FOR THE PERIOD 20 MARCH 2013 (INCEPTION) TO 30 JUNE 2013

CVC
Credit Partners

HALF-YEARLY FINANCIAL REPORT 2013

COMPRISING:

CVC CREDIT PARTNERS EUROPEAN OPPORTUNITIES LIMITED

CONTENTS

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COMPANY INFORMATION AND FINANCIAL HIGHLIGHTS

Company Information

Funds raised and number of ordinary shares issued on 25 June 2013:
€174,729,500 Euro shares
£150,849,080 Sterling shares

Company Financial Highlights and Performance Summary

for the period from 20 March 2013 to 30 June 2013

	30 June 2013 Euro ordinary shares €	**30 June 2013 Sterling ordinary shares €**
Net Asset Value ("NAV")	174,289,083	150,473,334
Net Asset Value per ordinary share	0.9975	0.9975
Share Price (Mid Price)	0.9975	0.9975

Please note that capitalised terms are as defined in the Prospectus.

EXECUTIVE SUMMARY

CVC Credit Partners European Opportunities Limited (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 London Stock Exchange. The Company issued 325,578,580 ordinary shares, comprising 174,729,500 Euro ordinary shares and 150,849,080 Sterling ordinary shares on 25 June 2013 at a price of €1 and £1 per ordinary share respectively. There are also two management shares in issue, with no par value and no voting rights.

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

CHAIRMAN'S STATEMENT

Dear Shareholder,

I am pleased to present the half-yearly financial report of CVC Credit Partners European Opportunities Limited for the period from incorporation on 20 March 2013 to 30 June 2013 and to welcome you to the share register.

Your Board and the Investment Vehicle Manager were pleased that the Company's IPO closed above the target subscription level, in what were challenging market conditions. My thanks go to Goldman Sachs International and Dexion Capital, to our advisors and service providers, to the entire team at CVC Credit Partners Investment Management Limited and to my co-directors, for all their hard work during the fundraising process. It is pleasing to note that at this very early stage, the Company's € and £ ordinary shares are trading at a small premium over their respective net asset values[1].

Market Backdrop

This statement will inevitably be limited in scope, as it covers the accounting period from incorporation on 20 March 2013 until 30 June 2013, prior to the Company investing its cash. However, I am pleased to report that post the balance sheet date the Company's funds were deployed, and the Investment Vehicle Manager commenced investing during a pullback in risk asset pricing seen during the latter part of Q2 2013, driven by US Fed Chairman Bernanke's successive comments concerning the potential for progressive withdrawal of fiscal stimulus through QE tapering. Since then, markets appear to have stabilised, with the S&P ELLI, a benchmark which your Board considers of relevance when monitoring the progress of the Company, having more than recovered the losses incurred in June 2013.

As at the end of July 2013, 53% of the Company's cash had been invested in the underlying target instruments, and we anticipate, subject to market conditions remaining benign, that full investment will have taken place by the end of the year.

Economic Environment

The Company is committed to investing a minimum of 70% of the Company's cash within the European economic sphere[2]. As a result, the Company's performance will be exposed to the extent to which the EU makes progress in deleveraging and de-risking its banking system whilst seeking to stimulate economic growth across the region. The former's policy steps are a key driver in the Company's investment strategy, as we move to fill the gap which such de-risking entails. Failure in the latter, however, has the potential to negatively influence the Company's performance, notwithstanding the Investment Vehicle Manager's rigorous portfolio selection, management process and historic track record.

Conditions for the European corporate sector have remained stable since the end of 2012, and we will be actively watching for signs of improvement.

I look forward to reporting to you on the Company's progress on a periodic basis, consistent with the Company's listing obligations.

Richard Boléat
Chairman

21 August 2013

1 As reported in more detail in the Company's monthly reports.

2 As defined in the Company's Prospectus

DIRECTORS

Richard Michael Boléat (Chairman), aged 49 (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.

Mark Richard Tucker, aged 50 (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 offshore structures and chairs the Audit Committee of a London listed investment company.

David Alan Wood, aged 59. 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.

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge that:

- this Condensed set of Financial Statements has been prepared in accordance with IAS 34 "Interim Financial Reporting";
- the Chairman's Statement and the Investment Vehicle Manager's Report include a fair review of the information required by DTR 4.2.7R (indication of important events up to 30 June 2013 and a description of principal risks and uncertainties for the remaining six months of the year); and
- the Chairman's Statement and the Investment Vehicle Manager's Report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and charges therein).

Richard Boléat
Chairman

21 August 2013

INVESTMENT VEHICLE MANAGER'S REPORT

As at 30 June 2013, the Company had made no investments into the Investment Vehicle. As noted in the Chairman's Statement the fundraising for the Company had been successful despite the challenging market conditions. The net placing proceeds were invested in the Preferred Equity Certificates in the Investment Vehicle on 1 July 2013.

CVC Credit Partners Investment Management Limited

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF CVC CREDIT PARTNERS EUROPEAN OPPORTUNITIES LIMITED

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the period 20 March 2013 (inception) to 30 June 2013 which comprises the Condensed Statement of Comprehensive Income, the Condensed Statement of Financial Position, the Condensed Statement of Changes in Net Assets, the Condensed Statement of Cash Flows and the related notes 1 to 15.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the financial statements of the Company are prepared in accordance with IFRS as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 (UK and Ireland), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the period from 20 March 2013 to 30 June 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
London

21 August 2013

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the period from 20 March 2013 (Inception) to 30 June 2013

	Notes	For the Period 20 March 2013 to 30 June 2013 €
Interest Income	4	5,313
Set Up Costs	5	(878,543)
Operating Expenses	5	(5,618)
Loss for the period before taxation		**(878,848)**
Taxation	6	—
Loss for the period		**(878,848)**
Other Comprehensive Income		—
Decrease in net assets attributable to ordinary shares/Total Comprehensive Loss		**(878,848)**

Euro Ordinary Shares	30 June 2013 €
Earnings per share (note 11)	(0.002699)

Sterling Ordinary Shares	30 June 2013 £	30 June 2013 Euro Equivalent €
Earnings per share (note 11)	(0.002313)	(0.002699)

All items in the above statement derive from continuing operations.

The notes on pages 15 to 23 form part of these Condensed Financial Statements.

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Notes	As at 30 June 2013 €
Assets		
Cash and Cash Equivalents	8	349,867,368
Interest Income Receivable	4	5,293
Total Assets		**349,872,661**
Liabilities		
Payables	9	7,255
Total Liabilities excluding net assets attributable to ordinary shareholders		**7,255**
NET ASSETS ATTRIBUTABLE TO ORDINARY SHAREHOLDERS		**349,865,406**

Euro Ordinary Shares	30 June 2013 €
Net Asset Value	174,289,083
Net Asset Value per Share	0.9975

Sterling Ordinary Shares	30 June 2013 £	30 June 2013 Euro Equivalent €
Net Asset Value	150,473,334	175,576,323
Net Asset Value per Share	0.9975	0.9975

The Condensed Financial Statements were authorised for issue by the Board of Directors on 21 August 2013 and signed on their behalf by:

Richard Boléat
Chairman

The notes on pages 15 to 23 form part of these Condensed Financial Statements.

CONDENSED STATEMENT OF CHANGES IN NET ASSETS

For the period from 20 March 2013 (Inception) to 30 June 2013

	Net Assets Attributable to Shareholders €
As at 20 March 2013	
Issue of Ordinary Shares	350,744,254
Decrease in net assets attributable to ordinary shareholders from operations	(878,848)
As at 30 June 2013	**349,865,406**

The notes on pages 15 to 23 form part of these Condensed Financial Statements.

CONDENSED STATEMENT OF CASH FLOWS

For the period from 20 March 2013 (Inception) to 30 June 2013

	Notes	For the Period 20 March 2013 to 30 June 2013 €
Operating Activities		
Loss for the period		(878,848)
Change in Receivables	4	(5,293)
Change in Payables	9	7,255
Net cash used in operating activities		**(876,886)**
Financing Activities		
Ordinary Shares Issued	11	350,744,254
Net cash generated from financing activities		**350,744,254**
Net increase in cash and cash equivalents		349,867,368
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents as at the end of the period	8	**349,867,368**

The notes on pages 15 to 23 form part of these Condensed Financial Statements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the period from 20 March 2013 (Inception) to 30 June 2013

1. The Company

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 Half-Yearly Financial Report of the Company for the period from 20 March 2013 to 30 June 2013 comprises the Condensed Financial Statements of the Company.

2. Principal Accounting Policies

The Half-Yearly Financial Report of the Company is prepared in accordance with International Accounting Standard 34 (Interim Financial Reporting) as issued by the International Accounting Standards Board (IASB), and as adopted by the European Union.

The financial statements have been prepared on a going concern basis. The Directors believe it is appropriate to adopt the going concern basis in preparing the Half-Yearly Financial Report since the assets of the Company consist primarily of cash which is readily realisable. Accordingly, the Company has adequate financial resources to continue in operation for the foreseeable future.

2.1 Summary of Significant Accounting Policies

2.1.1 Functional and Presentational 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.

2.1.2 Foreign Currency Translations

Transactions during the period are translated at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

2.1.3 Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position and the Statement of Cash Flows comprise cash on hand and short-term deposits in banks.

2.1.4 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 International Financial Reporting Standards (IFRS).

2.1.5 Financial Instruments

Classification
The Company classifies its financial assets and liabilities into the following categories in accordance with IAS 39:

Financial assets and liabilities at fair value through profit or loss
The investments in Preferred Equity Certificates issued to the Company by the Investment Vehicle are accounted for at fair value through profit or loss.

Other Financial Liabilities
The Company's accounting policy for ordinary shares is described in 2.2.7 below.

Recognition
The Company recognises a financial asset or financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Initial Measurement
Financial assets and financial liabilities at fair value through profit or loss are recorded in the Statement of Financial Position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Subsequent Measurement
After initial measurement, the Company measures financial instruments which are classified as at fair value through profit or loss at fair value. Subsequent changes in the fair value of those instruments are recorded in Net Gain or Loss on Financial Assets and Liabilities at Fair Value Through Profit or Loss. Interest earned on such instruments is recorded separately in Interest Income.

Derecognition
A financial asset is derecognised where the rights to receive cash flows from the asset have expired.

The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

2.1.6 Determination of Fair Value

The fair value of the financial asset is calculated based on the Net Asset Value of the Investment Vehicle, pro rata to its holding.

2.1.7 Ordinary Shares

In accordance with IAS 32, the ordinary shares are classified as a financial liability rather that equity. As the ordinary shares have different characteristics to the management shares, the ordinary shares must be classified as a financial liability.

The ordinary shares are carried at the redemption amount being the Net Asset Value calculated in accordance with IFRS.

2.1.8 Management Shares

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

2.1.9 Interest Revenue and Expenses

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

2.1.10 Segmental Reporting

The Directors view the operations of the Company as one operating segment; therefore there is no requirement for segmental reporting.

3. 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 other than the Directors.

None of the Directors hold shares in the Company.

David Wood is a member of the CVC Credit Partners Advisory Board, as well as having several investments in a number of CVC entities.

4. Income

The income relates solely to interest received on the net placing proceeds that were placed on deposit before the Preferred Equity Certificates (PECs) issued by the Investment Vehicle were subscribed for on 1 July 2013.

5. Expenses

The costs and expenses of the Placing (excluding placing commissions) that equate to 0.25 per cent of gross placing proceeds were borne by the Company as set up costs. The placing commissions were borne by CVC Credit Partners Investment Services Management Limited. Any excess costs and expenses of the Placing (excluding placing commissions) are borne by CVC Credit Partners Investment Services Management Limited. The set up costs have been written off in the Statement of Comprehensive Income in accordance with IFRS, and amount to a total of €878,543.

Operating Expenses

	30 June 2013 **€**
Administration fees	1,826
Directors' fees	2,402
Sundry expenses	1,390
	5,618

6. Taxation

Profits arising in the Company for the 2013 year of assessment will be subject to Jersey tax at the standard corporate income tax rate of 0%.

7. Financial Investments

As at 30 June 2013, the net placing proceeds had not been invested and were held as cash and short-term deposits.

8. Cash and Cash Equivalents

	30 June 2013 €
Cash at bank	174,292,651
Short-term deposits	175,574,717
	349,867,368

9. Payables

	30 June 2013 €
Administration fees	1,826
Directors' fees	2,402
Other payables	3,027
	7,255

10. Contingent Liabilities and Commitments

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods. As at 30 June 2013 the Company had no contingent liabilities or commitments.

11. Share Capital

	Number of Shares 30 June 2013	Ordinary Share Capital At Issue 30 June 2013 €
Management Shares	2	0
Euro Ordinary Shares	174,729,500	174,729,500
Sterling Ordinary Shares	150,849,080	176,014,754
Total	**325,578,582**	**350,744,254**

Management shares

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

Ordinary Shares

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

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

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. Dividends are expected to be paid half-yearly.

Earnings per Share

Loss	€(878,848)
Total Number of Ordinary Shares	325,578,580
Earnings per share (Euro and Sterling Share Class)	€(0.002699)
Earnings per share (Sterling Share Class) – Sterling Equivalent	**£(0.002313)**

Quarterly Tender Process

Subject to Shareholder approval, the Directors will offer Contractual Quarterly Tenders which will be subject to the terms and conditions set out in the Prospectus.

12. Administration and Custodian Fees

The Company pays an annual administration fee of £85,000.

The Custodian 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 Custodian for any out of pocket expenses. Further details are given in note 13.

13. Related Party Transactions

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

(a) Administration fees for the Company amounting to €48,186 (including set up fees of €17,502) were payable to Northern Trust International Fund Administrators (Jersey) Limited, calculated in accordance with the Administration Agreement, dated 6 June 2013. €1,826 remained payable by the Company as at 30 June 2013.

(b) Custody fees for the Company amounting to £nil were payable to Northern Trust (Guernsey) Limited, calculated in accordance with the Custody Agreement, dated 6 June 2013, out of which £nil remained outstanding as at 30 June 2013.

(c) The Chairman of the Company, Richard Boléat, is entitled to a fee of £50,000 per annum. The other Directors of the Company are remunerated for their services at a fee of £35,000 per annum. The chairman of the Audit Committee (Mark Tucker) will receive an additional £5,000 for his services in this role. €2,402 remained payable by the Company as at 30 June 2013.

14. Risk Management

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

Credit Risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company.

The Company's credit risk is attributable to its receivables and cash and cash equivalents. 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.

The Company is exposed to material credit risk in respect of cash and cash equivalents and debtors. All cash is placed with Northern Trust (Guernsey) Limited ("NTGL").

NTGL is a wholly owned subsidiary of Northern Trust Corporation ("NTC"). NTC is publicly traded and a constituent of the S&P 500 Index. NTC has a long term credit rating of A+ 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 transact only with leading commercial and investment banks. It is the opinion of the Board of Directors that the carrying amounts of these financial assets represent the maximum credit risk exposure as at the reporting date.

The Company has no significant concentration of credit risk, other than in respect of the placing of its cash deposits with NTGL.

The Board continues to monitor the Company's exposure to credit risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulties in realising assets or otherwise raising funds to meet financial commitments. As at 30 June 2013, all of the net placing proceeds were placed in cash, and therefore the liquidity risk was negligible. However, on 1 July 2013, the Company invested substantially all of the net placing proceeds in the Investment Vehicle. Given that the Company Investment Vehicle Interests 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 investments in the Investment Vehicle, or to conduct Contractual Quarterly Tenders, and on those mechanisms operating in a timely manner. The Company does not have any control over the redemption mechanism operated by the Investment Vehicle.

The Company may, if so requested, redeem Company Investment Vehicle Interests only on a quarterly basis, as is the case for redemptions of Non-Company Investment Vehicle Interests, being those Investment Vehicle Interests held by the Investment Vehicle's other direct investors. However, if the Investment Vehicle 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 NAV Determination 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 under all of the outstanding Investment Vehicle Interests (including the Company Investment Vehicle Interests).

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 Company Investment Vehicle Interests 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, NAV and/or the market price of the ordinary shares.

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.

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

Speculation regarding the creditworthiness of the sovereign debt of various Eurozone countries (including proposals for investors to incur write-downs on the face value of Greek sovereign debt) has given rise to concerns that sovereign debtors might default and that one or more countries might leave the European Union and/or the Eurozone, despite efforts to support affected countries and the Euro as a currency. The outcome of this situation remains unclear. Sovereign debt defaults and European Union and/or Eurozone exits could have material adverse effects on the Investment Vehicle's ability to make Investments, as well as on the issuers whose debt obligations form part of the Portfolio by, for example, impacting the availability of credit to such issuers and causing uncertainty and disruption in relation to financing, and to the wider markets in which such issuers operate. Austerity and other measures introduced to limit or contain these issues may themselves lead to economic contraction and result in further adverse effects impacting the Investments and, by extension, the NAV and/or the market price of the ordinary shares.

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 Investment Vehicle could be particularly exposed to any deterioration in the current European economic crisis. 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 Portfolio has a significant holding could materially and adversely affect the performance of the Investment Vehicle and, by extension, the Company's ordinary shares.

Further, within the banking sector, the default of any institution could lead to defaults by other institutions. Concerns about, or default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions, because the commercial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. This risk is sometimes referred to as "systemic risk" and may adversely affect other third parties with whom the Investment Vehicle deals. The Investment Vehicle and, by extension, the Company may, therefore, be exposed to systemic risk when the Investment Vehicle deals with various third parties whose creditworthiness may be exposed to such systemic risk.

Continued or recurring market deterioration may materially adversely affect the ability of an issuer whose debt obligations form part of the Portfolio to service its debts or refinance its outstanding debt. Further, such financial market disruptions may have a negative effect on the valuations of the Investments (and, by extension, on the NAV and/or the market price of the ordinary shares), and on the potential for liquidity events involving such 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 NAV and/or the market price of the ordinary shares to decrease). Adverse economic conditions may also decrease the value of any security obtained in relation to any of the Investments.

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 which can be liquidated may differ, sometimes significantly, from their valuations. Third party pricing information may not be available for certain positions held by the Investment Vehicle. Investments to be held by the Investment Vehicle may trade with significant bid-ask spreads. 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.

The Board monitors and reviews the valuation process on an on-going basis.

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 may be invested in securities and other Investments which are denominated in other currencies. Accordingly, the Investment Vehicle will necessarily be subject to foreign exchange risks and the value of its assets may be affected unfavourably by fluctuations in currency rates. Although the Investment Vehicle Manager may utilise financial instruments to hedge against declines in the value of such assets as a result of changes in currency exchange rates, they are not obliged to do so and may terminate any hedge contract at any time. Moreover, it may not be possible for the Investment Vehicle Manager to hedge against a particular change or event at an acceptable price or at all. In addition, there can be no assurance that any attempt to hedge against a particular change or event would be successful, and any such hedging failure could materially and adversely affect the performance of the Investment Vehicle and, by extension, the Company's business, financial condition, results of operations, NAV and/or the market price of the ordinary shares.

The Investments made by the Investment Vehicle are primarily expected to be denominated in Euro, although certain Investments may be denominated in currencies other than Euro. The financial statements of the Company and the Investment Vehicle are prepared in Euro and the operational and accounting currency of the Company and the Investment Vehicle is the Euro. Subscription monies for Sterling ordinary shares have been used to fund subscriptions for Sterling-denominated Company Investment Vehicle Interests 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 Manager may hedge against exchange rate fluctuations, there is no guarantee that any hedging arrangements will be successful. In addition, the costs and any benefit of hedging such foreign currency exposure will be allocated solely to the Sterling-denominated Company Investment Vehicle Interests (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 Board regularly monitors and reviews the treatment of currency transactions on an on-going basis, through their oversight of the Company, including thorough reviews of the weekly and monthly NAVs.

15. Material events after the Statement of Financial Position date

On 1 July 2013, €173,735,577 and £149,990,997 were invested into Preferred Equity Certificates issued by the Investment Vehicle.