FOR THE YEAR ENDED 31 DECEMBER 2014

CVC
Credit Partners

EUROPEAN OPPORTUNITIES LIMITED

ANNUAL FINANCIAL REPORT 2014

COMPRISING:

CVC CREDIT PARTNERS EUROPEAN OPPORTUNITIES LIMITED

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STRATEGIC REPORT FINANCIAL HIGHLIGHTS AND PERFORMANCE SUMMARY

Financial highlights

On 3 April 2014, the Company issued 30,958,500 Euro C shares and 66,352,795 Sterling C shares at a price of €1 and £1 per C share respectively, raising gross proceeds of €30,958,500 and £66,352,795.

On 21 May 2014, 20,665,600 Euro ordinary shares were issued at a price of €1.0565, raising gross proceeds of €21,833,206.

On 22 July 2014 a dividend of €4,572,155.25 per Euro class and £4,032,620.85 per Sterling class was paid to Shareholders. On 22 July 2014, the Company declared and paid a preferred dividend of £11.18 per management share.

On the 22 July 2014, the Company converted 30,958,500 Euro C shares and 66,352,795 Sterling C shares into 30,320,748 Euro ordinary shares and 64,846,565 Sterling ordinary shares respectively.

On the 26 September 2014, 10,000,000 Euro ordinary shares were issued at a price of €1.0506, raising gross proceeds of €10,506,000.

On the 19 November 2014, 15,900,000 Sterling ordinary shares were issued at a price of £1.0478, raising gross proceeds of £16,660,020.

On the 19 December 2014, 14,947,469 Sterling ordinary shares were issued at a price of £1.0470, raising gross proceeds of £15,650,000.

Number of shares in issue as at 31 December 2014:

221,230,706 Euro ordinary shares (*) (31 December 2013: 166,615,025 Euro ordinary shares)
258,294,836 Sterling ordinary shares (*) (31 December 2013: 157,690,776 Sterling ordinary shares)

Market capitalisation as at 31 December 2014:

Euro ordinary share class: €230,079,934 (31 December 2013: €169,114,250)
Sterling ordinary share class: £271,855,315 (31 December 2013: £162,027,272)

Performance summary

	As at 31 December 2014	As at 31 December 2013
Net asset value per Euro ordinary share	€1.0247	€1.0293
Euro ordinary share price (bid market)**	€1.0400	€1.0150
Net asset value per Sterling ordinary share	£1.0287	£1.0305
Sterling ordinary share price (bid market)**	£1.0525	£1.0275

* - Excludes 280,875 Euro and 7,401 Sterling treasury shares
** - Source: Bloomberg

STRATEGIC REPORT (CONTINUED) FINANCIAL HIGHLIGHTS AND PERFORMANCE SUMMARY (CONTINUED)

Period highs and lows

	2014 High	2014 Low	2013 High	2013 Low
Net asset value per Euro ordinary share	€1.0498	€1.0169	€1.0293	€0.9966
Euro ordinary share price (bid market)**	€1.0800	€1.0180	€1.0200	€0.9900
Net asset value per Sterling ordinary share	£1.0516	£1.0199	£1.0305	£0.9966
Sterling ordinary share price (bid market)**	£1.0775	£1.0200	£1.0350	£0.9900

** - Source: Bloomberg

Dividend history

	Ex-dividend date	Payment date
For the period ended 31 December 2013		
Sterling - £0.01 per ordinary share	29/01/2014	14/02/2014
Euro - €0.01 per ordinary share	29/01/2014	14/02/2014

For the period ended 30 June 2014		
Sterling - £0.025 per ordinary share	25/06/2014	22/07/2014
Euro - €0.025 per ordinary share	25/06/2014	22/07/2014

No C share dividend was declared during the year.

Please refer to note 16 for further information subsequent to the reporting year.

STRATEGIC REPORT (CONTINUED)
CHAIRMAN'S STATEMENT

Introduction

I am pleased to present to you the Annual Financial Report of the Company for the year ended 31 December 2014.

Strategy

In this Annual Financial Report you will find on pages 2 to 13 a detailed Strategic Report designed to inform and enable you to assess your Company's approach. Your Board continues to critically appraise the Company's strategy, in respect of both suitability and achievability, and it is the Board's view that the strategy as set out in the prospectuses issued at IPO and subsequently remains appropriate.

Performance & Outlook

The Investment Vehicle Manager, has provided a report to be incorporated into this Annual Financial Report, which you will find on pages 16 to 20. That report sets out the Investment Vehicle Manager's view of investment performance during 2014 and the outlook for the Company's chosen markets and instruments.

The 2014 calendar year, which is also the Company's fiscal year, may be treated as the Company's first full year of normalised operations, given that the Company's capital was in the process of being committed to investments during the post-IPO ramp-up period to 31 December 2013.

Observers of the Company's target asset class will have noted 2014 as being a year characterised by an excess of demand over supply of risk assets, which had the effect of driving loan and bond yields towards post-2008 historic lows in the first half of 2014, notwithstanding the modest risk pricing adjustments which took place towards the end of 2014. Yields in European high yield bonds remain tight, as do default rates. The Company's capital is predominantly committed to the European corporate sector, and thus the ECB's asset quality review ("AQR") combined with ECB President Draghi's QE policy initiatives, are likely to have a significant influence on the Company's opportunity set during 2015. Real Eurozone interest rates at or below zero are expected to remain a feature of the European macro environment for the foreseeable future, particularly given the deflationary consequences of recent energy price adjustments, whilst the AQR has the potential to provide new corporate financing opportunities at attractive prices. The continuing ability of investors to invest the capital required to absorb potential AQR driven transactions is likely to determine whether risk pricing returns to long term averages or remains at or around current levels.

Given the tight risk pricing markets which characterised 2014, the fact that the Company paid its maiden normalised dividend of 2.5pps/cps in July 2014 and was able to declare a dividend of an equivalent amount on 29 January 2015 for the second half of 2014 is very pleasing. The current gross yield of the Company's underlying investment portfolio, before fees and expenses, stands at 6.2% and this supports a positive dividend outlook for 2015. The Investment Vehicle Manager continues to rotate the underlying asset portfolio into higher yielding primary and selective secondary assets as is sensible and as market conditions permit.

STRATEGIC REPORT (CONTINUED)
CHAIRMAN'S STATEMENT (CONTINUED)

Revenue and Dividends

The result for the year, after taxation and after the payment of dividends, was €(1,406,652). This result is comprised of:

	€
Net income from the Investment Vehicle	13,909,512
Share issuance costs	(550,731)
Mark to market adjustments relating to the Company's interest in the investment vehicle	330,175
Net foreign exchange movements during the year	(940,020)
Operating expenses and other items	(881,491)
Total dividends paid amounted to	**€13,274,097**

The earnings per share, calculated on the average number of shares in issue, was £(0.002954) for the Sterling share class and €(0.003665) for the Euro share class.

As previously mentioned, the Company has already paid a dividend amounting to £0.025 for each Sterling class share and €0.025 for each Euro class share, in respect of the financial year ended 31 December 2014. A further dividend of equivalent amounts per share was declared on 29 January 2015 and will be paid on 20 February 2015 to shareholders on the register at the close of business on 6 February 2015.

After careful consideration, your Board is satisfied that the Company's stated target of providing an annual yield to investors of around 5% remains appropriate.

Share Issues and Repurchases

The Company's Contractual Quarterly Tender (CQT) facility was available to investors throughout 2014, and very few investors took advantage of this facility, tendering 7,401 Sterling shares and 280,875 Euro shares during the year. The process underlying the tender facility absorbed these securities in accordance with relevant documentation. Offsetting these minor repurchases were substantial issuances of fresh equity in both share classes both by way of the Company's ongoing Placing Programme and also a C share issue in Q2/2014. Total share issuance during the year was as follows:

30,958,500 C Euro shares, raising gross proceeds of €30,958,500 (converted to ordinary shares on 22 July 2014)
66,352,795 C Sterling shares, raising gross proceeds of £66,352,795 (converted to ordinary shares on 22 July 2014)
30,665,600 Ordinary Euro shares, raising gross proceeds of €32,339,206
30,847,469 Ordinary Sterling shares, raising gross proceeds of £32,310,020

The Company continues to experience demand for its securities, and has recently announced further issuance capacity of up to €40million for Q1/2015 under its Placing Programme.

The Board believes that the existence of the Contractual Quarterly Tender ("CQT") facility continues to limit the Company's exposure to any future discount volatility and recommends that shareholders continue to support the programme. Accordingly, the Board is seeking authority from shareholders at its forthcoming Annual General Meeting to renew the authority for the Company to make market purchases of its own shares pursuant to the Contractual Quarterly Tender facility.

STRATEGIC REPORT (CONTINUED)
CHAIRMAN'S STATEMENT (CONTINUED)

Board of Directors

The Board conducted an external evaluation of its effectiveness during 2014. The output from that exercise was valuable, and the board continues to consider the recommendations made in the context of its efficient operations and its commitment to the corporate governance code issued by the Association of Investment Companies ("AIC"). There are no matters arising from this review that I feel need to be drawn to the attention of shareholders.

In accordance with best practice under the UK Corporate Governance Code, all Directors will stand for reappointment at the forthcoming Annual General Meeting.

Alternative Investment Fund Managers Directive ('AIFMD' or the 'Directive')

During 2014, the Company registered with the Jersey Financial Services Commission, being the Company's competent regulatory authority, as a self-managed Alternative Investment Fund (AIF), and has registered with the financial services regulatory authorities of a number of European jurisdictions, including the UK Financial Conduct Authority, under their relevant national private placement regimes ("NPPRs").

Annual General Meeting

This year's Annual General Meeting will be held at 3.00pm on 16 March 2015. In addition to the formal proceedings, there will be a presentation by a representative of the Investment Vehicle Manager, who will also be available to respond to questions on the investment vehicle's portfolio and investment strategy. I look forward to seeing as many of you as possible at the meeting.

If you have any detailed questions, you may wish to raise these in advance with the Company Secretary. Shareholders who are unable to attend the Annual General Meeting in person are encouraged to use their proxy votes. Shareholders who hold their shares through CREST are able to lodge their proxy votes electronically.

I would like to take this opportunity to express my appreciation to my fellow board members, the Company's advisors and administrative personnel, and the Investment Vehicle Manager's team for their focus, wisdom, commitment and diligence during the year. I would also like to thank all of our investors for their continuing support.

Richard Michael Boléat
Chairman

STRATEGIC REPORT (CONTINUED)
EXECUTIVE SUMMARY

This Executive Summary is designed to provide information about the Company's business and results for the year ended 31 December 2014. It should be read in conjunction with the Chairman's Statement on pages 4 to 6 and the Investment Vehicle Manager's report which gives a detailed review of investment activities for the year and an outlook for the future.

Corporate summary

The Company is a closed-ended investment company limited by shares, registered and incorporated in Jersey under the Companies (Jersey) Law 1991 on 20 March 2013, with registration number 112635. The Company's share capital is denominated in Euro and Sterling and consists of Euro and Sterling ordinary shares. The Company's Euro and Sterling ordinary shares are listed on the Official List of the UK Listing Authority and admitted to trading on the Main Market of the London Stock Exchange. As at 31 December 2014, the Company's issued share capital comprised 221,230,706 Euro ordinary shares, 258,294,836 Sterling ordinary shares and two management shares (with no par value or voting rights). The Company also held 280,875 Euro ordinary shares and 7,401 Sterling ordinary shares in treasury.

The Company is self-managed and the Directors have invested the net IPO proceeds into Compartment A of an existing European credit opportunities investment vehicle, CVC European Credit Opportunities S.à r.l. (the "Investment Vehicle"), managed by CVC Credit Partners Investment Management Limited (the "Investment Vehicle Manager").

The Company is a member of the Association of Investment Companies ("AIC") and is regulated by the Jersey Financial Services Commission.

Issue of C shares

The Company published a Prospectus on 20 March 2014 setting out the terms of a Placing Programme, of up to 600 million new shares, comprising of both ordinary shares and C shares. The Placing Programme commenced with an initial placing of C shares at a price of €1 and £1 per Euro C share and Sterling C share respectively.

On 28 March 2014 the Company announced the results of the initial placing of C shares. The initial placing raised gross proceeds of €111,271,923 through the issue of 30,958,500 Euro denominated C shares at an issue price of €1.00 to raise €30,958,500 and 66,352,795 Sterling denominated C shares at an issue price of £1.00 to raise £66,352,795.

Application was made to the UK Listing Authority and the London Stock Exchange plc for 97,311,295 C shares to be admitted to the Official List and to trading on the Main Market. The admission became effective on 3 April 2014.

On the 22 July 2014, the Company converted 30,958,500 Euro C shares and 66,352,795 Sterling C shares into 30,320,748 Euro ordinary shares and 64,846,565 Sterling ordinary shares respectively. These new ordinary shares were admitted to the Official List and to trading on the London Stock Exchange on 22 July 2014.

On 22 September 2014 a Supplementary Prospectus was issued to incorporate the Company's Half Yearly Report for the six months ended 30 June 2014.

Ordinary share tap issues

Tap issue of 20,665,600 Euro ordinary shares
On the 16 May 2014, the Company announced the successful placing of Euro denominated ordinary shares. The Placing raised gross proceeds of €21,833,206 through the issue of 20,665,600 Euro denominated shares at an issue price of €1.0565. Application was made to the UK Listing Authority and the London Stock Exchange plc for the newly issued 20,665,600 ordinary shares to be admitted to the Official List and to trading on the Main Market. The admission became effective on 21 May 2014.

STRATEGIC REPORT (CONTINUED)
EXECUTIVE SUMMARY (CONTINUED)

Ordinary share tap issues (continued)

Tap issue of 10,000,000 Euro ordinary shares

On the 24 September 2014, the Company announced the successful placing of Euro denominated ordinary shares. The Placing raised gross proceeds of €10,506,000 through the issue of 10,000,000 Euro denominated shares at an issue price of €1.0506. Application was made to the UK Listing Authority and the London Stock Exchange plc for the newly issued 10,000,000 ordinary shares to be admitted to the Official List and to trading on the Main Market. The admission became effective on 26 September 2014.

Tap issue of 15,900,000 Sterling ordinary shares

On the 14 November 2014, the Company announced the successful placing of Sterling denominated ordinary shares. The Placing raised gross proceeds of £16,660,020 through the issue of 15,900,000 Sterling denominated shares at an issue price of £1.0478. Application was made to the UK Listing Authority and the London Stock Exchange plc for the newly issued 15,900,000 ordinary shares to be admitted to the Official List and to trading on the Main Market. The admission became effective on 19 November 2014.

Tap issue of 14,947,469 Sterling ordinary shares

On the 16 December 2014, the Company announced the successful placing of Sterling denominated ordinary shares. The Placing raised gross proceeds of £15,650,000 through the issue of 14,947,469 Sterling denominated shares at an issue price of £1.0470. Application was made to the UK Listing Authority and the London Stock Exchange plc for the newly issued 14,947,469 ordinary shares to be admitted to the Official List and to trading on the Main Market. The admission became effective on 19 December 2014.

Company investment objective

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

Company investment policy

The Company's investment policy is to invest predominantly in companies domiciled, or with material operations, in Western Europe across various industries. The Company's investments are focused on senior secured obligations of such companies but investments are also made across the capital structure of such borrowers.

Further information can be found in the Investment Vehicle Manager report which is incorporated within this annual financial report on pages 16 to 20 for informational purposes only.

Investment approach

The Company pursues its investment policy by investing in the Investment Vehicle. The Company gave effect to its investment policy by subscribing for Preferred Equity Certificates, (the "PEC's"), Series 4 and 5, issued by the Investment Vehicle. Series 4 and 5 PECs are denominated in Euro and Sterling respectively and are income distributing. The investment objective and investment policy of the Investment Vehicle are in line with those of the Company.

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

STRATEGIC REPORT (CONTINUED)
EXECUTIVE SUMMARY (CONTINUED)

Investment approach (continued)

The Investment Vehicle invests in the debt of larger companies which offer a number of differing characteristics relative to the broader market, including but not limited to:

(i) larger, more defensive market positions;
(ii) access to broader management talent;
(iii) multinational operations which may reduce individual customer, sector or geographic risk and provide diverse cashflow;
(iv) working capital and capital expenditure which can be managed in the event of a slowdown in economic growth; and
(v) wider access to both debt and equity capital markets.

Based on the market opportunity and relative value, the Investment Vehicle invests in a range of different credit instruments across the capital structure of target companies (including but not limited to senior secured, second lien and mezzanine loans and senior secured, unsecured and subordinated bonds).

Assets are sourced in both the new issue and secondary markets, using the sourcing networks of the Investment Vehicle Manager and CVC Group generally.

The Investment Vehicle Manager's access to deals is supported by the network of contacts and relationships of its leadership team and investment professionals, as well as the strong positioning of the CVC Group in the European leveraged finance markets.

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

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

Key Performance Indicators (KPIs)

The Company's Board of Directors meets regularly to review performance and risk against a number of key measures.

Net asset value total return
The Directors regard the Company's net asset value total return as being the overall measure of value delivered to Shareholders over the long term. Total return reflects both net asset value growth of the Company and also dividends paid to Shareholders. The Company is targeting a net asset value total return of 8%-12% per annum over the medium term.

Dividend yield
The Company is targeting an annual dividend yield of around 5%.

Diversification
The Directors review the geographical, industry, asset and currency diversification of the underlying Investment Vehicle to ensure that holdings are in line with the prospectus and also to monitor the diversification risk of the underlying portfolio.

Premium / Discount
The Directors review the trading price of the Company's shares and compare them against the net asset values of the respective share classes of the Company to assess volatility in the discount or premium to the share prices during the year.

STRATEGIC REPORT (CONTINUED) EXECUTIVE SUMMARY (CONTINUED)

Key Performance Indicators (KPIs) (continued)

Share class disparity
The Directors review the net asset value and the share price of both share classes on a weekly basis to assess and understand any price disparity between both classes.

Principal risks and uncertainties

When considering the total return of the Company, the Board takes account of the risk which has been taken in order to achieve that return. The Board looks at numerous risk factors, an overview of which is set out below:

Supply and demand
The value of the investments in which the Company indirectly invests are affected by the supply of primary and secondary issuers on the one hand and the continued demand for such instruments from market participants on the other. A change in the supply of or demand for the underlying investment may adversely affect the performance of the Company.

Portfolio concentration
Risk is concentrated in European corporate issuers with relatively lower credit ratings than other more senior investments and therefore subject to a greater degree of loss than would be the case with higher credit rated instruments. As at 31 December 2014, the underlying portfolio comprised 67 (2013: 50) issuers and 16 (2013: Nil) structured finance positions and may therefore be exposed to concentration of industry risk and concentration of geographical risk.

It is important to note that the investment objective and investment policy of the Investment Vehicle is in line with that of the Company.

Please refer to pages 16 and 17 for details of the investment portfolio held in the underlying Investment Vehicle.

Liquidity
Investment in the Company is subject to a number of liquidity constraints as follows:

The PECs in which the Company invests are not traded on a stock exchange. The Company will have to rely on the redemption mechanisms offered by the Investment Vehicle in order to realise its investment and on that mechanism operating in a timely manner.

The Investment Vehicle's underlying investments are not traded on a stock exchange. Investments are bought and sold by market participants on a bilateral basis and any reduction in liquidity caused by a reduction of demand can have a negative impact on the Company's ability to conduct its Contractual Quarterly Tenders.

Foreign exchange risk
Foreign exchange risk is the risk that the values of the Company's and Investment Vehicle's assets and liabilities are adversely affected by changes in the values of foreign currencies by reference to the Company's base currency, the Euro.

STRATEGIC REPORT (CONTINUED) EXECUTIVE SUMMARY (CONTINUED)

Principal risks and uncertainties (continued)

Foreign exchange risk (continued)
The effects of foreign exchange risk at the Investment Vehicle level is actively managed by the board of the Investment Vehicle and its advisors. The Board monitors the net asset value per share divergence between the Sterling and Euro share classes in order to identify the impacts of flow through foreign exchange risk and is satisfied that the divergence has remained at reasonable levels throughout the year. The Company has not entered into any foreign exchange hedging arrangements during the year.

Macro-economic factors
Adverse macro-economic conditions are likely to have an adverse effect on the performance of the Investment Vehicle's underlying assets and on the ability of underlying borrowers to service their debt obligations.

Principal risks relating to an investment in the shares of the Company

Please refer below for details of the principal risks relating to an investment in the shares of the Company.

Shareholders have no right to have their shares redeemed or repurchased by the Company
As the Company has been established as a closed-ended vehicle, there is no right or entitlement attaching to any shares that allows them to be redeemed or repurchased by the Company at the option of the Shareholder. By contrast, Investment Vehicle interest holders (including the Company) who have invested directly in the Investment Vehicle, have a right to redeem their Investment Vehicle interests pursuant to the Investment Vehicle's quarterly redemption facility. The Company has, therefore, established the Contractual Quarterly Tender facility which is subject to annual Shareholder approval and the restrictions as discussed further below and in note 13. The Contractual Quarterly Tender is a mechanism available to ordinary Shareholders of the Company.

Contractual Quarterly Tenders are subject to certain restrictions and so Shareholders should not have an expectation that all or any of the shares they make available for sale to the Company will be purchased through the Contractual Quarterly Tender facility
The operation of the Contractual Quarterly Tender facility is subject to Shareholder approval on an annual basis and there is no guarantee that Shareholders will vote to renew the Contractual Quarterly Tender facility. For this reason and the additional restrictions discussed in note 13, Shareholders should note that they are subject to additional liquidity restrictions when compared to direct investors in the Investment Vehicle. Accordingly there is a risk that such other direct investors in the Investment Vehicle may be able to realise their investment sooner than the Shareholders, which may adversely affect the Company's business, financial condition, results of operations, net asset value and/or the market price of the Shares.

Other risks

The Directors wish to draw the attention of Shareholders to the other risks as set out in the Company's prospectus, which is available on the Company's website.

Environmental and social issues

The Company is a closed-ended investment company and so its own direct environmental impact is minimal. The Company notes that the companies in which the Investment Vehicle invests will have a social and environmental impact over which the Company has no control. The Board of Directors, the majority of whom are based in Jersey, have held all of their meetings in Jersey and therefore the Company's greenhouse gas emissions and environmental footprint are negligible.

STRATEGIC REPORT (CONTINUED)
EXECUTIVE SUMMARY (CONTINUED)

Board diversity

The Board has due regard for the benefits of experience and diversity in its membership, including gender, and strives to meet the right balance of individuals who have the knowledge and skillset to maximise Shareholder return while mitigating the risk exposure of the Company. The Board is made up of three male Directors, details of which are shown on pages 14 and 15. All have held the position of Director since incorporation.

Future strategy

The Board continues to believe that the investment strategy and policy adopted by the Investment Vehicle is appropriate for and is capable of meeting the Company's objectives.

The overall strategy remains unchanged and it is the Board's assessment that the Investment Vehicle Manager's resources are appropriate to properly manage the Investment Vehicle's portfolio in the current and anticipated investment environment.

Please refer to the Investment Vehicle Manager's report for detail regarding performance to date of the Investment Vehicle's investments and the main trends and factors likely to affect the future development, performance and position of those investments.

This Strategic Report was approved by the Board of Directors on 10 February 2015 and signed on its behalf by:

Richard Michael Boléat
Chairman

Mark Richard Tucker
Audit Committee Chairman

BOARD MEMBERS

CHAIRMAN

Richard Michael Boléat, aged 51 (independent).

Appointed 20 March 2013.

Richard qualified as a Chartered Accountant with Coopers & Lybrand in the United Kingdom in 1987 and subsequently worked in the Middle East, Africa and the United Kingdom for a number of commercial and financial services groups, during which time he acted as a buy-side high yield credit analyst for an Arabian investment bank.

From 1996 he was a Principal of Channel House, a Jersey based financial services group, which was acquired by Capita Group plc in September 2005 and led their financial services client practice in Jersey until September 2007.

He currently acts as a non-executive director of a number of substantial collective investment and investment management entities and is active in a number of asset classes including global macro, super-senior corporate CDS, long/short equity, fund of funds and EM real estate. He presently acts as Chairman of Yatra Capital Limited. He is personally regulated by the Jersey Financial Services Commission in the conduct of financial services business and is a member of the Alternative Investment Management Association (AIMA), the International Corporate Governance Network and the European Corporate Governance Institute.

BOARD MEMBERS (CONTINUED)

DIRECTORS

Mark Richard Tucker, aged 52 (independent).

Appointed 20 March 2013.

In 1997 Mark joined Arborhedge Investments, Inc. (formally HFR Investments, Inc.) a Chicago based, boutique broker dealer specialising in the placement of hedge fund interests to institutions globally. Mark served as the President and Chief Executive Officer of Arborhedge until his return to Jersey in 2002, after which he remained a director and shareholder until 2012. Previously, Mark held a variety of retail and private banking roles in Jersey with both HSBC and Cater Allen Bank.

In 1988 Mark relocated first to London, where he joined GNI Limited in a financial futures business development role, and later to New York where he was responsible for the alternative investment program of Gresham Asset Management, Inc. and later for the asset allocation and manager selection activities of Mitsui & Company.

Mark is personally regulated by the Jersey Financial Services Commission in the conduct of financial services business, and he is an Associate of the Chartered Institute of Bankers, a Chartered Fellow of the Chartered Institute for Securities and Investment and a member of the Institute of Directors. Mark currently serves as a non-executive director to several other offshore structures.

David Alan Wood, aged 60.

Appointed 20 March 2013.

David was a founding partner of CVC Cordatus (a predecessor to CVC Credit Partners Group) in 2006, but retired in April 2012, although he remains a member of CVC Credit Partners Advisory Board. With 36 years of industry experience, David joined from Deutsche Bank where he was Co-Head of European Leveraged Finance. Prior to this, he was a Managing Director at JP Morgan/Chase Manhattan where he worked in leveraged finance and corporate banking.

Attendance at meetings

Management	Board		Audit Committee		Risk Committee	
	Total	Attended	Total	Attended	Total	Attended
Richard Michael Boléat	32	31	3	3	8	8
Mark Richard Tucker	32	31	3	3	8	8
David Alan Wood	32	25	3	3	8	8

INVESTMENT VEHICLE MANAGER'S REPORT

Summary

The Investment Vehicle Manager is pleased with the performance of the Investment Vehicle for the year ended 31 December 2014.

Portfolio

As at 31 December 2014, the Investment Vehicle portfolio was invested in line with the Investment Vehicle's investment policy and was diversified with 67 issuers[1] across 24 different industries and 16 different countries, with no individual issuer representing an exposure of more than 3.5% of the portfolio.

Portfolio Statistics[2]

Percentage of Portfolio in Floating Rate Assets	79.3%
Percentage of Portfolio in Fixed Rate Assets	20.7%
Weighted Average Price[3]	93.2
Yield to Maturity	8.2%
Current Yield	6.2%
Weighted Average Fixed Rate Coupon	7.1%
Weighted Average Floating Rate plus Margin	5.5%

5 Largest Issuers

Issuer	% of Gross Assets	Industry	Country
FCC	3.5	Buildings / Real Estate	Spain
Viridian	3.3	Utilities	Ireland
Delachaux	3.1	Machinery	France
RAC	2.6	Automobile	UK
United Biscuits	2.6	Beverage, Food, Tobacco	UK

5 Largest Industry Positions

	%
Finance	9.9%
Healthcare, Education & Childcare	8.4%
Broadcasting & Entertainment	7.4%
Printing & Publishing	6.9%
Buildings / Real Estate	6.8%

[1] Excludes 16 structured finance positions.
[2] Note: All metrics exclude cash unless otherwise stated.
[3] Average market price of the portfolio weighted against the size of each position.

INVESTMENT VEHICLE MANAGER'S REPORT (CONTINUED)

Portfolio Statistics (continued)

Geographical Breakdown by issuer country

	%
UK	30.1%
France	13.6%
Spain	12.3%
U.S.	8.8%
Germany	7.6%
Sweden	6.8%
Luxembourg	4.8%
Jersey	3.6%
Ireland	3.0%
Other	9.4%

Currency Breakdown

	%
EUR	52.5%
GBP	30.9%
USD	15.1%
NOK	1.2%
SEK	0.3%

Asset Breakdown

	%
Loans (1st Lien)	47.0%
Senior Secured Bonds	14.6%
Loans (2nd Lien)	12.1%
Cash	9.2%
Senior Unsecured Bonds	6.5%
PIKs	5.4%
Structured Finance Positions	4.8%
Other	0.4%

INVESTMENT VEHICLE MANAGER'S REPORT (CONTINUED)

Performance

As at the end of December, the portfolio, including the fully drawn leverage facility, was 91.1% invested. Floating rate instruments comprised 79.3% of the portfolio. Current yield at month-end was 6.2%. The Investment Vehicle Manager is satisfied with the portfolio composition through 2014.

The Investment Vehicle Manager has witnessed large movements in the secondary market for underperforming names, which has increased the universe of credit opportunities for the portfolio to evaluate. In addition, the Investment Vehicle Manager continues to work through and add exposure to assets coming from bank balance sheets, as banks face continued pressure to dispose of mis-priced legacy assets.

During Q3 2014, the Investment Vehicle Manager successfully implemented a moderate leverage facility in the underlying investment vehicle with a global banking institution of €103 million (c.15% of AUM) at attractive rates with flexible terms. The facility has been utilised to stabilise and enhance cash income returns, without incurring undue additional risk. As at 31 December 2014, the facility was fully drawn.

Through Q4 2014, the Investment Vehicle Manager positioned the portfolio to reduce the effects of the heightened volatility experienced across the broader markets through the maintenance of a healthy cash balance, which also provided capital to invest selectively when opportunities arose.

The Credit Opportunities and Special Situations landscape experienced significant and heightened levels of volatility causing certain dislocations in the market; resulting in the re-pricing of risk in stressed / distressed levered capital structures. The portfolio felt some effect of this during Q4, experiencing negative mark-to-market movements in some Credit Opportunities and structured credit positions, however, the Investment Vehicle Manager remains confident in the quality of the assets and expects markets to stabilise in 2015.

Through Q4 2014, the Investment Vehicle Manager (i) took advantage of the volatile conditions where significant movements in the secondary market created interesting entry points; (ii) participated in new issuance which priced wider to the last 12-months across both leveraged loans and HY bonds, rotating out of lower yielding performing names and into new issuance at higher spreads; and (iii) built on the Credit Opportunities assets where the Investment Vehicle Manager sees an attractive market opportunity.

Market Review and Outlook

Leveraged Loan Market

- The European leveraged loan market has generated a total of €78.4 billion of new issuance through to the end of December; these figures amount to the best year in leveraged loan finance volume since 2007
- Post the tight spreads of Q1 2014, new-issue yields widened through Q4 for European leveraged loans driven by relative value pricing to the U.S. markets, where continued mutual fund outflows and concerns regarding the impact of the sharp fall in oil prices helped to "re-reprice" European credit
- M&A lending had its best year since the financial crisis. Issuers tapped the European market for €41.2 billion of loans to fund acquisitions and LBOs. Many market participants are optimistic about the outlook for M&A supply in 2015, with a strong pipeline of opportunities across Europe. One hopeful signal for future flows of acquisition and buyout financing arriving in the leveraged market is that the investment-grade corporate M&A market returned to strength over the second half of 2014. Standard & Poor's Rating Services' European Corporate Credit Outlook 2015, published in December, noted that European corporates frustrated by the stagnant recovery in the region are looking to make overseas acquisitions to boost growth, prompting an increased interest in debt-financed M&A
- Credit Suisse's leveraged finance projections forecast an issuance of €110bn in European leveraged loans, indicating a stable loan issuance market in Europe for 2015, and $400 billion in the U.S. market

INVESTMENT VEHICLE MANAGER'S REPORT (CONTINUED)

Market Review and Outlook - continued

High Yield Bond Market

- With the collapse of crude oil prices to five-year lows, the Investment Vehicle Manager does see wider ramifications across the HY bond market – in particular in the U.S. However, the energy sector is a small component of the European leveraged loan and HY indices. In the U.S. some estimates suggest that energy companies now account for c.17-18% of the U.S. HY Index – a sizeable increase in the last few years – compared to 4-6% of the US Loan (Loan Syndications and Trading Association) Index
- In U.S. HY, the consensus is fairly bullish on the HY market for 2015 despite recent volatility. With the end of historically loose monetary policy priced into the market, the market is underpinned by steady economic growth, sound corporate performance, and ongoing investor demand for yield
- Across the European HY bond market, the Investment Vehicle Manager believes that there will be continued volatility driven by equity market sentiment
- The European leveraged finance markets also continue to be impacted by bouts of volatility; the high yield market was shaken by the high profile default of Phones 4U in early September. Sterling-denominated bonds in particular have faced increased pricing pressure following the Phones 4U default which the Investment Vehicle Manager avoided. Despite these risks and the weak economic environment, the Investment Vehicle Manager believes that the default risk in Europe will continue to be low through 2016
- Late 2014 witnessed a recoupling of the high yield and leveraged loan markets with negative economic indicators. Following the suggestion in September that the ECB would undertake a QE programme, the Investment Vehicle Manager expects that rate movements will play a limited role in returns in 2015
- Credit Suisse's leveraged finance projections forecast an issuance of €125 billion in European HY and $260 billion in the U.S. HY market

Event Driven Opportunity

Asset Quality Review ("AQR")

- Bank stress tests and falling oil prices have set the backdrop for a global credit investment opportunity that exceeds €500 billion
- European banks are predicted to have sold over €100 billion of loans by the end of 2014, an increase of more than 50% on 2013[4]. Yet it is clear from the results of the ECB's Asset Quality Review, published in October, that Europe's lenders have still not gone far enough to purge or even recognise the extent of bad loans on their balance sheets
- 25 out of the 130 banks tested failed to meet the required capital adequacy standards, while the ECB identified a further €136 billion of non-performing loans previously unrecognised by Europe's lenders. In that context, the disposals made in 2014 appear a drop in the ocean when compared with the rising tide of non-core assets, which are now estimated at €2.4 trillion[5]
- Globally, the number of prospective target investments in stressed and distressed credit – those that can produce a 12%+ risk-adjusted return – continues to increase
- The Investment Vehicle Manager expects the velocity of stressed and distressed asset sales to continue well into 2016

Exploiting Dislocation in Performing Credit

- The combination of concerns about interest rate rises in the U.S., overpriced HY credit and falling oil prices have been sucking capital out of debt markets since the middle of the year. Comments by the U.S. Federal Reserve chair, Janet Yellen during the summer that HY valuations looked stretched, and broad hints that interest rate rises could come earlier than expected, started the flight; the ongoing decline in oil prices towards the end of the year has ensured it has continued[6]

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[4] PwC European Portfolio Advisory Group Market Update, November 2014.
[5] PwC – "Increasing European SME Access to Credit with Non-Bank Lenders", April 2014.
[6] YTD high yield outflows $16.2bn, loan outflows $17.8bn, CVC Data, 17 December 2014.

INVESTMENT VEHICLE MANAGER'S REPORT (CONTINUED)

Event Driven Opportunity - continued

Exploiting Dislocation in Performing Credit (continued)

- In contrast, the U.S. economy is in its strongest position since the start of the financial crisis, and low energy prices are undoubtedly acting as a strong tailwind in many sectors. Every permanent $10 drop in oil prices is expected to add 0.1% to U.S. GDP (and 0.2% globally)[7]
- The sell-off by investors wanting to de-risk looks unnecessarily broad and pessimistic. Based on current spreads, the Investment Vehicle Manager estimates that the market is pricing in a default rate of 4% or higher. That is double the current 2% level and is significantly higher than the Investment Vehicle Manager's own 3% view. With investor concerns pervasive and volatility high, the Investment Vehicle Manager sees many strong credits that are not fully appreciated by the markets. By cherry-picking the best assets, the Investment Vehicle Manager believes that it can outperform a more index-like approach
- In Europe where the market has traded off to a lesser extent due to the absence of retail fund flows, the Investment Vehicle Manager sees selective investment opportunities in primary and secondary loans which have also re-priced (albeit to a lesser extent) with the U.S. sell off. The potential ECB market intervention may tighten HY markets where single Bs look cheap to BB and investment grade credit. However, as always, the focus is to remain highly credit and sector focused

Conclusion

For 2015, the Investment Vehicle Manager expects single name and sector issues to increasingly impact investment performance and that astute credit pickers will be rewarded, in contrast to an index approach. As such, in the current market context, managers that are tactical and maintain an edge around the fundamental drivers of recovery and specific jurisdictional impact to recoveries will outperform in 2015.

The Investment Vehicle Manager report on pages 16 to 20 was approved by the Investment Vehicle Manager on 10 February 2015:

Jonathan Bowers
Senior Portfolio Manager

Andrew Davies
Portfolio Manager

[7] UBS: Here's what a $10 move in oil does to GDP around the world, Sam Ro, Business Insider, 8 December 2014.

DIRECTORS' AND CORPORATE GOVERNANCE REPORT

The Directors present the Annual Report for CVC Credit Partners European Opportunities Limited for the year ended 31 December 2014. The results for the year are set out in these accounts.

Administrator and Custodian

The administration, company secretarial and custody and settlement function of the Company has been contracted to BNP Paribas Securities Services S.C.A., Jersey Branch.

Statement as to disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and that they have taken the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Director interests

Information for each Director is shown on pages 14 and 15.

No Director has any other interest in any contract to which the Company is a party and no Director has held or holds any management or ordinary shares in the Company.

Financial risk management objectives and policies

The Board is responsible for the Company's system of risk management and internal control and meets regularly in the form of Board meetings and monthly Risk Management Committee meetings to assess the effectiveness of such controls in managing and mitigating risk.

The key financial risks that the Directors believe the Company is exposed to include credit risk, liquidity risk, market risk, interest rate risk, foreign currency risk and valuation risk. Please refer to note 8 for reference to financial risk management disclosure, which explains in further detail the above risk exposures and policies and procedures in place to monitor and mitigate these risks.

The Administrator has established an internal control framework to provide reasonable but not absolute assurance on the effectiveness of the internal controls operated on behalf of its clients. The effectiveness of these controls is assessed by the Administrator's compliance and risk departments on an on-going basis and by periodic review by external parties.

The Board has reviewed the effectiveness of the Company's system of risk management and internal control for the year ended 31 December 2014 and to the date of approval of this annual financial report.

Fair, balanced and understandable

In assessing the overall fairness, balance and understandability of the Annual Report and Accounts the Board has performed a comprehensive review to ensure consistency and overall balance.

Borrowing limits

The Company does not have any external borrowings. The Directors may, if they feel it is in the best interests of the Company, borrow funds subject to the appropriate resolutions of Shareholders.

Greenhouse gas emissions

Please refer to the Strategic Report – "Environmental and social issues" for disclosure regarding greenhouse gas emissions.

DIRECTORS' AND CORPORATE GOVERNANCE REPORT (CONTINUED)

Shareholders' Interests

As at 10 February 2015 no Shareholders had an interest of greater than 10% in the Company's issued share capital.

Auditor

Ernst & Young LLP, have indicated their willingness to continue in office as auditor and a resolution proposing their re-appointment and to authorise the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

Events after the Reporting Date

The Directors are not aware of any developments that might have a significant effect on the operations of the Company in subsequent financial periods not already disclosed in this report or the attached financial statements.

Going Concern

After reviewing the Company's budget and cash flow forecast for the next financial year, the Directors are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements.

Corporate Governance Statement

a) Corporate Governance Codes

The Listing Rules and the Disclosure and Transparency Rules (DTR) of the UK Listing Authority, require listed companies to disclose how they have applied the principles and complied with the provisions of the UK Corporate Governance Code (UK Code) as issued by the Financial Reporting Council (FRC).

The Code of Corporate Governance published by the Association of Investment Companies in February 2013 (AIC Code) provides specific corporate governance guidelines to investment companies.

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 Code), will enable Shareholders to make a comprehensive assessment of the Company's governance principles.

The FRC has confirmed that AIC member companies who report against the AIC Code and who follow the AIC Guide will be meeting obligations in relation to the UK Code, paragraph 9.8.6 of the Listing Rules and associated disclosure requirements of the DTR.

The Company has delegated to third parties certain administrative and other functions, thus not all of the provisions of the AIC Code are directly applicable to the Company. The Company has no employees.

Copies of the AIC Code, the AIC Guide and the UK Code can be found on the respective organisations' web sites www.theaic.co.uk and www.frc.org.uk.

DIRECTORS' AND CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate Governance Statement (continued)

b) Statement of Compliance

The AIC Code comprises 21 principles and the Directors believe that during the period under review they have complied with the provisions of the AIC Code insofar as they apply to the Company's business except as set out below :

The UK Corporate Governance Code includes provisions relating to:

- The role of the Chief Executive;
- The appointment of a Senior Independent Director;
- Executive directors' remuneration;
- The need for an internal audit function; and
- The board should agree policies with the manager covering key operational issues.

For the reasons set out in the AIC Guide, the Board considers these provisions are not relevant to the position of the Company, being a self-managed investment company. In particular, all of the Company's day-to-day administrative functions are outsourced to third parties. As a result, the Company has not reported further in respect of these provisions.

The Directors have reviewed the AIC Codes and have assessed that they are compliant with all the AIC Codes throughout the year ended 31 December 2014, except as detailed above. As a self-managed investment company the Company does not have a manager and for this reason the Board considers that the AIC code 16 is not relevant to the Company.

c) The Board

The Board
The Board, appointed on 10 March 2013, consists of three Directors, two of whom are independent of the Investment Vehicle Manager. Richard Boléat and Mark Tucker are resident in Jersey, David Wood is resident in the UK.

Please refer to pages 14 and 15 for biographies of each director which demonstrates their professional knowledge and experience.

The Chairman, Richard Boléat, is independent of the Investment Vehicle Manager at the time of his appointment and remains so. The Chairman is responsible for the leadership of the Board and ensuring its effectiveness in all aspects of its role.

David Wood was a founding partner of CVC Cordatus (a predecessor to CVC Credit Partners Group) but retired in April 2012. He remains a member of CVC Credit Partners Advisory Board, which is an advisory body established to comment on strategic plans, budgets and markets.

The Board has appointed an Audit Committee, which operates within clearly defined terms of reference and duties, the terms of reference of which are available on the Company's website.

DIRECTORS' AND CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate Governance Statement (continued)

c) The Board (continued)

The Audit Committee membership comprises all of the Directors. The Chairman is a member of this Committee but he does not chair it. His membership of the Audit Committee is considered appropriate given that he is a Fellow of the Institute of Chartered Accountants in England and Wales and also has extensive knowledge of the financial services industry.

Mark Tucker is the Chairman of the Audit Committee.

The Board has appointed a Risk Management Committee as part of its risk management system. The Risk Management Committee membership comprises all Directors. The Chairman is also the chair of this Committee.

The Board considers that it is not necessary to establish a separate Remuneration Committee.

Directors retirement and rotation
The AIC guide states that Directors should be submitted for re-election at regular intervals. Nomination for re-election should not be assumed but be based on disclosed procedures and continued satisfactory performance. The articles of association state that at each annual general meeting (AGM) of the Company, any Director:

(i) Who has been appointed by the Board since the last AGM;
(ii) Who held office at the time of the two preceding AGMs and who did not retire at either of them; or
(iii) Who has been a Director for a continuous period of 9 years or more at the date of the AGM;

shall retire from office and may offer himself for election or re-election by the members.

In accordance with best practice under the UK Corporate Governance Code, all Directors will stand for reappointment at the forthcoming Annual General Meeting to be held on 16 March 2015. It is intended that all Directors will stand at each AGM.

The Board considers that there is a balance of skills and experience within the Board and each of the directors contributes effectively.

Board independence, composition and tenure
The Board does not have a formal policy requiring that Directors should stand down after a fixed period.

The Board considers that boards of investment companies are more likely to benefit from a long association with a company in that they will experience a number of investment cycles. The Board does not consider that length of service necessarily compromises the independence or effectiveness of each individual Director.

The Company is committed to ensuring that any vacancies arising are filled by the most qualified candidates who have complementary skills or who possess the skills and experience which fill any gaps in the Board's knowledge or experience.

The Board considers that, due to its size, it would be unnecessarily burdensome to establish a separate Nomination Committee. The Board as a whole nominates candidates for the Board and, subject to there being no conflicts of interest, all Directors are entitled to vote on candidates for the appointment of new Directors.

DIRECTORS' AND CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate Governance Statement (continued)

c) The Board (continued)

Directors professional development
The Board believes that keeping up-to-date with key investment industry developments is essential for the Directors to maintain and enhance their effectiveness.

Current Directors and newly appointed Directors, if applicable, are given the opportunity to discuss training and development needs and are expected to take responsibility for identifying their training needs and to take steps to ensure that they are adequately informed about the Company and their responsibilities as a director. The Chairman of the Board is responsible for agreeing and reviewing with each Director their training and development needs.

The Board is confident that all its members have the knowledge, ability and experience to perform the functions required of a director of the Company.

d) Board meetings and relations with the Investment Vehicle Manager

Director's remuneration and annual evaluation of the Board and that of its Audit Committee and individual Directors
The Board periodically reviews the fees paid to the Directors and compares these with the fees paid by listed companies generally.

During the year the Board engaged Trust Associates to perform an external review of the Board's performance, which resulted in no significant recommendations being made which were required to be bought to the attention of shareholders. It is intended that the Board shall, at least once every three years, engage a third-party to perform an external review of the Board's performance, constitution and terms of reference to ensure that it is operating effectively and to recommend any changes it considers necessary.

The evaluation of the Board, Audit Committee and Directors considers the balance of skills, experience, independence and knowledge, its diversity, including gender, how the Board works together as a unit, and other factors relevant to its effectiveness.

Details of the remuneration arrangements for the Board and Audit Committee can be found in the Directors' Remuneration Report on pages 32 to 34 and in note 5 of the financial statements.

Primary focus
The Board meets regularly throughout the year and a representative of the Investment Vehicle Manager is in attendance at all times when the Board meets to review the performance of the Company's investments.

As the company is self-managed, the Chairman assumes the responsibility of ensuring that relevant financial information, including Investment Vehicle investment portfolio analysis and financial plans, including budgets and forecasts, are available to the Board and discussed at Board meetings. The Chairman encourages open debate to foster a supportive and co-operative approach for all participants.

The Board applies its primary focus on the following:

- investment performance, ensuring that investment objectives and strategy of the Company are met;
- ensuring investment holdings are in line with the Company's prospectus;
- review and monitoring financial risk management and operating cash flows, including cash flow forecasts and budgets of the Company; and
- review and monitoring of the key risks to which the Company is exposed as set out in the Strategic Report.

DIRECTORS' AND CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate Governance Statement (continued)

d) Board meetings and relations with the Investment Vehicle Manager (continued)

Primary focus (continued)
At each relevant meeting the Board undertakes reviews of key investment and financial data, transactions and performance comparisons, share price and net asset value performance, marketing and Shareholder communication strategies, peer group information and industry issues.

Overall strategy
The Board meets regularly to discuss the investment objective, policy and approach of the company to ensure sufficient attention is given to overall strategy of the Company.

The Board considers prospectus objectives, their continuing relevance and whether the investment policy continues to meet the Company's objectives.

The Board believes that the overall strategy of the Company remains appropriate.

Review of net asset value and share price of each share class
The Directors review the trading price of the Company's shares and compare them against the net asset value of the Company's shares to assess volatility in the discount or premium to the share prices during the period.

Monitoring and evaluation of service providers
The Board reviews the performance of the Company's third-party service providers together with their anti-bribery and corruption policies to ensure that they comply with the Bribery Act 2010 and the Corruption (Jersey) Law 2006 and to ensure their continued competitiveness and effectiveness.

The Directors have adopted a procedure whereby they are required to report any potential acts of bribery and corruption in respect of the Company to the duly appointed Compliance Officer in Jersey.

e) Shareholder communications

Shareholder profile and communication
An analysis of the substantial Shareholders of the Company's shares is provided to the Directors on a quarterly basis.

The Board views Shareholder relations and communications as high priority which ensures that the members of the Board have an understanding of the views of Shareholders about the Company.

The main method of communication with Shareholders is through the half year and annual financial report which aims to give Shareholders a clear and transparent understanding of the Company's objectives, strategy and results. This information is supplemented by the publication of the weekly estimated and monthly actual net asset values of the Company's ordinary shares on the London Stock Exchange Regulatory Information Service.

The Company's web site www.ccpeol.com is regularly updated with monthly factsheets and provides further information about the Company, including the Company's Financial Reports and Announcements.

It is the intention of the Board that the Notice of the Annual General Meeting and related papers will be sent to Shareholders at least 20 workings days before that meeting.

Shareholders wishing to communicate with the Chairman, or any Director, may do so by writing to the Company, for the attention of the Company Secretary, at the Registered Office.

DIRECTORS' AND CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate Governance Statement (continued)

e) Shareholder communications (continued)

Shareholder profile and communication (continued)
The Directors welcome the views of all Shareholders and place considerable importance upon them.

Other communications
All substantive communications regarding any major corporate issues are discussed by the Board taking into account representations from the Investment Vehicle Manager, the Auditor, legal advisers, corporate brokers and the Company Secretary.

Report of the Audit Committee

The Board has appointed an Audit Committee which operates within clearly defined Terms of Reference.

The Audit Committee comprises the entire Board, the majority of whom are independent. Mark Tucker is the Chairman of the Audit Committee and he is independent. All of the Audit Committee's members have recent and relevant financial experience and one is a Fellow of the Institute of Chartered Accountants in England and Wales. Biographical information pertaining to the members of the Audit Committee can be found in the section of this Annual Financial Report entitled, "Board Members".

Role of the Audit Committee

The main role and responsibilities of the Audit Committee are to protect the interests of the Company's Shareholders regarding the integrity of the half-yearly financial report and the annual financial report of the Company.

The Audit Committee's main functions are:

- to consider and make recommendations to the Board in relation to the appointment, re-appointment and removal of the external Auditors and to negotiate their remuneration and terms of engagement on audit and non-audit work;
- to meet regularly with the external Auditor in order to review their proposed audit programme of work and the subsequent Audit Report and to assess the effectiveness of the audit process and the level of fees paid in respect of audit and non-audit work;
- to annually assess the external Auditor's independence, objectivity, effectiveness, resources and expertise;
- to review and monitor the fairness and balance of the financial statements of the Company including its half-yearly financial statements and annual accounts and reports to Shareholders; and
- advising the Board on whether the Committee believes the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

The Audit Committee's Terms of Reference are published on the Company's website at www.ccpeol.com.

Internal Controls

The Board is responsible for ensuring that suitable systems of risk management and internal control are implemented by the third-party service providers to the Company. The Directors have reviewed the BNP Paribas Securities Services ISAE 3402 report (on the description of controls placed in operation, their design and operating effectiveness for the period from 1 October 2013 to 30 September 2014) on Fund Administration and Middle Office Outsourcing, and are pleased to note that no significant issues were identified.

In accordance with the Financial Reporting Council's Internal Control: Guidance to Directors, and the FRC's Guidance on Audit Committees, the Board confirms that there is an on-going process for identifying, evaluating and managing the significant internal control risks faced by the Company.

DIRECTORS' AND CORPORATE GOVERNANCE REPORT (CONTINUED)

Internal Controls (continued)

As the Company does not have any employees it does not have a "whistle blowing" policy in place. The Company delegates its main administrative functions to third-party providers who report on their policies and procedures to the Board.

The Board believes that as the Company delegates its day-to-day administrative operations to third-parties (which are monitored by the Board), it does not require an internal audit function.

In 2014, the Audit Committee met on three occasions and the members' attendance record can be found on page 15 of this Annual Report.

Significant Issues

The Audit Committee views the title to and the existence of the Company investments as significant issues. Procedures to confirm the Company's title to and the existence of the Company investments are embedded within the Company's rolling new issuance program. Accordingly, the Company's title to and existence of the Company's investments were confirmed by the Board on several occasions throughout the year. Additionally, the procedures employed by the Auditors, described in the External Audit Process below, are viewed by the Audit Committee as being appropriate and sufficiently robust to identify weaknesses in the Company's claim to its investments and to gain sufficient assurance of the existence of the Company investments.

The risk of misstatement due to errors in the valuation of the Company investments is an issue of significance to the Audit Committee. The Audit Committee is pleased to report that during the period the Board established a Risk Committee to, among other things, examine the valuation of the Company investments periodically throughout the year. The Risk Committee meets each month. Additionally, the Audit Committee has continued the practice it commenced in the prior year as part of its annual audit procedures whereby it requested and obtained "observer status" at a meeting between the Investment Vehicle Manager and its auditor. A representative of the Auditor also attended this meeting. This meeting preceded a further meeting between members of the Audit Committee and senior staff of the Investment Vehicle Manager in which the Audit Committee was able to gain assurances as to the appropriateness and robustness of the valuation methodology applied by the Investment Vehicle to its underlying portfolio assets and hence to the Company investments in the Investment Vehicle.

External Audit Process

The Company's external Auditor is Ernst & Young LLP which were appointed on the 19 August 2013.

The Audit Committee met with the Auditors prior to the commencement of the audit and agreed an audit plan that would adopt a risk based approach. The Audit Committee and the Auditors agreed that a significant portion of the Audit effort would include an examination of the title to and the existence of the Company investments and an examination of the procedures in place at the Administrator and at the Investment Vehicle Manager in respect of the valuation of the Company investments and the underlying portfolio assets respectively.

Upon completion of the audit, the Audit Committee discussed with the Auditors the effectiveness of the audit and considered the Auditor's independence from the Company since their appointment and throughout the audit process.

The Audit Committee concluded that the audit had been effective on the grounds that it documented a robust process that was seen to test the title to and existence of the Company investments and the valuations used by the Investment Vehicle at year end.

DIRECTORS' AND CORPORATE GOVERNANCE REPORT (CONTINUED)

External Audit Process (continued)

During the year ended 31 December 2014, in addition to the audit services in respect of the audit of the Company's Annual Financial Report, the Auditor provided non-audit services in respect of the review of the Company's Half Yearly Report for the six months ended 30 June 2014, agreed upon audit procedures in respect to C share conversion and guidance on the EU Tax Savings Directive.

The Audit Committee has discussed the report provided by the Auditors and the Audit Committee is satisfied as to the independence of the Auditors.

The Committee has reviewed Ernst & Young's independence policies and procedures and considers that they are fit for purpose.

The fees for the audit services were: €60,000 (2013: €65,000) (year / period end audit) and €10,000 (2013: €10,000) (half year review). The fees for non-audit services were: €10,858 (2013: €nil) (Agreed upon procedures in respect to C share conversion) and €5,584 (€2013: €nil) for taxation advice.

Appointment

The Committee considers the reappointment of the external auditor, including the rotation of the audit partner, each year. The external auditor is required to rotate the audit partner responsible for the Company audit every five years. The current lead audit partner has been in place for two years.

The Committee reviews the objectivity and effectiveness of the audit process on an annual basis and considers whether the Company should put the audit engagement out to tender. Having considered the need to tender the position for the current year, the Committee has provided the Board with its recommendation to the Shareholders on the reappointment of Ernst & Young LLP as external auditor for the year ending 31 December 2015.

Accordingly, a resolution proposing the reappointment of Ernst & Young LLP as the Company's auditor will be put to the Shareholders at the Annual General Meeting. There are no contractual obligations restricting the Committee's choice of external auditor and we do not indemnify our external auditor.

The Committee continues to consider the audit tendering provisions outlined in the revised UK Corporate Governance Code.

This Directors' and Corporate Governance Report on pages 21 to 29 was approved by the Board of Directors on 4 February 2015 and signed on its behalf by:

Richard Michael Boléat
Chairman

Mark Richard Tucker
Audit Committee Chairman

DIRECTORS' STATEMENT OF RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable Jersey law and International Financial Reporting Standards as adopted by the European Union (IFRSs).

Jersey Law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing these financial statements, the Directors should:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors confirm to the best of their knowledge that:

- the financial statements, which have been prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Chairman's Statement includes a fair review of the information required by DTR 4.1.8 (indication of important events up to 31 December 2014 and a description of principal risks and uncertainties);
- the Chairman's Statement includes a fair review of the information required by DTR 4.1.9 and 4.1.10 (analysis of the development and performance of the Company and position at year end aided by the use of key performance indicators; and where appropriate information relating to environmental factors);
- the Chairman's Statement includes a fair review of the information required by DTR 4.1.11 (disclosure of important events that have occurred post year end; future developments; financial risk management objectives and policies and Company exposure to price, credit, liquidity and cash flow risk); and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the company's performance, business model and strategy.

Richard Michael Boléat
Chairman
10 February 2015

Mark Richard Tucker
Audit Committee Chairman

DIRECTORS' REMUNERATION REPORT

Annual Remuneration Statement

Dear Shareholder

This report meets the relevant rules of the Listing Rules of the Financial Conduct Authority and the AIC Code of Corporate Governance and describes how the Board has applied the principles relating to Directors' remuneration. The Board has not established a separate Remuneration Committee.

An ordinary resolution to ratify this report will be proposed at the Annual General meeting on 16 March 2015.

Changes to the Board

There were no changes to the Board during the period. In accordance with best practice under the UK Corporate Governance Code, all Directors will stand for reappointment at the forthcoming Annual General Meeting to be held on the 16 March 2015.

Table of Directors Remuneration

Component	Director	Annual Rate (£)	Purpose of reward
Annual fee	All Directors: Richard Michael Boléat (Chairman) Mark Richard Tucker David Alan Wood	 50,000 35,000 35,000	For commitment as Directors
Additional fee	Chairman of the Audit Committee: Mark Richard Tucker	 5,000	For additional responsibilities and time commitment
One off fee	All Directors: Richard Michael Boléat (Chairman) Mark Richard Tucker David Alan Wood	 20,000 15,000 10,000	For the additional work arising out of the C Share prospectus and carrying out more work than initially anticipated as a result of the Company being a self-managed fund
Expenses		Ad hoc	Reimbursement of expenses paid

No other remuneration or compensation was paid or is payable by the Company during the period to any of the Directors. There has been no change to the Company's remuneration policy as detailed below.

The Company has no employees. Accordingly, there are no differences in policy on the remuneration of Directors and the remuneration of employees.

The Board has sought the advice of Trust Associates in respect of its consideration of the Directors' remuneration.

No Director is entitled to receive any remuneration which is performance-related.

DIRECTORS REMUNERATION REPORT (CONTINUED)

Remuneration policy

The determination of the Directors' fees is a matter for the Board. The Board considers the remuneration policy annually to ensure that it remains appropriately positioned. Directors will review the fees paid to the board of directors of similar companies. No Director is to be involved in decisions relating to his own remuneration.

The Company's policy is for the Directors to be remunerated in the form of fees, payable quarterly in advance. No Director has any entitlement to a pension, and the Company has not awarded any share options or long-term performance incentives to any of the Directors.

Directors are authorised to claim reasonable expenses from the Company in relation to the performance of their duties.

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors and should be sufficient to enable high calibre candidates to be recruited. The policy is for the Chairman of the Board and Chairman of the Audit Committee to be paid a higher fee than the other Directors in recognition of their more onerous roles and more time spent. The Board may amend the level of remuneration paid within the limits of the Company's Articles of Association.

The Company's Articles of Association limit the aggregate fees payable to the Board of Directors to a total of €500,000 per annum. There have been no changes to the Directors' fees since incorporation.

Service contracts and policy on payment of loss of office

Directors are appointed with the expectation that they will stand for re-election annually. All Directors have served since incorporation of the Company. Any Director may resign in writing with one month's notice to the Board at any time. Directors' appointments are reviewed during periodic external board evaluations. The first evaluation took place during 2014.

Directors have agreed letters of appointment with the Company. No Director has a service contract with the Company and Directors' appointments may be terminated at any time by one month's written notice with no compensation payable at termination upon leaving office for whatever reason.

In accordance with best practice and the UK Corporate Governance Code, all Directors will stand for reappointment at the forthcoming Annual General Meeting to be held on 16 March 2015. The names and biographies of the Directors holding office at the date of this report are listed on pages 14 and 15.

Copies of the Directors' letters of appointment are available for inspection by Shareholders at the Company's Registered Office, and will be available at the Annual General Meeting. The dates of their letters of appointments are shown below.

DIRECTORS REMUNERATION REPORT (CONTINUED)

Dates of letters of appointment

Directors	Date of letter of appointment
Richard Michael Boléat	10 March 2013
Mark Richard Tucker	10 March 2013
David Alan Wood	10 March 2013

Director interests

No Director has any other interest in any contract to which the Company is a party and no Director has held or holds any management or ordinary shares in the Company. Information of each Director is shown on pages 14 and 15.

Statement of consideration of Shareholder views

An ordinary resolution to ratify the Directors' remuneration report will be proposed at the Annual General Meeting on 16 March 2015.

Richard Boléat
Chairman
10 February 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CVC CREDIT PARTNERS EUROPEAN OPPORTUNITIES LIMITED

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

What we have audited

We have audited the financial statements of CVC Credit Partners European Opportunities Limited for the year ended 31 December 2014 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Net Assets and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 31, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Financial Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CVC CREDIT PARTNERS EUROPEAN OPPORTUNITIES LIMITED (CONTINUED)

Our assessment of risks of material misstatement

We identified the following risk that we believed would have the greatest impact on our overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team:

- Valuation of investments;

Our application of materiality

We apply the concept of materiality to the individual account or balance level through our determination of performance materiality, which is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

We determined materiality for the Company to be € 5.6 million which is approximately 1% of Net Assets. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

On the basis of our risk assessments, together with our assessment of the overall control environment our judgement is that performance materiality was 50% of our materiality, namely €2.8 million. Our objective in adopting this approach was to ensure that detected and undetected audit differences in all accounts did not exceed our materiality level.

We agreed that all audit differences in excess of €0.28 million would be reported to the Audit Committee as well as differences below that threshold that in our view warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our response to the risk identified above was as follows:

Valuation of investments

- We tested that the fair value of the PECs issued by the Investment Vehicle, and held by the Company, were valued at the Investment Vehicle Net Asset Value (NAV) per PEC as at 31 December 2014.
- We considered the appropriateness of the Investment Vehicle's NAV, as a measure, to calculate the fair value of the instruments held by the Company.
- We completed walkthroughs, ensuring an understanding of the controls and review process undertaken by the Board in relation to investment valuation. Where applicable, tests of the effectiveness of the monitoring implemented at Board level were carried out.
- We checked and agreed the Board's assessment of the NAV of the Investment Vehicle together with its consideration of liquidity adjustments to the NAV.
- We checked the accuracy of the fair value by re-performing the associated calculations.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the company acquired in the course of performing our audit; or
- otherwise misleading.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CVC CREDIT PARTNERS EUROPEAN OPPORTUNITIES LIMITED (CONTINUED)

Matters on which we are required to report by exception (continued)

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- proper accounting records have not been kept, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the part of the corporate governance statement relating to the Company's compliance with the nine provisions of the UK corporate governance code specified for our review.

Ashley Coups
for and on behalf of Ernst & Young LLP
London, UK
10 February 2015

STATEMENT OF COMPREHENSIVE INCOME

For the year from 1 January 2014 to 31 December 2014

	Notes	For the year 1 January to 31 December 2014 Total €	For the period 20 March to 31 December 2013 Total €
Income			
Investment income	*3*	13,909,512	-
Bank interest income	*3*	-	5,819
Other income	*3*	204,920	352,015
Net gains on investments held at fair value through profit or loss	*7*	330,175	11,794,198
Foreign exchange gain on investments held at fair value through profit or loss	*7*	20,095,980	6,887,009
Foreign currency exchange loss on Ordinary and C shares	*13*	(20,162,290)	(6,887,009)
Loss on conversion of C share redemption	*13*	(1,275,565)	-
Net foreign currency exchange gains through profit and loss		401,855	5,541
		13,504,587	12,157,573
Expenses			
Share issue costs	*4*	(550,731)	(881,860)
Operating expenses	*4*	(1,083,518)	(618,723)
		(1,634,249)	(1,500,583)
Profit before finance costs and taxation		**11,870,338**	**10,656,990**
Bank finance costs		(2,893)	(565)
Finance costs	*13*	(13,274,097)	-
(Loss) / profit before taxation		**(1,406,652)**	**10,656,425**
Taxation		-	-
(Decrease) / increase in net assets attributable to ordinary shareholders from operations		**(1,406,652)**	**10,656,425**
Results per Euro ordinary share	*13*	(€0.003665)	€0.032781
Results per Sterling ordinary share (Sterling equivalent)	*13*	(£0.002954)	£0.027779

All items in the above statement are derived from continuing operations.

The Company has no items of other comprehensive income, and therefore the net assets attributable to ordinary shareholders for the year is also the total comprehensive income.

The notes on pages 43 to 73 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	31 December 2014 €	31 December 2013 €
Assets			
Cash and cash equivalents	9	687,635	595,498
Other receivables	6	58,389	355,886
Prepayments		36,387	19,185
Financial investments held at fair value through profit or loss	7	568,219,412	365,938,563
Total assets		**569,001,823**	**366,909,132**
Liabilities			
Payables	10	(172,804)	(99,858)
Total liabilities excluding net assets attributable to ordinary shareholders		**(172,804)**	**(99,858)**
Net assets attributable to ordinary shareholders	14	**568,829,019**	**366,809,274**

The financial statements on pages 39 to 72 were approved by the Board of Directors on 10 February 2015 and signed on its behalf by:

Richard Michael Boléat
Chairman

Mark Richard Tucker
Director

The notes on pages 43 to 73 form an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 December 2014

	Notes	Net Assets Attributable to Shareholders 2014 €
As at 31 December 2013		366,809,274
Issuance of shares	13	298,543,502
Redemption of shares	13	(115,279,395)
Decrease in net assets attributable to Shareholders from operations		(1,406,652)
Net foreign currency exchange loss on opening shares and shares issued during the year / period	13	20,162,290
As at 31 December 2014		**568,829,019**

For the period from 20 March 2013 (Inception) to 31 December 2013

	Notes	Net Assets Attributable to Shareholders 2013 €
As at 20 March 2013		-
Issuance of shares	13	349,625,840
Increase in net assets attributable to Shareholders from operations		10,656,425
Net foreign currency exchange loss on opening shares and shares issued during the year / period	13	6,887,009
As at 31 December 2013		366,809,274

The notes on pages 43 to 73 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Notes	Year ended 31 December 2014 €	Period ended 31 December 2013 €
Cash inflow from operating activities			
(Loss) / profit from ordinary activities after taxation		(1,406,652)	10,656,425
Adjustments to reconcile (loss) / profit before tax to net cash flows:			
Net gains on investments held at fair value through profit or loss	*7*	(330,175)	(11,794,198)
Foreign exchange (gain) / loss on investments held at fair value through profit or loss	*7*	(20,095,980)	6,887,009
Foreign currency exchange loss / (gain) on Ordinary and C shares	*13*	20,162,290	(6,887,009)
Loss on conversion of C share redemption	*13*	1,275,565	-
Bank interest received		-	(5,819)
Finance costs – bank interest		2,893	565
Finance costs – dividend payment		13,274,097	-
		12,882,038	(1,143,027)
Changes in working capital			
Decrease / (increase) in receivables		280,295	(375,071)
Increase in payables		72,946	99,858
Cash used in operations		13,235,279	(1,418,240)
Movements in investments (PECs)		(186,884,457)	(347,257,356)
Interest received		-	5,819
Net cash used in operating activities		(173,649,178)	(348,669,777)
Financing activities			
Issuance of shares		187,310,021	349,265,840
Redemption of shares		(291,716)	-
Dividend paid		(13,274,097)	-
Bank charges paid		(2,893)	(565)
Net cash used in financing activities		173,741,315	349,265,275
Net increase in cash and cash equivalents in the year / period		92,137	595,498
Cash and cash equivalents at beginning of the year / period		595,498	-
Cash and cash equivalents at the end of the year / period		687,635	595,498

The notes on pages 43 to 73 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 General information

The Company was incorporated on 20 March 2013 and is registered in Jersey as a closed-ended Investment Company. It listed its Euro and Sterling ordinary shares on the London Stock Exchange on 25 June 2013.

The Company's registered office address is Liberté House, 19-23 La Motte Street, St Helier, Jersey, JE2 4SY.

2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the year presented.

2.1 Basis of preparation

(a) Statement of Compliance
The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union which comprise standards and interpretations approved by the International Accounting Standards Board (IASB) together with the interpretations of the International Accounting Standards and Standing Interpretations Committee as approved by the International Accounting Standards Committee (IASC) which remain in effect. The financial statements give a true and fair view of the Company's affairs and comply with the requirements of the Companies (Jersey) Law 1991.

The liquidity method of preparation is followed. Please refer to 8.2 for maturity profiles.

(b) Basis of measurement
These financial statements have been prepared on the historical cost basis except for the revaluation of financial assets designated at fair value through profit or loss and ordinary shares that are held at amortised cost being the amount they can be redeemed at.

(c) Functional and presentation currency
The Company's functional currency is the Euro, which is the currency of the primary economic environment in which it operates. The Company's performance is evaluated and its liquidity is managed in Euros. Therefore the Euro is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Euros, except where otherwise indicated.

(d) Critical accounting estimates and judgments
The preparation of financial statements in conformity with IFRS, requires the Company to make estimates and assumptions that affect items reported in the Statement of Financial Position and Statement of Comprehensive Income and the disclosure of contingent assets and liabilities at the date of the financial statements. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Although these estimates are based on best knowledge of current facts, circumstances and, to some extent, future events and actions, the actual results may ultimately differ from those estimates, possibly significantly. Further detail is presented in Note 2.3c.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2.1 Basis of preparation (continued)

(e) New standards, amendments and interpretations
Standards, amendments and interpretations to existing standards that become effective in future accounting periods and have not been adopted by the Company;

International Financial Reporting Standards (IFRS)	Effective for periods beginning on or after
• IFRS 9 - Financial Instruments: Classification and Measurement (not yet endorsed/adopted by the EU)	1 January 2018
• Amendments to IFRS 7 and IFRS 9 Mandatory Effective Date and Transition Disclosures	1 January 2018

The Directors do not believe that the adoption of these standards and interpretations in future periods will have a significant impact on the financial statements.

Standards, amendments and interpretations to existing standards that become effective in current accounting periods and have been adopted by the Company;

International Financial Reporting Standards (IFRS)	Effective for periods beginning on or after
• Amendment to IAS 32 Offsetting Financial Assets and Financial Liabilities	1 January 2014

The adoption of these standards and interpretations has not had a significant impact on the financial statements.

2.2 Foreign currency translations

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

Foreign currency transaction gains and losses on financial instruments classified as at fair value through profit or loss are included in profit and loss on the Statement of Comprehensive Income as part of the 'net (losses) / gains on investments at fair value through profit and loss'.

2.3 Financial instruments

Financial assets

(a) Classification
The Company classifies its investments as financial assets at fair value through profit or loss. These are financial instruments held for investment purposes. Financial assets also include cash and cash equivalents as well as other payables and receivables.

Financial assets designated at fair value through profit or loss at inception
Financial assets designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Company's documented investment strategy.

The Company's policy requires the Investment Vehicle Manager and the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2.3 Financial instruments (continued)

Financial assets (continued)

(b) Recognition, measurement and derecognition
Purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the investment. Financial assets at fair value through profit or loss are measured initially and subsequently at fair value. Transaction costs are expensed as incurred and movements in fair value are recorded in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

(c) Fair value estimation
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company holds PECs issued by the Investment Vehicle. This investment is not listed or quoted on any securities exchange and is not traded regularly and on this basis no active market exists.

The Company relies on the Board of the Investment Vehicle making fair value estimates of an equivalent basis to those that would be made under IFRS. As at 31 December 2014, these fair value estimates were subject to scrutiny by their independent auditor. The Directors then incorporated those fair value estimates into the Company's balance sheet.

(d) Valuation process
The Directors have interviewed representatives of the Investment Vehicle Manager in order to verify for themselves the composition of the net asset value of the PECs as of the balance sheet date.

The Directors are in ongoing communications with the Investment Vehicle Manager and hold meetings on a timely basis to discuss performance of the Investment Vehicle and its underlying portfolio and in addition review monthly investment performance reports. The Directors analyse the Investment Vehicle portfolio in terms of both investment mix and fair value hierarchy and consider the impact on the valuation at both the PECs and Investment Vehicle portfolio of general credit conditions and more specifically credit events in the European corporate environment.

PECs
The PECs are valued by the Directors, taking into consideration a range of factors including the audited net asset value of the Investment Vehicle and other relevant available information, including the review of available financial and trading information of the Investment Vehicle and of its underlying portfolio, price of recent transactions of PECs redeemed, (if any) and advice received from the Investment Vehicle Manager and such other factors as the Directors, in their sole discretion, deem relevant in considering a positive or negative adjustment to the valuation.

The estimated fair values may differ from the values that would have been realised had a ready market existed and the difference could be material.

The fair value of the investment is reassessed on an ongoing basis by the Board.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2.3 Financial instruments (continued)

Investment Vehicle Portfolio
The Directors also discuss the Investment Vehicle Manager's monthly valuation process, to understand the methodology regarding valuation of level 3 debt securities and collateralised loan obligations (CLOs) held at the Investment Vehicle portfolio, which includes discussion on the assumptions used and significant fair value changes during the year.

Investments in CLOs are primarily valued based on the bid price as provided by the third party pricing service, and may be amended following consideration of the Net Assets Value (NAV) published by the administrator of the CLOs. Furthermore, such a NAV is adjusted when necessary, to reflect the effect of the time passed since the calculation date, liquidity risk, limitations on redemptions and other factors. Depending on the fair value level of a CLO's assets and liabilities and on the adjustments needed to the NAV published by that CLO, the Compartment classifies the fair value of these investments as Level 3.

Investments in debt securities for which limited broker quotes and for which no other evidence of liquidity exists are classified as Level 3. These are then valued by considering in detail the limited broker quotes available for evidence of outliers (which may skew the average) which if existent are then removed, and then by calculating the average of the remaining quotes. If there are no broker quotes, the Investment Manager produces a pricing memorandum for the Compartment drawing on the International Private Equity Valuation guidelines, which is discussed, reviewed and accepted by the Board and the independent service provider.

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

Financial liabilities

(e) Classification
As disclosed in note 2.6, the Company classifies its ordinary shares as financial liabilities held at amortised cost. Financial liabilities also include payables which are also held at amortised cost.

(f) Recognition, measurement and derecognition
Financial liabilities are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

Ordinary shares are carried at amortised cost being the carrying amount of ordinary share value at which investors have the opportunity to partially tender their shareholding in accordance with the Company's quarterly contractual tender facility.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

2.4 Operating expenses

Operating expenses are recognised on an accruals basis. The set-up costs have been written off in the Statement of Comprehensive Income in accordance with IFRS.

2.5 Dividends payable

Dividends are recognised as finance costs and are accrued when there is an obligation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2.6 Ordinary shares and C shares

In accordance with IAS 32 – Financial Instruments: Presentation, the ordinary shares are classified as a financial liability rather than equity due to the redemption mechanism of the ordinary shares, in addition to there being two share classes which have different characteristics. Please refer to note 13 for further details.

C shares
In accordance with paragraph 11 of IAS 32, C shares are classified as a liability prior to conversion due to the inherent variability of the number of ordinary shares attributable to C shareholders on conversion.

2.7 Management shares

The management shares are the most subordinate share class and therefore these are classified as equity.

2.8 Interest income and expenses

Interest income and expenses are recognised in the statement of comprehensive income on an accruals basis at the effective interest rate.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

2.10 Segmental reporting

The Directors view the operations of the Company as one operating segment, being the investment business. All significant operating decisions are based upon analysis of the Company's investments as one segment. The financial results from this segment are equivalent to the financial results of the Company as a whole.

Major customers

The Company regards the Investment Vehicle as a major customer as revenue received from the PECs held is greater than 10% of total revenue. Please refer to Note 3 for details of income received from the PECs.

2.11 Contingent liabilities

Provisions are recognised when:
- the Company has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

2.12 Taxation

The Company is subject to Jersey Income Tax. The Jersey Income Tax rate is 0% (2013: 0%).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2.13 Capital risk management

The Board defines capital as financial resources available to the Company. The Company's capital as at 31 December 2014 comprises its stated capital and cash and cash equivalents at a total of €560,266,881 (2013: €356,748,347).

The Company's objectives when managing capital are to:
- safeguard the Company's ability to continue as a going concern;
- provide returns for Shareholders; and
- maintain an optimal capital structure to minimise the cost of capital.

The Board monitors the capital adequacy of the Company on an on-going basis and the Company's objectives regarding capital management have been met.

3 Investment income

	Year ended 31December 2014 €	Period ended 31 December 2013 €
Investment income	13,909,512	-
Bank interest income	-	5,819
Total investment income	13,909,512	5,819

Bank interest income relates to interest received on cash deposits with banks. Other income of €204,920 (2013: €352,015) relates to income receivable from CVC Credit Partners Investment Services Management Limited ("the Corporate Services Manager") and Northern Trust for reimbursement of share issue costs, AIFMD marketing legal costs and set up costs paid by the Company on behalf of the Corporate Services Manager and Northern Trust. Please refer to Note 4.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Operating expenses

	Year ended 31 December 2014 €	Period ended 31 December 2013 €
Administration fees	177,538	45,970
Directors' fees (see note 5) (*)	146,653	121,145
Regulatory fees (*)	90,290	224,091
Audit fees	102,366	27,149
Non-audit fees - interim audit services	10,000	-
Non-audit fees - other services	16,442	-
Professional fees (*)	377,209	107,701
Brokerage fees	56,514	-
Registrar fees	64,916	-
Sundry expenses	41,590	92,667
Total operating expenses	1,083,518	618,723

(*) – Please note that €27,765 (2013: €205,958) of regulatory fees, €177,155 (2013: €101,356) of professional fees and €nil (2013: €44,701) of Director fees, relate to share issue costs, AIFMD marketing legal costs and set up costs paid by the Company on behalf of the Corporate Services Manager and Northern Trust. Total expenses of €204,920 (2013: €299,120), have been recharged to the Corporate Services Manager and €nil (2013: €52,895) have been recharged to Northern Trust.

The costs and expenses of the Placing attributable to the Company, excluding placing commissions €nil (2013: nil), have been expensed in the Statement of Comprehensive Income and amounted to a total of €550,731 (2013: €881,860).

On the 7 November 2013, the Company signed an agreement with the Administrator to provide administrative, compliance oversight and company secretarial services to the Company. Under the administration agreement, the Administrator will be entitled to an annual fixed fee of £95,000. These fees are to be paid monthly in arrears. Ad hoc other administration services are chargeable on a time cost basis.

In its role as custodian, the Administrator is entitled to a fee payable by the Company on a transaction by transaction and asset by asset basis. In addition, the Company will reimburse the Administrator for any out of pocket expenses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Directors' fees and interests

The Directors of the Company are remunerated for their services at a fee of £35,000 per annum (£50,000 for the Chairman). The Chairman of the Audit Committee receives an additional £5,000 for his services in this role. The Company has no employees.

During the year the Directors received a one off payment fee of £45,000 (2013: Nil) (Richard Boléat: £20,000, Mark Tucker: £15,000 and David Wood: £10,000). It was agreed this one off payment fee was payable as a result of the Board carrying out more work than originally anticipated as a result of the Company being a self-managed fund and the additional work arising out of the C Share prospectus. Please note that these one off payment Director fees have been included in the conversion price when converting C shares into ordinary shares.

Director's fees payable as at 31 December 2014 were €nil (2013: €nil).

None of the Directors hold shares in the Company.

No pension contributions were payable in respect of any of the Directors.

David Wood is a member of the CVC Credit Partners Advisory Board, which is an advisory body established to comment on strategic plans, budgets and markets. Mr Wood has several investments in a number of CVC entities.

CVC Credit Partners Group has established an independent sub-committee (the "Independent Sub- committee") of independent directors drawn from its group board and the boards of certain of its funds and investment vehicles for the purpose of providing review and guidance to the relevant investment committee with respect to any situation where there is the potential for (or perception of) a material conflict of interest.

The Independent Sub-committee currently consists of two independent directors from CVC Investment Services' board of directors (being Douglas Maccabe and Stephen Linney), and David Wood. Any such conflict is required to be presented to the Independent Sub-committee by the relevant portfolio manager and, if necessary, CVC Credit Partners Group's chief executive officer and/or chief investment officer.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Other receivables

	Year ended 31 December 2014 €	Period ended 31 December 2013 €
Receivable from Northern Trust	-	53,513
Receivable from CVC Credit Partners Investment Services Management Limited	58,389	302,373
Total other receivables	58,389	355,886

Receivable balance due from Northern Trust relates to sums due to be reimbursed for administration services not rendered as a result of the change in administrator from Northern Trust to BNP Paribas Securities Services S.C.A. during the prior period.

Receivable balance due from the Corporate Services Manager relates to legal costs incurred in the year in respect to AIFMD matters concerning marketing in Europe and share issue costs paid by the Company which are due to be reimbursed to the Company.

The Directors believe that these balances are fully recoverable.

7 Financial Investments held at fair value through profit or loss

	Year ended 31 December 2014 €	Period ended 31 December 2013 €
PECs - Unquoted investment	568,219,412	365,938,563

During the year the Company subscribed for 60,602,598.50 (2013: 173,086,671.59) Euro and 95,088,219.97 (2013: 149,430,778.01) Sterling Preferred Equity Certificates ("PECs") issued by the Investment Vehicle.

During the year 7,160,863.84 (2013: 8,038,444.11) Euro PECs were converted into 5,761,477.31 (2013: 6,791,185.05) Sterling PECs and 892,507.74 (2013: nil) Sterling PECs were converted into 1,127,589.97 (2013: nil) Euro PECs and 279,142.00 (2013: Nil) Euro and 7,353.00 (2013: Nil) Sterling PECs were redeemed as part of the Quarterly Contractual Tender.

As at the year ended 31 December 2014 the Company held 219,338,410.11 Euro and 256,171,799.60 Sterling PECs (2013: 165,048,227.48 Euro and 156,221,963.06 Sterling PECs). Please refer below for reconciliation of PECs from inception:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Financial Investments held at fair value through profit or loss (continued)

Compartment A

Date	Transaction type	Euro PECs	Sterling PECs	PEC Total
01/07/2013	PEC subscription	173,086,671.59	149,430,778.01	322,517,449.60
21/10/2013	Monthly conversion	(1,083,132.60)	905,354.28	(177,778.32)
21/11/2013	Monthly conversion	(6,265,404.77)	5,312,515.52	(952,889.25)
20/12/2013	Monthly conversion	(689,906.74)	573,315.25	(116,591.49)
As at 31 December 2013		165,048,227.48	156,221,963.06	321,270,190.54
21/01/2014	Monthly conversion	(990,596.35)	823,531.23	(167,065.12)
24/02/2014	Monthly conversion	(2,864,449.52)	2,345,283.23	(519,166.29)
19/03/2014	Monthly conversion	(498,046.63)	409,909.76	(88,136.87)
21/05/2014	PEC subscription	20,517,290.38	-	20,517,290.38
22/07/2014	Quarterly tender	(279,142.00)	(7,353.00)	(286,495.00)
22/07/2014	PEC subscription (*)	30,151,354.00	64,460,777.00	94,612,131.00
27/08/2014	Monthly conversion	627,038.43	(495,821.91)	131,216.52
26/09/2014	PEC subscription	9,933,954.12	-	9,933,954.12
28/10/2014	Monthly conversion	(1,965,043.66)	1,525,412.65	(439,631.01)
19/11/2014	PEC subscription	-	15,787,268.50	15,787,268.50
27/11/2014	Monthly conversion	(842,727.68)	657,340.44	(185,387.24)
19/12/2014	PEC subscription	-	14,840,174.47	14,840,174.47
29/12/2014	Monthly conversion	500,551.54	(396,685.83)	103,865.71
As at 31 December 2014		219,338,410.11	256,171,799.60	475,510,209.71

Compartment AA

Date	Transaction type	Euro PECs	Sterling PECs	PEC Total
19/04/2014	PEC subscription (*)	30,726,311.00	65,855,149.00	96,581,460.00
22/07/2014	Monthly conversion	(30,726,311.00)	(65,855,149.00)	(96,581,460.00)
As at 31 December 2013		-	-	-

(*) - On the 22 July 2014, the Company converted 30,726,311 Euro PECs and 65,855,149 Sterling PECs (Compartment AA – attached to C shares) into 30,151,354.00 Euro PECs and 64,460,777.00 Sterling PECs respectively (Compartment A – attached to ordinary shares).

The Investment Vehicle's investment objective is to provide investors with regular income returns and capital appreciation from a diversified portfolio of sub-investment grade debt instruments. The Company is entitled to receive income distributions every six months, which will equate to not less than 75% of the net income of the Company's investment in the Investment Vehicle.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Financial Investments held at fair value through profit or loss (continued)

The Investment Vehicle Manager pursues the Investment Vehicle's investment policy subject to the Investment Vehicle's Investment Limits and Borrowing Limit as explained in the Company's prospectus.

Fair value hierarchy

IFRS 13 'Fair Value Measurement' requires an analysis of investments valued at fair value based on the reliability and significance of information used to measure their fair value.

The Company categorises its financial assets according to the following fair value hierarchy detailed in IFRS 13, that reflects the significance of the inputs used in determining their fair values;

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable variable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

	Level 1 €	Level 2 €	Level 3 €	Year ended 31 December 2014 €
Financial assets				
Financial investments held at fair value through profit and loss	-	-	568,219,412	568,219,412
Financial liabilities				
Ordinary shares*	580,148,023	-	-	580,148,023

* - Please note for disclosure purposes only Ordinary shares have been disclosed at fair value using the quoted price in accordance with IFRS 13. As disclosed in note 2.3, the Company classifies its ordinary shares as financial liabilities held at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Financial Investments held at fair value through profit or loss (continued)

	Level 1 €	Level 2 €	Level 3 €	Period ended 31 December 2013 €
Financial assets				
Financial investments held at fair value through profit and loss	-	-	365,938,563	365,938,563
Financial liabilities				
Ordinary shares*	363,858,568	-	-	363,858,568

* - Please note for disclosure purposes only Ordinary shares have been disclosed at fair value using the quoted price in accordance with IFRS 13. As disclosed in note 2.3, the Company classifies its ordinary shares as financial liabilities held at amortised cost.

Level 3 reconciliation – Compartment A and AA PECs

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period

	Compartment A	Compartment AA	Year ended 31 December 2014 Total €
Balance as at 1 January 2014	**365,938,563**	**-**	**365,938,563**
Purchases of investments (PECs)	187,240,626	110,437,384	297,678,010
Subscriptions arising from conversion of investments (PECs)	8,515,966	-	8,515,966
Redemption proceeds arising from conversion of investments (PECs)	(8,574,614)	(115,467,147)	(124,041,761)
Redemption proceeds arising from quarterly tenders of investments (PECs)	(297,521)	-	(297,521)
Net gains on investments held at fair value	(1,011,700)	1,341,875	330,175
Foreign exchange gain on investments held at fair value	16,408,092	3,687,888	20,095,980
Balances as at 31 December 2014	**568,219,412**	**-**	**568,219,412**
Total gains and losses on investments for the year ended 31 December 2014	**(1,011,700)**	**1,341,875**	**330,175**

During 2014, there were no reclassifications between levels of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Financial Investments held at fair value through profit or loss (continued)

Level 3 reconciliation – Compartment A PECs

	Period ended 31 December 2013 Total €
Balance as at 20 March 2013	-
Purchases of investments (PECs)	347,279,660
Subscriptions arising from conversion of investments (PECs)	8,215,997
Redemption proceeds arising from conversion of investments (PECs)	(8,238,301)
Net gains on investments held at fair value	11,794,198
Foreign exchange gain on investments held at fair value	6,887,009
Balances as at 31 December 2013	**365,938,563**
Total gains and losses on investments for the period ended 31 December 2013	**11,794,198**

During 2013, there were no reclassifications between levels of the fair value hierarchy.

Quantitative information of significant unobservable inputs – level 3 – PECs

Description	31 December 2014 €	Valuation technique	Unobservable input	Range (weighted average)
PECs	568,219,412	Net asset value adjustment	Discount of lack of liquidity	0-2%
		Net asset value	Net asset value	1.19 (*)

Description	31 December 2013 €	Valuation technique	Unobservable input	Range (weighted average)
PECs	365,938,563	Net asset value adjustment	Discount of lack of liquidity	0-3%
		Net asset value	Net asset value	1.14 (*)

The Board believe that it is appropriate to measure the PECs at the net asset value of the investments held at the Investment Vehicle, adjusted for percentage holdings of PECs in the Investment Vehicle.
(*) Net asset value of the Investment Vehicle attributable per PEC unit.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Financial Investments held at fair value through profit or loss (continued)

Sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy – Level 3 – PECs

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 December 2014 and comparative are as shown below:

As at 31 December 2014

Description	Input	Sensitivity used	Effect on fair value €
PECs	Discount of lack of liquidity	2%	11,364,388

As at 31 December 2013

Description	Input	Sensitivity used	Effect on fair value €
PECs	Discount of lack of liquidity	3%	10,978,157

Please refer to note 2.3 for valuation methodology of PECs.

The following tables detail the investment holding of the Company at the Investment Vehicle level, categorising these assets according to the fair value hierarchy in accordance with IFRS 13 and detailing the quantitative information of significant unobservable inputs of the level 3 investments held. The below disclosure has been included to provide an insight to Shareholders, of the asset class mix held by the Investment Vehicle portfolio. It is important to note that as at 31 December 2014, the Company held a 76.8% (2013: 74.4%) interest in the PECs issued by the Investment Vehicle. The below disclosure has not been apportioned according to the Company's PEC holding, as the Board believe to do so would be misleading and not an accurate representation of the Company's investment in the Investment Vehicle.

The below information regarding the financial assets at fair value through profit or loss for the Investment Vehicle has been included for disclosure purposes only.

Financial assets at fair value through profit or loss – (for Investment Vehicle)

	Level 1 €000	Level 2 €000	Level 3 €000	Year ended 31 December 2014 € €000
Interest bearing securities				
Corporate bonds and debt securities	176,328	464,640	74,603	715,571
Collaterised loan obligations	-	-	40,424	40,424
Equities				
Equities and warrants	-	-	172	172
Total investments held	**176,328**	**464,640**	**115,199**	**756,167**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Financial Investments held at fair value through profit or loss (continued)

Financial assets at fair value through profit or loss – (for Investment Vehicle) (continued)

	Level 1 €000	Level 2 €000	Level 3 €000	Period ended 31 December 2013 € €000
Interest bearing securities				
Corporate bonds and debt securities	92,712	299,167	60,405	452,284
Collaterised loan obligations	-	-	8,808	8,808
Total investments held	**92,712**	**299,167**	**69,213**	**461,092**

Level 3 reconciliation – (for Investment Vehicle)

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period.

Financial assets at fair value through profit or loss – (for Investment Vehicle)

	Debt securities €000	CLOs €000	Equities and Warrants	Year ended 31 December 2014 Total €000
Balance as at 31 December 2013	**60,405**	**8,808**	-	**69,213**
Total gains and losses on profit or loss in the year	(337)	(127)	172	(292)
Purchases	137,510	31,743	-	169,253
Sales / redemptions	(117,984)	-	-	(117,984)
Transfers into / (out of) Level 3	(4,991)	-	-	(4,991)
Balances as at 31 December 2014	**74,603**	**40,424**	**172**	**115,199**
Total gains and losses on investments for the year ended 31 December 2014	**3,377**	**2117**	**172**	**5,666**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Financial Investments held at fair value through profit or loss (continued)

Transfers between Level 2 and Level 3 (for Investment Vehicle)

During 2014, following further developments in the liquidity of certain debt securities, one (2013: seven) of the Compartment's investments totaling €4.9m (2013: €3.4m) were reclassified from Level 3 to Level 2.

Transfers between levels of the fair value hierarchy, are deemed to have occurred at the beginning of the reporting period.

	Credit facilities €000	CLOs €000	Period ended 31 December 2013 Total €000
Balance as at 31 December 2012	**22,395**	**9,399**	**31,794**
Total gains and losses on profit or loss in the year	1,392	1,886	3,278
Purchases	68,646	3,296	71,942
Sales / redemptions	(35,425)	(5,773)	(41,198)
Transfers into / (out of) Level 3	3,397	-	3,397
Balances as at 31 December 2013	**60,405**	**8,808**	**69,213**
Total unrealised gains and losses on investments for the year ended 31 December 2013	**946**	**2,245**	**3,191**

Quantitative information of significant unobservable inputs – level 3 – (in Investment Vehicle)

Description	2014 €000	Valuation technique	Unobservable input	Range (weighted average)
Collaterised loan obligation	40,424	Broker quotes	n/a	n/a
Debt securities	74,603	Broker quotes	n/a	n/a

Description	2013 €000	Valuation technique	Unobservable input	Range (weighted average)
Collaterised loan obligation	8,808	Broker quotes	Discount for lack of liquidity	n/a
Debt securities	60,405	Broker quotes	Discount for lack of liquidity	n/a

The Investment Vehicle Board of Directors and the Investment Vehicle Manager have valued five (2013: nil) CLO positions at mid-price as at 31 December 2014, as they believe this is the most appropriate value for these CLOs. They believe that where certain credit facilities are classified as Level 3 due to a limited number of broker quotes, there is still sufficient supporting evidence of liquidity to value these at an undiscounted price.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Financial Investments held at fair value through profit or loss (continued)

Sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy – Level 3 – (for Investment Vehicle)

The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis are as shown below:

As at 31 December 2014

Description	Input	Sensitivity used	Effect on fair value €000
Collateralised loan obligations	Discount to broker quotes	20%	8,085
Debt securities	Discount to broker quotes	10%	7,460

As 31 December 2013

Description	Input	Sensitivity used	Effect on fair value €000
Collateralised loan obligations	Discount for lack of liquidity	20%	1,762
Debt securities	Discount for lack of liquidity	10%	6,041

8 Financial risk management

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, market risk, interest rate risk, valuation risk and foreign currency risk.

8.1 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Board of Directors has in place monitoring procedures in respect of counterparty risk which is reviewed on an ongoing basis.

The Company's credit risk is attributable to its investments at FVTPL, cash and cash equivalents and interest and other receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8.1 Credit risk (continued)

In the opinion of the Board of Directors, the carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date. At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

	Year ended 31 December 2014 €	Period ended 31 December 2013 €
Investments at FVTPL	568,219,412	365,938,563
Cash and cash equivalents	687,635	595,498
Other receivables	58,389	355,886
Total assets	**568,965,436**	**366,889,947**

All cash is placed with BNP Paribas Securities Services S.C.A., Jersey Branch.

BNP Paribas Securities Services S.C.A, is a wholly owned subsidiary of BNP Paribas Securities Services S.A. which is publicly traded and a constituent of the S&P 500 Index with a long standing credit rating of A-1 from Standard & Poor's.

The credit risk associated with debtors is limited to other receivables. Credit risk is mitigated by the Company's policy to only undertake significant transactions with leading commercial counterparties.

8.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in realising assets or otherwise raising funds to meet financial commitments. Given that the PECs are not traded on a stock exchange, the Company relies on the redemption mechanism provided by the Investment Vehicle in order to realise its investments in the Investment Vehicle, and on mechanisms operating in accordance with their contracted terms. The Company does not have any control over the redemption mechanism operated by the Investment Vehicle.

Please refer to pages 11 and 12 – "Principal risks and uncertainties" and pages 69 to 71 - note 13 – "Ordinary shares" for detail regarding the election to tender available to ordinary Shareholders and applicable restrictions.

The Company may redeem PECs in accordance with its contracted rights. However, if the Investment Vehicle receives applications to redeem Investment Vehicle Interests in respect of any redemption date and it determines (in its sole judgment) that there is insufficient liquidity to make redemptions without prejudicing existing investors in the Investment Vehicle, then the Investment Vehicle is entitled to suspend or scale down the redemption requests on a pro rata basis so as to carry out only such redemptions which will meet this criterion.

As such, in circumstances where the Company wishes to redeem part or all of its holdings in the Investment Vehicle, it may not be able to achieve this on a single redemption date. This may also result in restrictions on the Company's ability to complete or to conduct Contractual Quarterly Tenders.

In certain circumstances, whether prior to or following a net asset value determination date, (being the quarterly Investment Vehicle valuation date), where the valuation or realisation of the investments becomes excessively risky or impossible, the Investment Vehicle Directors may by resolution and on the advice of the Investment Vehicle Manager suspend all calculations, payments and redemptions of the outstanding Investment Vehicle Interests (including the Company Investment Vehicle Interests).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8.2 Liquidity risk (continued)

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

The table below shows the residual contractual maturity of the financial liabilities as at 31 December 2014:

	Less than 1 year €	1 to 5 years €	More than 5 years €	Total €
Financial liabilities (*)				
Payables	(172,804)	-	-	(172,804)
Ordinary shares	-	-	(568,829,019)	(568,829,019)
Total undiscounted financial liabilities	**(172,804)**	**-**	**(568,829,019)**	**(569,001,823)**

The table below shows the residual contractual maturity of the financial liabilities as at 31 December 2013:

	Less than 1 year €	1 to 5 years €	More than 5 years €	Total €
Financial liabilities (*)				
Payables	(99,858)	-	-	(99,858)
Ordinary shares	-	-	(366,809,274)	(366,809,274)
Total undiscounted financial liabilities	**(99,858)**	**-**	**(366,809,274)**	**(366,909,132)**

(*) – The Company has not classified the ordinary shares into maturity bands as the Board has determined that to do so would be misleading. Details of the Company's financial liabilities are set out in note 13.

8.3 Market risk

Market risk is the risk that the Company's performance will be adversely affected by changes in the markets in which it invests. The Company holds a single investment in the form of PECs in the Investment Vehicle which is the main driver of the Company's performance.

At the PEC level, the performance is driven by the underlying portfolio of the Investment Vehicle and therefore consideration of the market risks to which the Company is exposed should be made.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8.3 Market risk (continued)

The Investment Vehicle is required to hold at least 70 per cent. of its Gross Assets in companies domiciled or with material operations in Western Europe. As such, the Company and the Investment Vehicle could be particularly exposed to any deterioration in the current European economic climate.

In addition, the Investment Vehicle does not have any restrictions on the amount of investments it can make in a single industry. As such, any significant event which affects a specific industry in which the Investment Vehicle Portfolio has a significant holding could materially and adversely affect the performance of the Investment Vehicle and, by extension, the Company's ordinary shares.

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

Please refer below for sensitivity analysis on the impact on the profit and loss account and net asset value of the Company, if the fair value of the PECs at the year-end increased or decreased by 5%:

Current value	2014 Total €	Increase by 5%	Decrease by 5%
Euro PECs	€226,363,380	€11,318,169	€(11,318,169)
Sterling PECs (euro equivalent)	€341,856,032	€17,092,802	€(17,092,802)
Investments held at fair value through profit or loss	**€568,219,412**	**€28,410,971**	**€(28,410,971)**
Sterling PECs	£265,478,009	£13,273,900	£(13,273,900)

Current value	2013 Total €	Increase by 5%	Decrease by 5%
Euro PECs	€171,076,449	€8,553,822	€(8,553,822)
Sterling PECs (euro equivalent)	€194,862,114	€9,743,106	€(9,743,106)
Investments held at fair value through profit or loss	**€365,938,563**	**€18,296,928**	**€(18,296,928)**
Sterling PECs	£162,125,279	£8,106,264	£(8,106,264)

The above calculations are based on the investment valuation at the balance sheet date and are not representative of the period as a whole, and may not be reflective of future market conditions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8.4 Interest rate risk

Interest rate movements affect the fair value of investments in fixed interest rate securities and floating rate loans and on the level of income receivable on cash deposits.

The majority of the Company's interest rate exposure arises in the fair value of the underlying Investment Vehicle portfolio which is largely invested in the debt securities of companies predominantly in, or with material operations in Western Europe. Most of these investments in debt securities carry various interest rates and maturity dates. Interest rate risk on fixed interest instruments is considered to be part of market risk on fair value as disclosed above.

The Company invests in the PECs which are non-interest bearing through the issue of non-interest bearing ordinary shares.

The following table details the Company's exposure to interest rate risks.

	2014 Interest Bearing (*) €	2014 Non-interest bearing €	2014 Total €
Assets			
Investments held at fair value through profit or loss	-	568,219,412	568,219,412
Cash and cash equivalents	687,635	-	687,635
Other receivables and prepayments	-	94,776	94,776
Total assets	**687,635**	**568,314,188**	**569,001,823**
Liabilities			
Ordinary shares	-	(568,829,019)	(568,829,019)
Payables	-	(172,804)	(172,804)
Total liabilities	**-**	**(569,001,823)**	**(569,001,823)**
	687,635	**(687,635)**	

* - floating rate and due within 1 month

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8.4 Interest rate risk (continued)

	2013 Interest Bearing (*) €	2013 Non-interest bearing €	2013 Total €
Assets			
Investments held at fair value through profit or loss	-	365,938,563	365,938,563
Cash and cash equivalents	595,498	-	595,498
Other receivables and prepayments	-	375,071	375,071
Total assets	**595,498**	**366,313,634**	**366,909,132**
Liabilities			
Ordinary shares	-	(366,809,274)	(366,809,274)
Payables	-	(99,858)	(99,858)
Total liabilities	**-**	**(366,909,132)**	**(366,909,132)**
	595,498	**(595,498)**	**-**

* - floating rate and due within 1 month

8.5 Valuation risk

Valuation Risk is the risk that the valuation of the Company's investments in the Investment Vehicle, and accordingly the periodic calculation of the net asset value of the Company's Sterling and Euro ordinary shares, does not reflect the true value of the Investment Vehicle's underlying investment portfolio.

The Investment Vehicle's portfolio may at any given time include securities or other financial instruments or obligations which are very thinly traded, for which no market exists or which are restricted as to their transferability under applicable securities laws. These investments may be extremely difficult to value accurately.

Further, because of overall size or concentration in particular markets of positions held by the Investment Vehicle, the value of its investments at which they can be liquidated may differ, sometimes significantly, from their carrying values. Third party pricing information may not be available for certain positions held by the Investment Vehicle. Investments held by the Investment Vehicle may trade with significant bid-ask spreads. The Investment Vehicle is entitled to rely, without independent investigation, upon pricing information and valuations furnished to the Investment Vehicle by third parties, including pricing services and valuation sources. Absent bad faith or manifest error, valuation determinations in accordance with the Investment Vehicle's valuation policy will be conclusive and binding. In light of the foregoing, there is a risk that an Investment Vehicle interest holder, such as the Company, which redeems all or part of its investment while the Investment Vehicle holds such investments, could be paid an amount less than it would otherwise be paid if the actual value of the Investment Vehicle's investment was higher than the value designated for that Investment by the Investment Vehicle. Similarly, there is a risk that a redeeming Investment Vehicle interest holder might, in effect, be overpaid at the time of the applicable redemption if the actual value of the Investment Vehicle's investment was lower than the value designated for that Investment by the Investment Vehicle, in which case the value of the Investment Vehicle interests to the remaining Investment Vehicle interest holders would be reduced.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8.5 Valuation risk (continued)

The board of the Investment Vehicle monitors and reviews the PEC valuation process on an on-going basis and the Board of the Company monitors and reviews the Company's net asset value production process on an ongoing basis.

8.6 Foreign currency risk

Foreign currency risk is the risk that the values of the Company's assets and liabilities are adversely affected by changes in the values of foreign currencies by reference to the Company's base currency.

The base currency of the Company and the Investment Vehicle is the Euro. Certain of the Investment Vehicle's assets are typically invested in securities and other investments which are denominated in other currencies. Accordingly, the Investment Vehicle is subject to foreign currency exchange risks and the value of its assets may be affected by fluctuations in foreign currency exchange rates. The Investment Vehicle uses a third party professional foreign exchange manager to fully hedge the foreign currency exposures to which it is exposed. However, it may not be possible for the Investment Vehicle to hedge against a particular change or event at an acceptable price or at all. In addition, there can be no assurance that any attempt to hedge against a particular change or event would be successful, and any such hedging failure could materially and adversely affect the performance of the Investment Vehicle and, by extension, the Company's business, financial condition, results of operations, net asset value and/or the market price of the ordinary shares.

Subscription monies for Sterling ordinary shares have been used to fund subscriptions for Sterling-denominated PECs and such monies may then be converted to Euro for operating purposes. The holders of Sterling ordinary shares will therefore be subject to the foreign currency fluctuations between Sterling and Euro. Although the Investment Vehicle has in place a hedging program, there is no guarantee that any such hedging arrangements will be successful. In addition, the costs and any benefit of hedging such foreign currency exposure will be allocated solely to the Sterling-denominated Company Investment Vehicle Interests (and, as a consequence, to the Sterling ordinary shares).

This may result in variations between the net asset value per Share of the Euro ordinary shares and the Sterling ordinary shares, and so in variations between the market prices of Euro ordinary shares and the Sterling ordinary shares.

The following table provides an indication of the foreign exchange exposure as at 31 December 2014:

Currency exposure	2014 Investments €	2014 Cash €	2014 Other net current assets / liabilities €	2014 Total €
Euro	226,363,380	377,970	(49,593)	226,691,757
Sterling	341,856,032	309,665	(28,435)	342,137,262
Total	**568,219,412**	**687,635**	**(78,028)**	**568,829,019**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8.6 Foreign currency risk (continued)

The following analysis demonstrates the impact of a 10% movement in the exchange rate against the Euro on the net assets attributable to ordinary shareholders, with all other variables held constant.

31 December 2014	Change in exchange rate (*) Increase/(decrease)	Effect on net assets attributable to ordinary shareholders Increase/(decrease) €
Sterling	10%/ (10%)	34,213,726 / (34,213,726)

(*) 10% has been assessed at 31 December 2014 as a reasonably possible movement in currency rate sensitivity over the year. It is not intended to illustrate a remote, worst case or stress test scenario.

The following table provides an indication of the foreign exchange exposure at 31 December 2013:

Currency exposure	2013 Investments €	2013 Cash €	2013 Other net current assets / liabilities €	2013 Total €
Euro	171,076,449	318,742	104,964	171,500,155
Sterling	194,862,114	276,756	170,249	195,309,119
Total	**365,938,563**	**595,498**	**275,213**	**366,809,274**

The following analysis demonstrates the impact of a 10% movement in the exchange rate against the Euro on the net assets attributable to ordinary shareholders, with all other variables held constant.

31 December 2013	Change in exchange rate (**) Increase/(decrease)	Effect on net assets attributable to ordinary shareholders Increase/(decrease) €
Sterling	10%/ (10%)	17,755,374 / (17,755,374)

(**) 10% has been assessed at 31 December 2013 as a reasonably possible movement in currency rate sensitivity over the year. It is not intended to illustrate a remote, worst case or stress test scenario.

The Board regularly monitors and reviews its currency transactions on an on-going basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Cash and cash equivalents

	Year ended 31 December 2014 €	Period ended 31 December 2013 €
Total cash and cash equivalents	**687,635**	**595,498**

10 Payables

	Year ended 31 December 2014 €	Period ended 31 December 2013 €
Administration fees	(18,105)	(45,035)
Auditors' fees	(79,899)	(17,368)
Other payables	(74,800)	(37,455)
Total payables	**(172,804)**	**(99,858)**

11 Contingent liabilities and commitments

As at 31 December 2014 the Company had no contingent liabilities or commitments (2013: nil).

12 Management shares

	Number of shares 31 December 2014	Stated capital 31 December 2014 €	Number of shares 31 December 2013	Stated capital 31 December 2013 €
Management shares	2	-	2	-

Management shares

Management shares are non redeemable, have no par value and no voting rights, and also no profit allocated to them for the earnings per share calculation.

Management shares are however entitled to receive an annual cumulative dividend at a fixed rate of £10 per management share (the "Preferred Dividend"), irrespective of whether the management shares are denominated in Sterling or in any other currency.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Ordinary and C shares

	Number of shares 31 December 2014	Stated capital 31 December 2014 €	Number of shares 31 December 2013	Stated capital 31 December 2013 €
Euro ordinary shares	221,230,706	222,993,572	166,615,025	166,469,205
Sterling ordinary shares	258,294,836	336,585,674	157,690,776	189,683,644
Total	**479,525,542**	**559,579,246**	**324,305,801**	**356,152,849**

	Ordinary shares €	C shares €	Year ended 31 December 2014 Total €
Balance as at 1 January 2014	**356,152,849**	**-**	**356,152,849**
Issue of shares	187,326,998	111,271,923	298,598,921
Subscriptions arising from conversion of shares	8,536,420	-	8,536,420
Redemption proceeds arising from conversion of shares	(8,591,839)	-	(8,591,839)
Redemption proceeds arising from quarterly tenders of shares	(291,716)	-	(291,716)
Redemption proceeds arising for C share conversion	-	(116,263,244)	(116,263,244)
Loss on conversion of C share redemption	-	1,275,565	1,275,565
Foreign currency exchange loss on shares	16,446,534	3,715,756	20,162,290
Balances as at 31 December 2014	**559,579,246**	**-**	**559,579,246**

	Ordinary shares €	C shares €	Year ended 31 December 2013 Total €
Balance as at 20 March 2013	-	-	-
Issue of shares	349,268,143	-	349,268,143
Subscriptions arising from conversion of shares	8,259,724	-	8,259,724
Redemption proceeds arising from conversion of shares	(8,262,027)	-	(8,262,027)
Redemption proceeds arising from quarterly tenders of shares	-	-	-
Foreign currency exchange loss on shares	6,887,009	-	6,887,009
Balances as at 31 December 2013	**356,152,849**	**-**	**356,152,849**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Ordinary and C shares (continued)

Ordinary shares

The Company has two classes of ordinary shares, being Euro ordinary shares and Sterling ordinary shares.

174,729,500 Euro ordinary shares and 150,849,080 Sterling ordinary shares were issued on 25 June 2013 at a price of €1 and £1 per ordinary share respectively.

On the 21 May 2014, an additional 20,665,600 Euro ordinary shares were issued at a price of €1.0565, raising gross proceeds of €21,833,206.

On the 22 July 2014, the Company converted 30,958,500 Euro C shares and 66,352,795 Sterling C shares into 30,320,748.00 Euro ordinary shares and 64,846,656 Sterling ordinary shares respectively.

On the 26 September 2014, an additional 10,000,000 Euro ordinary shares were issued at a price of €1.0506, raising gross proceeds of €10,506,000.

On the 19 November 2014, an additional 15,900,000 Sterling ordinary shares were issued at a price of £1.0478, raising gross proceeds of £16,660,020.

On the 19 December 2014, an additional 14,947,469 Sterling ordinary shares were issued at a price of £1.0470, raising gross proceeds of £15,650,000.

As at 31 December 2014, the Company had 221,511,581 (inclusive of 280,875 treasury shares) (2013: 166,615,025) Euro ordinary shares and 258,302,237 (inclusive of 7,401 treasury shares) (2013: 157,690,776) Sterling ordinary shares. The movement is a result of monthly conversions which have taken place during the year between share classes.

Each Euro ordinary share holds 1 voting right, and each Sterling ordinary share holds 1.17 voting rights.

Voluntary conversion

The Company offers a monthly conversion facility pursuant to which holders of ordinary shares of one class may convert such shares into ordinary shares of any other class, subject to regulatory considerations as detailed in the prospectus.

Such conversion will be effected on the basis of the ratio of the net asset value per class to be converted (calculated in Euro less the costs of effecting such conversion and adjusting any currency hedging arrangements and taking account of dividends resolved to be paid), to the net asset value per class of the shares into which they will be converted (also calculated in Euro), in each case on the relevant conversion calculation date being the first business day of the month. During the year 7,226,415 (2013: 8,114,475) Euro shares were converted into 4,917,427 (2013: 6,841,696) Sterling shares and 900,000 (2013: nil) Sterling shares were converted into 1,136,623 (2013: nil) Euro shares.

The ordinary shares of each class carry the right to receive all income of the Company attributable to such class of ordinary share, and to participate in any distribution of such income made by the Company and within each such class such income shall be divided pari passu among the Shareholders in proportion to the shareholdings of that class.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Ordinary and C shares (continued)

Voluntary conversion (continued)

Dividends are expected to be paid half-yearly. Please refer below for amounts recognised as dividend distributions to ordinary shareholders in the year ended 31 December 2014.

	Ex-dividend date	Payment date	£ equivalent	€ (*)
For the period ended 31 December 2013				
Sterling - £0.01 per share	29/01/2014	14/02/2014	1,585,218	1,938,880
Euro - €0.01 per share	29/01/2014	14/02/2014	-	1,656,150
For the period ended 30 June 2014				
Sterling - £0.025 per share	25/06/2014	22/07/2014	4,032,621	5,106,912
Euro - €0.025 per share	25/06/2014	22/07/2014	-	4,572,155
				13,274,097

(*) – translated as at dividend payment date.
No dividend distributions were recognised in the period ended 31 December 2013.

As the Company has been established as a closed-ended vehicle, there is no right or entitlement attaching to the ordinary shares that allows them to be redeemed or repurchased by the Company at the option of the Shareholder. The Company has, however, established a Contractual Quarterly Tender facility that enables Shareholders to tender their shares in the Company in accordance with a stated contracted mechanism.

The Directors believe that the Company's Contractual Quarterly Tender mechanism should provide Shareholders with additional liquidity when compared with other listed closed-ended investment companies.

The offer of Contractual Quarterly Tenders will be subject to annual Shareholder approval and subject to the terms, conditions and restrictions as set out in the prospectus. The Company will be subject to annual Shareholder approval to tender each quarter for up to 24.99 per cent. of the shares in issue at the relevant quarter record date, (being the date on which the number of shares then in issue will be recorded for the purposes of determining the restrictions), subject to a maximum annual limit of 50 per cent. of the shares in issue.

However, it is important to note that Contractual Quarterly Tenders, if made, are contingent upon certain factors including, but not limited to, the Company's ability to finance tender purchases through submitting redemption requests to the Investment Vehicle to redeem a pro rata amount of Company Investment Vehicle Interests.

Factors, including restrictions at the Investment Vehicle level on the amount of PECs which can be redeemed, may mean that sufficient Company Investment Vehicle Interests cannot be redeemed and, consequently, tender purchases in any given quarter may be scaled back on a pro rata basis.

Shareholders should therefore have no expectation of being able to tender their shares to the Company successfully on a quarterly basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Ordinary and C shares (continued)

Voluntary conversion (continued)

In addition to the Contractual Quarterly Tender facility, the Directors may seek Shareholder approval to grant them the power to make ad hoc market purchases of Shares, although it is not currently anticipated that the Directors will seek this authority. If such authority is sought and subsequently granted, the Directors will have complete discretion as to the timing, price and volume of shares to be purchased. Shareholders should not place any reliance on the willingness of the Directors so to act.

In the absence of the availability of the Contractual Quarterly Tender facility Shareholders wishing to realise their investment in the Company will be required to dispose of their shares on the stock market.

Accordingly, Shareholders' ability to realise their investment at any particular price and/or time may be dependent on the existence of a liquid market in the shares.

Liquidity risks associated with the Contractual Quarterly Tender process are set out in note 8.2.

During the year 280,875 (2013: Nil) Euro shares and 7,401 (2013: Nil) Sterling shares were redeemed as part of Contractual Quarterly Tender facility and held by the Company in the form of treasury shares. Treasury shares do not carry any right to attend or vote at any general meeting of the Company. In addition, the Contractual Quarterly Tenders and the voluntary conversion facility are not available in respect of Treasury shares

As at 31 December 2014, 280,875 (2013: Nil) Euro shares and 7,401 (2013: Nil) Sterling shares are held at treasury shares.

C shares

On the 3 April 2014, the Company issued two classes of C shares, being Euro C shares and Sterling C shares. 30,958,500 Euro C shares and 66,352,795 Sterling C shares were issued at a price of €1 and £1 per C share respectively.

C Shares do not carry any right to attend or vote at any general meeting of the Company (but holders of C shares are entitled to receive notice of such general meetings). In addition, the Contractual Quarterly Tenders and the voluntary conversion facility are not available in respect of C shares, although they are available to holders of ordinary shares arising on the Conversion of their C shares.

Notwithstanding any other provision of the Articles, the holders of any class of C Shares will be entitled to receive such dividends as the Directors may resolve to pay to such holders out of the assets attributable to such class of C Shares (as determined by the Directors).

On the 22 July 2014, the Company converted 30,958,500 Euro C shares and 66,352,795 Sterling C shares into 30,320,748 Euro ordinary shares and 64,846,565 Sterling ordinary shares respectively. These new ordinary shares were admitted to the Official List and to trading on the London Stock Exchange on 22 July 2014.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Ordinary and C shares (continued)

C shares (continued)

Earnings per share

	31 December 2014 £ equivalent	31 December 2014 €	31 December 2013 £ equivalent	31 December 2013 €
Euro ordinary shares				
(Decrease) / increase in net assets for the year / period	-	(701,713)	-	5,632,654
Results per share	-	(0.003665)	-	0.032781
Sterling ordinary shares				
(Decrease) / increase in net assets for the year / period	(568,087)	(704,939)	4,426,770	5,032,771
Results per share	(0.002954)	(0.003665)	0.027779	0.032781

Earnings per share has been calculated on a weighted average basis. The weighted average number of ordinary shares held during the year ended 31 December 2014 was 385,238,290 (2013: 325,080,422), comprising 192,918,936 (2013: 171,552,821) Euro ordinary shares and 192,319,354 (2013: 153,527,601) Sterling ordinary shares.

14 Net asset value per share

	31 December 2014 £ equivalent	31 December 2014 €	31 December 2013 £ equivalent	31 December 2013 €
Euro ordinary shares				
Net asset value	-	226,691,757	-	171,500,155
Net asset value per share	-	1.0247	-	1.0293
Sterling ordinary shares				
Net asset value	265,696,406	342,137,262	162,497,187	195,309,119
Net asset value per share	1.0287	1.3246	1.0305	1.2386

15 Related Party Disclosure

All transactions between related parties were conducted on terms equivalent to those prevailing in an arm's length transaction.

The Directors are entitled to remuneration for their services. Please refer to Note 5 for further detail.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Material events after the Statement of Financial Position date

Management has evaluated subsequent events for the Company through 10 February 2015, the date the financial statements are available to be issued, and had concluded there are not any material events that require disclosure or adjustment of the financial statements other than those listed below:

On 30 January 2015, the Company converted 400,000 Sterling ordinary shares into 517,442 Euro ordinary shares. As a result of this conversion, the Company had 221,748,148 Euro ordinary shares and 257,894,836 Sterling ordinary shares (excluding treasury shares).

On 28 January 2015, 18,438 Sterling ordinary shares were tendered in line with the Company's Contractual Quarterly tender mechanism. These shares have been transferred to the Company's name and held in treasury.

On the 28 January 2015, the Company announced that it is seeking to undertake a further capital raise of up to an aggregate of €40 million or sterling equivalent prior to the expiry of the Placing Program on 19 March 2015.

On 29 January 2015, the Company declared a dividend of €0.025 per Euro ordinary share and £0.025 per Sterling ordinary share, in respect to the year ended 31 December 2014. A dividend of €5,543,701 per Euro class and £6,446,910 per Sterling class will be paid to Shareholders on the 20 February 2015. On 20 February 2015 the Company will pay a preferred dividend of £5.84 per management share.

17 Controlling party

In the Directors' opinion, the Company has no ultimate controlling party.

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