributable to the New Global Shares available for distribution,

in each case as determined by the Directors in accordance with paragraph 5.2.

5.4.2 The manner in which distributions of Capital Proceeds and/or capital profits (in respect of Extended Life Shares) shall be effected shall, subject to compliance with the Companies Law, be determined by the Directors in their absolute discretion and, once determined, shall be notified to Ordinary Shareholders, Extended Life Shareholders and New Global Shareholders (as appropriate) by way of a RIS announcement.

5.4.3 Without restricting the discretion of the Directors described in paragraph 5.4.2, the Directors may effect distributions of Capital Proceeds by:

- (A) issuing Capital Distribution Shares to Ordinary Shareholders *pro rata* to their holdings of Ordinary Shares, to Extended Life Shareholders *pro rata* to their holdings of Extended Life Shares or to New Global Shareholders *pro rata* to their holdings of New Global Shares (as appropriate) (such Capital Distribution Shares to be fully paid-up out of a reserve created by the Directors to which Capital Proceeds are credited), which shall be compulsorily redeemed, and the redemption proceeds (being equal to the amount paid-up on such shares) paid to the holders of such Capital Distribution Shares, on such terms and in such manner as the Directors may determine; or
- (B) by compulsorily redeeming a proportion of each Ordinary Shareholder's holding of Ordinary Shares, each Extended Life Shareholder's holding of Extended Life Shares or each New Global Shareholder's holding of New Global Shares (as appropriate) and paying the redemption proceeds to Ordinary Shareholders, to Extended Life Shareholders or to New Global Shareholders (as relevant) on such terms and in such manner as the Directors may determine; or
- (C) in such other manner as may be lawful.

#### 5.5 **Voting**

##### **General**

5.5.1 Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to any Shares, holders of Shares shall have the right to receive notice of and to attend and vote at general meetings of the Company.

- 5.5.2 Each Shareholder being present in person or by proxy or by attorney 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 holder present in person or by proxy or by a duly authorised representative (if a corporation) shall have one vote in respect of each Share held by him.
- 5.5.3 Class A Shares shall carry the right to receive notice of general meetings of the Company but shall only have the right to attend and vote at general meetings of the Company when there are no Shares of the Company in issue.
- 5.5.4 The holders of Capital Distribution Shares shall not have the right to receive notice of or to attend or vote at any general meeting of the Company.

***Class rights of the Ordinary Shareholders***

- 5.5.5 The Company shall not (for so long as there are Ordinary Shares in issue), without the prior approval of the Ordinary Shareholders by ordinary resolution passed at a separate general meeting of Ordinary Shareholders, take any action to:
- (A) pass a resolution for the voluntary liquidation or winding-up of the Company; or
  - (B) change the rights conferred upon any shares in the Company in a manner adverse to the Ordinary Shareholders;
  - (C) amend the Articles in a manner adverse to the Ordinary Shareholders; or
  - (D) make any material amendment to the investment policy applicable to the Ordinary Shares of the Company as set out in the Conversion Prospectus.
- 5.5.6 In addition to the rights described in paragraph 5.5.5 above, the Company shall not (for so long as there are Ordinary Shares in issue), without the approval of an ordinary resolution of the Ordinary Shareholders passed at a separate general meeting of the Ordinary Shareholders and, in the case of (C) below, the approval of a majority of the Independent Directors:
- (A) merge, consolidate, or sell substantially all of its assets;
  - (B) change the domicile of the Company;
  - (C) terminate the Investment Management Agreement;
  - (D) materially adversely (to the Company and/or the Ordinary Shares) amend, restate, supplement or otherwise modify the terms of the Investment Management Agreement;
  - (E) enter into any transaction or transactions involving the Investment Manager or any Affiliate of the Investment Manager (other than the making of a co-investment alongside the Investment Manager or an Investment Manager-managed fund or a funding or a contribution of capital pursuant to a transaction that has previously received approval pursuant to this paragraph 5.5.6), including giving any consents required under the U.S. Investment Advisers Act of 1940, as amended (including revoking consents to any “agency cross transactions” thereunder), having an aggregate value exceeding 5 per cent. of the Company’s most recently reported NAV; or
  - (F) issue Shares of any class other than Ordinary Shares, Extended Life Shares, New Global Shares or Capital Distribution Shares.
- 5.5.7 In addition to the rights described in paragraphs 5.5.5 and 5.5.6 above, the Directors shall not allot and issue (with or without conferring rights of renunciation), grant options over, offer or otherwise dispose of any Ordinary Shares at a consideration per Ordinary Share which is less than the NAV per Ordinary Share unless:
- (A) approved by the Ordinary Shareholders by ordinary resolution; or
  - (B) the Independent Directors (or a duly appointed committee of them) determine that the relevant action is in the best interests of the Company and for the purposes of:
    - (1) raising additional capital to fund any capital commitment of the Company attributable to the Ordinary Shares;

- (2) repaying any outstanding indebtedness of the Company attributable to the Ordinary Shares; or
- (3) any other comparable purpose.

***Class rights of the Extended Life Shareholders***

5.5.8 The Company shall not (for so long as there are Extended Life Shares in issue), without the prior approval of the Extended Life Shareholders by ordinary resolution passed at a separate general meeting of the Extended Life Shareholders, take any action to:

- (A) pass a resolution for the voluntary liquidation or winding-up of the Company;
- (B) change the rights conferred upon any shares in the Company in a manner adverse to the Extended Life Shareholders;
- (C) amend the Articles in a manner adverse to the Extended Life Shareholders; or
- (D) make any material amendment to the investment policy applicable to the Extended Life Shares of the Company as set out in the Conversion Prospectus.

***Other matters requiring approval of the Extended Life Shareholders***

5.5.9 In addition to the rights described in paragraph 5.5.8 above, the Company shall not (for so long as there are Extended Life Shares in issue), without the approval of an ordinary resolution of the Extended Life Shareholders passed at a separate general meeting of the Extended Life Shareholders and, in the case of (C) below, the approval of a majority of the Independent Directors:

- (A) merge, consolidate, or sell substantially all of its assets;
- (B) change the domicile of the Company;
- (C) terminate the Investment Management Agreement;
- (D) materially adversely (to the Company and/or the Extended Life Shares) amend, restate, supplement or otherwise modify the terms of the Investment Management Agreement;
- (E) enter into any transaction or transactions involving the Investment Manager or any Affiliate of the Investment Manager (other than the making of a co-investment alongside the Investment Manager or an Investment Manager-managed fund or a funding or a contribution of capital pursuant to a transaction that has previously received approval pursuant to this paragraph 5.5.9), including giving any consents required under the U.S. Investment Advisers Act of 1940, as amended (including revoking consents to any “agency cross transactions” thereunder), having an aggregate value exceeding 5 per cent. of the Company’s most recently reported NAV; or
- (F) issue Shares of any class other than Ordinary Shares, Extended Life Shares, New Global Shares or Capital Distribution Shares.

5.5.10 In addition to the rights described in paragraphs 5.5.8 and 5.5.9 above, the Directors shall not grant options over, offer or otherwise dispose of any Extended Life Shares at a consideration per Extended Life Share which is less than the NAV per Extended Life Share unless:

- (A) otherwise approved by the Extended Life Shareholders by ordinary resolution; or
- (B) the Independent Directors (or a duly appointed committee of them) determine that the relevant action is in the best interests of the Company and for the purposes of:
  - (i) raising additional capital to fund any capital commitment of the Company attributable to the Extended Life Shares;
  - (ii) repaying any outstanding indebtedness of the Company attributable to the Extended Life Shares; or
  - (iii) any other comparable purpose.

***Class rights of the New Global Shareholders***

5.5.11 The Company shall not (for so long as there are New Global Shares in issue), without the prior approval of the New Global Shareholders by ordinary resolution passed at a separate general meeting of the New Global Shareholders, take any action to:

- (A) pass a resolution for the voluntary liquidation or winding-up of the Company;
- (B) change the rights conferred upon any shares in the Company in a manner adverse to the New Global Shareholders;
- (C) amend the Articles in a manner adverse to the New Global Shareholders; or
- (D) make any material amendment to the investment policy applicable to the New Global Shares of the Company as set out in this document.

***Other matters requiring approval of the New Global Shareholders***

5.5.12 In addition to the rights described in paragraph 5.5.11 above, the Company shall not (for so long as there are New Global Shares in issue), without the approval of an ordinary resolution of the New Global Shareholders passed at a separate general meeting of the New Global Shareholders and, in the case of (C) below, the approval of a majority of the Independent Directors:

- (A) merge, consolidate, or sell substantially all of its assets;
- (B) change the domicile of the Company;
- (C) terminate the Investment Management Agreement;
- (D) materially adversely (to the Company and/or the New Global Shares) amend, restate, supplement or otherwise modify the terms of the Investment Management Agreement;
- (E) enter into any transaction or transactions involving the Investment Manager or any Affiliate of the Investment Manager (other than the making of a co-investment alongside the Investment Manager or an Investment Manager-managed fund or a funding or a contribution of capital pursuant to a transaction that has previously received approval pursuant to this paragraph 5.5.12), including giving any consents required under the U.S. Investment Advisers Act of 1940, as amended (including revoking consents to any “agency cross transactions” thereunder), having an aggregate value exceeding 5 per cent. of the Company’s most recently reported NAV; or
- (F) issue Shares of any class other than Ordinary Shares, Extended Life Shares, New Global Shares or Capital Distribution Shares.

5.5.13 In addition to the rights described in paragraphs 5.5.11 and 5.5.12 above, the Directors shall not grant options over, offer or otherwise dispose of any New Global Shares at a consideration per New Global Share which is less than the NAV per New Global Share unless:

- (A) otherwise approved by the New Global Shareholders by ordinary resolution; or
- (B) the Independent Directors (or a duly appointed committee of them) determine that the relevant action is in the best interests of the Company and for the purposes of:
  - (i) raising additional capital to fund any capital commitment of the Company attributable to the New Global Shares;
  - (ii) repaying any outstanding indebtedness of the Company attributable to the New Global Shares; or
  - (iii) any other comparable purpose.

5.5.14 Each Shareholder present in person, by proxy or by a duly authorised representative (if a corporation) at a separate general meeting of the relevant class shall upon a show of hands have one vote and upon a poll every such holder present in person or by proxy or by a duly authorised representative (if a corporation) shall have one vote in respect of each Ordinary Share, Extended Life Share or New Global Share (as relevant) held by him.

**5.6 General meetings**

5.6.1 The annual general meeting of the Company shall be held once in every calendar year (provided not more than fifteen months have elapsed since the last such meeting) in Guernsey or such other place and at such time as the Directors may determine. An annual general meeting may also be convened in default by the Shareholders in the same manner as nearly as possible as that in which annual general meetings are to be convened by Directors.



- 5.6.2 Notices convening the annual general meeting in each year at which the audited financial statements of the Company will be presented (together with the Directors' report and accounts of the Company) will be sent to Shareholders not later than 21 clear days before the date fixed for the meeting.
- 5.6.3 Other general meetings may be convened by 21 clear days notice by the Directors from time to time by sending notices to the Shareholders at their registered addresses or may be requisitioned by Shareholders holding more than one-tenth of the voting rights at such general meeting or, if the Directors shall fail upon such requisition to convene the meeting requisitioned with ten days (counting the day on which the request is made) then such meeting may be convened by the requisitionists in such manner as provided by the Companies Law.

## 5.7 **Borrowing**

The directors may exercise all powers of the Company to borrow money and give guarantees, hypothecate, mortgage, charge or pledge all or part of the Company's assets, property or undertaking and uncalled capital, or any part thereof, and, subject to compliance with the Memorandum and Articles, to issue securities whether outright or as security for any debt, liability or obligation of the Company or any third party.

## 5.8 **Transfer of Shares**

### *Transfer of uncertificated Shares*

- 5.8.1 Subject to any restrictions on transfers described under this paragraph 5.8 and as set out in the Articles, any Shareholder may transfer all or any of his uncertificated Shares by means of a relevant transfer, settlement and clearing system ("**Uncertificated System**") authorised by the Board in such manner provided for, and subject as provided, in any regulations issued for this purpose under the laws of Guernsey or such as may otherwise from time to time be adopted by the Board on behalf of the Company and the rules of any Uncertificated System and accordingly no provision of the Articles shall apply in respect of an uncertificated Share to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or the production of a certificate for the Shares to be transferred.

### *Transfer of certificated Shares*

- 5.8.2 Any Shareholder may transfer all or any portion of his certificated Shares by an instrument of transfer in any usual form, or in any other form which the Board may approve, signed by or on behalf of the transferor and, unless the Share is fully paid, by or on behalf of the transferee.

### *Registration of transfer*

- 5.8.3 The Directors may, subject to the Articles, refuse to register a transfer of Shares unless:
- (A) it is in respect of only one class of Shares;
  - (B) it is in favour of a single transferee or not more than four joint transferees; and
  - (C) it is delivered for registration to the registered office of the Company or such other place as the Board may decide, accompanied by the certificate for the Shares to which it relates and such other evidence of title as the Board may reasonably require.
- 5.8.4 The Directors may, in their absolute discretion, decline to transfer, convert or register any transfer of Shares to any person: (i) whose ownership of Shares may cause the Company's assets to be deemed "plan assets" for the purposes of ERISA or the U.S. Tax Code; (ii) whose ownership of Shares 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 US Investment Company Act); (iii) whose ownership of Shares may cause the Company to register under the U.S. Exchange Act or any similar legislation; (iv) whose ownership of Shares may cause the Company not being considered a "Foreign Private issuer" as such term is defined in rule 3b-4(c) under the U.S. Exchange Act; (v) whose ownership 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; (vi) whose ownership of Shares may cause the Company to be a "controlled foreign corporation" for the purposes of the U.S. Tax Code, or may cause the Company to suffer any

pecuniary disadvantage (including any excise tax, penalties or liabilities under ERISA or the U.S. Tax Code); and (vii) whose ownership of Shares may cause the Company to be required to comply with any registration or filing requirements in any jurisdiction with which the Company would not otherwise be required to comply (each person described in (i) through (vii) above, a “**Non-Qualified Person**”), and in each of the cases described in (i) through (vii) above, only to the extent permitted under the Regulations and the rules of an “Authorised Operator” (for the purposes of the Regulations (the “**Rules**”).

- 5.8.5 If it shall come to the notice of the Directors that any Shares are owned directly or indirectly, or beneficially by a Non-Qualified Person, the Directors may give notice to such person requiring him either:
- (A) to provide the Directors within thirty days of receipt of such notice with sufficient satisfactory documentary evidence to satisfy the Directors that such person is a Qualified Person; or
  - (B) to sell or transfer his Shares to a Qualified Person within thirty days and within such thirty days to provide the Directors with satisfactory evidence of such sale or transfer. Pending such transfer, the Directors may suspend the exercise of any voting or consent rights and rights to receive notice of, or attend a, meeting and any rights to receive dividends or other distributions with respect to such Shares.
- 5.8.6 If any person upon whom such a notice is served pursuant to paragraph 5.8.5 does not within thirty days after such notice transfer his shares to a Qualified Person or establish to the satisfaction of the Directors (whose judgment shall be final and binding) that he is a Qualified Person, he shall be deemed upon the expiration of such thirty days to have forfeited his Shares and the Directors shall be empowered at their discretion to follow the procedure provided for in the Articles with respect to forfeited Shares. If, notwithstanding the foregoing, a purported acquisition or holding of Shares is not treated as void and of no force and effect for any reason such Shares will automatically be sold by the Directors in the open market and the net proceeds remitted to the record holder or, if so determined by the Directors in their sole discretion that such sale is for any reason impracticable, transferred to a charitable trust for the benefit of a charitable beneficiary, and the purported holder will acquire no rights under the Articles or the Memorandum in such securities. A person who becomes aware that he is a Non-Qualified Person, shall forthwith notify the Company in writing.
- 5.8.7 To give effect to any sale of Shares pursuant to paragraph 5.8.6, the Member in question shall execute such powers of attorney or other documents or authorisations as are required so that the transfer will be effective as if it has been executed by the holder of or person entitled by transmission to, the Shares.
- 5.8.8 Following the recognition of Euroclear as an “operator of a computerised settlement system” for the purposes of the Regulations, Guernsey securities (which includes for these purposes the Company’s Ordinary Shares and Extended Life Shares) are now admitted to CREST, and can be held and transferred in CREST, pursuant to the Regulations and the Rules. CREST Rule 8 has therefore been deleted from the CREST Manual. Guernsey securities (which includes for these purposes the Company’s Ordinary Shares and Extended Life Shares) that were admitted as participating securities pursuant to CREST Rule 8 before 30 August 2013 are treated as securities admitted pursuant to the Regulations and any holding of such securities in CREST is a holding for the purposes of the Regulations.

## 5.9 **Board Structure, Practices and Committees**

- 5.9.1 The structure, practices and committees of the Board, including matters relating to the size, independence and composition of the Board, the election and removal of Directors, requirements relating to Board action, the powers delegated to Board committees and the appointment of executive officers, are governed by the Articles. The following is a summary of certain provisions of the Articles that affect the Company’s corporate governance.

### *Size, Independence and Composition of the Board*

- 5.9.2 The Board may consist of between five and nine Directors or such other number of Directors as may be determined from time to time by a resolution of the Shareholders who are entitled to vote at any general meeting. The Investment Manager is entitled to nominate up to two Directors for appointment to the Board. At least a majority of the Directors

holding office must be independent of the Investment Manager and its affiliates using the standards for independence determined by the Board from time to time. If the death, resignation or removal of an Independent Director results in the Independent Directors constituting less than a majority of all Directors, the vacancy must be filled promptly. Pending the filling of such vacancy, the Board may temporarily consist of less than a majority of Independent Directors and those Directors not independent of the Investment Manager and its affiliates may continue to hold office, provided that in such circumstances the Independent Directors shall have one more vote than the non-Independent Directors. In addition, the Articles prohibit the Board from consisting of a majority of Directors who are United Kingdom residents or a majority of Directors who are citizens or residents of the United States.

- 5.9.3 The Board has the power to establish new committees of the Board from time to time.
- 5.9.4 At each annual general meeting, one-third of the Directors will stand for re-election. Vacancies on the Board may be filled and additional Directors may be added by a resolution of the Shareholders, provided that the appointment of any new Director satisfies certain eligibility requirements. Those eligibility requirements generally provide, among other things, that the Shareholders may not nominate a person for election to the Board unless they comply with certain advance notice requirements.
- 5.9.5 A Director may be removed from office for any reason by the Board requesting resignation signed by all other Directors then holding office or by a resolution duly passed by the Shareholders who are entitled to vote at any general meeting of the Company. A Director will be automatically removed from the Board if he or she becomes bankrupt, insolvent or suspends payments to his or her creditors, if he or she becomes a resident of the United Kingdom or a citizen or resident of the United States and such residency or citizenship results in the majority of the Board being citizens or residents of the United States or if he or she becomes prohibited by law from acting as a Director. The Articles do not require that a Director shall retire on account of attaining a specific age.

***Transactions in which a Director has an interest***

- 5.9.6 Provided that each Director has disclosed his respective interests in accordance with the Companies Law a Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company unless the Company otherwise directs.
- 5.9.7 Provided that the Board authorises the transaction in good faith after the Director's interest has been disclosed or the transaction is fair to the Company at the time it is approved, a Director or intending Director shall not be disqualified by his office from entering into a contract or arrangement with the Company, either as vendor, purchaser, lessor, lessee, mortgagor, mortgagee, manager, agent, broker or otherwise, and no such contract or arrangement or any contract or arrangement entered into by or on behalf of the Company, with any person, firm or company of or in which any Director shall be in any way interested shall be avoided, nor shall any person so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding the office of Director, or of the fiduciary relationship thereby established. Any Director, so contracting or being so interested as aforesaid, shall disclose at the Board meeting at which the contract or arrangement is determined upon the nature of his interest, if his interest then exists, or in any other case at the first Board meeting after the acquisition of his interest. A Director may not vote in respect of any contract or arrangement in which he is so interested as aforesaid. A Director may occupy any other office or place of profit in the Company (except that of auditor) or act in any professional capacity to the Company in conjunction with his office of Director, and on such terms as to remuneration and otherwise as the Directors shall approve.
- 5.9.8 The remuneration of the Directors shall from time to time be determined by the Company by ordinary resolution.

## 5.10 Dividends

- 5.10.1 The Directors may from time to time authorise the payment of dividends and other distributions to be paid to the members in accordance with the procedure set out in the Companies Law. The declaration of the Directors as to the amount available for distribution to the members shall be final and conclusive.
- 5.10.2 No dividend or other amount payable on or in respect of a Share shall bear interest against the Company. All dividends unclaimed for one year after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. Any dividend which has remained unclaimed for a period of 12 years from the date of declaration thereof shall, if the Directors so resolve, be forfeited and cease to remain owing by the Company and shall thenceforth belong to the Company absolutely.

## 5.11 Untraceable Members

- 5.11.1 The Company shall be entitled to sell at the best price reasonably obtainable the shares of a Shareholder or any shares to which a person is entitled by transmission on death or bankruptcy if and provided that:
- (A) for a period of 12 years no cheque or warrant sent by the Company through the post in a pre-paid letter addressed to the Member or to the person so entitled to the share at his address in the Company's register or otherwise the last known address given by the Member or the person entitled by transmission to which cheques and warrants are to be sent has been cashed and no communication has been received by the Company from the Shareholder or the person so entitled;
  - (B) the Company has at the expiration of the said period of 12 years by advertisement in a newspaper circulating in the area in which the address referred to in paragraph 5.11.1(A) above is located given notice of its intention to sell such shares;
  - (C) the Company has not during the period of three months after the date of the advertisement and prior to the exercise of the power of sale received any communication from the Shareholder or person so entitled; and
  - (D) if the shares are quoted on any stock exchange, the Company has given notice in writing to the quotations department of such stock exchange of its intention to sell such shares.
- 5.11.2 The Company shall also be entitled to sell at the best price reasonably obtainable at the time of sale any additional Certificated shares in the Company issued either in Certificated or Uncertificated form during the period of 12 years immediately preceding the date of publication of the advertisements referred to in paragraph 5.11.1(B) above in right of any share to which paragraph 5.11.1 applies (or in right of any share so issued), if the criteria in paragraph 5.11.1(A) to (D) are otherwise satisfied in relation to the additional shares.
- 5.11.3 To give effect to any such sale the Board may appoint any person to execute as transferor an instrument of transfer of the said shares and such instrument of transfer of the said shares shall be as effective as if it had been executed by the registered holder of, or person entitled by transmission to, such shares and the title of the purchaser or other transferee shall not be affected by any irregularity or invalidity in the proceedings relating thereto. The net proceeds of sale shall belong to the Company, which shall be obliged to account to the former Shareholder or other person previously entitled as aforesaid for an amount equal to such proceeds and shall enter the name of such former member or other person in the books of the Company as a creditor for such amount unless and until forfeited under this paragraph. No trust shall be created in respect of the debt, no interest shall be payable in respect of the same and the Company shall not be required to account for any money earned on the net proceeds, which may be employed in the business of the Company or invested in such investments (other than shares of the Company) as the Board may from time to time think fit. For the purpose of enforcing its powers under this paragraph and to the extent permissible under the Regulations and the Rules, the Board may require any relevant shares held in Uncertificated form to be changed into Certificated form. If no valid claim for the money has been received by the Company during a period of six years from the date on which the relevant shares were sold by the Company under this paragraph, the money will be forfeited and will belong to the Company.

## 6. 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 or any member of the Group since the incorporation of the Company and are, or may be, material or that contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document:

### **Investment Management Agreement**

6.1 The Company and the Investment Manager have entered into an investment management agreement, dated 5 May 2010 (as amended and restated on 17 June 2010, 4 March 2013 and 28 January 2014) (the “**Investment Management Agreement**”), pursuant to which the Investment Manager has been given overall responsibility for the discretionary management of the Company’s assets (including uninvested cash) in accordance with the Company’s investment objectives and policy. In order to provide for the management of the Class Fund attributable to the New Global Shares, the Investment Management Agreement will be amended and this paragraph, therefore, describes the Investment Management Agreement as it will be amended following the passing of the Resolutions.

#### *Fees*

- 6.1.1 The Investment Manager will be entitled to a Base Fee in respect of the Ordinary Shares and the Extended Life Shares, which shall accrue daily, and be payable monthly in arrears, at a rate of 0.125 per cent. per month of the NAV of the Ordinary Share Class Fund and the Extended Life Share Class Fund calculated as at the last business day of the relevant month. For this purpose, any accrual for any Performance Fee will be disregarded when calculating the relevant NAV.
- 6.1.2 The Investment Manager will be entitled to a Base Fee in respect of the New Global Shares, which shall accrue daily, and be payable monthly in arrears, at a rate of 0.125 per cent. per month of the NAV of the New Global Share Class Fund (excluding, until such time as the New Global Share Class is 85 per cent. invested, any cash balances (or cash equivalents)) calculated as at the last business day of the relevant month. For this purpose, any accrual for any Performance Fee will be disregarded when calculating the NAV.
- 6.1.3 If the Investment Manager receives any fees from a company as a result of an investment made by the Investment Manager under the Investment Management Agreement in such company, the amount of any such fees shall be deducted from the Base Fee.
- 6.1.4 In addition, the Investment Manager will be entitled to be paid a performance fee by the Company.

#### *Ordinary Share Performance Fee*

- 6.1.5 The Ordinary Share Performance Fee will only become payable once the Company has made aggregate cash distributions with respect to the Ordinary Shares (which shall include: (i) such proportion of the aggregate price of all Ordinary Shares repurchased or redeemed by the Company at any time prior to the Conversion as would be equal to the ratio of the Ordinary Shares to total Shares immediately following the Conversion; and (ii) the aggregate price of all Ordinary Shares repurchased or redeemed by the Company at any time following the Conversion) equal to (a) such proportion of the aggregate gross proceeds of issuing Ordinary Shares (whether pursuant to the IPO, Secondary Placing, the exercise of Subscription Rights or otherwise) immediately prior to the Conversion as would be equal to the ratio of Ordinary Shares to total Shares immediately following the Conversion plus (b) the aggregate gross proceeds of issuing Ordinary Shares following the Conversion ((a) and (b) together, the “**Ordinary Share Contributed Capital**”) plus (c) such amount as will result in the Company having distributed a realised (cash-paid) IRR in respect of the Ordinary Share Contributed Capital equal to the Ordinary Share Hurdle Rate (the “**Ordinary Share Initial Return**”). Following distribution by the Company of an amount with respect to the Ordinary Shares equal to the Ordinary Share Initial Return, there will be a 100 per cent. catch up to the Investment Manager until the Investment Manager has received 20 per cent. of all amounts in excess of Ordinary Share Contributed Capital distributed with respect to Ordinary Shares and paid to the Investment Manager as a performance fee. Thereafter, all amounts attributable to the Ordinary Shares which are distributed by the Company shall be split 20/80 per cent. between the Investment Manager’s performance fee and the cash distributions

to the Ordinary Shareholders respectively.. The Company shall not be obliged to pay the 100 per cent. catch-up but shall be prohibited, after the Ordinary Share Initial Return has been distributed, from making any distributions in respect of Ordinary Shares, repurchasing Ordinary Shares or redeeming Ordinary Shares unless and until the 100 per cent. catch-up has been paid.

- 6.1.6 The Extended Life Share Performance Fee will only become payable once the Company has made aggregate cash distributions with respect to the Extended Life Shares (which shall include: (i) such proportion of the aggregate price of all Ordinary Shares repurchased or redeemed by the Company at any time prior to the Conversion as would be equal to the ratio of Extended Life Shares to total Shares immediately following the Conversion; and (ii) the aggregate price of all Extended Life Shares repurchased or redeemed by the Company) equal to (a) such proportion of the aggregate gross proceeds of issuing all Ordinary Shares immediately prior to the Conversion (whether pursuant to the IPO, Secondary Placing, the exercise of Subscription Rights or otherwise) as would be equal to the ratio of Extended Life Shares to total Shares immediately following the Conversion; plus (b) the aggregate gross proceeds of issuing Extended Life Shares following the Conversion ((a) and (b) together, the “**Extended Life Share Contributed Capital**”) plus (c) such amount as will result in the Company having distributed a realised (cash-paid) IRR in respect of the Extended Life Share Contributed Capital equal to the Extended Life Share Hurdle Rate (the “**Extended Life Share Initial Return**”). Following distribution by the Company of an amount with respect to the Extended Life Shares equal to the Extended Life Share Initial Return, there will be a 100 per cent. catch up to the Investment Manager until the Investment Manager has received 20 per cent. of all amounts in excess of Extended Life Share Contributed Capital distributed with respect to Extended Life Shares and paid to the Investment Manager as a performance fee. Thereafter, all amounts attributable to the Extended Life Shares which are distributed by the Company shall be split 20/80 per cent. between the Investment Manager’s performance fee and the cash distributions to the Extended Life Shareholders respectively.. The Company shall not be obliged to pay the 100 per cent. catch-up but shall be prohibited, after the Extended Life Share Initial Return has been distributed, from making any distributions in respect of Extended Life Shares, repurchasing Extended Life Shares or redeeming Extended Life Shares unless and until the 100 per cent. catch-up has been paid.
- 6.1.7 The New Global Share Performance Fee will only become payable once the Company has made aggregate distributions in cash to New Global Shareholders (which shall include the aggregate price of all New Global Shares repurchased or redeemed by the Company) equal to the aggregate gross proceeds of issuing New Global Shares pursuant to the Issue (the “**New Global Share Contributed Capital**”) plus such amount as will result in the New Global Shareholders having received a realised (cash-paid) IRR in respect of the New Global Share Contributed Capital equal to the New Global Share Hurdle Rate (“**New Global Share Initial Return**”). Following the distribution by the Company of an amount equal to the New Global Share Initial Return there will be a 100 per cent. catch up to the Investment Manager until the Investment Manager has received 20 per cent. of all amounts in excess of New Global Share Contributed Capital distributed to New Global Shareholders and paid to the Investment Manager as a performance fee with. Thereafter, all amounts attributable to the New Global Shares which are distributed by the Company shall be split 20/80 per cent. between the Investment Manager’s performance fee and the cash distributions to the New Global Shareholders respectively. The Company shall not be obliged to pay the 100 per cent. catch-up but shall be prohibited, after the New Global Share Initial Return has been distributed, from making any distributions in respect of New Global Shares, repurchasing New Global Shares or redeeming New Global Shares unless and until the 100 per cent. catch-up has been paid.

#### **Termination**

- 6.1.8 The Investment Management Agreement is terminable by either the Investment Manager or the Company giving to the other not less than six months’ written notice.
- 6.1.9 The Investment Management Agreement may be terminated earlier by the Company with immediate effect if:
- (i) an order has been made or an effective resolution passed for the liquidation of the Investment Manager;

- (ii) the Investment Manager ceases or threatens to cease to carry on its business;
- (iii) the Investment Manager has, subject to paragraph (iv) below, committed a material breach of the Investment Management Agreement and fails to remedy such breach within 30 days of receiving notice requiring it to do so;
- (iv) the Investment Manager has committed a breach of its obligation to ensure that its obligations under the Investment Management Agreement are carried out by a team of appropriately qualified, trained and experienced professionals reasonably acceptable to the Board who have experience of managing a portfolio of comparable size, nature and complexity to the Company Portfolio and such breach is not remedied within 90 days of receipt of notice requiring it to do so;
- (v) the Investment Manager ceases to hold any required authorisation to carry out its services under the Investment Management Agreement;
- (vi) the Investment Manager breaches any provision of the Investment Management Agreement and such breach results in trading of the Ordinary Shares, the Extended Life Shares and/or the New Global Shares on the SFM or listing and trading of the Ordinary Shares, the Extended Life Shares and/or the New Global Shares on the CISEA being suspended or terminated; and
- (vii) the Company is required to do so by a relevant regulatory authority.

6.1.10 The Investment Management Agreement may be terminated by the Investment Manager with immediate effect if: (a) an order has been made or an effective resolution passed for the winding up of the Company; or (b) a resolution is proposed by the Board or passed by shareholders which would make changes to the Company's investment policy such that the Investment Manager in its reasonable opinion can no longer meet the service standard requirements under the Investment Management Agreement.

#### ***Fees and expenses on termination***

6.1.11 Subject to paragraphs 6.1.13 and 6.1.14, if the Investment Management Agreement is terminated pursuant to the provisions described at paragraphs 6.1.9 to 6.1.11 above the Company shall: (a) pay the accrued Management Fees on a *pro rata* basis to the date of termination; and (b) promptly reimburse to the Investment Manager all of its out of pocket expenses incurred in respect of the performances of its services up to the date of termination insofar as payable by the Company in accordance to the Investment Management Agreement. No additional payment will be required to be made to the Investment Manager by the Company.

6.1.12 Notwithstanding paragraph 6.1.12, if the Investment Management Agreement is terminated by the Company pursuant to paragraph 6.1.10 (iv) or by the Investment Manager pursuant to paragraph 6.1.9, the Company shall: (a) pay the accrued Base Fee on a *pro rata* basis to the date of termination; and (b) promptly reimburse to the Investment Manager all of its out of pocket expenses incurred in respect of the performances of its services up to the date of termination insofar as payable by the Company in accordance with the Agreement. No additional payment will be required to be made to the Investment Manager by the Company.

6.1.13 For the purposes of paragraph 6.1.12, the Company shall be deemed to have made on the date of termination of the Investment Management Agreement: (i) aggregate distributions to Ordinary Shareholders and payments to the Investment Manager in an amount equal to the NAV attributable to the Ordinary Shares as at the date of termination; (ii) aggregate distributions to Extended Life Shareholders and payments to the Investment Manager in an amount equal to the NAV attributable to the Extended Life Shares as at the date of termination; and (iii) aggregate distributions to New Global Shareholders and payments to the Investment Manager in an amount equal to the NAV attributable to the New Global Shares as at the date of termination.

#### ***Indemnities***

6.1.14 The Company has given certain market standard indemnities in favour of the Investment Manager in respect of the Investment Manager's potential losses in carrying on its responsibilities under the Investment Management Agreement.

### **General**

6.1.15 The Investment Manager will delegate certain of its responsibilities under the Investment Management Agreement to the Sub-Investment Manager.

6.1.16 The Investment Management Agreement is governed by the laws of England and Wales.

### **Administration and Custody Agreement**

6.2 The Company and the Administrator entered into an administration and custody agreement dated 30 April 2010 pursuant to which the Company appointed the Administrator to act as Administrator, Secretary and Custodian of the Company.

Under the terms of the Administration and Custody Agreement, the Administrator (also acting as Custodian and Secretary) is entitled to the following fees from the Company, including an annual administration fee of 0.10 per cent. subject to a minimum of £100,000, an annual secretarial fee of £36,000, a custodian fee of 0.02 per cent. subject to a minimum of £20,000, and an annual loan administration fee of 0.08 per cent. subject to a minimum of £75,000.

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 and Custody Agreement.

The Administration and Custody Agreement may be terminated by either party on not less than six months' written notice following this period (or such shorter notice as the parties may agree). The Administration and Custody Agreement may be terminated immediately by either party: (i) in the event of the winding up of or the appointment of an administrator, liquidator, 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 shall commit any material breach or is in persistent breach of the provisions of the Administration and Custody Agreement and shall if capable of remedy not have remedied the same within 30 days after the service of notice requiring it to be remedied; or (iii) if the continued performance of the Administration and Custody Agreement for any reason ceases to be lawful.

The Company may immediately terminate the Administration and Custody Agreement in the event of the Administrator ceasing to hold the necessary licences, approvals, permits, consents or authorisations required to enable it to perform its duties under the Administration and Custody Agreement.

The Administration, Secretary and Custody Agreement is governed by the laws of the Island of Guernsey.

### **Registrar Agreement**

6.3 The Company and the Registrar entered into a registrar agreement dated 30 April 2010 (the "**Registrar Agreement**"), pursuant to which the Company appointed the Registrar to act as registrar of the Company for a minimum annual fee payable by the Company of £7,500 in respect of basic registration and £5,000 in respect of a subscription share fee.

The Registrar Agreement may be terminated by either the Company or the Administrator giving to the other not less than three months' written notice.

The Company and the Registrar entered into an addendum to the Registrar Agreement on 10 January 2014 pursuant to which the Registrar agreed to provide certain additional services in relation to periodic capital distributions to be made by the Company for a fee of £2,000 per share class on each capital distribution event.

### **Placing Agreement**

6.4 The Placing Agreement dated 28 January 2014 between Winterflood, Oriel, the Company and the Investment Manager whereby the Company has agreed, subject to certain conditions that are typical for an agreement of this nature, the last condition being Admission, to issue the New Global Shares to be issued pursuant to the Issue at the Issue Price. Winterflood and Oriel have agreed, subject to certain conditions that are typical for an agreement of this nature, the last condition being Admission, to use reasonable endeavours to procure subscribers for the Issue Shares to be issued under the Placing at the Issue Price.



In consideration for the provision of their services under the Placing Agreement, the Company will pay placing commissions to Winterflood and Oriel together with any VAT chargeable thereon. Placing commissions may be rebated to certain investors by Winterflood and Oriel. Notwithstanding that each of Winterflood and Oriel may, for certain purposes, be acting (as agent or otherwise) for the Company in connection with the Placing, they may retain any commissions, fees or other amounts payable to them by the Company and any other benefits whatsoever for their own respective accounts.

The obligations of the Company to issue New Global Shares and the obligations of Winterflood and Oriel to use reasonable endeavours to procure subscribers for the New Global Shares to be issued under the Placing, are subject to conditions, including, amongst others, the Resolutions being passed, Admission occurring by not later than 0800 hours on 4 March 2014 or such later time and/or date as Winterflood and Oriel may agree with the Company and the Placing Agreement not having been terminated. Winterflood and Oriel may terminate the Placing Agreement in certain circumstances that are typical for an agreement of this nature prior to Admission. These circumstances include the breach by the Company or the Investment Manager of the warranties given pursuant to the Placing Agreement, the occurrence of certain material adverse changes in the condition (financial or otherwise), prospects or earnings of the Company, and certain adverse changes in financial, political or economic conditions.

The Company has agreed to pay by way of reimbursement to Winterflood and Oriel, any stamp duty or stamp duty reserve tax arising on the issue of the New Global Shares by them under the Issue and the Company has agreed to pay or cause to be paid (together with any related value added tax) certain costs, charges, fees and expenses of, or in connection with, or incidental to, amongst others, the Issue, Admission or the other arrangements contemplated by the Placing Agreement.

The Company and the Investment Manager have given certain representations, warranties, undertakings and indemnities to Winterflood and Oriel.

Each of the Company and the Investment Manager has undertaken to Winterflood and Oriel in the Placing Agreement that it will not make or despatch (and will not authorise any person to make or despatch) any public announcement or communication concerning the Group or the Issue or otherwise relating to the assets, liabilities, profits, losses, financial or trading conditions of the Group which is or may be material in the context of the Group or the Issue or the issue, offer, or sale of the New Global Shares at any time between the date of the Placing Agreement and the date 180 days after the publication of this document without having first furnished to Winterflood and Oriel a copy of each such proposed announcement or communication as far in advance of the announcement as reasonably practicable to enable it to comment thereon and to consult with it and having had Winterflood and Oriel's written consent as to its contents and the timing and manner of its release.

Winterflood and Oriel have agreed that in relation to any amount recoverable from the Company and the Investment Manager under the indemnities contained in the Placing Agreement Winterflood and Oriel will claim first against the Company and will only claim against the Investment Manager to the extent that Winterflood and/or Oriel do not recover the relevant loss in full from the Company, provided that this does not restrict or prevent Winterflood and/or Oriel from making a claim against the Investment Manager where: (a) Winterflood and Oriel each in its good faith opinion believes that it will not be able to recover the relevant loss in full from the Company (including as a result of the actual or reasonably anticipated insolvency of the Company); or (b) the relevant loss results from the breach by the Investment Manager of certain warranties, or any of its other obligations under the Placing Agreement.

The Placing Agreement is governed by English law.

## 7. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during a period of previous 12 months immediately prior to the publication of this document which may have, or have had in the recent past, significant effects on the Group's financial position or profitability.

## 8. Related Party Transactions

Other than the: (i) fees and expenses paid to Directors in the ordinary course, as set out in paragraphs 3.6 (Directors remuneration); and (ii) fees and expenses paid to the Investment Manager in the ordinary course of business, as set out in paragraph 6.1 (Investment Management Agreement) of this Part VII of the Prospectus, the Group has not entered into any related party transaction since incorporation.

## 9. General

- 9.1 The principal place of business and registered office of the Company is at BNP Paribas House, St. Julian's Avenue, St. Peter Port, Guernsey, GY1 1WA. The Company is a registered closed-ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, and the Registered Collective Investment Scheme Rules 2008 issued by the GFSC. Other than by the GFSC, the Company is not regulated by the Financial Conduct Authority or any other regulator.
- 9.2 The Investment Manager may be a promoter of the Company. Save as disclosed in paragraph 6 above 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 The address of the Investment Manager is 4th Floor, Lansdowne House, 57 Berkeley Square, London W1J 6ER, UK and its telephone number is +44 (0) 203 214 9000.
- 9.4 CREST is a paperless settlement procedure enabling securities to be evidenced other than by certificates and transferred other than by written instrument. The Articles permit the holding of the New Global Shares under the CREST system. The Directors intend to apply for the New Global Shares to be admitted to CREST with effect from Admission. Accordingly it is intended that settlement of transactions in the New Global Shares following Admission may take place within the CREST system if the relevant New Global Shareholders (other than U.S. Persons) so wish. CREST is a voluntary system and New Global Shareholders who wish to receive and retain share certificates will be able to do so upon request from the Registrars.
- 9.5 Applications will be made to the London Stock Exchange and CISEA for New Global Shares to be admitted to listing and trading on the SFM of the London Stock Exchange and the Official List of the CISEA respectively. It is expected that admission will become effective, and that dealings in the New Global Shares will commence at 8.00 a.m. on 4 March 2014. No application is being made for the New Global Shares to be dealt with in or on any stock exchanges or investment exchanges other than the London Stock Exchange and CISEA.
- 9.6 The Company does not own any premises and does not lease any premises.
- 9.7 The Company will not:
- (a) invest more than 15 per cent., in aggregate, of the value of its total assets, at the time of investment, in other listed closed-ended investment funds; or
  - (b) invest more than 10 per cent., in aggregate, of the value of its total assets, at the time of investment, in Collective Investment Schemes.

## 10. Third party sources

- 10.1 Where third party information has been referenced in this document, the source of that third party information has been disclosed. Where information contained in this document has been sourced from any third party 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 Each of the Investment Manager and the Sub-Investment Manager has given and not withdrawn its written consent to the issue of this document with references to its name in the form and context in which such references appear. The Investment Managers accept responsibility for the information contained in this document pertaining to each of them and each other. The Investment Managers declare that, to the best of their knowledge, having taken all reasonable care to ensure that such is the case, the information contained in this document pertaining to each of them and each other is in accordance with the facts and contains no omission likely to affect its import.

## 11. Working capital

The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements, that is for at least the next 12 months from the date of this document.

## 12. Capitalisation and indebtedness

The following table shows the Group's gross indebtedness as at 31 December 2013.

	As at 31 December 2013 \$
<b>Total current debt</b>	
Guaranteed	NIL
Secured	NIL
Unguaranteed/unsecured	NIL
<b>Total non current debt</b> <i>(excluding current position of non current debt)</i>	
Guaranteed	NIL
Secured	NIL
Unguaranteed/unsecured	NIL

As at 24 January 2014 the Group had no current debt or non-current debt.

The following table shows the capitalisation of the Group as at 30 June 2013:

	As at 30 June 2013 (\$)
<b>Shareholders' equity</b>	
Share capital	436,657,545
Legal reserve	NIL
Other reserves	NIL
<b>Total</b>	<b>436,657,545</b>

There has been no material change to the capitalisation of the Group since 30 June 2013 save for the issue of 31,978,973 new Extended Life Shares on 10 July 2013. As at 24 January 2014 (being the latest practicable date prior to the publication of this Prospectus), the Group's share capital was US\$474,648,565.

The following table sets out the net indebtedness of the Group as at 31 December 2013<sup>(1)</sup>.

	USD
<b>Net indebtedness</b>	
Cash	31,307,211
Cash equivalent	NIL
Trading securities <sup>(2)</sup>	56,997,146
<b>Liquidity</b>	<b>88,304,357</b>
<b>Current financial receivables</b>	
Current bank debt	NIL
Current portion of non-current debt	NIL
Other current financial debt	NIL
<b>Current financial debt</b>	NIL
<b>Net current surplus</b>	<b>88,304,357</b>
<b>Non-current financial indebtedness</b>	
Non-current bank loans	NIL
Bonds issued	NIL
Other non-current loans	NIL
<b>Non-current financial information</b>	NIL
<b>Net financial surplus</b>	<b>88,304,357</b>

### Notes:

(1) The Group has no indirect or contingent indebtedness as at 31 December 2013.

(2) Trading securities are US Government fixed rate treasury bills.

### 13. Documents available for inspection

Copies of this document, the Conversion Prospectus, the Articles, the material contracts summarised in paragraph 6 above, the published annual report and audited accounts of the Company for the financial years ended 31 December 2010, 31 December 2011, 31 December 2012, the published unaudited interim report and financial statements for the financial period from 1 January 2013 to 30 June 2013, the published unaudited interim report and financial statements for the financial period from 1 January 2012 to 30 June 2012 and the interim management statements for the period from 1 July 2013 to 15 November 2013 will be available for inspection at the registered office of the Company and the offices of Herbert Smith Freehills LLP, Exchange House, Primrose Street, London EC2A 2EG during normal business hours on any weekday (Saturdays and Public Holidays excepted) until the date of Admission.

Dated 28 January 2014

## Part VIII: Terms and Conditions of the Placing

### 1. Introduction

Each Placee which confirms its agreement to Winterflood and/or to Oriel to subscribe for New Global Shares under the Placing will be bound by these terms and conditions and will be deemed to have accepted them.

The Company and/or Winterflood and/or Oriel may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit and/or may require any such Placee to execute a separate placing letter (a “**Placing Letter**”).

### 2. Agreement to Subscribe for New Global Shares

Conditional on: (i) Admission occurring and becoming effective by 0800 hours (London time) on or prior to 4 March 2014 (or such later time and/or date, not being later than 28 March 2014, as the Company, the Investment Managers, Winterflood and Oriel may agree); (ii) the Placing Agreement becoming otherwise unconditional in all respects and not having been terminated on or before 4 March 2014 (or such later time and/or date, not being later than 28 March 2014 as the parties thereto may agree); and (iii) Winterflood and/or Oriel confirming to the Placees their allocation of New Global Shares, a Placee agrees to become a member of the Company and agrees to subscribe for those New Global Shares allocated to it by Winterflood and/or Oriel at the Issue 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.

### 3. Payment for New Global Shares

Each Placee must pay the Issue Price for the New Global Shares issued to the Placee in the manner and by the time directed by Winterflood and/or Oriel. If any Placee fails to pay as so directed and/or by the time required, the relevant Placee’s application for New Global Shares shall be rejected.

### 4. Representations and Warranties

By agreeing to subscribe for New Global Shares, each Placee which enters into a commitment to subscribe for New Global Shares will (for itself and any person(s) procured by it to subscribe for New Global Shares and any nominee(s) for any such person(s)) be deemed to represent and warrant to each of the Company, the Investment Managers, the Registrar, Winterflood and Oriel that:

- (a) in agreeing to subscribe for New Global Shares under the Placing, it is relying solely on this document 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 or the Placing. It agrees that none of the Company, the Investment Managers, Winterflood, Oriel or the Registrar, nor any of their respective officers, agents or employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- (b) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for New Global Shares under the Placing, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action or omitted to take any action which will result in the Company, the Investment Manager, Winterflood, Oriel or the Registrar or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Placing;
- (c) it agrees that, having had the opportunity to read this document, it shall be deemed to have had notice of all information and representations contained in this document, that it is acquiring New Global Shares solely on the basis of this document and no other information and that in accepting

a participation in the Placing it has had access to all information it believes necessary or appropriate in connection with its decision to subscribe for New Global Shares;

- (d) it acknowledges that no person is authorised in connection with the Placing to give any information or make any representation other than as contained in this document and, if given or made, any information or representation must not be relied upon as having been authorised by Winterflood, Oriel, the Company, or the Investment Managers;
- (e) 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;
- (f) it accepts that none of the New Global Shares have been or will be registered under the laws of any Restricted Territory. Accordingly, the New Global Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Restricted Territory unless an exemption from any registration requirement is available;
- (g) 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 New Global Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- (h) if it is a resident in the EEA (other than the United Kingdom), it is a qualified investor within the meaning of the law in the relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive (Directive 2003/71/EC);
- (i) if it is outside the United Kingdom, neither this document nor any other offering, marketing or other material in connection with the Placing constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for New Global Shares pursuant to the Placing 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 New Global 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;
- (j) if the Placee is a member of the public in Guernsey, it has only been offered New Global Shares by an entity appropriately licensed under the POI Law;
- (k) if the Placee is not a member of the public in Guernsey, but is situated in Guernsey, it is an entity regulated in Guernsey;
- (l) it acknowledges that none of Winterflood or Oriel nor any of their respective affiliates nor any person acting on 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 or providing any advice in relation to the Placing and participation in the Placing is on the basis that it is not and will not be a client of Winterflood or Oriel and that Winterflood and Oriel do not have any duties or responsibilities to it for providing protection afforded to their respective clients or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertaking or indemnities contained in this document;
- (m) it acknowledges that where it is subscribing for New Global Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the New Global Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in this document; and (iii) to receive on behalf of each such account any documentation relating to the Placing in the form provided by the Company and/or Winterflood and/or Oriel. It agrees that the provision of this paragraph shall survive any resale of the New Global Shares by or on behalf of any such account;
- (n) it irrevocably appoints any director of the Company and any director of Winterflood or of Oriel 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 New Global Shares for which it has given a commitment under the Placing, in the event of its own failure to do so;
- (o) it accepts that if the Placing does not proceed or the conditions to the Placing Agreement are not satisfied or the New Global Shares for which valid application are received and accepted are not

admitted to trading on the SFM and to listing and trading on the Official List of the CISEA for any reason whatsoever then none of Winterflood, Oriel or 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;

- (p) in connection with its participation in the 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 2007 in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or (iii) subject to the Guernsey 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 county in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;
- (a) due to anti-money laundering requirements Winterflood and Oriel and the Company may require proof of identity of the Placee and related parties and verification of the source of payments before applications can be processed and that in the event of delay or failure by the Placee to produce any information required for verification purposes, Winterflood and Oriel and/or the Company may refuse to accept such applications and the subscription moneys relating thereto. The Placee holds harmless and will indemnify Winterflood and Oriel and/or the Company against any liability, loss or cost ensuring due to the failure to process applications if such information as has been requested and has not been provided by the Placee or has not been provided on a timely basis;
- (b) any person in Guernsey involved in the business of the Company who has a suspicion or belief that any other person (including the Company or any person subscribing for New Global Shares) is involved in money laundering activities is under an obligation to report such suspicion to the Guernsey Financial Intelligence Service pursuant to the Terrorism and Crime (Bailiwick of Guernsey) Law, 2002 (as amended) and the Disclosure (Bailiwick of Guernsey) Law 2007. Similar disclosures may be required under other legislation;
- (c) pursuant to the Data Protection (Bailiwick of Guernsey) Law 2001, (the “DP Law”) the Company, the Administrator and/or the Registrar may hold personal data (as defined in the DP Law) relating to past and present Shareholders and that such personal data held is used by the Administrator and/or the Registrar to maintain the Company’s register of Shareholders and mailing lists and this may include sharing data with third parties in one or more countries when: (a) effecting the payment of dividends and redemption proceeds to Shareholders and the payment of commissions to third parties; and (b) filing returns of Shareholders and their respective transactions in New Global Shares with statutory bodies and regulatory authorities. Each Placee consents to processing by the Company, the Administrator and/or the Registrar of any personal data relating to it in the manner described above;
- (q) it undertakes to provide the Company with such information as the Company deems necessary to comply with the HIRE Act, any FFI Agreement from time to time in force, or any obligation arising under the implementation of any applicable intergovernmental agreement, including the U.S.-Guernsey IGA and the UK-Guernsey IGA;
- (r) Winterflood, Oriel and the Company are entitled to exercise any of their rights under the Placing Agreement or any other right in their absolute discretion without any liability whatsoever to them;
- (s) the representations, undertakings and warranties contained in this document are irrevocable. It acknowledges that Winterflood, Oriel 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 the New Global Shares are no longer accurate, it shall promptly notify Winterflood, Oriel and the Company;
- (t) where it or any person acting on behalf of it is dealing with Winterflood and/or Oriel, any money held in an account with Winterflood and/or Oriel 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 Financial Conduct Authority which therefore will not require Winterflood and/or Oriel to segregate such money, as that money will be held by Winterflood and/or Oriel under a banking relationship and not as trustee;

- (u) any of its clients, whether or not identified to Winterflood or Oriel, will remain its sole responsibility and will not become clients of Winterflood or Oriel for the purposes of the rules of the Financial Conduct Authority or for the purposes of any other statutory or regulatory provision;
- (v) it accepts that the allocation of New Global Shares shall be determined by Winterflood, Oriel and the Company in their absolute discretion and that such persons may scale down any Placing commitments for this purpose on such basis as they may determine;
- (w) time shall be of the essence as regards its obligations to settle payment for the New Global Shares and to comply with its other obligations under the Placing; and
- (x) it acknowledges that the Issue will not proceed if the Gross Issue Proceeds would be less than £30 million or such other amount as the Company, the Investment Manager, Winterflood and Oriel may determine and notify to investors via publication of an RIS (and, if such amount is lesser than £30 million, a Supplementary Prospectus).

## 5. Supply and Disclosure of Information

If Winterflood, Oriel, the Registrar or the Company or any of their agents request any information about a Placee's agreement to subscribe for New Global Shares under the Placing, such Placee must promptly disclose it to them.

## 6. Miscellaneous

The rights and remedies of Winterflood, Oriel, the Registrar and the Company 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.

On application, if a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Placing will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.

Each Placee agrees to be bound by the Articles once the New Global Shares, which the Placee has agreed to subscribe for pursuant to the Placing, have been acquired by the Placee. The contract to subscribe for New Global Shares under the Placing and the appointments and authorities mentioned in this document will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of Winterflood, Oriel, 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 a Placee in any other jurisdiction.

The Company delivers to its investors annual audited financial statements as of 31 December and an unaudited interim report as of 30 June, and such other investor notices as the Company deems appropriate. Each Placee hereby consents to receive the Company's financial statements and investor newsletters, prospectus supplements and other investor notices and material via email to the Placee's email address in the Company's records or via the Company's website at [www.nbddif.com](http://www.nbddif.com). Although the Company does not impose any additional charges for electronic delivery a Placee may, of course, incur costs associated with the Placee's electronic access, such as usage charges from the Placee's internet access providers. A Placee may revoke its election to receive such documents via electronic delivery at any time by written notice to the Company, requesting that the Company send such documents via facsimile or in hard copy via the postal service to the address notified to the Company by the Placee from time to time.

In the case of a joint agreement to subscribe for New Global Shares under the Placing, 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.

Winterflood, Oriel and the Company expressly reserve the right to modify the Placing (including, without limitation, their timetable and settlement) at any time before allocations are determined.

The Placing is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in Part VII of this document.



# Part IX: Terms and Conditions of Application under the Offer

## 1. Introduction

If you apply for New Global Shares under the Offer, you will be agreeing with the Company, the Registrar and the Receiving Agent to the Terms and Conditions of Application set out below.

## 2. Offer to Acquire New Global Shares

- 2.1 Your application must be made on the Application Form attached at Appendix A to this document or as may be otherwise published by the Company. By completing and delivering an Application Form, you, as the applicant, and, if you sign the Application Form on behalf of another person or a corporation, that person or corporation:
- 2.1.1 offer to subscribe for such number of New Global Shares at 100 pence per New Global Share as may be purchased by the subscription amount specified in Box 1 on your Application Form (being a minimum of £25,000 (the “Minimum Subscription”), or such lesser amount as the Company may, in its absolute discretion, determine to accept in respect of applications from: (i) authorised persons; and (ii) persons (including Directors) having a pre-existing connection with the Company) on the terms, and subject to the conditions, set out in this document, including these Terms and Conditions of Application and the Memorandum and Articles;
  - 2.1.2 agree that, in consideration of the Company agreeing that it will not, prior to the date of Admission, offer for subscription any New Global Shares to any person other than by means of the procedures referred to in this document, your application may not be revoked and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to, or in the case of delivery by hand, on receipt by the Receiving Agent of, your Application Form;
  - 2.1.3 undertake to pay the amount specified in Box 2 on your Application Form in full on application and warrant that the remittance accompanying your Application Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to receive the share certificates for the New Global Shares applied for in certificated form or be entitled to commence dealing in the New Global Shares applied for in uncertificated form or to enjoy or receive any rights in respect of such New Global Shares unless and until you make payment in cleared funds for such New Global Shares and such payment is accepted by the Receiving Agent (which acceptance shall be in its absolute discretion and on the basis that you indemnify the Receiving Agent and the Company against all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) void the agreement to allot the New Global Shares and may allot them to some other person, in which case you will not be entitled to any refund or payment in respect thereof (other than the refund by way of a cheque, in your favour, at your risk, for an amount equal to the proceeds of the remittance which accompanied your Application Form, without interest);
  - 2.1.4 agree that where on your Application Form a request is made for New Global Shares to be deposited into a CREST Account, the Receiving Agent may in its absolute discretion amend the form so that such New Global Shares may be issued in certificated form registered in the name(s) of the holders specified in your Application Form (and recognise that the Receiving Agent will so amend the form if there is any delay in satisfying the identity of the applicant or the owner of the CREST Account or in receiving your remittance in cleared funds);
  - 2.1.5 agree, in respect of applications for New Global Shares in certificated form (or where the Receiving Agent exercises its discretion pursuant to paragraph 2.1.4 to issue New Global Shares in certificated form), that any share certificate to which you or, in the case of joint applicants, any of the persons specified by you in your Application Form may become

entitled or pursuant to paragraph 2.1.4 above (and any monies returnable to you) may be retained by the Receiving Agent:

- (A) pending clearance of your remittance;
- (B) pending investigation of any suspected breach of the warranties contained in paragraph 6 below or any other suspected breach of these Terms and Conditions of Application; or
- (C) pending any verification of identity which is, or which the Receiving Agent considers may be, required for the purpose of the Guernsey AML Requirements;
- (D) and any interest accruing on such retained monies shall accrue to and for the benefit of the Company;

- 2.1.6 agree, on the request of the Receiving Agent, to disclose promptly in writing to them such information as the Receiving Agent may request in connection with your application and authorise the Receiving Agent to disclose any information relating to your application which they may consider appropriate;
  - 2.1.7 agree that, if evidence of identity satisfactory to the Receiving Agent is not provided to the Receiving Agent within a reasonable time (in the opinion of the Company) following a request therefor, the Company or the Receiving Agent may terminate the agreement with you to allot New Global Shares and, in such case, the New Global Shares which would otherwise have been allotted to you may be reallocated or sold to some other party and the lesser of your application monies or such proceeds of sale (as the case may be, with the proceeds of any gain derived from a sale accruing to the Company) will be returned to the bank account on which the payment accompanying the application was first drawn without interest and at your risk;
  - 2.1.8 agree that you are not applying on behalf of a person engaged in money laundering, drug trafficking or terrorism;
  - 2.1.9 undertake to ensure that, in the case of an Application Form signed by someone else on your behalf, the original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) is enclosed with your Application Form together with full identity documents for the person so signing;
  - 2.1.10 undertake to pay interest at the rate described in paragraph 3.3 below if the remittance accompanying your Application Form is not honoured on first presentation;
  - 2.1.11 authorise the Receiving Agent to procure that there be sent to you definitive certificates in respect of the number of New Global Shares for which your application is accepted or if you have completed section 8 on your Application Form, but subject to paragraph 2.1.3 above, to deliver the number of New Global Shares for which your application is accepted into CREST, and/or to return any monies returnable by cheque in your favour without interest and at your risk;
  - 2.1.12 confirm that you have read and complied with paragraph 2 of this Part IX;
  - 2.1.13 agree that all subscription cheques and payments will be processed through a bank account (the “**Acceptance Account**”) in the name of “Capita Registrars Limited re: NBDD Investment Fund Offer for Subscription a/c” opened with the Receiving Agent;
  - 2.1.14 agree that your Application Form is addressed to the Company and the Receiving Agent;
  - 2.1.15 agree that, if a fractional entitlement to an New Global Share arises on your application, the number of New Global Shares issued to you will be rounded down to the nearest whole number and any fractions shall be retained by the Company for its benefit; and
  - 2.1.16 acknowledge that the Issue will not proceed if the Gross Issue Proceeds would be less than £30 million (or such other amount as the Company, Winterflood and Oriel may determine and notify to investors via publication of an RIS (as if such amount is lesser than £30 million, a supplementary prospectus).
- 2.2 Any application may be rejected in whole or in part at the sole discretion of the Company.

### **3. Acceptance of Your Offer**

- 3.1 The Receiving Agent may, on behalf of the Company, accept your offer to subscribe (if your application is received, valid (or treated as valid), processed and not rejected) by notifying acceptance to the Receiving Agent.
- 3.2 The basis of allocation will be determined by the Placing Agents in consultation with the Company. The right is reserved notwithstanding the basis as so determined to reject in whole or in part and/or scale back any application. The right is reserved to treat as valid any application not complying fully with these Terms and Conditions of Application or not in all respects completed or delivered in accordance with the instructions accompanying the Application Form. In particular, but without limitation, the Company may accept an application made otherwise than by completion of an Application Form where you have agreed with the Company in some other manner to apply in accordance with these Terms and Conditions of Application. The Company and Receiving Agent reserves the right (but shall not be obliged) to accept Application Forms and accompanying remittances which are received otherwise than in accordance with these Terms and Conditions of Application.
- 3.3 The Receiving Agent will present all cheques and banker's drafts for payment on receipt and will retain documents of title and surplus monies pending clearance of successful applicants' payment. The Receiving Agent may, as agent of the Company, require you to pay interest or its other resulting costs (or both) if the payment accompanying your application is not honoured on first presentation. If you are required to pay interest you will be obliged to pay the amount determined by the Receiving Agent, to be the interest on the amount of the payment from the date on which all payments in cleared funds are due to be received until the date of receipt of cleared funds. The rate of interest will be the then published bank base rate of a clearing bank selected by the Receiving Agent plus 2 per cent. per annum. The right is also reserved to reject in whole or in part, or to scale down or limit, any application.
- 3.4 The Company reserves the right in its absolute discretion (but shall not be obliged) to accept applications for less than the Minimum Subscription.

### **4. Conditions**

- 4.1 The contracts created by the acceptance of applications (in whole or in part) under the Offer will be conditional upon:
  - 4.1.1 Admission occurring 0800 hours on 4 March 2014 (or such later time or date, not being later than 28 March 2014, as the Company and the Placing Agents may agree);
  - 4.1.2 the Placing Agreement becoming otherwise unconditional in all respects, and not being terminated in accordance with its terms before Admission becomes effective; and
  - 4.1.3 Net Issue Proceeds not being less than £30 million (or such other amount as the Company, Winterflood and Oriel may determine and notify to investors via publication of an RIS (and, if such amount is lesser than £30 million, a supplementary prospectus).
- 4.2 You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including precontractual representations) at any time after acceptance. This does not affect any other right you may have.

### **5. Return of Application Monies**

Where application monies have been banked and/or received, if any application is not accepted in whole, or is accepted in part only, or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned without interest and after the deduction of any applicable bank charges by returning your cheque, or by crossed cheque in your favour, by post at the risk of the person(s) entitled thereto. In the meantime, application monies will be retained by the Receiving Agent in a separate account.

### **6. Warranties**

- 6.1 By completing an Application Form, you:
  - 6.1.1 warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person and that such

- other person will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions of Application and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or notary;
- 6.1.2 warrant that you are a resident of, and are located for the purposes of the offer in the United Kingdom and no other jurisdiction;
  - 6.1.3 warrant that you are not a U.S. Person, you are not located within the United States and are not acquiring the New Global Shares for the account or benefit of a U.S. Person;
  - 6.1.4 warrant, if the laws of any territory or jurisdiction outside Guernsey or the United Kingdom are applicable to your application, that you have 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 your application in any territory and that you have not taken any action or omitted to take any action which will result in the Company, the Placing Agents or the Receiving Agent, or any of their respective officers, agents or employees, acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside Guernsey or the United Kingdom in connection with the Offer in respect of your application;
  - 6.1.5 confirm that in making an application you are not relying on any information or representations in relation to the Company other than those contained in this document (on the basis of which alone your application is made) and accordingly you agree that no person responsible solely or jointly for this document or any part thereof shall have any liability for any such other information or representation;
  - 6.1.6 agree that, having had the opportunity to read this document, you shall be deemed to have had notice of all information and representations contained therein;
  - 6.1.7 acknowledge that no person is authorised in connection with the Offer to give any information or make any representation other than as contained in this document and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the Placing Agents or the Receiving Agent;
  - 6.1.8 warrant that you are not under the age of 18 on the date of your application;
  - 6.1.9 agree that all documents and monies sent by post to, by or on behalf of the Company, or the Receiving Agent, will be sent at your risk and, in the case of documents and returned application cheques and payments to be sent to you, may be sent to you at your address (or, in the case of joint holders, the address of the first-named holder) as set out in your Application Form;
  - 6.1.10 confirm that you have reviewed the restrictions contained in paragraph 8 of this Part IX below and warrant, to the extent relevant, that you (and any person on whose behalf you apply) comply or have complied with the provisions therein;
  - 6.1.11 agree that, in respect of those New Global Shares for which your Application Form has been received and processed and not rejected, acceptance of your Application Form shall be constituted by the Company instructing the Registrar to enter your name on the share registry;
  - 6.1.12 agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer shall be governed by and construed in accordance with English Law and that you submit to the jurisdiction of the English Courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
  - 6.1.13 irrevocably authorise the Company, or the Receiving Agent or any other person authorised by any of them, as your agent, to do all things necessary to effect registration of any New Global Shares subscribed by or issued to you into your name and authorise any representatives of the Company and/or the Receiving Agent to execute any documents required therefore and to enter your name on the register of members of the Company;
  - 6.1.14 agree to provide the Company and Receiving Agent with any information which they may request in connection with your application or to comply with any other relevant legislation

(as the same may be amended from time to time) including without limitation satisfactory evidence of identity to ensure compliance with the Guernsey AML Requirements;

- 6.1.15 agree to provide the Company with such information as the Company deems necessary to comply with the HIRE Act, any FFI Agreement from time to time in force, or any obligation arising under the implementation of any applicable intergovernmental agreement, including the U.S.-Guernsey IGA and the UK-Guernsey IGA;
- 6.1.16 agree that the Receiving Agent is acting for the Company in connection with the Offers for Subscription 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 New Global Shares or concerning the suitability of New Global Shares for you or be responsible to you for providing the protections afforded to its customers;
- 6.1.17 warrant that, in connection with your application, you have observed the laws of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Company, the Placing Agents or the Receiving Agent acting in breach of the regulatory or legal requirements of any territory in connection with the Offer or your application;
- 6.1.18 warrant that the information contained in the Application Form is true and accurate; and
- 6.1.19 agree that if you request that New Global Shares are issued to you on a date other than Admission and such New Global Shares are not issued on such date that the Company and its agents and Directors will have no liability to you arising from the issue of such New Global Shares on a different date.

## 7. Money Laundering

- 7.1 You agree that, in order to ensure compliance with the UK Money Laundering Regulations 2007 (where applicable) and the Guernsey AML Requirements, the Receiving Agent or the Administrator may respectively at their absolute discretion require verification of identity from any person lodging an Application Form.
- 7.2 The Receiving Agent may undertake electronic searches for the purposes of verifying your identity. To do so the Receiving Agent may verify the details against your identity, but may also request further proof of your identity. The Receiving Agent reserves the right to withhold any entitlement (including any refund cheque) until such verification of identity is completed to its satisfaction.
- 7.3 Payments must be made by cheque or duly endorsed banker's draft in Sterling drawn on a United Kingdom branch of a bank or building society. Cheques, which must be drawn on your personal account where you have sole or joint title to the funds, should be made payable to "Capita Registrars Limited re: NBDD Investment Fund Offer for Subscription" and crossed "A/C payee" and should bear the sort code in the top right hand corner. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/banker's draft by following the instructions in paragraph 7.7 below.
- 7.4 The bank account name should be the same as that shown on the Application Form.
- 7.5 Where you appear to the Receiving Agent to be acting on behalf of some other person certifications of identity of any persons on whose behalf you appear to be acting may be required.
- 7.6 Failure to provide the necessary evidence of identity may result in application(s) being rejected or delays in the dispatch of documents.
- 7.7 In all circumstances, verification of the identity of applicants will be required. If you use a building society cheque, banker's draft or money order you should ensure that the bank or building society enters the name, address and account number of the person whose account is being debited on the reverse of the cheque, banker's draft or money order and adds its stamp. The name on the bank account must be the same as that stated on the Application Form.
- 7.8 You should endeavour to have the certificate contained in Box 9 of the Application Form signed by an appropriate firm as described in that Box.

- 7.9 For the purpose of the Guernsey AML Requirements, a person making an application for New Global Shares will not be considered as forming a business relationship with either the Company, the Registrar or with the Receiving Agent but will be considered as effecting a one-off transaction with either the Company or with the Receiving Agent.

## 8. Overseas Investors

The attention of existing and potential investors who are not resident in, or who are not citizens of, the United Kingdom and Guernsey is drawn to paragraphs 8.1 to 8.4 below:

- 8.1 The offer of New Global Shares under the Offer to persons who are resident in, or citizens of, countries other than the United Kingdom and Guernsey (“**Overseas Investors**”) may be affected by the law of the relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any government or other consents or need to observe any applicable legal requirements to enable them to subscribe for New Global Shares under the Offer. It is the responsibility of all Overseas Investors receiving this document and/or wishing to subscribe to the New Global Shares under the Offer, to satisfy themselves as to full observance of the laws of any relevant territory or jurisdiction in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities requiring to be observed and paying any issue, transfer or other taxes due in such territory.
- 8.2 No person receiving a copy of this document in any territory other than the United Kingdom or Guernsey may treat the same as constituting an offer or invitation to him, unless in the relevant territory such an offer can lawfully be made to him without compliance with any further registration or other legal requirements.
- 8.3 Persons (including, without limitation, nominees and trustees) receiving this document should not distribute or send it to any U.S. Person or in or into the United States, Australia, Canada, Japan or New Zealand, their respective territories or possessions or any other jurisdiction where to do so would or might contravene local securities laws or regulations.
- 8.4 The Company reserves the right to treat as invalid any agreement to subscribe for New Global Shares pursuant to the Offer if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

## 9. The Data Protection (Bailiwick of Guernsey) Law 2001

- 9.1 Pursuant to The Data Protection (Bailiwick of Guernsey) Law 2001, (the “**DP Law**”) the Company, the Placing Agents and/or the Registrar may hold personal data (as defined in the DP Law) relating to past and present Shareholders.
- 9.2 Such personal data held is used by the Registrar to maintain a register of the Shareholders and mailing lists and this may include sharing such data with third parties in one or more of the countries mentioned below when: (a) effecting the payment of dividends and redemption proceeds to Shareholders (in each case, where applicable) and, if applicable, the payment of commissions to third parties; and (b) filing returns of Shareholders and their respective transactions in shares with statutory bodies and regulatory authorities. Personal data may be retained on record for a period exceeding six years after it is no longer used.
- 9.3 The countries referred to above include, but need not be limited to, those in the European Economic Area or the European Union and any of their respective dependent territories overseas, Argentina, Australia, Brazil, Canada, Hong Kong, Hungary, Japan, New Zealand, Singapore, South Africa, Switzerland and the United States.
- 9.4 By becoming registered as a holder of New Global Shares in the Company a person becomes a data subject (as defined in the DP Law) and is deemed to have consented to the processing by the Company or its Registrar or the Placing Agent of any personal data relating to them in the manner described above.

## 10. Miscellaneous

- 10.1 The rights and remedies of the Company and the Receiving Agent under these Terms and Conditions of Application are in addition to any rights and remedies which would otherwise be available to any of them and the exercise or partial exercise of one will not prevent the exercise of others.

- 10.2 The Company reserves the right to request from any investor or potential investor such information as the Company deems necessary to comply with the HIRE Act, any FFI Agreement from time to time in force, or any obligation arising under the implementation of any applicable intergovernmental agreement, including the U.S.-Guernsey IGA and the UK-Guernsey IGA.
- 10.3 The Company reserves the right to shorten or extend the closing time of the Offer from 1100 hours on 26 February 2014 (provided that if the closing time is extended this prospectus remains valid at the closing time as extended) by giving notice to the LSE and the CISEA. The Company will notify investors via a RIS and any other manner, having regard to the requirements of the LSE and the CISEA.
- 10.4 The Company may terminate the Offer in its absolute discretion at any time prior to Admission. If such right is exercised, the Offer will lapse and any monies will be returned as indicated without interest.
- 10.5 The dates and times referred to in these Terms and Conditions of Application may be altered by the Company so as to be consistent with the Placing Agreement (as the same may be altered from time to time in accordance with its terms).
- 10.6 Save where the context requires otherwise, terms used in these Terms and Conditions of Application bear the same meaning as use elsewhere in this document.

## Part X: Glossary of Selected Terms

<b>“Administration and Custody Agreement”</b>	means the administration and custody agreement between the Company and the Administrator as amended from time to time, a summary of which is set out in paragraph 6.2 of Part VII of this document
<b>“Administrator”</b>	means BNP Paribas Securities Services S.C.A., Guernsey Branch and/or such other person or persons from time to time appointed by the Company for the purposes of the RCIS Rules; the Administrator is the designated manager of the Company
<b>“Admission”</b>	means the admission to trading on the London Stock Exchange’s SFM of the New Global Shares becoming effective in accordance with the LSE Admission Standards and admission to listing and trading on the Official List of the CISEA
<b>“Affiliate”</b>	means an affiliate of, or person affiliated with, a specified person; a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified
<b>“AIFM Directive”</b>	means the European Commission’s Directive on Alternative Investment Fund Managers
<b>“Application”</b>	means an application for subscription of New Global Shares under the Offer made pursuant to the terms and conditions in Part IX of this document
<b>“Application Form”</b>	means the application form to be used by a prospective investor to make an Application which is set out in Appendix A to this document
<b>“Articles”</b>	means the articles of incorporation of the Company
<b>“Bankruptcy Investments”</b>	means investments in the securities of bankrupt companies and/or companies that have recently emerged from bankruptcy as well as companies for which the Investment Managers believe that bankruptcy appears imminent
<b>“Base Fee”</b>	means the non-discretionary fee payable to the Investment Manager set out in the Investment Management Agreement and described in Part VII of this document
<b>“Board”</b>	means the board of directors of the Company
<b>“Business Day”</b>	means a day on which the London Stock Exchange, CISEA and banks in Guernsey are normally open for business
<b>“Capita Asset Services”</b>	means the trading name of Capita Registrars Limited
<b>“Capital Distribution Share”</b>	means a redeemable share of no par value in the capital of the Company which may be issued by the Company (on such terms and carrying such rights as the Directors may determine) for the purposes of returning capital realised on the realisation of the Company’s investments to Ordinary Shareholders following expiry of a relevant Investment Period
<b>“Capital Proceeds”</b>	proceeds of realising the Company’s net investments
<b>“certificated” or “certificated form”</b>	means not in uncertificated form
<b>“CFTC”</b>	means U.S. Commodity Futures Trading Commission
<b>“CISEA”</b>	means the Channel Islands Securities Exchange Authority Limited, trading as the Channel Islands Securities Exchange



<b>“CISX”</b>	means the Channel Islands Stock Exchange, LBG
<b>“Class A Shareholder”</b>	means the holder of the Class A Shares
<b>“Class A Shares”</b>	means class A ordinary shares of US\$1.00 par value each in the Company issued and designated as “Class A Shares” and having such rights as contained in the Articles
<b>“Class Fund”</b>	has the meaning given to that term in paragraph 5.2 of Part VII of this document
<b>“Class Meetings”</b>	means the class meeting of the Ordinary Shareholders to be held at 10.30 a.m. hours on 25 February 2014 and the class meeting of the Extended Life Shareholders to be held at 10.35 a.m. hours on 25 February 2014.
<b>“Collective Investment Schemes”</b>	means as defined for the purposes of the Collective Investment Schemes Sourcebook forming part of the Handbook of Rules and Guidance published by the FCA
<b>“Companies Law”</b>	means The Companies (Guernsey) Law, 2008, as amended
<b>“Company Portfolio”</b>	means at any time, the investments in which the funds of the Company are invested
<b>“Company”</b>	means NB Distressed Debt Investment Fund Limited, a non-cellular company limited by shares incorporated in Guernsey under the Companies Law on 20 April 2010 with registered number 51774
<b>“Conflicts Policy”</b>	has the meaning given to it under the section head “Conflicts of Interest” in Part IV of this document
<b>“Conversion”</b>	means the conversion of Ordinary Shares into Extended Life Shares on 8 April 2013 in accordance with the prospectus dated 6 March 2013
<b>“Conversion Prospectus”</b>	means the prospectus dated 6 March 2013, issued by the Company in relation to the conversion of Ordinary Shares into Extended Life Shares on 8 April 2013
<b>“CREST Manual”</b>	means the compendium of documents entitled CREST Manual issued by Euroclear UK & Ireland from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, CREST Rules, CCSS Operations Manual and the CREST
<b>“CREST”</b>	means the facilities and procedures for the time being of the uncertificated system of which Euroclear has been approved as authorised operator pursuant to the Regulations
<b>“Directors” or “Board”</b>	means the directors of the Company
<b>“Disclosure and Transparency Rules”</b>	means the disclosure and transparency rules made by the FCA under Part VI FSMA
<b>“ERISA”</b>	means the U.S. Employee Retirement Income Security Act of 1974, as amended from time to time, and the applicable regulations thereunder
<b>“EU”</b>	means the European Union
<b>“Euroclear”</b>	means Euroclear UK & Ireland Limited
<b>“Extended Life Share Class Fund”</b>	means the Class Fund in respect of the Extended Life Shares
<b>“Extended Life Share Contributed Capital”</b>	has the meaning given to it in paragraph 6.1.8 in Part VII of the Prospectus
<b>“Extended Life Share Hurdle Rate”</b>	means 6 per cent. from the IPO to 9 April 2013, being the date the Extended Life Shares were admitted to trading and 8 per cent. thereafter
<b>“Extended Life Share Initial Return”</b>	has the meaning given to it in paragraph 6 in Part VII of the Prospectus

<b>“Extended Life Share Investment Period”</b>	means the period commencing on the start of the Extended Life Share Investment Period and ending on 31 March 2015
<b>“Extended Life Share Performance Fee”</b>	means the performance fee payable by the Company in respect of Extended Life Shares as described in paragraph 6 of Part VII of this document
<b>“Extended Life Shareholder”</b>	means a holder of Extended Life Shares
<b>“Extended Life Shares”</b>	means redeemable ordinary shares of no par value each in the capital of the Company issued and designated as “Extended Life Shares” and having such rights as contained in the Articles
<b>“FFI Agreement”</b>	means an agreement with the IRS to provide information, representations and waivers of non-U.S. law as may be required to comply with the provisions of the new rules, including, information regarding its direct and indirect U.S. account holders
<b>“Financial Conduct Authority” or “FCA”</b>	means the Financial Conduct Authority of the United Kingdom
<b>“FSMA”</b>	means the Financial Services and Markets Act 2000, as amended
<b>“GFSC”</b>	means the Guernsey Financial Services Commission
<b>“Gross Issue Proceeds”</b>	means the aggregate value of the Shares issued under the Issue at the Issue Price
<b>“Group”</b>	means the Company and its subsidiaries
<b>“Guernsey AML Requirements”</b>	means The Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 (as amended), regulations made thereunder, and the GFSC’s Handbook for Financial Services Businesses on Countering Financial Crime and Terrorist Financing (as amended, supplemented and/or replaced from time to time)
<b>“HMRC”</b>	means Her Majesty’s Revenue and Customs of the United Kingdom
<b>“in uncertificated form”</b>	means recorded on the register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
<b>“Independent Directors”</b>	means the directors of the Company determined by the Board to be independent
<b>“Investment Management Agreement”</b>	means the investment management agreement between the Company and the Investment Manager, a summary of which is set out in paragraph 6 of Part VII of this document
<b>“Investment Manager”</b>	means Neuberger Berman Europe Limited
<b>“Investment Managers”</b>	means the Investment Manager and Sub-Investment Manager
<b>“Investment Period”</b>	means, as the context requires, any one of the Ordinary Share Investment Period, Extended Life Share Investment Period and New Global Share Investment Period as applicable and “Investment Periods” shall mean all of them collectively
<b>“IPO”</b>	means the initial public offer of the Company on 10 June 2010 under which 197,186,044 Ordinary Shares were admitted to listing and trading on the Official List of the Channel Islands Stock Exchange, LBG and to trading on the SFM
<b>“IRR”</b>	means internal rate of return, calculated as the annualised effective compounded return rate earned on the invested capital
<b>“IRS”</b>	means the U.S. Internal Revenue Service
<b>“ISA”</b>	means an individual savings account
<b>“ISIN”</b>	means International Securities Identification Number
<b>“Issue”</b>	means the Placing and Offer

<b>“Issue Price”</b>	means 100 pence per New Global Share
<b>“Listing Rules”</b>	means the listing rules made by the CISEA
<b>“London Stock Exchange”</b> or <b>“LSE”</b>	means the London Stock Exchange plc
<b>“LSE Admission Standards”</b>	means the rules issued by the London Stock Exchange in relation to the admission to trading of, and continuing requirements for, securities admitted to the SFM
<b>“Listing Rules”</b>	means the listing rules made by the CISEA
<b>“Management Fee”</b>	means the Base Fee and the Performance Fee
<b>“Market Abuse Directive”</b>	means Directive 2003/6/EC of the European Parliament and of the Council on insider dealing and market manipulation (market abuse)
<b>“Memorandum”</b>	means the memorandum of incorporation of the Company
<b>“NAV Calculation Date”</b>	means each Business Day
<b>“NAV per Extended Life Share”</b>	means the NAV attributable to the Extended Life Shares divided by the number of Extended Life Shares in issue
<b>“NAV per New Global Share”</b>	means the NAV attributable to the New Global Shares divided by the number of New Global Shares in issue
<b>“NAV per Ordinary Share”</b>	means the Net Asset Value attributable to the Ordinary Shares divided by the number of Ordinary Shares in issue
<b>“NB Affiliates”</b>	means Affiliates of Neuberger Berman Group LLC
<b>“NB Distressed Credit”</b>	means the Neuberger Berman Distressed Debt Group, part of the business group NB NIGC
<b>“NBDDIF Purpose Trust”</b>	means the Guernsey purpose trust in which the Trustee holds the Class A Shares
<b>“NB Group”</b>	means Neuberger Berman Group LLC and its subsidiaries
<b>“NB NIGC”</b>	means Neuberger Berman Non-Investment Grade Credit Group, a business group within the Sub-Investment Manager
<b>“Net Asset Value”</b> or <b>“NAV”</b>	means the value of the assets of the Group less its liabilities, or, where relevant, the assets attributable to a class of Share less the liabilities attributable to that class of Share (including accrued but unpaid fees), in each case determined (by the Directors in their absolute discretion) in accordance with the accounting principles adopted by the Company from time to time
<b>“Net Issue Proceeds”</b>	means the Gross Issue Proceeds less applicable fees and expenses of the Issue
<b>“New Global Shares”</b>	means redeemable ordinary shares of no par value each in the capital of the Company issued and designated as “New Global Shares” and having such rights as contained in the Articles
<b>“New Global Shareholder”</b>	means a holder of New Global Shares
<b>“New Global Share Class Fund”</b>	means the Class Fund in respect of the New Global Shares
<b>“New Global Share Hurdle Rate”</b>	means 8 per cent.
<b>“New Global Share Investment Objective”</b>	means the investment objective of the Company in respect of the New Global Shares as set out on page 51 of the Prospectus
<b>“New Global Share Investment Period”</b>	means the period commencing on the date of Admission and ending on 31 March 2017
<b>“New Global Share Investment Policy”</b>	means the investment policy of the Company in respect of the New Global Shares as set out on page 51 of the Prospectus

<b>“New Global Share Performance Fee”</b>	means the performance fee payable by the Company in respect of New Global Shares as described in paragraph 6 of Part VII of this document
<b>“Non-Qualified Person”</b>	has the meaning given to it in paragraph 5.8.4 of Part VII of this document
<b>“Offer”</b>	means the offer for subscription of New Global Shares at the Issue Price pursuant to the terms of this document
<b>“Official List”</b>	means the Official List of the CISX or the Official List of the CISEA, as the context requires
<b>“Ordinary Share Class Fund”</b>	means the Class Fund in respect of the Ordinary Shares
<b>“Ordinary Share Contributed Capital”</b>	has the meaning given to it in the section headed “Investment Manager’s Fees” in paragraph 6 of Part VII of this document
<b>“Ordinary Share Hurdle Rate”</b>	means 6 per cent.
<b>“Ordinary Share Initial Return”</b>	has the meaning given to it in paragraph 6 in Part VII of the Prospectus
<b>“Ordinary Share Investment Period”</b>	means the Company’s investment period relating to the Ordinary Shares which expired on 10 June 2013, being the third anniversary of the IPO
<b>“Ordinary Share Performance Fee”</b>	means the performance fee payable by the Company in respect of Ordinary Shares as described in section 6 of Part VII of this document
<b>“Ordinary Shareholder”</b>	means the holder of one or more Ordinary Shares
<b>“Ordinary Shares”</b>	means redeemable ordinary shares of no par value each in the capital of the Company issued and designated as “Ordinary Shares” and having such rights as contained in the Articles
<b>“Oriel”</b>	means Oriel Securities Limited
<b>“Original Issue Equity”</b>	means equity not created as a result of a reorganisation
<b>“Other Accounts”</b>	means other clients, funds and accounts in relation to which the Investment Managers or any other members of the NB Group act as manager, investment manager, trustee, custodian, sub-custodian, registrar, broker, administrator, investment adviser or dealer
<b>“Performance Fee”</b>	Ordinary Share Performance Fee, Extended Life Share Performance Fee and/or New Global Share Performance Fee, as the context requires
<b>“Placee”</b>	means a person subscribing for New Global Shares under the Placing
<b>“Placing”</b>	means the placing of New Global Shares at the Issue Price as described in this document
<b>“Placing Agents”</b>	means Oriel in its capacity as Joint Financial Adviser and Joint Bookrunner and Winterflood in its capacity as Joint Financial Adviser and Joint Bookrunner under the Placing Agreement
<b>“Placing Agreement”</b>	means the conditional agreement between the Company, the Investment Managers, Oriel and Winterflood, a summary of which is set out in paragraph 6.4 of Part VII of this document
<b>“POI Law”</b>	means the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended
<b>“Portfolio Company”</b>	means an issuer in which the Company invests
<b>“Prospectus”</b>	means this document
<b>“Prospectus Rules”</b>	means the prospectus rules made by the UK Listing Authority under section 73(A) Financial Services and Markets Act 2000

<b>“Qualified Person”</b>	means a person other than a Non-Qualified Person
<b>“RCIS Rules”</b>	means the Registered Collective Investment Scheme Rules 2008 issued by the GFSC
<b>“Receiving Agent”</b>	means Capita Asset Services
<b>“Registrar Agreement”</b>	means the registrar agreement between the Company and the Registrar, a summary of which is set out in paragraph 6.3 of Part VII of this document
<b>“Registrar”</b>	means Capita Registrars (Guernsey) Limited or such other person or persons from time to time appointed by the Company
<b>“Regulations”</b>	means the Uncertificated Securities (Guernsey) Regulations 2009 (as amended)
<b>“Reporting Accountant”</b>	means KPMG Channel Islands Limited
<b>“Residential Housing”</b>	means single-family residential (1 to 4 family) real property
<b>“Resolutions”</b>	means the resolutions proposed at the Class Meetings
<b>“Restricted Territory”</b>	U.S., Australia, Canada, Japan, New Zealand or South Africa or any other jurisdiction in which the extension or availability of the Offer or Placing would breach any applicable law
<b>“RIS”</b>	means a regulatory information service
<b>“Risk Factors”</b>	means the risk factors pertaining to the Company set out on pages 21 to 39 of this document
<b>“SDRT”</b>	means Stamp Duty Reserve Tax
<b>“SEC”</b>	means the U.S. Securities and Exchange Commission
<b>“Secondary Placing”</b>	means the secondary placing of the Ordinary Shares in October 2010 pursuant to which 242,983,252 Ordinary Shares were admitted to listing and trading on the Official List of the Channel Islands Stock Exchange and to trading on the SFM
<b>“SEDOL”</b>	means Stock Exchange Daily Official List
<b>“SFM”</b>	means the Specialist Fund Market of the London Stock Exchange
<b>“Shareholder”</b>	means a holder of Shares
<b>“Shares”</b>	means the Ordinary Shares, the Extended Life Shares and/or the New Global Shares, as the context requires
<b>“SIPP”</b>	means a self-invested personal pension
<b>“Sterling”</b>	means the lawful currency of the United Kingdom
<b>“Sub-Investment Management Agreement”</b>	means the Sub-Investment Management Agreement between the Investment Manager and the Sub-Investment Manager
<b>“Sub-Investment Manager”</b>	means Neuberger Berman Fixed Income LLC
<b>“Subscription Right”</b>	means a right of Subscription Shareholders to convert into Ordinary Shares
<b>“Subscription Shareholder”</b>	a holder of Subscription Shares
<b>“Subscription Shares”</b>	means redeemable subscription shares of no par value each in the capital of the Company issued and designated as “Subscription Shares”
<b>“Terms and Conditions of Application”</b>	means the terms and conditions of application set out in Part IX of this document in connection with the Offer to non-U.S. Persons
<b>“Third-Party Operators”</b>	means third-party real estate operators
<b>“Trust Deed”</b>	means the trust instrument dated 4 May 2010 governing the NBDDIF Purpose Trust

<b>“Trustee”</b>	means Carey Trustees Limited
<b>“TTE Instruction”</b>	means a transfer to escrow instruction (as defined by the CREST Manual issued by Euroclear)
<b>“U.S. Dollars” or “US\$”</b>	means the lawful currency of the United States
<b>“U.S. Commodity Exchange Act”</b>	Means the U.S. Commodity Exchange Act, as amended
<b>“U.S. Exchange Act”</b>	means the U.S. Securities Exchange Act of 1934, as amended
<b>“U.S. GAAP”</b>	means the accounting principles generally accepted in the United States
<b>“U.S. Investment Company Act”</b>	means the U.S. Investment Company Act of 1940, as amended
<b>“U.S. Person”</b>	means: (i) a “U.S. Person” as defined under Regulation S under the U.S. Securities Act; (ii) a person who is not a “Non-United States person” as defined under CFTC Regulation 4.7; (iii) a “United States person” as defined under the U.S. Internal Revenue Code of 1986, as amended; or (iv) a “U.S. Person” as defined under the CFTC’s “Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations,” 78 Fed. Reg. 45291 (26 July 2013)
<b>“U.S. Plan Asset Regulations”</b>	means the regulations promulgated by the U.S. Department of Labor at 29 CFR 2510.3-101, as modified by section 3(42) of ERISA
<b>“U.S. Plan Investor”</b>	means: (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 Asset Regulations
<b>“U.S. Securities Act”</b>	means the U.S. Securities Act of 1933, as amended
<b>“U.S. Tax Code”</b>	means the U.S. Internal Revenue Code of 1986, as amended
<b>“UK Listing Authority”</b>	means the Financial Conduct Authority as the competent authority for listing in the United Kingdom
<b>“UK” or “United Kingdom”</b>	means the United Kingdom of Great Britain and Northern Ireland
<b>“United States” or “U.S.”</b>	means the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
<b>“Winterflood”</b>	means Winterflood Securities Limited

# Appendix A: Application Form for the Offer

If you wish to apply for New Global Shares, please complete, sign and return this Application Form, by post or (during normal business hours only) by hand to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to be received no later than 11.00 am on 26 February 2014.

**IMPORTANT: Before completing this Application Form, you should read the notes set out under the section entitled “Notes on how to complete the Application Form” at the back of this Application Form. All applicants must complete Boxes 1 to 3. Joint applicants should also complete Box 4.**

If you have a query concerning completion of this Application Form, please call Capita Asset Services between 0900 hours and 1730 hours (London time) Monday to Friday on 0871 664 0321 (or, if calling from outside the United Kingdom, +44 20 8639 3399). Calls to the 0871 664 0321 number cost 10p per minute plus your service provider’s network extras. Calls to the helpline from outside the UK are charged at applicable international rates. Different charges may apply to calls from mobile telephones. Calls may be recorded or randomly monitored for security and training purposes. The Receiving Agent cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice.

Deferred terms herein shall have the meanings given in the Company’s prospectus dated 28 January 2014 unless the context otherwise requires.

**To: The Directors,  
NB Distressed Debt Investment Fund Limited**

**1. APPLICATION**

I/We offer to subscribe for such number of New Global Shares at the relevant Issue Price (minimum being £25,000), fully paid subject to the Terms and Conditions of Application set out in the prospectus dated 28 January 2014 and subject to the Memorandum and Articles for the value indicated in Box 1.

Total Amount	£
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Complete Box 1 with the aggregate cash value (at 100 pence per share) for the New Global Shares for which you are applying.

**2. PERSONAL DETAILS (PLEASE USE BLOCK CAPITALS)**

Mr, Mrs, Ms or Title	
Forenames (in full)	
Surname	
Address (in full)	
Postcode	
Country	

**3. SIGNATURE**

Dated	Signature
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#### 4. JOINT APPLICANTS (PLEASE USE BLOCK CAPITALS)

1. Mr, Mrs, Ms or Title	
Forenames (in full)	
Surname	
Signature	
2. Mr, Mrs, Ms or Title	
Forenames (in full)	
Surname	
Signature	
3. Mr, Mrs, Ms or Title	
Forenames (in full)	
Surname	
Signature	

#### 5. CHEQUE/BANKER'S DRAFT DETAILS

By cheque or Banker's draft: Attach your cheque or banker's draft for the exact amount shown in Box 1 made payable to "Capita Registrars Limited re NBDD Investment Fund Offer for Subscription" and crossed "A/C Payee".

#### 6. IDENTITY INFORMATION

In accordance with internationally recognised standards for the prevention of money of money laundering the undermentioned documents and information must be provided.

6.1 For each holder being an individual enclose:

- 6.1.1 a certified clear photocopy of one of the following identification documents which bear both a photograph and the signature of the person: current passport – Government or Armed Forces identity card – driving licence; and
- 6.1.2 certified copies of at least two of the following documents which purport to confirm that the address given in section 2 is that person's residential address: a recent gas, electricity, water or telephone (not mobile) bill – a recent bank statement – a council rates bill or similar document issued by a recognised authority; and
- 6.1.3 if none of the above documents show their date and place of birth, enclose a note of such information; and
- 6.1.4 details of the name and address of their personal bankers from which Capita Registrars may request a reference, if necessary.

6.2 For each holder being a company (a "holder company") enclose:

- 6.2.1 a certified copy of the certificate of incorporation of the holder company; and
- 6.2.2 the name and address of the holder company's principal bankers from which Capita Registrars may request a reference, if necessary; and
- 6.2.3 a statement as to the nature of the holder company's business, signed by a director; and
- 6.2.4 a list of the names and residential addresses of each director of the holder company; and
- 6.2.5 for each director provide documents and information similar to that mentioned in 6.1.1 to 6.1.4 above; and
- 6.2.6 a copy of the authorised signatory list for the holder company; and
- 6.2.7 a list of the names and residential/registered address of each ultimate beneficial owner interested in more than 5 per cent., of the issued share capital of the holder company and,



where a person is named, also complete 6.3 below and, if another company is named (hereinafter a “**beneficiary company**”), also complete 6.4 below. If the beneficial owner(s) named do not directly own the holder company but do so indirectly via nominee(s) or intermediary entities, provide details of the relationship between the beneficial owner(s) and the holder company.

- 6.3 For each person named in 6.2.7 as a beneficial owner of a holder company enclose for each such person documents and information similar to that mentioned in 6.1.1 to 6.1.4.
- 6.4 For each beneficiary company named in 6.2.7 as a beneficial owner of a holder company enclose:
  - 6.4.1 a certified copy of the certificate of incorporation of that beneficiary company; and
  - 6.4.2 a statement as to the nature of that beneficiary company’s business signed by a director; and
  - 6.4.3 the name and address of that beneficiary company’s principal bankers from which Capita Registrars may request a reference, if necessary; and
  - 6.4.4 enclose a list of the names and residential/registered address of each beneficial owner owning more than 5 per cent., of the issued share capital of that beneficiary company.
- 6.5 If the payor is not a holder and is not a bank providing its own cheque or banker’s payment on the reverse of which is shown details of the account being debited with such payment (see note 5 on how to complete this form) enclose:
  - 6.5.1 if the payor is a person, for that person the documents mentioned in 6.1.1 to 6.1.4; or
  - 6.5.2 if the payor is a company, for that company the documents mentioned in 6.2.1 to 6.2.7; and
  - 6.5.3 an explanation of the relationship between the payor and the holder(s).

Capita Registrars reserves the right to ask for additional documents and information.

**7. CREST DETAILS (ONLY COMPLETE THIS SECTION IF YOU WISH TO REGISTER YOUR APPLICATION DIRECTLY INTO YOUR CREST ACCOUNT WHICH SHOULD BE IN THE SAME NAME(S) AS THE APPLICANTS IN BOXES 2 AND 4 ABOVE)**

CREST Participant ID	
CREST Member Account ID	

**8. RELIABLE INTRODUCER CERTIFICATE**

Completion and signing of this certificate by a suitable person or institution may avoid presentation being requested of the identity documents.

The certificate below may only be signed by a person or institution (such as a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm) (the “**firm**”) which is itself subject in its own country to operation of “know your customer” and anti-money laundering regulations no less stringent than those which prevail in the United Kingdom. Acceptable countries include Austria, Belgium, Canada, Denmark, Finland, France, Germany, Gibraltar, Greece, Guernsey, Hong Kong, Iceland, Ireland, Isle of Man, Italy, Japan, Jersey, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Singapore, South Africa, Spain, Sweden, Switzerland, the United Kingdom and the United States.

**CERTIFICATE: To the Company and the Receiving Agent**

By completing and stamping Box 8 below you are deemed to have given the warranty and undertaking set out in Note 8 of the accompanying Notes on Completion of the Application Form.

<b>IFA STAMP</b>  <div style="border: 1px solid black; height: 100px; width: 100%;"></div>	<b>Name of Firm</b>
	<b>FCA Number</b>
	<b>Signature</b>
	<b>Print Name</b>
	<b>Position</b>
	<b>Date</b>
	<b>Telephone No.</b>



## 9. CONTACT DETAILS

To ensure the efficient and timely processing of this Application Form please enter below the contact details of a person that Capita Registrars may contact with all enquiries concerning this application. This contact person should be the person signing in Box 3 on behalf of the first named holder. If no details are entered here and Capita Registrars requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

Contact name:	Telephone no:
Contact address:	Email address:

### Signature of Applicant

Signed .....

*Authorised Signatory*

Date ..... 2014

## NOTES ON HOW TO COMPLETE THE OFFER APPLICATION FORM

Applications should be returned so as to be received no later than 11.00 am on 26 February 2014.

**HELP DESK:** If you have a query concerning completion of the Application Form please call Capita Asset Services on 0871 664 0321 or from outside the UK on +44 20 8639 3399. Calls to the 0871 664 0321 number cost 10 pence per minute plus any other network providers' costs. Lines are open from 0900 hours to 1730 hours (London time) Monday to Friday (except UK bank holidays). Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Capita Registrars cannot provide any advice on the offer or any tax, financial or legal advice.

### 1. APPLICATION

Fill in (in figures) in Box 1 the amount of money being subscribed for New Global Shares. The amount being subscribed must be for a minimum of £50,000 and in multiples of £10,000 thereafter. However, the Company may, in its absolute discretion, determine to accept applications in lesser amounts from: (i) authorised persons; or (ii) persons (including Directors) having a pre-existing connection with the Company. Financial intermediaries who are investing on behalf of clients should make separate applications or, if making a single application for more than one client, provide details of all clients in respect of whom application is made in order to benefit most favourably from the scaling back process should this be required.

### 2. PERSONAL DETAILS

Fill in (in block capitals) the full name(s) and address of the sole first applicant. Applications may only be made by persons aged 18 or over. In the case of joint holders only the first named may bear a designation reference. A maximum of four joint holders is permitted. All holders named must sign the Application Form at sections 3 and 4 (where applicable).

### 3. SIGNATURE

All holders named in sections 2 and 4 (where applicable) must sign sections 3 and 4 (where applicable) and insert the date. The Application Form may be signed by another person on behalf of each holder if that person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed for inspection (which originals will be returned by post at the addressee's risk). A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated and a copy of a notice issued by the corporation authorising such person to sign should accompany the Application Form.

### 4. CHEQUE/BANKER'S DRAFT DETAILS

Payment may be made by a cheque or duly endorsed banker's draft accompanying your application. If payment is by cheque or banker's draft such payment must accompany your Application Form and be for the exact amount shown in Box 1 of your Application Form. Your cheque or banker's draft must be made payable to "Capita Registrars Limited re NBDD Investment Fund Offer for Subscription" and crossed "A/C Payee". If you use a banker's draft or a building society cheque you should ensure that the bank or building society issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the banker's draft or cheque and adds its stamp. Your cheque or banker's draft must be drawn in Sterling on an account at a bank branch in the United Kingdom or the Channel Islands and must bear a United Kingdom bank sort code number in the top right hand corner. Third party cheques will not be accepted with the exception of building society cheques or bankers drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/bankers draft. The funds must be drawn from an account where you have sole or joint title to them.

### 5. IDENTITY INFORMATION

Applicants need only consider section 6 of the Application Form if the declaration in section 8 cannot be completed. Notwithstanding that the declaration in section 8 has been completed and signed, the Receiving Agent reserves the right to request of you the identity documents listed in section 6 and/or to seek verification of identity of each holder and payor (if necessary) from you or their bankers or from another reputable institution, agency or professional adviser in the applicable country of residence. If satisfactory evidence of identity has not been obtained within a reasonable time your application might be rejected or revoked. Where certified copies of documents are requested in section 6, such copy documents should be certified by a senior signatory of a firm which is either a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm which is itself subject to regulation in the conduct of its business in its own country of operation and the name of the firm should be clearly identified on each document certified.

### 6. CREST

If you wish your New Global Shares to be deposited in a CREST Account in the name of the holder(s) given in sections 2 and 4 (where applicable), enter in section 7 the details of that CREST Account. Where it is requested that New Global Shares be deposited into a CREST Account please note that payment for such New Global Shares must be made prior to the day such New Global Shares might be allotted and issued. It is not possible for an applicant to request that New Global Shares be deposited in their CREST Account on an against payment basis. Any Application Form received containing such a request will be rejected.

### 7. RELIABLE INTRODUCER CERTIFICATE

Applications will be subject to Guernsey's AML Requirements. This will involve you providing the verification of identity documents listed in section 6 of the Application Form UNLESS you can have the certificate provided at section 8 of the Application Form given and signed by a firm acceptable to the Receiving Agent. In order to ensure your application is processed timely and efficiently all applicants are strongly advised to have the certificate provided in section 8 of the Application Form completed and signed by a suitable firm.

### 8. CONTACT DETAILS

To ensure the efficient and timely processing of your Application Form, please provide contact details of a person the Receiving Agent may contact with all enquiries concerning your application. This contact person should be the person signing in section 3 on behalf of the first named holder. If no details are entered here and the Receiving Agent requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

### INSTRUCTIONS FOR DELIVERY OF COMPLETED APPLICATION FORMS

Completed Application Forms should be returned, by post or by hand (during normal business hours), to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU so as to be received no later than 11.00 am on 26 February 2014, together in each case with payment in full in respect of the application. If you post your Application Form, you are recommended to use first class post and to allow at least two days for delivery. Application Forms received after this date may be returned.



