FOR THE YEAR ENDED 31 DECEMBER 2015

CVC
Credit Partners

EUROPEAN OPPORTUNITIES LIMITED

ANNUAL FINANCIAL REPORT 2015

COMPRISING:

CVC CREDIT PARTNERS EUROPEAN OPPORTUNITIES LIMITED

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STRATEGIC REPORT FINANCIAL HIGHLIGHTS AND PERFORMANCE SUMMARY

Financial highlights

Tap Issue
On 19 March 2015, 8,823,766 Euro ordinary shares (the "Euro Shares") and 12,232,782 Sterling ordinary shares (the "Sterling Shares") were issued at a price of €1.0404 and £1.0444, raising gross proceeds of €9,180,246 and £12,775,917 respectively.

Sale of Treasury Shares
On 17 December 2015 the Company sold 3,424,000 Euro Shares out of treasury at a price of €1.0322 per Euro Share, raising gross proceeds of €3,534,253.

Contractual Quarterly Tenders
During the year the Company completed the following Contractual Quarterly Tenders. On the settlement date the tendered shares were transferred to the Company's name and held in treasury.

Settlement date	Euro ordinary shares tendered	Sterling ordinary shares tendered
28 January 2015	-	18,438
12 August 2015	-	348,632
12 November 2015	37,446,615	1

Number of shares in issue as at 31 December 2015:
195,451,704 Euro Shares[1] (31 December 2014: 221,230,706 Euro Shares[1])
270,529,508 Sterling Shares[2] (31 December 2014: 258,294,836 Sterling Shares[2])

Market capitalisation as at 31 December 2015:
Euro Share class: €197,406,221 (31 December 2014: €230,079,934)
Sterling Share class: £273,234,803 (31 December 2014: £271,855,315)

Performance summary

	As at 31 December 2015	As at 31 December 2014
Net Asset Value per Euro Share	€1.0257	€1.0247
Euro Share price (bid market)[3]	€1.0100	€1.0400
Net Asset Value per Sterling Share	£1.0352	£1.0287
Sterling Share price (bid market)[3]	£1.0100	£1.0525

[1] - Excludes 34,303,490 (2014: 280,875) Euro Shares held as treasury shares
[2] - Excludes 374,472 (2014: 7,401) Sterling Shares held as treasury shares
[3] - Source: Bloomberg

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

Financial highlights (continued)

Period highs and lows

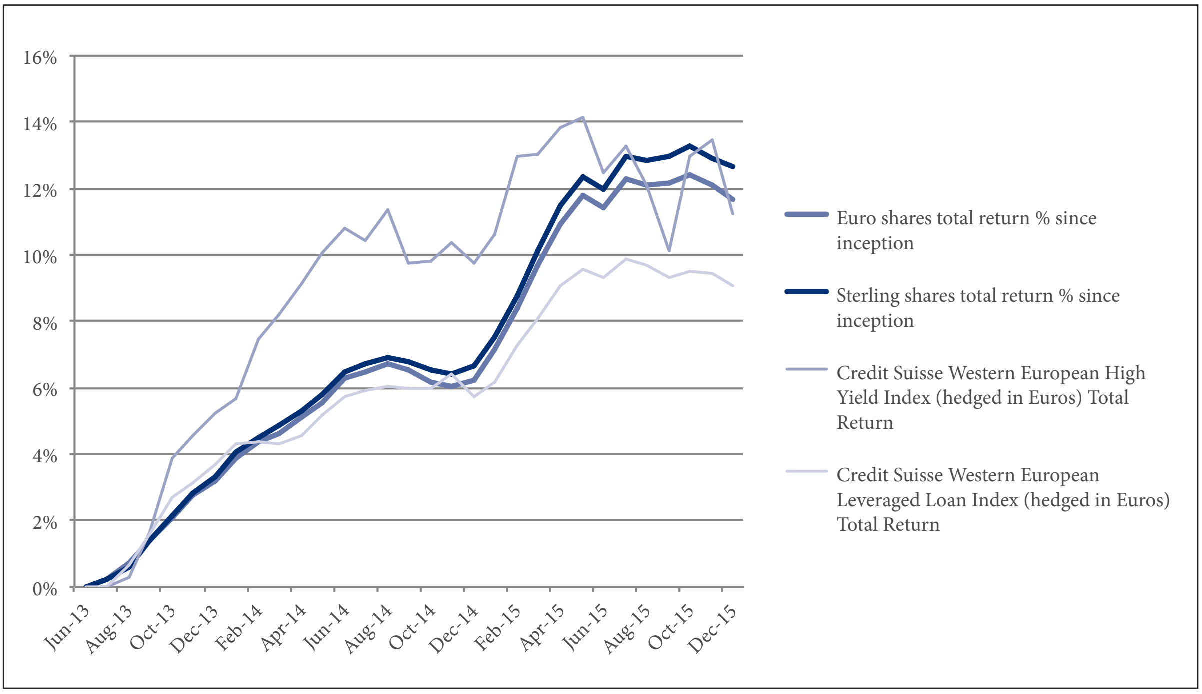
	2015 High	2015 Low	2014 High	2014 Low
Net Asset Value per Euro Share	€1.0540	€1.0104	€1.0498	€1.0169
Euro Share price (bid market)[4]	€1.0550	€1.0000	€1.0800	€1.0180
Net Asset Value per Sterling Share	£1.0597	£1.0139	£1.0516	£1.0199
Sterling Share price (bid market)[4]	£1.0650	£1.0050	£1.0775	£1.0200

Key Performance Indicators

Net Asset Value Total Return vs benchmark

Net Asset Value ("NAV") total return[5] increased by 11.66% for Euro Shares and 12.66% for Sterling Shares from inception. NAV total return is net of issue costs and includes dividends. Any dividends received by a shareholder are assumed to have been reinvested in the Company's assets (for NAV total return).

Please refer below for NAV total return for Euro and Sterling Shares since inception versus Credit Suisse Western European High Yield Index (hedged in Euro) Total Return[4] and Credit Suisse Western European Leveraged Loan Index (hedged in Euro) Total Return[4] total return:



[4] - Source: Bloomberg
[5] - Sources: BNPP, Bloomberg

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

Ongoing charges

The ongoing charge reflects those expenses of a type which are likely to recur in the foreseeable future and which relate to the operation of the Company. The ongoing charge is based on actual costs incurred in the year as being the best estimate of future costs excluding any non-recurring fees in accordance with the AIC methodology. The ongoing charge for the year ended 31 December 2015 was 1.21%[6] (2014: 1.29%[6]).

Dividend history

	Ex-dividend date	Payment date
Sterling - £0.01 per Sterling Share	29/01/2014	14/02/2014
Euro - €0.01 per Euro Share	29/01/2014	14/02/2014
Sterling - £0.025 per Sterling Share	25/06/2014	22/07/2014
Euro - €0.025 per Euro Share	25/06/2014	22/07/2014
Sterling - £0.025 per Sterling Share	05/02/2015	20/02/2015
Euro - €0.025 per Euro Share	05/02/2015	20/02/2015
Sterling - £0.025 per Sterling Share	09/07/2015	07/08/2015
Euro - €0.025 per Euro Share	09/07/2015	07/08/2015

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

[6] - The Company's ongoing charge includes the sum of €6,568,273 (2014: €4,684,218) which represents the Company's pro rated share of the CVC European Credit Opportunities S.à r.l. (the "Investment Vehicle") management fee.

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 2015.

Performance and market conditions

It will not be lost on observers of our chosen asset class that 2015 was a challenging year for market participants. The continued hunt for returns by investors meant that portfolio assets continued to trade on yields near to historic lows for much of the year, only ticking up in the face of increasing volatility in Q3&4. The volatility was driven by a combination of the long awaited first move in monetary policy by the US Federal Reserve, sharp falls in energy/ commodities driven by demand/ supply imbalances and increasing concern about the effects of relative softness in the Chinese economy on global economic activity. Thus we have entered 2016 with a less favourable backdrop than for some time for risk assets, and market prices have adjusted sharply down accordingly.

Against this backdrop, the Company's performance has been pleasingly resilient. Returns on the Euro and Sterling share classes for the year were +5.1% and +5.6% respectively, deriving from a combination of yield flow from the core portion of the portfolio and good performance from the credit opportunities assets. Our limited exposure to US high yield (approximately 8% of the Investment Vehicle portfolio at the year-end) and our lack of exposure to energy sector names meant that recent sharp falls in the market prices of many energy credits, particularly in the US, had no material effect on the portfolio, which continues to be focussed on European credits. We are closely watching macro-economic developments, but as yet we have seen no deterioration in the overall credit quality of the portfolio, which continues to perform strongly. We see the current market price weakness in high yield markets as presenting an opportunity for the Investment Vehicle to acquire chosen assets at attractive prices and its cash holdings, at 16% of net asset value at the year end, give us the capability to take advantage of this weakness. Further details of portfolio allocations and the opportunity set are available in the Company's monthly reports and presentations, which are available on the Company's website at www.ccpeol.com.

Corporate activities

The flow of funds out of risk assets generally has led to a reduction in the Company's capital base this year as certain investors have trimmed allocations to our asset class through our quarterly tender programme. The market capitalisation at the year end stood at approximately €562 million.

Dividend yield

Our pleasing performance during 2015 has once again enabled your Board to declare a €0.025 per Euro Share and £0.025 per Sterling Share semi-annual dividend on 27 January 2016, bringing the full year dividend to €0.05 per Euro Share and £0.05 per Sterling Share, as targeted. The semi-annual dividend will be paid on 26 February 2016.

Other matters

As always, I would like to thank my fellow Directors, the portfolio management team at CVC Credit Partners, our advisors and investment bankers for their support and wise counsel, and I would also like to extend thanks to all of our shareholders for your continuing commitment to the Company.

Richard Boléat
Chairman

18 February 2016

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 2015. It should be read in conjunction with the Chairman's Statement on page 5 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 Shares and Sterling Shares. The Company's Euro and Sterling 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 2015, the Company's issued share capital comprised 195,451,704 Euro Shares, 270,529,508 Sterling Shares and two management shares (with no par value or voting rights). The Company also held 34,303,490 Euro Shares and 374,472 Sterling Shares in treasury.

The Company is self-managed and the Directors have invested the proceeds from its share issues 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.

Significant events during the year ended 31 December 2015

Tap issue of 8,823,766 Euro Shares and 12,232,782 Sterling Shares
On 16 March 2015, the Company announced the successful placing of 8,823,766 Euro Shares, at an issue price of €1.0404 per Euro Share, and 12,232,782 Sterling Shares, at an issue price of £1.0444 per Sterling Share. The placing raised gross proceeds of €9,180,246 and £12,775,917 respectively. The newly issued 8,823,766 Euro Shares and 12,232,782 Sterling Shares were admitted to the Official List and to trading on the Main Market with effect from 19 March 2015.

Sale of Treasury Shares
On 17 December 2015 the Company sold 3,424,000 Euro Shares out of treasury at a price of €1.0322 per Euro Share, raising gross proceeds of €3,534,253.

Contractual quarterly tenders
The Company completed the following tenders under its Contractual Quarterly Tender mechanism during the year ended 31 December 2015. All the shares tendered were transferred into the Company's name and held in treasury.

On 28 January 2015, 18,438 Sterling Shares were tendered under the Company's December 2014 tender at a price of £1.0287.

On 12 August 2015, 348,632 Sterling Shares were tendered under the Company's June 2015 tender at a price of £1.0391.

On 12 November 2015, 37,446,615 Euro Shares and 1 Sterling Share were tendered under the Company's September 2015 tender at a price of €1.0154 and £1.0233 respectively.

Supplementary Prospectus
On 13 February 2015 a Supplementary Prospectus was issued to incorporate the Company's Annual Financial Report for the year ended 31 December 2015.

STRATEGIC REPORT (CONTINUED)
EXECUTIVE SUMMARY (CONTINUED)

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 asset allocation

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.

The Company pursues its investment policy by investing net placing proceeds from share issues in the Investment Vehicle.

The investment policy of the Investment Vehicle is subject to the following limits (the "investment limits"):

- A minimum of 50 per cent. of the Investment Vehicle's gross assets will be invested in senior secured obligations (which, for the purposes of this investment limit will include cash and cash equivalents).
- A minimum of 70 per cent. of the Investment Vehicle's gross assets will be invested in obligations of companies/borrowers domiciled, or with material operations, in Western Europe.
- A maximum of 7.5 per cent. of the Investment Vehicle's gross assets will be invested at any given time in obligations of a single borrower subject to a single exception at any one time permitting investment of up to 15 per cent. in order to participate in a loan to a single borrower, provided the exposure is sold down to a maximum of 7.5 per cent. within 12 months of acquisition.
- A maximum of 7.5 per cent. of the Investment Vehicle's gross assets will be invested in credit loan obligation securities, with no primary investments permitted to be made in CVC Credit Partners managed structured finance transactions.
- A maximum of 25 per cent. of the Investment Vehicle's gross assets will be invested in CVC Capital Portfolio Company debt obligations calculated as invested cost as a percentage of the Investment Vehicles gross assets.

The Investment Vehicle is permitted to borrow up to an amount equal to 100 per cent of the NAV of the Investment Vehicle at the time of borrowing (the "borrowing limit").

General

The investment objective and investment policy of the Investment Vehicle are consistent with the investment objective and investment policy of the Company. In the event that changes are made to the investment objective or investment policy (including the investment limits and/or the borrowing limit) the procedures set out on page 8, in the section headed "Material changes to the investment objective and policy of the Company of the Investment Vehicle" will apply.

Company borrowing limit

The Company does not have any borrowings but may, in the future and subject to the passing of an ordinary resolution at a general meeting, borrow up to 15 per cent. of the NAV of the Company for the sole purpose of purchasing or redeeming its own shares otherwise than pursuant to Contractual Quarterly Tenders.

STRATEGIC REPORT (CONTINUED)
EXECUTIVE SUMMARY (CONTINUED)

Material changes to the investment objective and policy of the Company or the Investment Vehicle

The Company receives periodic updates from the Investment Vehicle. Should these updates advise any changes (material or otherwise) to the Investment Vehicle's investment objective, investment policy, investment limits and/or borrowing limit then the Directors will seek Shareholder approval of any changes which are either material in their own right or, when viewed as a whole, together with previous non-material changes, constitute a material change from the published investment objective or policy of the Company.

If Shareholders do not approve the change in investment objective or investment policy of the Company such that it is once again materially consistent with that of the Investment Vehicle (including the Investment Limits and/or the Borrowing Limit), the Directors will redeem the Company's investment in the Investment Vehicle as soon as reasonably practicable.

The Directors do not currently intend to propose any material changes to the Company's investment objective or investment policy, other than in unforeseen circumstances such as to match any changes made to the Investment Vehicle's investment objective or investment policy. As required by the Listing Rules, any material change to the investment policy of the Company would be made only with the approval of Shareholders.

Investment strategy and approach

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 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.

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.

STRATEGIC REPORT (CONTINUED)
EXECUTIVE SUMMARY (CONTINUED)

Investment strategy and approach (continued)

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.

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.

Key Performance Indicators (KPIs)

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

Returns and NAV total return
The Board reviews and compares, at each meeting, the NAV and share price of the Company. The Directors regard the Company's NAV total return as being the overall measure of value delivered to Shareholders over the long term. Total return reflects both NAV growth of the Company and also dividends paid to Shareholders. The Company is targeting a NAV total return of 8%-12% per annum over the medium term.

Euro Shares and Sterling Shares NAV total return increased by 11.66% and 12.66% respectively from inception. Please refer to the Financial Highlights and Performance Summary on page 3 for Euro Shares and Sterling Shares NAV total return analysis.

Dividend
The Company is targeting annual dividends of around €0.05 and £0.05 per Euro and Sterling Share respectively.

Dividends for the year ended 31 December 2015 were €0.05 and £0.05 (2014: €0.05 and £0.05) per Euro and Sterling Share respectively. Please refer to page 4 for dividend history from inception.

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.

Please refer to note 7 and Investment Vehicle Manager's Report for analysis of the Investment Vehicle portfolio and note 8 for further details regarding Investment Vehicle investment limits and risk diversification policies.

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

Please refer to the Financial Highlights and Performance Summary on pages 2 and 3 for NAV and share price analysis.

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

Please refer to the Financial Highlights and Performance Summary on pages 2 and 3 for NAV and share price analysis.

STRATEGIC REPORT (CONTINUED) EXECUTIVE SUMMARY (CONTINUED)

Principal risks and uncertainties

When considering the total return of the Company, the Directors take account of the risk which has been taken in order to achieve that return. The Directors have carried out a robust assessment of the principal risks facing the company including those which would threaten its business model, future performance, solvency or liquidity, 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.

Investment 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 2015, the underlying portfolio comprised 64 (2014: 67) issuers and 20 (2014: 16) 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.

While the Company and Investment Vehicle do not include any specific limits placed on exposures to any industry sector, the Company and Investment Vehicle do have investment limits and risk diversification policies in place to mitigate market and concentration risk. Please refer to note 8 for further details and pages 16 to 20 for details of the investment portfolio held in the underlying Investment Vehicle.

Liquidity
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.

Please refer to note 8 for further details.

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.

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 NAV 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.

STRATEGIC REPORT (CONTINUED)
EXECUTIVE SUMMARY (CONTINUED)

Principal risks and uncertainties (continued)

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.

Capital management risks
Shareholders may seek to redeem their shareholdings using the Contractual Quarterly Tender facility, subject to restrictions as detailed in note 13, which could result in the NAV of the Company falling below €75 million and as such trigger the Continuation Resolution. There is a risk that the Continuation Resolution will not be passed which could result in the redemption by the Company of its entire holding in the Investment Vehicle and payment of termination fees as set out in the Prospectus.

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 is 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, holders of the Investment Vehicle PECs, have a right to redeem their PECs 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.

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.
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, NAV and/or the market price of the Shares.

The Shares in the Company may trade at a discount to the NAV per Share of the relevant class of shares and Shareholders may be unable to realise their Shares on the market at the NAV per Share or at any other price.
The Shares may trade at a discount to the NAV per share of the relevant class of shares for a variety of reasons, including due to market or economic conditions or to the extent investors undervalue the management activities of the Investment Vehicle Manager. While the Company intends to use the Contractual Quarterly Tender facility as a means to mitigate any discount to the NAV per share, there is no guarantee that it will be successful and the Directors accept no responsibility for any failure of the Contractual Quarterly Tender facility to effect a reduction in any discount.

Environmental and social issues

The Company is a closed-ended investment company which has no employees and so its own direct environmental impact is minimal. The Board 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, the majority of whom are based in Jersey, have held all their meetings in the Channel Islands 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. Further information about the Board's policy on diversity is contained within the Directors and Corporate Governance Report on page 26.

The Company has no employees and therefore there is nothing further to report in respect of gender representation within the Company.

Life of the Company

The Company has an indefinite life. In accordance with the Articles, the Directors are required to propose an Ordinary Resolution that the Company continues its business as a closed-ended investment company (the "Continuation Resolution") if the following occur:

(i) the Company NAV falls below €75 million; or

(ii) the Directors are required to convene "class closure meetings" for all of the classes of Shares in issue if a share class is delisted for any reason, or, if in any rolling 12 month period, the average daily closing market price (as derived from the market data published by Bloomberg or any successor market data service thereto) of any class of Shares during such 12 month period is 10 per cent. or more below the average NAV per Share (calculated inclusive of current year income).

If a Continuation Resolution is not passed, the Directors are required to put forward proposals within six months for the reconstruction or reorganisation of the Company to the Shareholders for their approval.

These proposals may or may not involve winding up the Company and, accordingly, failure to pass the Continuation Resolution will not necessarily result in the winding up of the Company. A failure to pass a Continuation Resolution may result in the redemption by the Company of its entire holding of Company Investment Vehicle interests and would trigger the payment of the termination fees being the cost and expenses of, and incidental to, the termination of the Company depending on the timing and reason for termination.

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.

Going Concern

Under the AIC Code of Corporate Governance ("AIC Code") and applicable regulations, the Directors are required to satisfy themselves that it is reasonable to assume that the Company is a going concern from date of approval of the financial statements.

STRATEGIC REPORT (CONTINUED)
EXECUTIVE SUMMARY (CONTINUED)

Going Concern (continued)

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, no material uncertainties exist that may cast significant doubt concerning the Company's ability to continue for a period of at least twelve months from the date of approval of the financial statements. The Directors consider it is appropriate to adopt the going concern basis in preparing the financial statements.

Viability Statement

Under the AIC Code, the Directors are required to make a "viability statement" which explains how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, taking into account the Company's current position and principal risks. The principal risks faced by the Company are described on pages 10 and 11.

The prospects of the Company are driven by its investment objectives, investment policy and investment strategy as summarised on pages 7 to 9, and also by the conditions existing in the markets in which the Company invests and financial markets generally.

In assessing the prospects of the Company, the Directors have, in addition to taking into account the principal risks facing the Company, taken into account the Company's current position which has included a robust process encompassing an examination of the:

(i) Investment Vehicle Manager's view of the investment opportunity and the conditions existing in the markets in which the Investment Vehicle is exposed and financial markets generally, including scenario analysis, stress tests and volatility and return comparisons;

(ii) liquidity and fundamental prospects of the underlying positions of the Investment Vehicle;

(iii) extent to which the Company directly or indirectly uses gearing;

(iv) liquidity of the PECs in which the Company invests, and;

(v) impact on the Company's viability under scenarios stemming from the application of the Contractual Quarterly Tender facility.

Based on the results of their assessment process the Directors have concluded that a period of three years from the date of this statement is an appropriate period over which to assess the prospects of the Company. This period was chosen by the Directors as it represents the minimum period under which any single risk assessed by their assessment process was considered. The Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due within at least this period of assessment.

This Strategic Report was approved by the Board of Directors on 18 February 2016 and signed on its behalf by:

Richard Boléat
Chairman

Mark Tucker
Audit Committee Chairman

BOARD MEMBERS

All the directors are non-executive.

CHAIRMAN

Richard Michael Boléat, aged 52 (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, which is listed on Euronext, and Funding Circle SME Income Fund Limited listed on the London Stock Exchange. 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 53 (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 61.

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. He was a member of CVC Credit Partners Advisory Board until April 2015. 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. Mr Wood continues to sit on the CVC Credit Partners Conflicts Committee.

INVESTMENT VEHICLE MANAGER'S REPORT

Summary

The Investment Vehicle Manager is pleased with the portfolio composition for the period ended 31 December 2015, with each strategy performing to expectations against a challenging market backdrop. The Investment Vehicle Manager remains optimistic with regards to the continued growing opportunity within the Credit Opportunities and Special Situations segments of the portfolio given the positive asset flows seen across the desk.

Portfolio

As at 31 December 2015, the Investment Vehicle portfolio was invested in-line with the Investment Vehicle's investment policy and was diversified with 64 issuers[1] across 22 different industries and 13 different countries, with no individual issuer representing an exposure of more than 4.1% of the portfolio.

Portfolio Statistics[2]

Percentage of Portfolio in Floating Rate Assets	82.4%
Percentage of Portfolio in Fixed Rate Assets	17.6%
Weighted Average Price[3]	89.2
Yield to Maturity	8.6%
Current Yield	6.0%
Weighted Average Fixed Rate Coupon	7.0%
Weighted Average Floating Rate plus Margin	5.1%

5 Largest Issuers

Issuer	% of Gross Assets	Industry	Country
Icopal	4.1	Buildings / Real Estate	Denmark
RAC	3.5	Automobile	UK
Cortefiel	3.2	Retail Store	Spain
Zodiac	3.1	Leisure	France
Viridian	3.0	Utilities	Ireland

5 Largest Industry Positions[1]

	%
Buildings and Real Estate	11.2%
Finance	10.0%
Broadcasting and Entertainment	9.8%
Leisure, Amusement, Motion Pictures, Entertainment	8.8%
Retail Store	8.0%

[1] - Excludes 20 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[5] (continued)

Geographical Breakdown by issuer country[4]

	%
France	22.3%
UK	19.5%
Spain	14.7%
Sweden	8.4%
USA	8.2%
Denmark	6.4%
Luxembourg	5.2%
Ireland	3.9%
Other	11.4%

Currency Breakdown

	%
EUR	57.5%
GBP	24.5%
USD	17.1%
NOK	0.8%
Other	0.1%

Asset Breakdown

	%
Loans (1st Lien)	49.8%
Cash	16.1%
Senior Secured Bonds	10.5%
PIK	6.3%
Structured	5.8%
Loans (2nd Lien)	5.7%
Senior Unsecured Bonds	3.2%
Other	2.6%

[4] - Excludes 20 structured finance positions.
[5] - Note: All metrics exclude cash unless otherwise stated.

INVESTMENT VEHICLE MANAGER'S REPORT (CONTINUED)

Performance

As at the end of December 2015, floating rate instruments comprised 82.4% of the portfolio. Current yield at year-end was 6.0%.

The Investment Vehicle Manager has been pleased with the performance through 2015 (5.1% net total return at the Investment Vehicle level), particularly by comparison to the Credit Suisse Western European High-Yield Bond Index, returning 1.4% for 2015, and also the Credit Suisse Western European Leverage Loan Index, returning 3.1% for 2015, both of which significantly underperformed the returns achieved by the Company.

Throughout Q3'15, the portfolio remained defensive by conserving cash balances and continuing to manage exposures to volatile segments of the credit spectrum. This entailed remaining underweight in high yield ("HY") bonds and subordinated parts of the capital structure as well as reducing exposure to commodity related assets. The Investment Vehicle Manager took advantage of dislocated markets by opportunistically adding in small size to current Credit Opportunities and Special Situations positions which became available at attractive price points. Positioning across these strategies remained broadly in-line with the Investment Vehicle Manager's expectations across the period.

Through Q4'15, the Investment Vehicle Manager continued to focus on protecting the investment vehicle's NAV from the extreme volatility that was experienced in the broader credit markets. In the lead up to year-end, the Investment Vehicle Manager was positioned conservatively with cash balances inflated to mitigate risk exposures as well as to facilitate the opportunistic purchase of assets being sold by European banks and institutional investors. The Investment Vehicle Manager believes that the increased asset flows witnessed from European institutions continue to support the thesis that regulatory changes facing European banks will only accelerate in 2016. With this in mind, the Investment Vehicle Manager favours sourcing assets within markets that are likely to benefit from policy stimulus and have room for margin expansion and further domestic recovery.

Market Review and Outlook

Leveraged Loan Market

- Against a backdrop of declining investor sentiment and increased volatility in the U.S. credit markets, the European leveraged loan market performed resiliently in Q4'15 with total new issuance climbing from €10.6bn in Q3'15 to €14.6bn in Q4'15. Accordingly, in-line with a trend that has been witnessed since 2011, H2'15 total issuance of €25.2bn was weaker than H1'15 primary market activity, representing roughly 40% of the total issuance of €63.7bn in 2015. At €63.7bn, total issuance for 2015 was 19% lower than 2014 and is the lowest volume since 2012. A 40% decline in opportunistic borrowing over the course of 2015 was the overarching reason behind the anaemic new issuance volume for the year whilst weak M&A borrowing failed to bring new deals to the market.

- Leveraged loans used to fund primary or secondary buyouts carried on from a strong H1'15, culminating in €20.9bn of volume in 2015, second only to 2008 in terms of total volume, up 16% year on year from €18.0bn in 2014.

- Despite the turbulent market conditions going into year-end, the S&P European Leveraged Loan Index (ELLI) ended 2015 with returns of 4.5% for the year (excluding currency). The weighted average bid of the ELLI ended 2015 at 96.91, up from 96.47 at the end of 2014. This strong outperformance versus the U.S. leveraged loan market and HY bond markets means that the European leveraged loan market is well positioned to receive further asset inflows in 2016.

- ELLI loan default rates reduced significantly from 4.9% in 2014 to 2.1% in 2015. The Investment Vehicle Manager did not experience any defaults in its Performing Credit portfolios in 2015.

INVESTMENT VEHICLE MANAGER'S REPORT (CONTINUED)

Market Review and Outlook (continued)

High Yield Bond Market

- After a period of sustained growth in the HY bond market, which heralded rising volumes from 2011 through to 2014, issuance in 2015 totalled €64.3bn, a fall 10% year on year from 2014. This decline in issuance is indicative of a period of consolidation for the HY bond market. According to Leveraged Commentary and Data, between 2011 and 2014, 286 debut credits were issued on the HY bond market whilst during 2015, only 34 debut credits were issued. Underpinning the relative decline in new issuance was increased volatility in the markets, as uncertainty over the geo-political situation in Greece in May, concerns over Chinese growth in September and uncertainty over U.S. interest rate policy in December began to weigh on investor sentiment.
- In the secondary HY bond market, relative to the larger U.S. market, the European HY bond market has witnessed much lower levels of volatility in 2015, driven by lower exposure to commodities and a highly accommodative monetary policy. The BAML European Index finished in positive territory at 0.76% after losing 2.37% in December. According to JP Morgan, fund flow data showed inflows of €9.45bn for 2015 versus €4.15bn in 2014. In contrast, in the U.S., there was a $7.1bn outflow from HY funds.
- A developing theme in H1 2015 was U.S. domiciled borrowers with Euro funding requirements issuing European HY bond debt as the European market was offering yields 130-180 bps tighter than the U.S. whilst there was relative parity in the spreads between the markets. This trend continued in H2'15 as increased volatility in the U.S. HY bond market encouraged issuers to tap the relatively more insulated European market.

Market Opportunity in Credit Opportunities & Special Situations strategies

- Looking ahead to 2016, possible weakness in China should be mitigated by a gradual improvement in the European economy which should be supportive for the European leveraged loan market. Clearly, there continue to be many potential causes of volatility in the market, so credit selection will remain a key theme for 2016. A key determinant of outlook for European credit markets will be the macroeconomic situation in the U.S. Firstly, whether rising rates in the U.S. will lure institutional money back into U.S. credit and secondly, whether the U.S. recovery is not as strong as anticipated.
- In Special Situations, the Investment Vehicle Manager expects more opportunities to deploy capital and deliver strong risk adjusted returns in the strategy. The opportunity has grown significantly as evidenced by the fact that almost 10% of outstanding institutional loans trade below 80 cents - this has more than quadrupled since May 2015.
- In the immediate term, bank retrenchment from stressed assets continues to occur across Europe as institutions remain focused on reducing their exposure to impaired assets. PWC estimates that European Asset Dispositions were over €159bn in 2015 - a 75% increase from 2014. The Investment Vehicle Manager estimates that in 2016, there will be another 10% - 15% increase in total asset dispositions to €165bn. As an example of such dispositions, Deutsche Bank announced a plan in Q4'15 to reduce Risk Weighted Asset's by over €90bn.
- The Investment Vehicle Manager continues to see particularly strong flows out of Iberian, UK and French banks, which is reinforced by the on-going impact of the European Central Bank's AQR. Investment flows across CVC Credit Partners' strategies in Europe were up over 13% year on year (as at 31 December 2015). In 2016, the Investment Vehicle Manager expects an increase in activity from German and Italian banks.
- Standard & Poor's predicts credit quality will deteriorate in 2016 as domestic economic improvement is countered by pressure on industries affected by global oversupply, the European public corporate default rate will rise to 2.4%, from 1.5% currently.

INVESTMENT VEHICLE MANAGER'S REPORT (CONTINUED)

Conclusion

The portfolio has once again proven to outperform broader market indices despite significant market volatility. The Investment Vehicle Manager expects continuing volatility through 2016 driven by the theme of divergent monetary policy whereby the Fed will seek to increase interest rates whilst the ECB, Bank of Japan and People's Bank of China remain firmly set on monetary easing. In addition, broader concerns regarding economic growth will impact risk assets across markets.

Asset allocation will remain focused on NAV protection in volatile periods as well as maintaining discipline in underwriting credit opportunities where the Investment Vehicle Manager trades on fundamental value rather than on yield. The expectation is that bank deleveraging will continue to provide significant opportunities through the Investment Vehicle Manager's sourcing network to allow the Investment Vehicle Manager to build a diversified portfolio at an attractive risk adjusted return profile.

The Investment Vehicle Manager report on pages 16 to 20 was approved by the Investment Vehicle Manager on 18 February 2016 and signed on its behalf by:

CVC Credit Partners Investment Management Limited
Investment Vehicle Manager

Jonathan Bowers
Senior Portfolio Manager

Andrew Davies
Portfolio Manager

DIRECTORS' AND CORPORATE GOVERNANCE REPORT

The Directors present the Annual Financial Report for CVC Credit Partners European Opportunities Limited for the year ended 31 December 2015. The results for the year are set out in these accounts.

Statement as to disclosure of information to the auditor

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 compliance and risk departments on an on-going basis and by periodic review by external parties. The Compliance Officer presents an assessment of their review to the Board in line with the compliance monitoring program on a quarterly basis.

The Board has reviewed the effectiveness of the Company's system of risk management and internal control for the year ended 31 December 2015 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

Acquisition of own shares

The Board has the authority to purchase its own shares under the terms and conditions of the Contractual Quarterly Tender facility as summarised in note 13. Details of the shares tendered under the Contractual Quarterly Tender facility during the year are given in the Strategic Report on page 2.

Shareholders' Interests

As at 31 December 2015, the Company had been notified in accordance with Chapter 5 of the Disclosure and Transparency Rules (which covers the acquisition and disposal of major shareholdings and voting rights), of the following shareholders that had an interest of greater than 5% in the Company's issued share capital.

	Percentage of total voting rights (%)
Blackrock Inc.	8.01%
Investec Wealth & Investment Limited	6.94%

Between 31 December 2015 and 18 February 2016, no additional notifications were received.

Independent 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.

Corporate Governance Statement

a) Corporate Governance Codes

The AIC Code 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 issued by the Association of Investment Companies in February 2015 (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.

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 all the recommendations of the AIC Code and the relevant provisions of the UK Code insofar as they apply to the Company's business except as set out below:

- 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, and as explained in the UK Code, 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 no executive directors, direct employees or internal operations. The Company has therefore not reported further in respect of these provisions.

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.

Mark Tucker, as the Chairman of the Audit Committee acts as a channel of communication for shareholders in the event that a shareholder's contact with the Chairman of the Company failed to satisfactorily resolve a concern. On this basis the Board believe that Mark Tucker already fulfils the role of a Senior Independent Director.

The Company complies with the corporate governance statement requirements pursuant to DTRs by virtue of the information included within this Corporate Governance Statement.

c) The Board

The Board

The Board, appointed on 20 March 2013, consists of three Directors, two of whom are independent of the Investment Vehicle Manager. The Directors are:

- Richard Michael Boléat (Independent non-executive Chairman)
- Mark Richard Tucker (Independent non-executive Director)
- David Alan Wood (Non-executive Director)

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.

DIRECTORS' AND CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate Governance Statement (continued)

c) The Board (continued)

Directors' Duties and Responsibilities
As a self-managed investment company, the Board is responsible for all decision making.

The Board meets periodically throughout the year and monitors the Company's share price and NAV on a timely basis and holds regular discussions with the Investment Vehicle Manager to discuss performance of the Investment Vehicle portfolio, whilst considering ways in which future share price and overall performance can be enhanced. The Board is responsible for the safeguarding of the assets of the Company and taking reasonable steps for the prevention and detection of fraud and other irregularities. The Investment Vehicle Manager together with the Company Secretary also ensure that all Directors receive, in a timely manner, all relevant management, regulatory and financial information relating to the Company and the Investment Vehicle portfolio. Directors unable to attend a Board meeting are provided with the Board papers and can discuss issues arising in the meeting with the Chairman or another non-executive Director.

Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties.

Board and Committees
The Board has established two committees, the Audit Committee and the Risk Management Committee. Each committee operates within clearly defined terms of reference and duties. The Board considers that it is not necessary to establish a separate Remuneration or Nomination Committee.

Audit Committee
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. Meetings of the Audit Committee are to be held at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required.

The Audit Committee membership comprises all Directors. The Chairman of the Board 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 report on the role and activities of this Committee and its relationship with the external auditors is set out in the Report of the Audit Committee on page 31.

Risk Management Committee
The Board has appointed a Risk Management Committee as part of its risk management system, which operates within clearly defined terms of reference and duties. The Risk Management Committee membership comprises all Directors. The Chairman is also the chair of this Committee.

The main roles of the Risk Management Committee are to assess the principle risks and uncertainties facing the Company that the Board have identified as detailed on pages 10 and 11, and record and monitor the position of such risks on a periodic basis, any mitigating factors of such risks and the controls implemented by the Committee to mitigate such risks. This analysis is performed as part of the business risk assessment (the "BRA").

DIRECTORS' AND CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate Governance Statement (continued)

c) The Board (continued)

Risk Management Committee (continued)
The Committee is also responsible for the oversight of the operational activity including working capital, corporate governance of the Company and monitoring the regulatory requirements applicable to the Company under its AIFMD registrations in various jurisdictions and periodic review of the Investment Vehicle Manager's procedures for undertaking investment decisions to ensure decisions are consistent with the approved investment policy and strategies of the Company. The Committee will also examine the valuation of the Company investments periodically throughout the year.

Attendance at scheduled meetings of the Board and its committees

Directors	Board Quarterly		Board Ad hoc		Audit Committee		Risk Management Committee	
	Total	Attended	Total	Attended	Total	Attended	Total	Attended
Richard Boléat	4	4	19	14	5	5	11	11
Mark Tucker	4	4	19	18	5	5	11	11
David Wood	4	4	19	10	5	4	11	10

The Committees report to the Board as part of a separate agenda item, on the activity of the Committee and matters of particular relevance to the Board in the conduct of their work.

Directors retirement and rotation
The AIC guide states that all non-executive Directors should be submitted for re-election by shareholders at regular intervals and that 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.

Based on the above and reflecting best practice, the Directors have adopted a policy whereby all Directors will stand for re-election at each AGM, including the forthcoming AGM to be held on 4 April 2016.

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 Chairman, Richard Boléat, was 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.

DIRECTORS' AND CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate Governance Statement (continued)

c) The Board (continued)

Board independence, composition and tenure (continued)
The Chairman and all Directors, with the exception of David Wood, are considered independent of the Investment Vehicle Manager. David Wood was a founding partner of CVC Cordatus (a predecessor to CVC Credit Partners Group) but retired in April 2012. He was a member of CVC Credit Partners Advisory Board, which is an advisory body established to comment on strategic plans, budgets and markets, until April 2015. Mr Wood continues to sit on the CVC Credit Partners Conflicts Committee.

The Directors consider that there are no factors, as set out in principle 1 or 2 of the AIC Code, which compromise the Chairman's or other Directors' independence, other than stated above, and that they all contribute to the affairs of the Company in an adequate manner. The Board reviews the independence of all Directors annually. The Company Secretary, BNP Paribas Securities Services S.C.A., Jersey Branch through its representative acts as Secretary to the Board and Committees and in doing so it: assists the Chairman in ensuring that all Directors have full and timely access to all relevant documentation; organises induction of new Directors; and is responsible for ensuring that the correct Board procedures are followed and advises the Board on corporate governance matters.

The Board is made up of three male Directors. The Board supports the recommendations of the Davies Report (available at www.gov.uk) and believes in and values the importance of diversity, including gender, to the effective functioning of the Board. The Board, however, does not consider it appropriate or in the interest of the Company and its shareholders to set prescriptive targets for gender or other diversity on the Board. Any future appointments would be primarily based on merit of skills, experience and knowledge.

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 and accordingly does not have a formal policy requiring that Directors should stand down after a fixed period.

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 or Remuneration 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 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 is responsible for agreeing and reviewing with each Director their training and development needs.

When a new Director is appointed to the Board, they will be provided with all relevant information regarding the Company and their duties and responsibilities as a Director. In addition, a new Director will also spend time with representatives of the Investment Vehicle Manager in order to learn more about their processes and procedures.

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.

DIRECTORS' AND CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate Governance Statement (continued)

c) The Board (continued)

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.

An annual evaluation of the Board, Audit Committee and Directors is undertaken considering 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.

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. In 2014 an external review was undertaken by Trust Associates and the next external review will take place in 2017.

Details of the remuneration arrangements for the Board and Audit Committee can be found in the Directors' Remuneration Report on pages 36 and 37 and in note 5 of the financial statements.

d) Board meetings and relations with the Investment Vehicle Manager

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.

At each relevant meeting the Board undertakes reviews of key investment and financial data, transactions and performance comparisons, share price and NAV performance, marketing and Shareholder communication strategies, peer group information and industry issues.

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

DIRECTORS' AND CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate Governance Statement (continued)

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

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

The Board considers whether the investment policy continues to meet the Company's objectives. The Board believes that the overall strategy of the Company remains appropriate.

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 ensure their continued competitiveness and effectiveness and ensure that performance is satisfactory and in accordance with the terms and conditions of the respective appointments.

As part of the Board's ongoing evaluation of third party service providers, it considers and reviews on a periodic basis contractual arrangements with the major service suppliers of the Company.

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 Company's Compliance Officer.

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 Directors have an understanding of the views of Shareholders about the Company. It has, since admission, sought engagement with investors. Where appropriate the Chairman and other Directors are available for discussion about governance and strategy with major Shareholders and the Chairman ensures communication of Shareholders' views to the Board. 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. The Directors welcome the views of all Shareholders and place considerable importance upon them.

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 NAV of the Company's Euro Shares and Sterling Shares on the London Stock Exchange via a 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. The maintenance and integrity of the Company website is the responsibility of the Directors. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. Uncertainty regarding legal requirements is compounded as information published on the internet is accessible in many countries with different legal requirements relating to the preparation and dissemination of financial statements.

DIRECTORS' AND CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate Governance Statement (continued)

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

Shareholder profile and communication (continued)
The Board believes that the AGM provides an appropriate forum for investors to communicate with the Board, and encourages participation. The AGM will be attended by at least the Chairman of the Audit Committee. There is an opportunity for individual Shareholders to question the Directors at the AGM. It is the intention of the Board that the Notice of the AGM and related papers will be sent to Shareholders at least 20 workings days before that meeting.

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.

Alternative Investment Fund Manager Directive (AIFMD)

The Company (which is a non-EU AIF for the purposes of the AIFM Directive and related regimes in EEA member states) is a self-managed fund and therefore acts as the Alternative Investment Fund Manager ("AIFM") of the Company. The Company is authorised as an Alternative Investment Fund Services Business as defined under Article 2(11) of the Financial Services (Jersey) Law, 1998 and as such, fulfils the role of Alternative Investment Fund Manager.

During 2014, the Company registered with the Jersey Financial Services Commission, being the Company's competent regulatory authority, as a self-managed non-EU Alternative Investment Fund (AIF), and has registered with the UK Financial Conduct Authority, under the relevant national private placement regime ("NPPRs").

In 2015, the Company registered with the Finnish Financial Supervisory Authority, Belgium Financial Services and Markets Authority, Dennish Finanstilsynet, Luxembourg Commission de Surveillance du Secteur Finacier and Swedish Finansinspektionen, under the relevant NPPRs of each jurisdiction.

As the Company is non-EU domiciled no depositary has been appointed in line with the AIFM Directive, however BNP Paribas Securities Services S.C.A., Jersey Branch has been appointed to act as custodian.

Information relating to the current risk profile of the Company and the risk management systems employed by the Company to manage those risks, as required under paragraph 4(c) of Article 23 of the AIFM Directive, is set out in note 8 – Financial Risk Management. Please refer to pages 10 and 11 for the Boards assessment of the principal risks and uncertainties facing the Company.

DIRECTORS' AND CORPORATE GOVERNANCE REPORT (CONTINUED)

Alternative Investment Fund Manager Directive (AIFMD) (continued)

Table of AIFM Remuneration

The total fees paid to the Board by the Company is disclosed within the Directors' remuneration report on page 36 and disclosed in note 5.

Article 22(2)(e) and 22(2)(f) of the AIFM Directive is not deemed applicable as the AIFM has no staff. No other remuneration costs have been incurred with the exception of those costs incurred by the Board as referenced above.

This Directors' and Corporate Governance Report on pages 21 to 30 was approved by the Board of Directors on 15 February 2016 and signed on its behalf by:

Richard Boléat
Chairman

Mark Tucker
Audit Committee Chairman

REPORT OF THE AUDIT COMMITTEE

Report of the Audit Committee

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

The Audit Committee comprises all of the Directors. 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-year statements and the annual financial report of the Company. It also manages the Company's relationship with the external Auditor.

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-year financial statements and annual financial 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, position, 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 2014 to 30 September 2015) on Fund Administration and Middle Office Outsourcing, and are pleased to note that no significant issues were identified.

In accordance with the FRC'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.

As the Company does not have any employees it does not have a "whistle blowing" policy in place. The Company delegates its day to day administrative operations to third-party providers who are monitored by the Board and who report on their policies and procedures to the Board. Accordingly the Board believes an internal audit function is not required.

In 2015, the Audit Committee met on five occasions and the members' attendance record can be found on page 25.

REPORT OF THE AUDIT COMMITTEE (CONTINUED)

Significant risks in relation to the financial statements

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 share issuance, monthly conversion and quarterly tender process. 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 the Risk Committee continues to examine the valuation of the Company investments periodically throughout the year. The Risk Committee meets each month. Additionally, as in prior years, the Audit Committee as part of its annual audit procedures 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 review by the Audit Committee of documentary evidence which allowed it 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; the underlying security position valuations used by the Investment Vehicle at year end and; the Administrator's reconciliation of foreign currency translations into Euro, being the presentation and functional currency of the Company.

During the year ended 31 December 2015, in addition to the audit services in respect to 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 2015, and provided services surrounding the production of the supplementary prospectus issued in February 2015.

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.

REPORT OF THE AUDIT COMMITTEE (CONTINUED)

External Audit Process (continued)

The fees for the year-end audit were €61,200 (2014: €60,000) and fees for the half year review were €10,200 (2014: €10,000). The fees for non-audit services for the year ended 31 December 2015 were €nil. In 2014 fees of €16,442 were incurred in relation to agreed upon procedures in respect to C share conversion and taxation advice.

Appointment and independence

The Committee considers the reappointment of the external auditor, including the rotation of the audit engagement partner, each year. The external auditor is required to rotate the audit engagement partner responsible for the Company audit every five years. The current lead audit engagement partner has been in place for three 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 2016.

Accordingly, a resolution proposing the reappointment of Ernst & Young LLP as the Company's Auditor will be put to the Shareholders at the AGM. 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 Code.

For and on behalf of the Audit Committee

Mark Tucker
Audit Committee Chairman

18 February 2016

DIRECTORS' STATEMENT OF RESPONSIBILITIES

The Directors are responsible for preparing the Annual Financial 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 at the end of the year 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 2015 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 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 after 31 December 2015; future developments; financial risk management objectives and policies and Company exposure to price, credit, liquidly 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, position, business model and strategy.

Richard Boléat
Chairman

Mark Tucker
Audit Committee Chairman

18 February 2016

DIRECTORS' REMUNERATION REPORT

Annual Remuneration Statement

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

Changes to the Board

There were no changes to the Board during the year. In accordance with Company policy all Directors will stand for reappointment at the forthcoming Annual General Meeting to be held on the 4 April 2016.

Table of Directors Remuneration

Component	Director	Annual Rate [1] (£)	Purpose of reward
Annual fee	All Directors: Richard Boléat (Chairman) Mark Tucker David Wood	 65,000 43,750 42,500	For commitment as Directors
Additional fee	Chairman of the AuditCommittee: Mark Tucker	 6,250	For additional responsibilities and time commitment
One off fee	All Directors: Richard Boléat (Chairman) Mark Tucker David Wood	 15,000 12,500 10,000	For the additional work conducted in 2014 arising out of AIFMD and supplementary prospectuses.
Expenses		Ad hoc	Reimbursement of expenses paid

[1] – Annual fee increased with effect from 1 July 2015. Annual fee to the period 30 June 2015 was £50,000 (Richard Boléat), £35,000 (Mark Tucker and David Wood) and additional fee of £5,000 (Mark Tucker).

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.

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

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 boards 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' REMUNERATION REPORT (CONTINUED)

Remuneration policy (continued)

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 Directors to a total of €500,000 per annum.

Service contracts and policy on payment of loss of office

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.

Directors' performance is reviewed during an annual evaluation. This evaluation is undertaken by an external third party at least once every three years.

Dates of letters of appointment

Directors	Effective Date
Richard Boléat	20 March 2013
Mark Tucker	20 March 2013
David Wood	20 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 4 April 2016.

Richard Boléat
Chairman

18 February 2016

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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards 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

CVC Credit Partners European Opportunities Limited's financial statements comprise:

Statement of financial position as at 31 December 2015
Statement of comprehensive income for the year then ended
Statement of changes in equity for the year then ended
Statement of Cash Flows Consolidated cash flow statement for the year then ended
Related notes 1 to 17 to the financial statements

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

Overview of our audit approach

Risks of material misstatement	• Valuation of investments • Revenue Recognition – Investment Income
Audit scope	• We performed an audit of the financial statements of CVC Credit Partners European Opportunities Limited.
Materiality	• Materiality of €5,802,425 (2014: €5,688,290) which is 1% (2014: 1%) of the net assets.

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 risks of material misstatement below as those that had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. In addressing these risks, we have performed the procedures below which were designed in the context of the financial statements as a whole and, consequently, we do not express any opinion on these individual areas.

Risk

Valuation of investments (2015: €579,495,831 and 2014: €568,219,412)

Refer to the Report of the Audit Committee (pages 31-33); Accounting policies (pages 49-53); and Note 7 of the Financial Statements (pages 56-65)

There is a risk that investment values are misstated or that valuations are incorrectly calculated.

The risk comprises the risk of errors in applying the incorrect valuation to the PECs held by the Company.

Our response to the risk
We performed the following procedures:

- Updated our understanding of how this risk is considered and managed by the directors, the Investment Adviser and the administrator and performed walkthroughs to confirm the design effectiveness of the process.
- Maintained direct dialogue with the CVC valuation team and obtained a clear understanding of the current valuation methodology used by the investment vehicle.
- Assessed the Investment Adviser's and the administrator's systems and controls in respect of the investment valuation process and ascertained the design effectiveness thereof.
- Understood the scope of any work conducted by the board during the year, including outputs and actions arising from the meetings conducted in relation to the valuation process. This included understanding the nature of information that they have considered sufficient to enable their conclusion on the valuation of investments as reported in the financial statements.
- Viewed key reports or other communication presented to the board addressing valuation methodology and data inputs used.
- Ensured that year end valuations are in line with IFRS 13: Fair value measurement.
- Understood the controls and review process undertaken by the designated board member who provides the expertise relating to investment valuation. We tested the effectiveness of the monitoring implemented at board level regarding the investment valuation.

What we reported to the Audit Committee
Based on the work performed we had no matters to report to the Audit Committee.

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

Our assessment of risks of material misstatement (continued)

Risk

Revenue Recognition – Investment Income (2015: €30,478,459 and 2014: €13,909,512)

Refer to the Report of the Audit Committee (pages 31-33); Accounting policies (pages 49-53); and Note 3 of the Financial Statements (page 54)

The ability to generate dividend yield for shareholders that is funded from investment income (rather than capital gains arising on the disposal of investments) is a key strategic objective of the Company.

Investment income is primarily generated in the form of distributions from the Investment Vehicle (CVC European Credit Opportunities S.À R.L.). Given the importance that the Company's ability to generate a consistent level of investment income has on the Company's dividend yield objectives, we consider that the recognition of investment income represents a significant risk.

Our response to the risk
We performed the following procedures:

- Gained an understanding of the nature of the investment income attributable to the Company from the Investment Vehicle.
- Updated our understanding of how this risk is considered and managed by the directors, the Investment Adviser and the administrator and performed walkthroughs to confirm the design effectiveness of the process.
- Traced the investment income in the year to bank statements.
- Performed recalculations of the foreign currency translations from Sterling to Euros.
- Obtained distribution notices and agreed these to the income recorded in the year.
- Recalculated the investment income attributable to the Company from the Investment Vehicle based on the Company's ownership of the Investment Vehicle.

What we reported to the Audit Committee
Based on the work performed we had no matters to report to the Audit Committee.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.
We determined materiality for the Company to be €5,802,425 (2014: €5,688,290), which is 1% (2014: 1%) of the net assets. We believe that the net assets are the most important financial metric on which shareholders would judge the performance of the Company.

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

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 50% (2014: 50%) of our planning materiality, namely €2,901,212 (2014: €2,844,145). We have set performance materiality at this percentage based on our understanding of the entity and past experience with the audit.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of €290,121 (2014: €284,414), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

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 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Statement of Responsibilities set out on page 35, 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.

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.

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

ISAs (UK and Ireland) reporting
We are required to report to you if, in our opinion, financial and non-financial 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.

In particular, we are required to report whether we have identified any inconsistencies between our knowledge acquired in the course of performing the audit and the directors' statement that they consider the annual report and accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the entity's performance, business model and strategy; and whether the annual report appropriately addresses those matters that we communicated to the audit committee that we consider should have been disclosed.

We have no exceptions to report.

Companies (Jersey) Law 1991 reporting
We are required to report to you if, in our opinion:

- proper accounting records have not been kept by the company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the company's 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.

We have no exceptions to report.

Listing Rules review requirements
We are required to review:

- the part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

We have no exceptions to report.

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

Statement on the Directors' Assessment of the Principal Risks that Would Threaten the Solvency or Liquidity of the Entity

ISAs (UK and Ireland) reporting

We are required to give a statement as to whether we have anything material to add or to draw attention to in relation to:

- the directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated;
- the directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and
- the directors' explanation in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing material to add or to draw attention to.

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

18 February 2016

STATEMENT OF COMPREHENSIVE INCOME

For the year from 1 January 2015 to 31 December 2015

	Notes	Year ended 31 December 2015 Total €	Year ended 31 December 2014 Total €
Income			
Investment income	*3*	30,617,994	14,114,432
Net gains on investments held at fair value through profit or loss	*7*	2,808,420	330,175
Foreign exchange gain on investments held at fair value through profit or loss	*7*	17,996,595	20,095,980
Foreign exchange loss on Ordinary and C Shares	*13*	(18,011,497)	(20,162,290)
Loss on conversion of C Share redemption	*13*	-	(1,275,565)
Other net foreign currency exchange gains through profit and loss		10,065	401,855
		33,421,577	13,504,587
Expenses			
Operating expenses	*4*	(967,077)	(1,083,518)
Partial termination fee	*10*	(575,243)	-
Profit before finance costs and taxation		**31,879,257**	**12,421,069**
Bank charges		(2,806)	(2,893)
Share issue finance costs	*4*	(213,792)	(550,731)
Finance costs – dividend payment	*13*	(29,503,494)	(13,274,097)
Profit / (loss) before taxation		**2,159,165**	**(1,406,652)**
Taxation		-	-
Increase / (decrease) in net assets attributable to shareholders from operations		**2,159,165**	**(1,406,652)**
Earnings per Euro Share	*13*	€0.004436	(€0.003665)
Earnings per Sterling Share (Sterling equivalent)	*13*	£0.003216	(£0.002954)

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

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

The notes on pages 49 to 79 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	31 December 2015 €	31 December 2014 €
Assets			
Cash and cash equivalents	*9*	1,484,546	687,635
Other receivables	*6*	7,748	58,389
Prepayments		39,162	36,387
Financial investments held at fair value through profit or loss	*7*	579,495,831	568,219,412
Total assets		**581,027,287**	**569,001,823**
Liabilities			
Payables	*10*	(784,794)	(172,804)
Total liabilities		**(784,794)**	**(172,804)**
Net assets attributable to Shareholders	*14*	**580,242,493**	**568,829,019**

The financial statements on pages 45 to 79 were approved by the Board of Directors on 18 February 2016 and signed on its behalf by:

Richard Boléat
Chairman

Mark Tucker
Director

The notes on pages 49 to 79 form an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 December 2015

	Notes	Net Assets attributable to Shareholders 2015 €
As at 1 January 2015		568,829,019
Issuance of shares	13	32,964,653
Redemption of shares	13	(41,721,841)
Increase in net assets attributable to shareholders from operations		2,159,165
Net foreign currency exchange loss on opening shares and shares issued during the year	13	18,011,497
As at 31 December 2015		**580,242,493**

For the year ended 31 December 2014

	Notes	Net Assets attributable to Shareholders 2014 €
As at 1 January 2014		366,809,274
Issuance of shares	13	307,135,341
Redemption of shares	13	(123,871,234)
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	13	20,162,290
As at 31 December 2014		**568,829,019**

The notes on pages 49 to 79 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Notes	Year ended 31 December 2015 €	Year ended 31 December 2014 €
Cash inflow from operating activities			
Profit / (loss) from ordinary activities after taxation		2,159,165	(1,406,652)
Adjustments to reconcile profit before tax to net cash flows:			
Net (gain) on investments held at fair value through profit or loss	7	(2,808,420)	(330,175)
Foreign exchange (gain) on investments held at fair value through profit or loss	7	(17,996,595)	(20,095,980)
Foreign currency exchange loss on Ordinary and C shares		18,011,497	20,162,290
Loss on conversion of C share redemption	13	-	1,275,565
Bank charges		2,806	2,893
Finance costs – dividend payment		29,503,494	13,274,097
		28,871,947	12,882,038
Changes in working capital			
Decrease in receivables and prepayments		47,866	280,295
Increase in payables		611,990	72,946
Cash provided by operations		29,531,803	13,235,279
Net proceeds redemption / (subscription) of investments (PECs)		9,528,596	(186,884,457)
Net cash provided by / (used in) operating activities		39,060,399	(173,649,178)
Financing activities			
Proceeds from issuance of ordinary shares		32,964,653	195,863,418
Payments from redemption of ordinary shares		(41,721,841)	(8,845,113)
Dividend paid		(29,503,494)	(13,274,097)
Bank charges paid		(2,806)	(2,893)
Net cash used in financing activities		(38,263,488)	173,741,315
Net increase in cash and cash equivalents in the year		796,911	92,137
Cash and cash equivalents at beginning of the year		687,635	595,498
Cash and cash equivalents at the end of the year	9	1,484,546	687,635

The notes on pages 49 to 79 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 Shares and Sterling 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 judgements, 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.

As outlined above in Note 2.1(c) the Directors have used their judgement to determine that the Company's presentational and functional currency is Euro.

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
• IFRS 15 – Revenue from Contracts with Customers	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.

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 'Foreign exchange gains on investments held 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 to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2.3 Financial instruments (continued)

Financial assets (continued)

(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. These investments are not listed or quoted on any securities exchange and are 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 2015, the Audit Committee reviewed documentary evidence of the valuation of Investment Vehicle investments and scrutinised fair value estimates used 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. The Directors then incorporated those fair value estimates into the Company's Statement of Financial Position.

(d) Valuation process
The Directors have interviewed representatives of the Investment Vehicle Manager in order to verify for themselves the composition of the NAV 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 NAV 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2.3 Financial instruments (continued)

Financial assets (continued)

Investment Vehicle Portfolio (continued)
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 Vehicle 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 of the Investment Vehicle 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 and are recognised in the Statement of Comprehensive Income.

2.5 Dividends payable

Dividends are recognised as finance costs in the Statement of Comprehensive Income and are accrued when there is an obligation.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 with original maturities of three months or less 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 and provisions

A contingent liability is a possible obligation depending on whether some uncertain future event occurs; or a present obligation but payment is not probable or the amount cannot be measured reliably. A provision is 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

Profits arising in the Company for the 2015 year of assessment will be subject to Jersey tax at the standard corporate income tax rate of 0% (2014: 0%).

2.13 Capital risk management

The Board defines capital as financial resources available to the Company. The Company's capital as at 31 December 2015 comprises its stated capital and cash and cash equivalents at a total of €570,023,644 (2014: €560,266,881).

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Investment income

	Year ended 31 December 2015 €	Year ended 31 December 2014 €
Investment income	30,478,459	13,909,512
Redemption fee income	7,085	-
Other income	132,450	204,920
Total investment income	30,617,994	14,114,432

Other income of €132,450 (2014: €204,920) relates to income receivable from CVC Credit Partners Investment Services Management Limited ("the Corporate Services Manager") for reimbursement of share issue costs and AIFMD marketing legal costs paid by the Company on behalf of the Corporate Services Manager. Please refer to Note 4.

4 Operating expenses

	Year ended 31 December 2015 €	Year ended 31 December 2014 €
Administration fees	162,691	177,538
Directors' fees (see note 5)	246,969	146,653
Regulatory fees (*)	83,514	90,290
Audit fees	61,200	102,366
Non-audit fees - interim review services	10,200	10,000
Non-audit fees - other services	-	16,442
Professional fees (*)	189,666	377,209
Brokerage fees	70,627	56,514
Registrar fees	77,495	64,916
Sundry expenses	64,715	41,590
Total operating expenses	967,077	1,083,518

The costs and expenses of the Placing attributable to the Company have been expensed in the Statement of Comprehensive Income and amounted to a total of €213,792 (2014: €550,731).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Operating expenses (continued)

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.

(*) Note that €30,110 (2014: €27,765) of regulatory fees and €102,340 (2014: €177,155) of professional 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. Total expenses of €132,450 (2014: €204,920), have been recharged to the Corporate Services Manager.

5 Directors' fees and interests

During the period ended 30 June 2015, the Directors of the Company were 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.

With effect from 1 July 2015, Director fees were increased as follows:

Richard Boleat (Chairman): £65,000 per annum
David Wood: £42,500 per annum
Mark Tucker: £50,000 (inclusive of £6,250 for his service as Audit Committee Chairman)

The Company has no employees.

During the year ended 31 December 2015, the Directors received a one off payment fee of £37,500 (2014 £45,000) as a result of the additional work arising out of AIFMD, supplementary prospectuses and carrying out more work than initially anticipated (Richard Boléat: £15,000 (2014: £20,000), Mark Tucker: £12,500 (2014: £15,000) and David Wood: £10,000 (2014: £10,000).

Director's fees payable as at 31 December 2015 were €nil (2014: €nil).

None of the Directors hold shares in the Company.

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

Until April 2015 David Wood was 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Directors' fees and interests (continued)

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.

6 Other receivables

	31 December 2015 €	31 December 2014 €
Receivable from CVC Credit Partners Investment Services Management Limited	7,748	58,389
Total other receivables	7,748	58,389

Receivable balance due from CVC Credit Partners Investment Services Management Limited relates to 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

	31 December 2015 €	31 December 2014 €
PECs - Unquoted investment	579,495,831	568,219,412

During the year the Company subscribed for 12,158,322 (2014: 60,602,598.50) Euro and 12,141,488 (2014: 95,088,219.97) Sterling Preferred Equity Certificates ("PECs") issued by the Investment Vehicle.

During the year 1,794,572.23 (2014: 7,160,863.84) Euro PECs were converted into 1,265,599.36 (2014: 5,761,477.31) Sterling PECs and 900,655.72 (2014: 892,507.74) Sterling PECs were converted into 1,221,521.69 (2014: 1,127,589.97) Euro PECs and 37,186,412.00 (2014: 279,142.00) Euro and 364,635.00 (2014: 7,353.00) Sterling PECs were redeemed as part of the Quarterly Contractual Tender.

As at the year ended 31 December 2015 the Company held 193,737,270.02 Euro and 268,313,596.10 Sterling PECs (2014: 219,338,410.11 Euro and 256,171,799.60 Sterling PECs). Please refer to the following page for reconciliation of PECs from 1 January 2014.

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
As at 1 January 2014		165,048,227.48	156,221,963.06
21/01/2014	Monthly conversion	(990,596.35)	823,531.23
24/02/2014	Monthly conversion	(2,864,449.52)	2,345,283.23
19/03/2014	Monthly conversion	(498,046.63)	409,909.76
21/05/2014	PEC subscription	20,517,290.38	-
22/07/2014	Quarterly tender	(279,142.00)	(7,353.00)
22/07/2014	PEC subscription (*)	30,151,354.00	64,460,777.00
27/08/2014	Monthly conversion	627,038.43	(495,821.91)
26/09/2014	PEC subscription	9,933,954.12	-
28/10/2014	Monthly conversion	(1,965,043.66)	1,525,412.65
19/11/2014	PEC subscription	-	15,787,268.50
27/11/2014	Monthly conversion	(842,727.68)	657,340.44
19/12/2014	PEC subscription	-	14,840,174.47
29/12/2014	Monthly conversion	500,551.54	(396,685.83)
As at 31 December 2014		219,338,410.11	256,171,799.60
28/01/2015	Quarterly tender	-	(18,761.00)
30/01/2015	Monthly conversion	513,214.14	(396,712.77)
19/03/2015	PEC subscription	8,758,399.31	12,141,487.86
26/06/2015	Monthly conversion	(194,835.18)	139,456.04
01/07/2015	Quarterly tender	-	(345,873.00)
30/07/2015	Monthly conversion	449,254.81	(316,401.91)
28/08/2015	Monthly conversion	(939,172.71)	660,694.70
30/09/2015	Monthly conversion	259,026.32	(187,522.29)
01/10/2015	Quarterly tender	(37,186,412.00)	(1.00)
27/11/2015	Monthly conversion	(412,765.53)	292,882.71
27/11/2015	Monthly conversion	26.42	(18.75)
17/12/2015	PEC subscription	3,399,923.14	-
30/12/2015	Monthly conversion	(247,798.81)	172,565.91
As at 31 December 2015		193,737,270.02	268,313,596.10

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Compartment AA

Date	Transaction type	Euro PECs	Sterling PECs
19/04/2014	PEC subscription (*)	30,726,311.00	65,855,149.00
22/07/2014	PEC redemption	(30,726,311.00)	(65,855,149.00)
As at 31 December 2014		-	-

(*) - 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.

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 Executive Summary.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Fair value hierarchy (continued)

	Level 1 €	Level 2 €	Level 3 €	31 December 2015 €
Financial assets				
Financial investments held at fair value through profit and loss	-	-	579,495,831	579,495,831
Financial liabilities				
Ordinary shares (*)	567,912,614	-	-	567,912,614

	Level 1 €	Level 2 €	Level 3 €	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 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 €	2015 Total €
Balance as at 1 January 2015	**568,219,412**	**-**	**568,219,412**
Purchases of investments (PECs)	29,636,533	-	29,636,533
Subscriptions arising from conversion of investments (PECs)	3,373,266	-	3,373,266
Redemption proceeds arising from conversion of investments (PECs)	(3,422,148)	-	(3,422,148)
Redemption proceeds arising from quarterly tenders of investments (PECs)	(39,116,247)	-	(39,116,247)
Net gains on investments held at fair value	2,808,420	-	2,808,420
Foreign exchange gain on investments held at fair value	17,996,595	-	17,996,595
Balances as at 31 December 2015	**579,495,831**	**-**	**579,495,831**
Change in unrealised gain / loss related to investments still held at year ended 31 December 2015	**1,818,991**	**-**	**1,818,991**

	Compartment A €	Compartment AA €	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**
Change in unrealised gain / loss related to investments still held at year ended 31 December 2014	**(1,233,140)**	**-**	**(1,233,140)**

During 2015 and 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)

Quantitative information of significant unobservable inputs – Level 3 – PECs

Description	31 December 2015 €	Valuation technique	Unobservable input	Range (weighted average)
PECs	579,495,831	Adjusted net asset value	Discount for lack of liquidity	0-3%
			Net asset value	1.25 (*)

Description	31 December 2014 €	Valuation technique	Unobservable input	Range (weighted average)
PECs	568,219,412	Adjusted net asset value	Discount for lack of liquidity	0-3%
			Net asset value	1.19 (*)

The Board believes that it is appropriate to measure the PECs at the NAV of the investments held at the Investment Vehicle, adjusted for discount for lack of liquidity.

(*) NAV of the Investment Vehicle attributable per PEC unit.

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 2015 and comparative are as shown below:

As at 31 December 2015

Description	Input	Sensitivity used	Effect on fair value €
PECs	Discount of lack of liquidity	3%	17,384,875

As at 31 December 2014

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

Please refer to note 2.3 for valuation methodology of PECs.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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 2015, the Company held a 88.3% (2014: 76.8%) 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 believes 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 and liabilities at fair value through profit or loss – (for Investment Vehicle)

	Level 1 €000	Level 2 €000	Level 3 €000	31 December 2015 € €000
Financial assets				
Interest bearing securities				
Corporate bonds and debt securities	144,690	442,525	99,573	686,788
Collaterised loan obligations	-	-	49,672	49,672
Equities				
Equities and warrants	-	-	60	60
Derivatives financial instruments				
Forward currency contracts	-	6,081	-	6,081
Total	**144,690**	**448,606**	**149,305**	**742,601**
Financial liabilities				
Debt securities sold short	16,329	1,313	-	17,642
Forward currency contracts	-	13,788	-	13,788
Loans and borrowings measured at amortised cost[1]	-	152,769	-	152,769
Other financial liabilities measured at amortised cost	-	44,270	-	44,270
Preferred equity certificates	-	694,104	-	694,104
Total	**16,329**	**906,244**	**-**	**922,573**

[1] – As at 31 December 2015, there is collateral of €3 million in cash with Sumitomo Mitsui Banking Corporation and assets with a market value of €216.9m

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

	Level 1 €000	Level 2 €000	Level 3 €000	31 December 2014 € €000
Financial assets				
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
Derivatives financial instruments				
Forward currency contracts	-	9,956	-	9,956
Total	**176,328**	**474,596**	**115,199**	**766,123**
Financial liability				
Debt securities sold short	-	658	-	658
Forward currency contracts	-	12,665	-	12,665
Loans and borrowings measured at amortised cost	-	102,558	-	102,558
Other financial liabilities measured at amortised cost	-	95,903	-	95,903
Preferred equity certificates	-	725,339	-	725,339
Total	-	**937,123**	-	**937,123**

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

During 2015, following further developments in the liquidity of certain debt securities, Compartment's investments with a value of €8.1 million (2014: €4.9 million) were reclassified from Level 3 to Level 2 and a value of €10.6 million (2014: €nil) were reclassified from Level 2 to Level 3. Any transfers between levels of the fair value hierarchy, are deemed to have occurred at the beginning of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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 (including Asset Backed Securities) €000	Equities and Warrants €000	31 December 2015 Total €000
Balance as at 31 December 2014	**74,603**	**40,424**	**172**	**115,199**
Total gains and losses on profit or loss in the year	2,981	(2,833)	(112)	36
Purchases	115,985	25,646	-	141,631
Sales / redemptions	(96,486)	(13,565)	-	(110,051)
Transfers into / (out of) Level 3	2,490	-	-	2,490
Balances as at 31 December 2015	**99,573**	**49,672**	**60**	**149,305**
Total unrealised gains and losses on investments for the year ended 31 December 2015	**2,032**	**(1,114)**	**-**	**918**

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

	Debt securities €000	CLOs (including Asset Backed Securities) €000	Equities and Warrants €000	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 unrealised gains and losses on investments for the year ended 31 December 2014	**3,377**	**2,117**	**172**	**5,666**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

Description	2015 €000	Valuation technique	Unobservable input	Range (weighted average)
Collaterised loan obligations (including Asset Backed Securities)	49,672	Broker quotes	Broker quotes	n/a
Debt securities	99,573	Broker quotes	Broker quotes	n/a

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

The Investment Vehicle Directors and Investment Vehicle Manager have valued thirteen (2014: five) CLO positions at mid-price as at December 31, 2015 as they believe this is the most appropriate value for these CLOs. The Investment Vehicle Directors and Investment Vehicle Manager believe that where certain credit facilities are classified as Level 3 due to limited number of broker quotes, there is still sufficient supporting evidence of liquidity to value these at an undiscounted bid price.

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 2015

Description	Input	Sensitivity used	Effect on fair value €000
Collateralised loan obligations (including Asset Backed Securities)	Discount to broker quotes	20%	9,934
Debt securities	Discount to broker quotes	10%	9,957

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 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 fair value through profit and loss, cash and cash equivalents and interest and other receivables.

In the opinion of the Board, 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:

	31 December 2015 €	**31 December 2014 €**
Investments at fair value through profit and loss	579,495,831	568,219,412
Cash and cash equivalents	1,484,546	687,635
Other receivables	7,748	58,389
Total assets	580,988,125	568,965,436

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 10 and 11 – "Principal risks and uncertainties" and pages 76 and 77 - 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8.2 Liquidity risk (continued)

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, (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).

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, NAV 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 2015:

	Less than 1 year €	1 to 5 years €	More than 5 years €	Total €
Financial liabilities (*)				
Payables	(784,794)	-	-	(784,794)
Ordinary shares	-	-	(580,242,493)	(580,242,493)
Total undiscounted financial liabilities	**(784,794)**	-	**(580,242,493)**	**(581,027,287)**

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 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

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 NAV 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 NAV 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 NAV of the Company, if the fair value of the PECs at the year-end increased or decreased by 5%:

Current value	**2015 Total €**	**Increase by 5%**	**Decrease by 5%**
Euro PECs	€200,159,660	€10,007,983	€(10,007,983)
Sterling PECs (euro equivalent)	€379,336,171	€18,966,809	€(18,966,809)
Investments held at fair value through profit or loss	**€579,495,831**	**€28,974,792**	**€(28,974,792)**
Sterling PECs	£279,746,438	£13,987,322	£(13,987,322)

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)

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 in note 8.3.

In addition, as at 31 December 2015, the Company was exposed to interest rate risk exposure arising on debt security positions sold short of €17.6m (2014: €0.7m) and loan and borrowings of €152.2m (2014: €102.3m) held by the Investment Vehicle. Please refer to note 7, pages 62 and 63 for details of financial asset and liability positions of the Investment Vehicle as at 31 December 2015.

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.

	2015 Interest bearing (*) €	2015 Non-interest bearing €	2015 Total €
Assets			
Investments held at fair value through profit or loss	-	579,495,831	579,495,831
Cash and cash equivalents	1,484,546	-	1,484,546
Other receivables and prepayments	-	46,910	46,910
Total assets	**1,484,546**	**579,542,741**	**581,027,287**
Liabilities			
Ordinary shares	-	(580,242,493)	(580,242,493)
Payables	-	(784,794)	(784,794)
Total liabilities	-	**(581,027,287)**	**(581,027,287)**
	1,484,546	**(1,484,546)**	-

* - floating rate and due within 1 month

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8.4 Interest rate risk (continued)

	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

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 NAV of the Company's Sterling and Euro 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 NAV 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, NAV 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 NAV per Share of the Euro Shares and the Sterling Shares, and so in variations between the market prices of Euro Shares and the Sterling Shares.

The following table provides an indication of the foreign exchange exposure as at 31 December 2015:

	2015 Investments €	2015 Cash €	2015 Other net current assets / (liabilities) €	2015 Total €
Currency exposure				
Euro	200,159,660	939,797	(617,077)	200,482,380
Sterling	379,336,171	544,749	(120,807)	379,760,113
Total	**579,495,831**	**1,484,546**	**(737,884)**	**580,242,493**

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 2015	Change in exchange rate (***) Increase/(decrease)	Effect on net assets attributable to ordinary shareholders Increase/(decrease) €
Sterling	10% / (10%)	37,976,011 / (37,976,011)

(***) 10% has been assessed at 31 December 2015 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 as at 31 December 2014:

	2014 Investments €	2014 Cash €	2014 Other net current assets / (liabilities) €	2014 Total €
Currency exposure				
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**

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Cash and cash equivalents

	31 December 2015 €	31 December 2014 €
Total cash and cash equivalents	**1,484,546**	**687,635**

10 Payables

	31 December 2015 €	31 December 2014 €
Administration fees	(65,964)	(18,105)
Auditors' fees	(61,200)	(79,899)
Partial termination fee payable	(575,243)	-
Other payables	(82,387)	(74,800)
Total payables	**(784,794)**	**(172,804)**

Partial termination fee payable of €575,243 is payable to the Corporate Services Manager. The fee is paid to the Company by the tendering shareholders and is then paid by the Company to the Corporate Services Manager as compensation for the early termination in accordance with the CQT facility as set out in the prospectus.

11 Contingent liabilities and commitments

As at 31 December 2015 the Company had no contingent liabilities or commitments (2014: nil).

12 Stated capital

	Number of shares 31 December 2015	Stated capital 31 December 2015 €	Number of shares 31 December 2014	Stated capital 31 December 2014 €
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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Ordinary and C shares

	Number of shares 31 December 2015	Stated capital 31 December 2015 €	Number of shares 31 December 2014	Stated capital 31 December 2014 €
Euro ordinary shares	195,451,704	196,974,859	221,230,706	222,993,572
Sterling ordinary shares	270,529,508	371,858,696	258,294,836	336,585,674
Total	**465,981,212**	**568,833,555**	**479,525,542**	**559,579,246**

	Ordinary shares €	C shares €	31 December 2015 Total €
Balances as at 1 January 2015	**559,579,246**	**-**	**559,579,246**
Issue of shares	29,848,993	-	29,848,993
Subscriptions arising from conversion of shares	3,115,660	-	3,115,660
Redemption payments arising from conversion of shares	(3,164,861)	-	(3,164,861)
Redemption payments arising from quarterly tenders of shares	(38,556,980)	-	(38,556,980)
Foreign currency exchange loss on shares	18,011,497	-	18,011,497
Balances as at 31 December 2015	**568,833,555**	**-**	**568,833,555**

	Ordinary shares €	C shares €	31 December 2014 Total €
Balances 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 payments arising from conversion of shares	(8,591,839)	-	(8,591,839)
Redemption payments arising from quarterly tenders of shares	(291,716)	-	(291,716)
Redemption payments 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**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Ordinary and C shares (continued)

Ordinary shares

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

On 28 January 2015, 18,438 Sterling Shares were tendered in line with the Company's December 2014 Contractual Quarterly Tender mechanism. These shares were transferred to the Company's name and held in treasury.

On 19 March 2015, 8,823,766 Euro Shares and 12,232,782 Sterling Shares were issued at a price of €1.0404 and £1.0444, raising gross proceeds of €9,180,246 and £12,775,917 respectively.

On 12 August 2015, 348,632 Sterling Shares were tendered in line with the Company's June 2015 Contractual Quarterly Tender mechanism. These shares have been transferred to the Company's name and held in treasury.

On 12 November 2015, 37,446,615 Euro Shares and 1 Sterling Share were tendered in line with the Company's September 2015 Contractual Quarterly Tender mechanism. These shares have been transferred to the Company's name and held in treasury.

On 17 December 2015, 3,424,000 Euro Shares were sold from treasury at a price of €1.0322, raising gross proceeds of €3,534,253.

Each Euro Share holds 1 voting right, and each Sterling 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 NAV 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 NAV 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 1,810,146 (2014: 7,226,415) Euro Shares were converted into 1,276,518 (2014: 5,817,427) Sterling Shares and 907,557 (2014: 900,000) Sterling Shares were converted into 1,229,993 (2014: 1,136,623) Euro Shares.

As at 31 December 2015, the Company had 229,755,194 (inclusive of 34,303,490 treasury shares) (2014: 221,511,581 (inclusive of 280,875 treasury shares) Euro Shares and 270,903,980 (inclusive of 374,472 treasury shares) (2014: 258,302,237 (inclusive of 7,401 treasury shares) Sterling Shares.

Dividend

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)

Dividend (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 2015.

	Ex-dividend date	Payment date	£ equivalent	€
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
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
Sterling - £0.025 per share	05/02/2015	20/02/2015	6,446,910	8,892,868
Euro - €0.025 per share	05/02/2015	20/02/2015	-	5,543,704
Sterling - £0.025 per share	09/07/2015	07/08/2015	6,747,526	9,307,537
Euro - €0.025 per share	09/07/2015	07/08/2015	-	5,759,385

Please refer to note 15 for further information subsequent to the reporting period.

Contractual Quarterly Tender facility

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Ordinary and C shares (continued)

Contractual Quarterly Tender facility (continued)

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.

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. 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 37,446,615 (2014: 280,875) Euro Shares and 367,071 (2014: 7,401) Sterling Shares were redeemed as part of the 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 2015, 34,303,490 (2014: 280,875) Euro Shares and 374,472 (2014: 7,401) Sterling Shares are held as 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.

As at 31 December 2015, the Company held nil Euro C Shares (2014: nil) and nil Sterling C shares (2014: nil).

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).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Ordinary and C shares (continued)

C Shares (continued)

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 Shares and 64,846,565 Sterling Shares respectively. These new ordinary shares were admitted to the Official List and to trading on the London Stock Exchange on 22 July 2014.

Earnings per share

	31 December 2015 £ equivalent	31 December 2015 €	31 December 2014 £ equivalent	31 December 2014 €
Euro Shares				
Increase / (decrease) in net assets for the year	-	972,278	-	(701,713)
Results per share	-	0.004436	-	(0.003665)
Sterling Shares				
Increase / (decrease) in net assets for the year	860,437	1,186,887	(568,087)	(704,939)
Results per share	0.003216	0.004436	(0.002954)	(0.003665)

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 2015 was 486,694,439 (2014: 385,238,290), comprising 219,159,888 (2014: 192,918,936) Euro Shares and 267,534,551 (2014: 192,319,354) Sterling Shares.

14 Net asset value per share

	31 December 2015 £ equivalent	31 December 2015 €	31 December 2014 £ equivalent	31 December 2014 €
Euro Shares				
Net asset value	-	200,482,379	-	226,691,757
Net asset value per share	-	1.0257	-	1.0247
Sterling Shares				
Net asset value	280,059,081	379,760,114	265,696,406	342,137,262
Net asset value per share	1.0352	1.4038	1.0287	1.3246

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

16 Material events after the Statement of Financial Position date

Management has evaluated subsequent events for the Company through 18 February 2016, the date the financial statements are available to be issued, and had concluded there are no material events that require disclosure or adjustment of the financial statements other than those listed below:

On 29 January 2016, the Company converted 21,900 Sterling Shares into 29,988 Euro Shares and also converted 2,600,000 Euro Shares into 1,898,743 Sterling Shares.

On 11 February 2016, the Company announced it had received applications from Shareholders to tender 118,000 Euro Shares and 9,966,666 Sterling Shares under the March 2016 Contractual Quarterly Tender.

On 12 February 2016, the December 2015 Contractual Quarterly Tender completed with 29,012,049 Euro Shares and 260,363 Sterling Shares being repurchased and transferred into the Company's name and held as treasury shares.

On 27 January 2016, the Company declared a dividend of €0.025 per Euro Share and £0.025 per Sterling Share. A dividend of €4,091,783 per Euro class and £6,803,607 per Sterling class will be paid to Shareholders on the 26 February 2016.

17 Controlling party

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

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