

# Press release

For immediate release on 13 July 2015

## **Candover Investments plc - refinancing**

The Board of Candover Investments plc (“Candover” or the “Company”) is pleased to announce the refinancing of its existing debt arrangements, to strengthen its balance sheet and accelerate the timing of the initial capital return to shareholders.

At 30 June 2015, the Company had \$83.9 million (£53.1 million) of US private placement notes (“US PP Notes”) outstanding, with a maturity date of 31 December 2015. The Company’s net debt position as at 30 June 2015 was £32.3m, being the outstanding US PP Notes less £20.8 million of cash and cash equivalents.

In the Company’s 2014 Annual Report and Accounts, the Chairman commented that the Board was actively considering alternative sources of funding ahead of the maturity of its US PP Notes. The review of funding options was undertaken as the repayment of the Company’s debt is wholly dependent on the successful and timely realisation of the investment portfolio by Arle Capital Partners Limited. Following this process, the Company has agreed a new term loan facility with 17Capital LLP for up to €2 million (£37.1 million) (the “Facility”). The Facility will enable the Company to repay the existing US private placement notes at par and meet ongoing working capital requirements. The key terms of the Facility are set out below.

- A term loan of up to €2 million attracting payment-in-kind interest at 13% per annum, which will roll-up and be paid when the loan itself is repaid.
- The loan is subject to a minimum repayment amount calculated as if the loan had been outstanding for 2.75 years; however, this is reduced to 1.15 years for any amounts repaid within the first 12 months, up to a maximum of €19.4 million.
- The terms of the Facility allow the Company to return £21.8 million (equivalent to 100 pence per share) to shareholders, following the realisation of assets, ahead of any repayment of debt, in contrast to the Company’s previous debt arrangements. This initial return is subject to a pre-distribution test that the portfolio value is at least twice the level of debt.
- Debt repayments will commence following this initial return of capital to shareholders, funded from the net proceeds of subsequent realisations.
- The Facility has a five year maturity, which can be further extended at the Company’s option at no cost, thereby effectively eliminating any maturity risk and providing flexibility with respect to the timing of disposals.
- The Facility is denominated in Euros to match the assets in the portfolio, the majority of which are valued in Euros.



Commenting on the refinancing, Malcolm Fallen, CEO of Candover said:

"This innovative refinancing enhances our flexibility and stability. It will enable us to return 100 pence per share to shareholders, subject to meeting the pre-distribution test, before we start to repay our debt, rather than afterwards as under our previous debt arrangements. The Board sees this as an important benefit to shareholders, fully consistent with the Company's stated objective of optimising the long-term value of the portfolio for shareholders via a progressive return of cash to shareholders as the portfolio is realised."

Augustin Duhamel, Managing Partner of 17Capital, said: "We are delighted to partner with Candover on this transaction. We have tailored a solution that avoids the constraints of traditional debt financing, with interest and loan repayments exclusively dependent on portfolio realisations. As such, our flexible source of capital is aligned with shareholders who benefit from earlier liquidity while preserving the future value of the portfolio."

The Company was advised by Rothschild on the refinancing.

Ends

For further information, please contact:

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## Notes

### About 17Capital

17Capital is a specialist provider of preferred equity and unsecured debt for private equity investors.

17Capital offers an attractive alternative to traditional debt financing or secondary sale for investors looking to increase their investment capacity or to unlock the liquidity of their portfolio. 17Capital has the ability to invest between €10 million to €300 million in concentrated or diversified global portfolios, and has completed over 20 transactions in Europe and North America.

Established in 2008, 17Capital has €800 million under management across three funds backed by prominent European and North American institutional investors, including pension funds, sovereign wealth funds, insurance companies and family offices.

For further information: [www.17capital.com](http://www.17capital.com)