

CEDL III (Levered) S.à r.l.
Annual Accounts and Report of the Réviseur d'Entreprises Agréé
for the year ended June 30, 2020

5, Heienhaff
L-1736 Senningerberg, Luxembourg
R.C.S. Luxembourg B222593
Share Capital: EUR 12,000

CEDL III (Levered) S.à r.l.

Share Capital: EUR 12,000

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CEDL III (Levered) S.à r.l.

MANAGEMENT REPORT

JUNE 30, 2020

The Board of Managers presents its report and the annual accounts of CEDL III (Levered) S.à r.l. (the "Company") for the year ended June 30, 2020.

General

The Company was incorporated on March 6, 2018 and organised under the laws of Luxembourg as a "société à responsabilité limitée" governed by the laws of August 10, 1915 on commercial companies as amended.

On September 16, 2020, the Company changed its registered address from 51, avenue John F. Kennedy, L-1855 Luxembourg to 5, Heienhaff, L-1736 Senningerberg, Luxembourg.

The Company's financial year starts on July 1 and ends on June 30, with the exception of the first year, which began on the date of the incorporation of the Company on March 6, 2018 and ended on June 30, 2018.

Summary of activities

The result for the financial year amounted to EUR nil (2019: EUR nil).

The total carrying value of loan notes issued and outstanding as at June 30, 2020 amounted to EUR 424,851,122 (2019: EUR 124,041,509). The interest accrued on the loan notes amounted to EUR 10,826,410 as of June 30, 2020 (2019: EUR 1,400,188).

Risk exposures

The principal risks facing the Company during the year relate to the financial instruments held by it and the Company expects the nature of these risks to remain the same for the foreseeable future.

Price risk

The investments purchased by the Company are subject to changes in value due to changes in market prices. Due to the limited recourse nature of the debt securities issued all price risk is ultimately borne by the sole noteholder.

Credit risk

The Company is exposed to the risk of default on the portfolio of debt securities held. Due to the limited recourse nature of the debt securities issued all credit risk is ultimately borne by the sole noteholder. There was no default on the portfolio of debt securities as of June 30, 2020 and June 30, 2019.

Liquidity risk and cash flow risk

The notes issued by the Company are limited recourse. Due to the limited recourse nature of the debt securities issued all liquidity and cash flow risks are ultimately borne by the sole noteholder.

Interest rate risk

The investments purchased by the Company are subject to changes in value and income from them varies in line with changes in interest rates. Due to the limited recourse nature of the debt securities issued all interest rate risks are ultimately borne by the sole noteholder.

Research and development activities

The Company was neither involved nor participated in any kind of research or development activities in the year ended June 30, 2020 and June 30, 2019.

Branches of the Company

The Company does not have any branches.

CEDL III (Levered) S.à r.l.
MANAGEMENT REPORT (CONTINUED)
JUNE 30, 2020

Events during the year

Impact of COVID-19

The COVID-19 outbreak was declared a pandemic by the World Health Organization on March 11, 2020. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. There have been meaningful direct and indirect effects, particularly with respect to the portfolio investments to which the Company has exposure, and some of these effects are still developing. The Portfolio Manager evaluated the fair value of the underlying assets as at June 30, 2020 held by the Company and where required, recommended fair value adjustments on those assets, which is in turn reflected in these financial statements via the Company's share of the respective the underlying investments. The Portfolio Manager will continue to monitor the impact of COVID-19 on the underlying valuations going forward. The fair values as at June 30, 2020 are unrealised, and actual realised proceeds may differ.

Brexit

A proportion of the Company's portfolio is located in the UK or are exposed to the UK market (in that sales are made there or supplies are delivered from there). The UK left the EU on January 31, 2020 and is now in an 11-month transition period, the outcome of which is either a trade deal which starts a new relationship with the EU or exit transition without a trade deal. This creates economic and other uncertainties about its consequences, which are risks that affect the industries within the UK, and may impact fair values of debt and equity investments. Although there is no indication as at June 30, 2020 that Brexit has adversely affected the Company's activities, the uncertainty in relation to the impact on the UK and EU economies as a result of a no deal Brexit increases and this may impact the realisable proceeds from the Company's investments in the coming years.

Subsequent events

No events have occurred subsequent to the year-end which would have a material impact on the annual accounts for the year ended June 30, 2020.



Manager

Date: October 5, 2020



Manager



KPMG Luxembourg, Société coopérative
39, Avenue John F. Kennedy
L-1855 Luxembourg

Tel.: +352 22 51 51 1
Fax: +352 22 51 71
E-mail: info@kpmg.lu
Internet: www.kpmg.lu

To the Board of Managers of
CEDL III (Levered) S.à r.l.
5, Heienhaff
L-1736 Senningerberg
Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the annual accounts

Opinion

We have audited the accompanying annual accounts of CEDL III (Levered) S.à r.l. ("the Company"), which comprise of the balance sheet as at June 30, 2020, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of CEDL III (Levered) S.à r.l. as at June 30, 2020, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for opinion

We conducted our audit in accordance with the Law of July 23, 2016 on the audit profession ("Law of July 23, 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF"). Our responsibilities under the Law of July 23, 2016 and ISAs are further described in the « Responsibilities of "Réviseur d'Entreprises agréé" for the audit of the financial statements » section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Managers is responsible for the other information. The other information comprises the information stated in the annual report but does not include the annual accounts and our report of "Réviseur d'Entreprises agréé" thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of Board of Managers of the Company for the annual accounts

The Board of Managers of the Company is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Managers of the Company determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Managers of the Company is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers of the Company either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "Réviseur d'Entreprises agréé" for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of "Réviseur d'Entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers of the Company.
- Conclude on the appropriateness of the Board of Managers of the Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of "Réviseur d'Entreprises agréé" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of "Réviseur d'Entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Luxembourg, October 5, 2020

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

A handwritten signature in blue ink, appearing to read 'T. Ramphul'.

T. Ramphul
Associate Partner

Annual Accounts Helpdesk :**Tel. : (+352) 247 88 494****Email : centralebilans@statec.etat.lu**

RCSL Nr. : B222593

Matricule : 2018 2412 768

eCDF entry date :

BALANCE SHEET**Financial year from** ⁰¹ 01/07/2019 **to** ⁰² 30/06/2020 (in ⁰³ EUR)

CEDL III (Levered) S.à.r.l.

5, Heienhaff

L-1736 Senningerberg

ASSETS

	Reference(s)	Current year	Previous year
A. Subscribed capital unpaid			
I. Subscribed capital not called	1101 _____	101 _____	102 _____
II. Subscribed capital called but unpaid	1103 _____	103 _____	104 _____
	1105 _____	105 _____	106 _____
B. Formation expenses	1107 _____ <u>Note 3</u>	107 _____ <u>3.508,00</u>	108 _____ <u>4.681,00</u>
C. Fixed assets			
I. Intangible assets	1109 _____	109 _____ <u>569.496.304,00</u>	110 _____ <u>174.162.550,00</u>
1. Costs of development	1111 _____	111 _____	112 _____
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1113 _____	113 _____	114 _____
a) acquired for valuable consideration and need not be shown under C.I.3	1115 _____	115 _____	116 _____
b) created by the undertaking itself	1117 _____	117 _____	118 _____
3. Goodwill, to the extent that it was acquired for valuable consideration	1119 _____	119 _____	120 _____
4. Payments on account and intangible assets under development	1121 _____	121 _____	122 _____
II. Tangible assets	1123 _____	123 _____	124 _____
1. Land and buildings	1125 _____	125 _____	126 _____
2. Plant and machinery	1127 _____	127 _____	128 _____
	1129 _____	129 _____	130 _____

RCSL Nr. : B222593

Matricule : 2018 2412 768

	Reference(s)	Current year	Previous year
3. Other fixtures and fittings, tools and equipment	1131 _____	131 _____	132 _____
4. Payments on account and tangible assets in the course of construction	1133 _____	133 _____	134 _____
III. Financial assets	1135 <u>Note 4</u>	135 <u>569.496.304,00</u>	136 <u>174.162.550,00</u>
1. Shares in affiliated undertakings	1137 _____	137 _____	138 _____
2. Loans to affiliated undertakings	1139 _____	139 _____	140 _____
3. Participating interests	1141 _____	141 _____	142 _____
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143 _____	143 _____	144 _____
5. Investments held as fixed assets	1145 <u>Note 4</u>	145 <u>569.496.304,00</u>	146 <u>174.162.550,00</u>
6. Other loans	1147 _____	147 _____	148 _____
D. Current assets	1151 _____	151 <u>19.152.852,00</u>	152 <u>6.944.918,00</u>
I. Stocks	1153 _____	153 _____	154 _____
1. Raw materials and consumables	1155 _____	155 _____	156 _____
2. Work in progress	1157 _____	157 _____	158 _____
3. Finished goods and goods for resale	1159 _____	159 _____	160 _____
4. Payments on account	1161 _____	161 _____	162 _____
II. Debtors	1163 <u>Note 5</u>	163 <u>5.563.836,00</u>	164 <u>1.483.498,00</u>
1. Trade debtors	1165 _____	165 _____	166 _____
a) becoming due and payable within one year	1167 _____	167 _____	168 _____
b) becoming due and payable after more than one year	1169 _____	169 _____	170 _____
2. Amounts owed by affiliated undertakings	1171 <u>Note 5.1</u>	171 <u>29.711,00</u>	172 <u>57.140,00</u>
a) becoming due and payable within one year	1173 <u>Note 5.1</u>	173 <u>29.711,00</u>	174 <u>57.140,00</u>
b) becoming due and payable after more than one year	1175 _____	175 _____	176 _____
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177 _____	177 _____	178 _____
a) becoming due and payable within one year	1179 _____	179 _____	180 _____
b) becoming due and payable after more than one year	1181 _____	181 _____	182 _____
4. Other debtors	1183 <u>Note 5.2</u>	183 <u>5.534.125,00</u>	184 <u>1.426.358,00</u>
a) becoming due and payable within one year	1185 <u>Note 5.2</u>	185 <u>5.534.125,00</u>	186 <u>1.426.358,00</u>
b) becoming due and payable after more than one year	1187 _____	187 _____	188 _____

RCSL Nr. : B222593

Matricule : 2018 2412 768

	Reference(s)	Current year	Previous year
III. Investments	1189 _____	189 _____	190 _____
1. Shares in affiliated undertakings	1191 _____	191 _____	192 _____
2. Own shares	1209 _____	209 _____	210 _____
3. Other investments	1195 _____	195 _____	196 _____
IV. Cash at bank and in hand	1197 _____	197 <u>13.589.016,00</u>	198 <u>5.461.420,00</u>
E. Prepayments	1199 _____	199 _____	200 _____
TOTAL (ASSETS)		201 <u>588.652.664,00</u>	202 <u>181.112.149,00</u>

RCSL Nr. : B222593

Matricule : 2018 2412 768

CAPITAL, RESERVES AND LIABILITIES

	Reference(s)	Current year	Previous year
A. Capital and reserves			
	1301 <u>Note 6</u>	301 <u>12.000,00</u>	302 <u>12.000,00</u>
I. Subscribed capital	1303 <u>Note 6</u>	303 <u>12.000,00</u>	304 <u>12.000,00</u>
II. Share premium account	1305 _____	305 _____	306 _____
III. Revaluation reserve	1307 _____	307 _____	308 _____
IV. Reserves	1309 _____	309 _____	310 _____
1. Legal reserve	1311 _____	311 _____	312 _____
2. Reserve for own shares	1313 _____	313 _____	314 _____
3. Reserves provided for by the articles of association	1315 _____	315 _____	316 _____
4. Other reserves, including the fair value reserve	1429 _____	429 _____	430 _____
a) other available reserves	1431 _____	431 _____	432 _____
b) other non available reserves	1433 _____	433 _____	434 _____
V. Profit or loss brought forward	1319 _____	319 _____	320 _____
VI. Profit or loss for the financial year	1321 _____	321 _____	322 _____
VII. Interim dividends	1323 _____	323 _____	324 _____
VIII. Capital investment subsidies	1325 _____	325 _____	326 _____
B. Provisions	1331 _____	331 _____	332 _____
1. Provisions for pensions and similar obligations	1333 _____	333 _____	334 _____
2. Provisions for taxation	1335 _____	335 _____	336 _____
3. Other provisions	1337 _____	337 _____	338 _____
C. Creditors	1435 <u>Note 7</u>	435 <u>588.640.664,00</u>	436 <u>181.100.149,00</u>
1. Debenture loans	1437 _____	437 _____	438 _____
a) Convertible loans	1439 _____	439 _____	440 _____
i) becoming due and payable within one year	1441 _____	441 _____	442 _____
ii) becoming due and payable after more than one year	1443 _____	443 _____	444 _____
b) Non convertible loans	1445 _____	445 _____	446 _____
i) becoming due and payable within one year	1447 _____	447 _____	448 _____
ii) becoming due and payable after more than one year	1449 _____	449 _____	450 _____
2. Amounts owed to credit institutions	1355 <u>Note 7.1</u>	355 <u>152.802.327,00</u>	356 <u>54.036.187,00</u>
a) becoming due and payable within one year	1357 <u>Note 7.1</u>	357 <u>152.802.327,00</u>	358 <u>54.036.187,00</u>
b) becoming due and payable after more than one year	1359 _____	359 _____	360 _____

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B222593

Matricule : 2018 2412 768

	Reference(s)	Current year	Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361 _____	361 _____	362 _____
a) becoming due and payable within one year	1363 _____	363 _____	364 _____
b) becoming due and payable after more than one year	1365 _____	365 _____	366 _____
4. Trade creditors	1367 _____	367 _____	368 _____
a) becoming due and payable within one year	1369 _____	369 _____	370 _____
b) becoming due and payable after more than one year	1371 _____	371 _____	372 _____
5. Bills of exchange payable	1373 _____	373 _____	374 _____
a) becoming due and payable within one year	1375 _____	375 _____	376 _____
b) becoming due and payable after more than one year	1377 _____	377 _____	378 _____
6. Amounts owed to affiliated undertakings	1379 _____	379 <u>435.698.668,00</u>	380 <u>125.455.795,00</u>
a) becoming due and payable within one year	1381 <u>Note 7.2</u>	381 <u>10.847.546,00</u>	382 <u>1.414.286,00</u>
b) becoming due and payable after more than one year	1383 <u>Note 7.2</u>	383 <u>424.851.122,00</u>	384 <u>124.041.509,00</u>
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385 _____	385 _____	386 _____
a) becoming due and payable within one year	1387 _____	387 _____	388 _____
b) becoming due and payable after more than one year	1389 _____	389 _____	390 _____
8. Other creditors	1451 <u>Note 7.3</u>	451 <u>139.669,00</u>	452 <u>1.608.167,00</u>
a) Tax authorities	1393 _____	393 _____	394 _____
b) Social security authorities	1395 _____	395 _____	396 _____
c) Other creditors	1397 <u>Note 7.3</u>	397 <u>139.669,00</u>	398 <u>1.608.167,00</u>
i) becoming due and payable within one year	1399 <u>Note 7.3</u>	399 <u>139.669,00</u>	400 <u>1.608.167,00</u>
ii) becoming due and payable after more than one year	1401 _____	401 _____	402 _____
D. Deferred income	1403 _____	403 _____	404 _____
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		405 <u>588.652.664,00</u>	406 <u>181.112.149,00</u>

Annual Accounts Helpdesk :**Tel. : (+352) 247 88 494****Email : centralebilans@statec.etat.lu**

RCSL Nr. : B222593

Matricule : 2018 2412 768

eCDF entry date :

PROFIT AND LOSS ACCOUNT**Financial year from** ⁰¹ 01/07/2019 **to** ⁰² 30/06/2020 (in ⁰³ EUR)

CEDL III (Levered) S.à.r.l.

5, Heienhaff

L-1736 Senningerberg

PROFIT AND LOSS ACCOUNT

	Reference(s)	Current year	Previous year
1. Net turnover	1701 _____	701 _____	702 _____
2. Variation in stocks of finished goods and in work in progress	1703 _____	703 _____	704 _____
3. Work performed by the undertaking for its own purposes and capitalised	1705 _____	705 _____	706 _____
4. Other operating income	1713 _____	713 _____	714 _____
5. Raw materials and consumables and other external expenses	1671 _____	671 <u>-724.035,00</u>	672 <u>-982.882,00</u>
a) Raw materials and consumables	1601 _____	601 _____	602 _____
b) Other external expenses	1603 <u>Note 8</u>	603 <u>-724.035,00</u>	604 <u>-982.882,00</u>
6. Staff costs	1605 _____	605 _____	606 _____
a) Wages and salaries	1607 _____	607 _____	608 _____
b) Social security costs	1609 _____	609 _____	610 _____
i) relating to pensions	1653 _____	653 _____	654 _____
ii) other social security costs	1655 _____	655 _____	656 _____
c) Other staff costs	1613 _____	613 _____	614 _____
7. Value adjustments	1657 _____	657 _____	658 _____
a) in respect of formation expenses and of tangible and intangible fixed assets	1659 _____	659 _____	660 _____
b) in respect of current assets	1661 _____	661 _____	662 _____
8. Other operating expenses	1621 _____	621 _____	622 _____

RCSL Nr. : B222593

Matricule : 2018 2412 768

	Reference(s)	Current year	Previous year
9. Income from participating interests			
a) derived from affiliated undertakings	1715 _____	715 _____	716 _____
b) other income from participating interests	1717 _____	717 _____	718 _____
	1719 _____	719 _____	720 _____
10. Income from other investments and loans forming part of the fixed assets			
a) derived from affiliated undertakings	1721 _____ <u>Note 9</u>	721 _____ <u>37.897.101,00</u>	722 _____ <u>12.098.741,00</u>
b) other income not included under a)	1723 _____	723 _____	724 _____
	1725 _____ <u>Note 9</u>	725 _____ <u>37.897.101,00</u>	726 _____ <u>12.098.741,00</u>
11. Other interest receivable and similar income			
a) derived from affiliated undertakings	1727 _____ <u>Note 10</u>	727 _____ <u>12.795.472,00</u>	728 _____ <u>994.485,00</u>
b) other interest and similar income	1729 _____ <u>Note 10.1</u>	729 _____ <u>11.987.360,00</u>	730 _____ <u>894.509,00</u>
	1731 _____ <u>Note 10.2</u>	731 _____ <u>808.112,00</u>	732 _____ <u>99.976,00</u>
12. Share of profit or loss of undertakings accounted for under the equity method			
	1663 _____	663 _____	664 _____
13. Value adjustments in respect of financial assets and of investments held as current assets			
	1665 _____ <u>Note 11</u>	665 _____ <u>-12.795.472,00</u>	666 _____ <u>-994.485,00</u>
14. Interest payable and similar expenses			
a) concerning affiliated undertakings	1627 _____ <u>Note 12</u>	627 _____ <u>-37.168.155,00</u>	628 _____ <u>-11.115.062,00</u>
b) other interest and similar expenses	1629 _____ <u>Note 12.1</u>	629 _____ <u>-33.226.219,00</u>	630 _____ <u>-3.154.748,00</u>
	1631 _____ <u>Note 12.2</u>	631 _____ <u>-3.941.936,00</u>	632 _____ <u>-7.960.314,00</u>
15. Tax on profit or loss			
	1635 _____	635 _____	636 _____
16. Profit or loss after taxation			
	1667 _____	667 _____ <u>4.911,00</u>	668 _____ <u>797,00</u>
17. Other taxes not shown under items 1 to 16			
	1637 _____ <u>Note 13</u>	637 _____ <u>-4.911,00</u>	638 _____ <u>-797,00</u>
18. Profit or loss for the financial year			
	1669 _____	669 _____ <u>0,00</u>	670 _____ <u>0,00</u>

CEDL III (Levered) S.à r.l.

Share Capital: EUR 12,000

NOTES TO THE ANNUAL ACCOUNTS JUNE 30, 2020

1. ORGANISATION

CEDL III (Levered) S.à r.l. (hereafter the “Company”) was incorporated on March 06, 2018 for an unlimited period. The Company is organised under the laws of Luxembourg as a private limited liability company (société à responsabilité limitée) which shall be governed by the laws of August 10, 1915 on commercial companies as amended, as well as by the present articles of association. The Company is registered under R.C.S. in Luxembourg, number B222593. On September 16, 2020, the Company changed its registered address from 51, avenue John F. Kennedy, L-1855 Luxembourg to 5, Heienhaff, L-1736 Senningerberg, Luxembourg.

The Company’s financial year starts on July 1 and ends on June 30, with the exception of the first year, which began on the date of the incorporation of the Company on March 6, 2018 and ended on June 30, 2018.

The Company is a wholly-owned subsidiary of Alcentra European Direct Lending (Levered) Fund III (Holding) SCSp, a partnership incorporated under the Luxembourg Law of August 10, 1915 on commercial companies, as amended having its registered office at 5, Heienhaff, L-1736 Senningerberg, Luxembourg (formerly: 51, avenue John F. Kennedy, L-1855 Luxembourg).

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements. The annual accounts have been prepared on a going concern basis. In preparing the annual accounts, the principal accounting policies besides the ones laid down by the Law, have been determined and applied by the Board of Managers. The Company keeps its books in Euro (“EUR”) and the Balance Sheet and the Profit and Loss Account are expressed in the same currency.

The figures in the annual accounts have been rounded to the nearest whole number, unless otherwise stated.

2.2. INVESTMENTS HELD AS FIXED ASSETS

Investments held as fixed assets are valued individually at their fair value.

In preparing the annual accounts, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The Company uses the Alcentra Pricing Committee to evaluate illiquid assets. The fair value is estimated using the market comparison/discounted cash flow techniques. This considers (i) current or recent quoted process for identical securities in markets that are not active and (ii) a net present value calculated using discount rates derived from quoted prices of securities with similar maturity and credit rating that are traded in active markets, adjusted by an illiquidity factor.

The fair value of the unlisted private equity investments is determined using the market comparison technique. The valuation model is based on market multiples derived from quoted prices of companies comparable to the underlying investment and the expected revenue and EBITDA of the underlying investment. The estimate is adjusted for the effect of the non-marketability of the equity securities.

Private Debt will primarily be valued using available market price sources where available i.e. Bloomberg, Markit, and Reuters. Where none of the defined price sources herein are available an asset will be deemed illiquid. In this scenario the asset will be valued internally by the credit analyst responsible for the company or sector in question. The analyst will determine the fair value of the asset via fundamental or technical credit analysis. The analyst will give consideration to numerous fundamental factors e.g. current performance, leverage, or covenant compliance. In addition comparative measures may be employed whereby observable market data is used to benchmark or ascribe value to the asset e.g. yields or recent deal pricing.

2.3. DEBTORS

Debtors are recorded at their nominal value. They are subject to value adjustments when their recoverability is either uncertain or compromised at the Balance Sheet date.

NOTES TO THE ANNUAL ACCOUNTS
JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4. AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

This caption consists mainly of loan notes in issue. Loan notes in issue are initially recorded at their nominal amount. Subsequent to initial recognition, these loan notes in issue are valued at their fair values which represent the fair value of the net assets (assets less liabilities excluding the loan notes in issue) of the Company as at the Balance Sheet date. Movements in the carrying amount of the loan notes in issue may vary as a result of the performance of the underlying portfolio and the resulting fair value adjustments. In order to reflect the fair value adjustments to the loan notes in issue, a net gain or loss allocated to the sole noteholder is recorded in the Profit and Loss Account.

2.5. OTHER CREDITORS

Other creditors represent fees accrued during the year and are recorded at their repayment value.

2.6. FOREIGN CURRENCIES TRANSLATION

Transactions expressed in currencies other than EUR are translated at the exchange rate effective at the time of the transaction.

Formation expenses, subscribed capital and other non-monetary assets and liabilities expressed in currencies other than EUR are translated into EUR at the exchange rates effective at the time of the transaction. At the Balance Sheet date, these items remain translated at historic exchange rates. Cash at bank is translated at the exchange rate effective at the Balance Sheet date. Realised exchange gains and losses and unrealised losses are reflected in the Profit and Loss Account.

Other assets and liabilities are translated separately at the closing rates.

2.7. VALUE ADJUSTMENTS

Value adjustments are adjusted directly on the related assets.

2.8. PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for liabilities and charges are intended to cover losses or debts, the nature of which is clearly defined and which, at the Balance Sheet date are either likely to be incurred or certain to be incurred as to their amount or as to the date on which they will arise.

2.9. INTEREST AND ARRANGEMENT FEE INCOME

Interest and arrangement fee income is recognised in the Profit and Loss Account on an accrual basis at the contractual rate of interest of the related financial asset.

2.10. EXPENSES

Expenses are recognised in the Profit and Loss Account in the year to which they relate.

2.11. CASH AT BANK AND IN HAND

Cash at bank and in hand is valued at its nominal value.

2.12. FORMATION EXPENSES

The formation expenses are initially capitalised and amortised on a straight line basis over a period of 5 years.

CEDL III (Levered) S.à r.l.

Share capital: EUR 12,000

NOTES TO THE ANNUAL ACCOUNTS
JUNE 30, 2020

3. FORMATION EXPENSES

The following table provides a breakdown as to the formation costs capitalised during the year:

	June 30, 2020	June 30, 2019
	EUR	EUR
Gross book value - opening balance	5,850	5,850
Additions during the year	-	-
Disposals during the year	-	-
Gross book value - closing balance	5,850	5,850
Accumulated value adjustment - opening balance	(1,169)	-
Value adjustments during the year	(1,173)	(1,169)
Accumulated value adjustment - closing balance	(2,342)	(1,169)
Net book value - opening balance	4,681	5,850
Net book value - closing balance	3,508	4,681

4. FINANCIAL ASSETS

Investment held as fixed assets

As at June 30, 2020, the Company held the following investments:

	June 30, 2020	June 30, 2019
	EUR	EUR
Investments held as fixed assets at cost	583,286,261	175,157,035
Value adjustments at the end of the year	(13,789,957)	(994,485)
Net book value at the end of the year	569,496,304	174,162,550
Total fair value	569,496,304	174,162,550

Investments held as fixed assets consist of investments in direct lending loans which are for the purpose of generating interest income and potentially capital gains.

5. DEBTORS

5.1. AMOUNTS OWED BY AFFILIATED UNDERTAKINGS

Amounts owed by affiliated undertakings consisted of the following:

	June 30, 2020	June 30, 2019
	EUR	EUR
<i>a) becoming due and payable within one year</i>		
Amounts due from related parties	29,711	57,140
Total	29,711	57,140

CEDL III (Levered) S.à r.l.

Share capital: EUR 12,000

NOTES TO THE ANNUAL ACCOUNTS
JUNE 30, 2020

5. DEBTORS - (CONTINUED)

5.2. OTHER DEBTORS

Other debtors consisted of the following:

	June 30, 2020 EUR	June 30, 2019 EUR
<i>a) becoming due and payable within one year</i>		
Accrued interest	5,532,997	1,382,216
Other debtors	1,128	44,142
Total	5,534,125	1,426,358

6. CAPITAL AND RESERVES

The Company's share capital was set at the date of incorporation at EUR 12,000, represented by 12,000 shares with a par value of EUR 1 each. Under the terms and conditions provided by law, the Company's share capital may be increased or reduced by a resolution of the general meeting of shareholders, adopted in the manner required for an amendment of the articles of the Company. Under Luxembourg Law, an amount equal to at least 5% of the profit for the financial year must be allocated to a legal reserve until such reserve equals 10% of the subscribed capital. This reserve is not available for dividend distribution.

No transfer to legal reserve is required or has been made for the year ended June 30, 2020 in light of the EUR nil accumulated profit at year end (2019: EUR nil). The Company did not repurchase any of its own shares during the year ended June 30, 2020 (2019: EUR nil).

7. CREDITORS

7.1. AMOUNTS OWED TO CREDIT INSTITUTIONS

Amount owed to credit institutions consisted of the following:

	June 30, 2020 EUR	June 30, 2019 EUR
<i>a) becoming due and payable within one year</i>		
Amount drawn on leverage facility	152,523,203	49,894,673
Interest payable on leverage facility	206,408	71,538
Commitment and other fees	72,716	69,976
Arranger and lender fee	-	4,000,000
Total	152,802,327	54,036,187

The Company has entered into a Revolving Credit Facility Agreement dated August 20, 2018 (and maturity date of 28 February 2025) with bank lenders for a multi-currency loan facility of EUR 400,000,000. The rate of interest on each loan for each interest period is the percentage rate per annum which is the aggregate of the applicable Margin and Libor, or in relation to any loan in euro, Euribor, during the revolving period, thereafter.

7.2. AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

Amount owed to affiliated undertakings consisted of the following:

	June 30, 2020 EUR	June 30, 2019 EUR
<i>a) becoming due and payable within one year</i>		
Interest on loan notes	10,826,410	1,400,188
Amount due to Related Parties	21,136	14,098
Total	10,847,546	1,414,286

CEDL III (Levered) S.à r.l.

Share capital: EUR 12,000

NOTES TO THE ANNUAL ACCOUNTS
JUNE 30, 2020

7. CREDITORS - (CONTINUED)

7.2. AMOUNTS OWED TO AFFILIATED UNDERTAKINGS (CONTINUED)

	June 30, 2020 EUR	June 30, 2019 EUR
<i>b) becoming due and payable after more than one year</i>		
Loan notes issued to Alcentra European Direct Lending (Levered) Fund III (Holding) SCSp	437,732,991	124,936,018
Net loss allocated to sole noteholder	(12,881,869)	(894,509)
Total	424,851,122	124,041,509

As at June 30, 2020, the Company issued Notes amounting to EUR 437,732,991 (2019: EUR 124,936,018) in accordance with the Notes Issuance Programme (for the maximum amount up to EUR 2,000,000,000) which has been subscribed solely by Alcentra European Direct Lending (Levered) Fund III (Holding) SCSp.

The proceeds from this issuance are used to finance acquisition of debt securities. The Loan Notes have limited recourse obligations of the Company and are payable solely out of amounts received by or on behalf of the Company in respect of the investment portfolio. The proceeds of the realisation of the security over the portfolio may be insufficient to pay all amounts due to the sole noteholder. In the event of a shortfall of such proceeds, the Company will not be obliged to pay any such shortfall and all claims in respect of which shall be extinguished. Such shortfall shall be borne by the sole noteholder.

The loan notes are issued in EUR and bear a variable interest rate.

7.3. OTHER CREDITORS

Other creditors consisted of the following:

	June 30, 2020 EUR	June 30, 2019 EUR
Administration fees	44,749	83,356
Audit fees	66,643	42,397
Professional fees	28,277	88,027
Investment payable	-	1,394,387
Total	139,669	1,608,167

8. OTHER EXTERNAL CHARGES

Other external charges consisted of the following:

	Year ended June 30, 2020 EUR	Year ended June 30, 2019 EUR
Professional fees	302,708	155,172
Administration fees	202,640	157,091
Legal fees	116,054	608,805
Audit fee	78,947	50,724
Service fees	11,119	-
Other expenses	12,567	11,090
Total	724,035	982,882

CEDL III (Levered) S.à r.l.

Share capital: EUR 12,000

NOTES TO THE ANNUAL ACCOUNTS
JUNE 30, 2020

9. INCOME FROM OTHER INVESTMENTS AND LOANS FORMING PART OF THE FIXED ASSETS

Income from other investments and loans forming part of the fixed assets consisted of the following:

	Year ended June 30, 2020 EUR	Year ended June 30, 2019 EUR
Interest income	24,949,415	7,560,502
Arrangement fee income	12,947,686	4,488,020
Commitment fee income	-	50,219
Total	37,897,101	12,098,741

Arrangement fees are one-off fees that are receivable by the Company in relation to the loan initiation process. Interest income is earned on the principal balance based on contractually agreed rates and interest periods.

10. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

10.1. INTEREST RECEIVABLE AND SIMILAR INCOME CONCERNING AFFILIATED UNDERTAKINGS

Interest receivable and similar income concerning affiliated undertakings consisted of the following:

	Year ended June 30, 2020 EUR	Year ended June 30, 2019 EUR
Net loss allocated to sole noteholder	11,987,360	894,509
Total	11,987,360	894,509

10.2. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

The other interest receivable and similar income consisted of the following:

	Year ended June 30, 2020 EUR	Year ended June 30, 2019 EUR
Foreign exchange gain	808,112	99,976
Total	808,112	99,976

11. VALUE ADJUSTMENTS IN RESPECT OF FINANCIAL ASSETS AND INVESTMENTS HELD AS CURRENT ASSETS

Value adjustments in respect of financial assets and investments held as current assets consisted of the following:

	Year ended June 30, 2020 EUR	Year ended June 30, 2019 EUR
Value adjustments on investments held as fixed assets	(12,795,472)	(994,485)
Total	(12,795,472)	(994,485)

CEDL III (Levered) S.à r.l.

Share capital: EUR 12,000

NOTES TO THE ANNUAL ACCOUNTS
JUNE 30, 2020

12. INTEREST PAYABLE AND SIMILAR EXPENSES

12.1. INTEREST PAYABLE AND SIMILAR EXPENSES CONCERNING AFFILIATED UNDERTAKINGS

Interest payable and similar expenses concerning affiliated undertakings consisted of the following:

	Year ended June 30, 2020 EUR	Year ended June 30, 2019 EUR
Interest on loan notes	33,226,219	3,154,748
Total	33,226,219	3,154,748

12.2. OTHER INTEREST AND SIMILAR EXPENSES

Other interest and similar expenses consisted of the following:

	Year ended June 30, 2020 EUR	Year ended June 30, 2019 EUR
Arrangement fee on leverage facility	-	6,000,000
Commitment fee on leverage facility	1,189,284	348,897
Interest on leverage facility	2,705,047	1,600,758
Bank charges	32,400	10,659
Commitment fees	15,205	-
Total	3,941,936	7,960,314

13. TAXATION

The Company is subject to all taxes applicable to commercial companies in Luxembourg. Pursuant to the provisions of the Law of March 22, 2004, as amended, the commitments to remunerate investors and other creditors are fully deductible.

14. STAFF

The Company did not employ any staff during the year (2019: none).

15. RELATED PARTIES TRANSACTIONS

Alexandra Fantuz and Rolf Caspers, who were managers of the Company during the year, were also directors of Sanne Group (Luxembourg) S.A., which provides administration services to the Company. Total administration fees in respect of the year ended June 30, 2020 amounted to EUR 202,640 (2019: EUR 157,091) of which EUR 44,749 (2019: EUR 83,556) was payable at the end of the year.

Alexandra Fantuz and Rolf Caspers resigned from the board on October 9, 2019 and November 8, 2019, respectively. Simon Barnes and San-Marie Greeff were appointed as managers on November 8, 2019. San-Marie Greeff is also a director of Sanne Group (Luxembourg) S.A.. Service fees of EUR 11,119 were paid during the year (2019: EUR nil).

As at June 30, 2020, the Company had the following intercompany amounts due from related entities within the fund structure.

Entity	Nature of receivable/(payable)	Amount EUR
Clareant EDL (Levered) III GP S.à r.l.	expenses	12,179
Alcentra European Direct Lending (Levered) Fund III (Holding) SCSp	interest	17,532
Alcentra European Direct Lending (Levered) Fund III (Holding) SCSp	capital contribution	12,000
Alcentra European Direct Lending (Levered) Fund III (Holding) SCSp	commitment fee and expense	(21,136)

CEDL III (Levered) S.à r.l.

Share capital: EUR 12,000

NOTES TO THE ANNUAL ACCOUNTS
JUNE 30, 2020**15. RELATED PARTIES TRANSACTIONS (CONTINUED)**

As at June 30, 2019, the Company had the following intercompany amounts due from related entities within the fund structure.

Entity	Nature of receivable	Amount
		EUR
Clareant EDL (Levered) III GP S.à r.l.	expenses	14,250
Alcentra European Direct Lending III AIV (Levered) UBTI Blocker	expenses	134
Alcentra European Direct Lending (Levered) Fund III (GBP) SCSp	expenses	161
Alcentra European Direct Lending (Levered) Fund III (Holding) SCSp	interest	42,595
Alcentra European Direct Lending (Levered) Fund III (Holding) SCSp	capital contribution	12,000

As at the year end the outstanding loan notes issued to Alcentra European Direct Lending (Levered) Fund III (Holding) SCSp amounted to EUR 424,851,122 (2019: EUR 124,041,509). The interest accrued on the loan notes amounted to EUR 10,826,410 as at June 30, 2020 (2019: EUR 1,400,188).

16. OFF BALANCE SHEET COMMITMENTS

The Company does not have any off balance sheet commitments at the end of the financial year ended June 30, 2020.

17. EVENTS DURING THE YEAR**Impact of COVID-19**

The COVID-19 outbreak was declared a pandemic by the World Health Organization on March 11, 2020. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. There have been meaningful direct and indirect effects, particularly with respect to the portfolio investments to which the Company has exposure, and some of these effects are still developing. The Portfolio Manager evaluated the fair value of the underlying assets as at June 30, 2020 held by the Company and where required, recommended fair value adjustments on those assets, which is in turn reflected in these financial statements via the Company's share of the respective the underlying investments. The Portfolio Manager will continue to monitor the impact of COVID-19 on the underlying valuations going forward. The fair values as at June 30, 2020 are unrealised, and actual realised proceeds may differ.

Brexit

A proportion of the Company's portfolio is located in the UK or are exposed to the UK market (in that sales are made there or supplies are delivered from there). The UK left the EU on January 31, 2020 and is now in an 11-month transition period, the outcome of which is either a trade deal which starts a new relationship with the EU or exit transition without a trade deal. This creates economic and other uncertainties about its consequences, which are risks that affect the industries within the UK, and may impact fair values of debt and equity investments. Although there is no indication as at June 30, 2020 that Brexit has adversely affected the Company's activities, the uncertainty in relation to the impact on the UK and EU economies as a result of a no deal Brexit increases and this may impact the realisable proceeds from the Company's investments in the coming years.

18. SUBSEQUENT EVENTS

No events have occurred subsequent to the year-end which would have material impact on the annual accounts for the year ended June 30, 2020.