

FOR THE SIX MONTH PERIOD 1 JANUARY 2018 TO 30 JUNE 2018

**CVC**  
Credit Partners

EUROPEAN  
OPPORTUNITIES  
LIMITED

HALF-YEARLY  
FINANCIAL  
REPORT  
2018

**COMPRISING:**

CVC CREDIT PARTNERS EUROPEAN OPPORTUNITIES LIMITED



## CONTENTS

### Half-Yearly Board Report -

- Financial Highlights, Performance Summary and Dividend History . . . . .	2
- Chairman's Statement . . . . .	4
- Executive Summary . . . . .	5
Board Members . . . . .	10
Investment Vehicle Manager's Report . . . . .	13
Directors' Statement of Responsibilities . . . . .	18
Independent Review Report . . . . .	19
Condensed Statement of Comprehensive Income . . . . .	21
Condensed Statement of Financial Position . . . . .	22
Condensed Statement of Changes in Net Assets . . . . .	23
Condensed Statement of Cash Flows . . . . .	24
Notes to the Condensed Financial Statements . . . . .	25
Company Information . . . . .	43

# HALF-YEARLY BOARD REPORT

## FINANCIAL HIGHLIGHTS, PERFORMANCE SUMMARY AND DIVIDEND HISTORY

### Financial highlights

#### Performance summary

	As at 30 June 2018	As at 31 December 2017
Net Asset Value ("NAV") per Euro Share	€1.0962	€1.0933
Euro Share price (bid price) <sup>1</sup>	€1.1100	€1.1000
Premium to NAV (based on published NAV) <sup>2</sup>	1.26%	0.61%
Net Asset Value per Sterling Share	£1.1273	£1.1190
Sterling Share price (bid price) <sup>1</sup>	£1.1300	£1.1250
Premium to NAV (based on published NAV) <sup>2</sup>	0.24%	0.53%

#### Period highs and lows

	Six months ended 30 June 2018		Year ended 31 December 2017	
	High	Low	High	Low
Net Asset Value per Euro Share	€1.1024	€1.0878	€1.1085	€1.0560
Euro Share price (bid price) <sup>1</sup>	€1.1100	€1.0500	€1.1300	€1.0080
Net Asset Value per Sterling Share	£1.1313	£1.1149	£1.1314	£1.0720
Sterling Share price (bid price) <sup>1</sup>	£1.1400	£1.0950	£1.1550	£1.0200

#### Number of shares in issue as at 30 June 2018:

121,344,131 Euro Shares (31 December 2017: 122,972,583 Euro Shares)<sup>3</sup>

300,948,694 Sterling Shares (31 December 2017: 296,201,850 Sterling Shares)<sup>4</sup>

#### Market capitalisation as at 30 June 2018:

Euro Share class: €134,691,985 (31 December 2017: €135,269,841)

Sterling Share class: £340,072,024 (31 December 2017: £333,227,081) .

<sup>1</sup> - Source: Bloomberg.

<sup>2</sup> - As the Company ordinary shares are traded on the London Stock Exchange's Main Market, the share price may be higher or lower than the NAV. The difference is known as a discount or premium. The Company's premium to NAV is calculated by expressing the difference between the period end Euro and Sterling Share price (bid price) and the period end NAV per share as a percentage of the NAV per share.

<sup>3</sup> - Excludes 10,000,000 (31 December 2017: 49,856,335) Euro Shares held as treasury shares.

<sup>4</sup> - Excludes 56,926,490 (31 December 2017: 25,810,040) Sterling Shares held as treasury shares.

## HALF-YEARLY BOARD REPORT (CONTINUED) FINANCIAL HIGHLIGHTS, PERFORMANCE SUMMARY AND DIVIDEND HISTORY (CONTINUED)

### Dividend history

Year ended	Total dividend paid per Euro Share	Total dividend paid per Sterling Share
2014	€0.0350	£0.0350
2015	€0.0500	£0.0500
2016 <sup>5</sup>	€0.0625	£0.0625
2017 <sup>6</sup>	€0.0525	£0.0525

### Dividends paid during the period ended 30 June 2018

Payment date	Dividend paid per Euro Share	Dividend paid per Sterling Share
16/03/2018	€0.01375	£0.01375
15/06/2018	€0.01375	£0.01375

Please refer to note 14 for further information subsequent to the reporting period.

<sup>5</sup> - As a result of the Company amending the frequency of its dividend payments to a quarterly basis rather than a semi-annual basis during 2016, shareholders received an additional €0.0125 and £0.0125 dividend per Euro and Sterling Share respectively.

<sup>6</sup> - During the prior year the Company increased its target annual dividend to 5.5 cents per Euro Share and 5.5 pence per Sterling Share.

# HALF-YEARLY BOARD REPORT (CONTINUED)

## CHAIRMAN'S STATEMENT

### Introduction

I am pleased to be able to write to you to report another successful six months for the Company. The EUR and GBP class net asset values per share increased by 0.26% and 0.74% respectively over the period. A detailed analysis of the performance of the Investment Vehicle's portfolio is set out in the Investment Vehicle Manager's report on pages 13 to 17 and is thus not repeated here, but it is notable that once again the credit opportunity sub-class delivered significant returns, whilst performing credit yields continued to track at historically low levels, albeit showing improvement from the previous half-year.

### Performance in Context

I reflected in my statement accompanying the audited financial statements for the year ended 31 December 2017 that the future economic direction of developed markets would depend on the reaction of monetary policy makers to global growth. We have seen, and expect to continue to see, monetary tightening in the US through rate rises and the EU through constrained QE, and thus far the pace of adjustments seems commensurate with a controlled and measured economic expansion. This continues to provide a benign economic backdrop to our asset class, with this view tempered only by the UK's continuing inability to bring Brexit negotiations to a satisfactory close, with increasing potential for economic disruption arising from an uncontrolled exit from the EU, and the ongoing attempts by the Trump administration to structurally change the US's terms of trade with the international community. We have seen no material negative effects from these features within our portfolio to date, but continue to monitor both carefully. As anticipated in our base case for 2018, the positive macro environment has seen new primary supply via M&A activity along with a strong secondary underpinning through the macro environment, and we have not varied our base case during the year to date.

As a result, we continue to be of the opinion that the Investment Vehicle Manager is well placed to continue to source attractive risk adjusted positions for the Investment Vehicle that have the capacity to continue to deliver target total returns.

### Corporate Activities

The Company has continued to see demand for its shares during 2018 to date, resulting in ongoing issuance from our stock of treasury shares. As a result, the Company has instructed its advisors to prepare a placing programme prospectus for release in September 2018, thus enabling the Company to continue to expand the Company's market capitalisation and diversify the share register, should market conditions permit.

### Dividend Yield

The Company's dividend yield has remained stable during the period.

### Other Matters

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

**Richard Michael Boléat**  
**Chairman**  
20 September 2018

## HALF-YEARLY BOARD REPORT (CONTINUED)

### EXECUTIVE SUMMARY

#### 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 consists of Euro Shares and Sterling Shares and is denominated in Euro and Sterling respectively. The Company's Euro Shares 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. Details of the shares in issue are detailed within the financial highlights section on page 2.

The Company is self-managed and the Directors have invested the net proceeds from 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 six months ended 30 June 2018

##### *Sale of treasury shares*

Excluding shares sold to Conversion SPV Limited (the "Conversion Vehicle") as detailed on page 6, the Company completed the following sale of Euro and Sterling treasury shares during the period. All treasury shares were sold at a premium to the relevant published NAV.

	Euro Shares	Sterling Shares
Treasury shares sold	2,225,000	4,400,000
Gross proceeds received	€2,455,813	£4,965,180

##### *Contractual quarterly tenders*

The Company completed the following tenders under its Contractual Quarterly Tender mechanism during the period. All of the shares tendered were transferred into the Company's name and held in treasury.

Quarterly tender	Settlement date	Euro Shares tendered	Euro Share tender price	Sterling Shares tendered	Sterling Share tender price
December 2017	12/02/2018	-	-	14,660	£1.1090
March 2018	15/05/2018	3,933,091	€1.0855	24,433	£1.1135

Please refer to note 6 and note 10 for further details.

##### *Scrip dividend*

The Company issued the following shares under the scrip dividend scheme during the period.

Scrip issue date	Euro scrip reference price	Euro Shares issued	Sterling scrip reference price	Sterling Shares issued
16/03/2018	€1.1020	311,042	£1.1275	105,310
15/06/2018	€1.0930	71,534	£1.1340	20,912

## HALF-YEARLY BOARD REPORT (CONTINUED) EXECUTIVE SUMMARY (CONTINUED)

### Significant events during the six months ended 30 June 2018 (continued)

#### *Announcement of placing of treasury shares*

On 5 June 2018, the Company announced a placing of the Company's shares that were held in treasury. Ahead of the placing close, the Company converted all but 10,000,000 Euro treasury shares into Sterling Shares (see below). The placing closed on 5 July 2018 (refer to note 14 for further detail).

#### *Treasury share convertor mechanism*

At the 2016 Annual General Meeting the Company requested, and received, shareholder approval to create a mechanism whereby treasury shares held by the Company be converted from one currency denomination to another in accordance with the procedure set out in the Articles. As the conversion cannot take place while the treasury shares are held by the Company it was proposed that a facility be created so that some or all of the treasury shares be sold to a related party, who would be willing to facilitate the conversion of the treasury shares from one currency denomination to another. The treasury share convertor mechanism was put in place to provide the Company with a means of converting one class into another to meet the demand in the market from time to time.

Accordingly on the 11 September 2017, the Company established the CCPEOL Purpose Trust (the "Trust"), a business purpose trust established under Jersey law. The purpose of the Trust is the facilitation of the conversion of the treasury shares by the incorporation of a company, Conversion SPV Limited (the "Conversion Vehicle"), who would purchase the treasury shares from the Company, convert them into shares of the other currency denomination and sell those converted shares back to the Company. The Chairman of the Company was appointed as the enforcer of the Trust.

The Company completed the following share conversions under the treasury share convertor mechanism during the period:

On 21 June 2018, the Company announced the sale of 41,564,426 Euro treasury shares to the Conversion Vehicle, which completed on 22 June 2018. Subsequently, the Company issued a facilitation request pursuant to the Share Subscription, Conversion and Repurchase Agreement to the Conversion Vehicle requiring the Conversion Vehicle to convert those 41,564,426 Euro Shares held by it into Sterling Shares. The 41,564,426 Euro Shares were converted into 35,477,357 Sterling Shares at a ratio of 0.853551, calculated in accordance with the share conversion provisions appearing in the Company's Articles.

On 28 June 2018, the conversion process was completed with the Company purchasing 35,477,357 Sterling Shares from the Conversion Vehicle and holding them in treasury. The transactions had no material impact on the Company's liquidity or its NAV.

### Investment Objective and Policy

#### **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**

On 26 June 2018, the shareholders approved an amendment to the Company's investment policy whereby the minimum level of the Investment Vehicle's gross assets invested in obligations of companies/borrowers domiciled, or with material operations, in Western Europe was reduced from 70 per cent. to 60 per cent. The revised investment policy is detailed below:

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.



## HALF-YEARLY BOARD REPORT (CONTINUED) EXECUTIVE SUMMARY (CONTINUED)

### Investment Objective and Policy (continued)

#### Company asset allocation (continued)

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 60 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.
- 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 Vehicle’s 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 of the Company or of the Investment Vehicle (including the investment limits and/or the borrowing limit), the Directors will seek Shareholder approval of 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.

#### Company borrowing limit

The Company may 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.

#### 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.

## HALF-YEARLY BOARD REPORT (CONTINUED) EXECUTIVE SUMMARY (CONTINUED)

### Investment Objective and Policy (continued)

#### Investment strategy and approach (continued)

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

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

The Investment Vehicle Manager's access to deals is supported by the network of contacts and relationships of its leadership team and investment professionals, as well as the strong positioning of the CVC Group in the European leveraged finance markets. The Investment Vehicle Manager analyses the risk of credit loss for each investment on the basis it will be held to maturity but takes an active approach to the sale of investments once the investment thesis has been realised.

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

Further information in respect to the Investment Vehicle Manager portfolio and performance as at 30 June 2018 can be found in the Investment Vehicle Manager Report which is incorporated within this Half-Yearly Financial Report on pages 13 to 17.

### Director interests

Information on each Director is shown on pages 10 and 11.

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.

### 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. The following risk factors have been identified and are listed below:

- Supply and demand
- Investment portfolio concentration
- Liquidity
- Foreign exchange risk
- Macro-economic factors
- Capital management risks

Information on these risks and how they are managed is given in the Annual Financial Report for the year ended 31 December 2017. In the view of the Board these principal risks and uncertainties are as applicable to the remaining six months of the current financial year as they were in the six months under review.

### 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 condensed attached financial statements.

## **HALF-YEARLY BOARD REPORT (CONTINUED) EXECUTIVE SUMMARY (CONTINUED)**

### **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 the date of approval of this Half-Yearly Financial Report.

After reviewing the Company’s budget and cash flow forecast for the next twelve months, the Directors are satisfied that, at the time of approving these condensed 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 condensed financial statements. The Directors consider it is appropriate to adopt the going concern basis in preparing this Half-Yearly Financial Report.

### **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 Directors’ 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.

## BOARD MEMBERS

All the Directors are non-executive.

### CHAIRMAN

#### **Richard Michael Boléat**

**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 Phaunos Timber Fund Limited and Funding Circle SME Income Fund Limited both of which are 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).



## BOARD MEMBERS (CONTINUED)

### DIRECTORS

#### **Mark Richard Tucker**

**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 also serves as a non-executive director to several other offshore structures.



#### **David Alan Wood**

**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 performance for the period ended 30 June 2018. Each strategy has performed to expectations and the Investment Vehicle Manager remains optimistic with regards to the growing opportunity within the Performing Credit and Credit Opportunities segments of the portfolio given the continued flow of assets seen across the desk.

### Portfolio

As at 30 June 2018 the Investment Vehicle portfolio was invested in-line with investment policy, was diversified with 80 issuers<sup>1</sup> across 29 different industries and 14 different countries, and had exposure of no more than 5.2% to any single issuer.

### Portfolio Statistics<sup>2</sup>

	As at 30 June 2018	As at 31 December 2017
Percentage of Portfolio in Floating Rate Assets	91.5%	87.6%
Percentage of Portfolio in Fixed Rate Assets	8.5%	12.3%
Percentage of Portfolio in Other	-	0.1%
Weighted Average Price <sup>3</sup>	95.3	94.9
Yield to Maturity	8.2%	7.1%
Current Yield	6.3%	5.8%
Weighted Average Fixed Rate Coupon	7.6%	7.1%
Weighted Average Floating Rate plus Margin	5.0%	5.0%

### 5 Largest Issuers as at 30 June 2018<sup>1</sup>

Issuer	% of Gross Assets	Industry	Country
Saur	5.2	Ecological	France
Camaieu	3.1	Retail	France
Zodiac	3.1	Leisure	France
Ambac	3.0	Finance	U.S.
Celsa	2.9	Metals & Mining	Spain

<sup>1</sup> - Excludes 6 (31 December 2017: 11) structured finance positions.

<sup>2</sup> - Note: all metrics exclude cash unless otherwise stated.

<sup>3</sup> - Average market price of the portfolio weighted against the size of each position.

## INVESTMENT VEHICLE MANAGER'S REPORT (CONTINUED)

### Portfolio Statistics<sup>2</sup> (continued)

#### 5 Largest Issuers as at 31 December 2017<sup>1</sup>

Issuer	% of Gross Assets	Industry	Country
Saur	5.1	Ecological	France
Camaieu	3.2	Retail	France
Ambac	3.0	Finance	U.S.
Ceva	2.9	Transport & Logistics	UK
Dubai World	2.9	Diversified/Conglomerate Service	UAE

#### 5 Largest Industry Positions as at 30 June 2018<sup>1</sup>

Retail Store	13.6%
Diversified/Conglomerate Service	9.1%
Broadcasting and Entertainment	7.5%
Electronics	6.8%
Chemicals, Plastics and Rubber	6.0%

#### 5 Largest Industry Positions as at 31 December 2017<sup>1</sup>

Diversified/Conglomerate Service	11.0%
Retail Store	11.0%
Electronics	10.0%
Finance	6.0%
Ecological	6.0%

<sup>1</sup> - Excludes 6 (31 December 2017: 11) structured finance positions.

<sup>2</sup> - Note: all metrics exclude cash unless otherwise stated.



## INVESTMENT VEHICLE MANAGER'S REPORT (CONTINUED)

### Portfolio Statistics<sup>2</sup> (continued)

#### Geographical Breakdown by issuer country<sup>1</sup>

	As at 30 June 2018	As at 31 December 2017
France	22.2%	24.0%
UK	21.9%	21.8%
U.S.	17.7%	22.8%
Spain	9.4%	5.6%
Netherlands	8.9%	7.1%
Luxembourg	7.5%	4.9%
Germany	4.1%	6.3%
UAE	3.0%	3.5%
Other	5.3%	4.0%

#### Currency Breakdown

	As at 30 June 2018	As at 31 December 2017
EUR	51.5%	43.1%
USD	33.2%	39.8%
GBP	15.3%	17.1%

#### Asset Breakdown

	As at 30 June 2018	As at 31 December 2017
Loans (1st Lien)	70.9%	59.1%
Senior Secured Bonds	15.4%	11.4%
Loans (2nd Lien)	7.4%	8.9%
PIK	3.1%	2.9%
Structured	1.2%	3.6%
Cash	3.7%	14.3%
Other	-1.7%	-0.2%

<sup>1</sup> - Excludes 6 (31 December 2017: 11) structured finance positions.

<sup>2</sup> - Note: all metrics exclude cash unless otherwise stated.

# INVESTMENT VEHICLE MANAGER'S REPORT (CONTINUED)

## Performance

As at the end of June 2018, floating rate instruments comprised 91.5% of the portfolio. Current yield of the asset pool at period end was 6.3%.

The Investment Vehicle Manager was pleased with the performance through H1 2018. The portfolio's total return (net of fees, including dividends reinvested) was 2.8% to Euro investors and 3.3% to Sterling investors. The Credit Suisse Western European HY Index hedged to Euro was down 1.37% for the year to date and the Credit Suisse European Leveraged Loan Index hedged to Euro was up 0.90% for the year to date.

The Core Income segment of the portfolio delivered 0.3% to gross portfolio performance based on a 42% average allocation of the portfolio. The Credit Opportunities segment of the portfolio delivered a gross 7% return, which equates to a 3.5% gross portfolio performance contribution based on a 49% average allocation of the portfolio.

## Market Review and Outlook

Through the first half of the year, the divergent monetary policy across the US and Europe continued to impact markets. A strong US economy gave the Fed the reason to raise interest rates again in June and signal 2 further hikes to come this year, followed by 3 more next year. In contrast, after more disappointing data and low core inflation, the ECB guided that while quantitative easing would come to an end, interest rates will be held until mid-2019. In the UK, the BoE was expected to raise rates in May following positive UK retail sales and the lowest unemployment measure since 1975 indicating firming wage pressure, however, the BoE took until early August to implement a 25bp increase with further rises likely to be tied to the outcome of Brexit negotiations.

Despite a sharp increase in Italian government borrowing, costs post elections (and expected fiscal largesse from the new government), contagion to other European bond markets was minimal. Surveys suggest that support for the Euro in Italy has actually risen, with only 29% in favour of leaving the Euro, 61% in favour of staying and the rest unsure. As a result, it feels as though Italian politics is unlikely to become a systemic issue for European markets but it could remain a source of volatility in the near term. The other area of weight on markets through 2018 has been the initiation of protectionist trade policies. This impacted emerging market equities and European equities, specifically in automobiles which are suffering from fears that US tariffs could be applied to car imports. The conclusion of this posturing is hard to predict, but the longer this drags on the greater the risk that it starts to impact sentiment more broadly.

Year to date ("YTD") issuance of €104.5bn (€104.5bn last year) comprises €62.5bn loans (€58.4bn) and €42.0bn High Yield ("HY") (€46.1bn). YTD loan volumes have been 70% acquisition, 23% refinancing with the balance being recaps. YTD bond volumes have been 59% refinancing, 31% acquisitions with the balance being recaps and general corporate purposes.<sup>a</sup>

Term Loan B new issue spreads leading into the end of H1 were E+375 which compares with E+364 at the start of the year (Jun'18 Yield to Maturity ("YTM") 4.06% vs. 3.75% Jan'18) while total leverage stats have actually declined, from 5.56x to 5.16x (first Lien leverage down from 4.84x to 4.48x).<sup>a</sup>

In the HY space, single B new issue YTM's on a rolling 3 month basis widened out to 6.24% from 5.31% at the end of 2017 (+93bps), with BB new issue hitting 3.80% versus 2.91% (+89bps). YTD'18 has seen 47% of single B deal prices at or wide of guidance versus 15% for YTD'17 (42% versus 17% for BB deals). Again, as seen in loans, the actual leverage for bond deals have declined over the period, being 4.5x for Q2'18, 5.2x for Q4'17 and 4.9x Q2'17. B versus BB spread differential has remained at 240-245bps throughout the period.<sup>a</sup>

<sup>a</sup> - Source: S&P LCD – July 2018

# INVESTMENT VEHICLE MANAGER'S REPORT (CONTINUED)

## Market Opportunity in Credit Opportunities

As highlighted at the start of 2018, the Investment Vehicle Manager continues to identify opportunities in the credit markets.

Most notably, the themes across industry segments (Retail, Energy) and geography (UK, Italy) continue to create periods of asset price volatility and this is expected to continue through the year. Protectionist trade policies are also becoming a consideration as the impact for now, although relatively small, may change the operating model of a number of industries as this evolves.

In addition, the impact of continued divergent monetary policy in developed economies is driving investors to consider asset allocations - in particular as the US economy sees positive momentum giving the Fed room to normalise rates and now also in Europe where the ECB has begun the gradual reduction in stimulus and looks towards 2019 for a policy change. In context, the US economy is showing signs of moving towards a late credit cycle where higher rates (although somewhat mitigated by other fiscal reforms) may build stress on levered balance sheets as the cycle continues to mature and corporates adjust.

The Investment Vehicle Manager continues to evaluate credits in the Telecom, Steel, Construction, Industrials, Manufacturing, Energy, Pharma and Retail space across multiple geographies.

By taking advantage of the growing CVC global network, the Investment Vehicle Manager expects to be able to continue to identify investment opportunities and deploy capital for this strategy.

## Conclusion

The portfolio has once again outperformed broader market indices. The combination of Performing Credit providing stable yield exposure alongside the higher yielding Credit Opportunities strategy provides a balanced portfolio risk profile in differing market environments.

Overall, economic growth still looks broadly healthy across geographies and corporate earnings are growing, but we see a number of risks going into H2 2018, particularly political and rate risks. Both of these are building opportunities across the credit spectrum for the strategy.

### CVC Credit Partners Investment Management Limited

Investment Vehicle Manager

20 September 2018

*The indices referred to herein (including the Credit Suisse Western European HY Index hedged to Euro and the Credit Suisse Western ELLI hedged to Euro) are widely recognised, unmanaged indices of market activity and have been included as general indicators of market performance. There are significant differences between the types of investments made or expected to be made by funds under management and the investments covered by the indices, and the methodology for calculating returns. For example, the Credit Suisse Western European HY Index is designed as an objective proxy for the investable universe of the Western European high yield debt market. Additionally, the Credit Suisse Western ELLI is designed to mirror the investable universe of the Western European leveraged loan market where the loans eligible for inclusion must be denominated in US\$ or Western European currencies and must have a minimum outstanding amount of 100m (in local currency). In contrast, CVC Credit Partners may have discretion whether to reinvest such payments during any relevant commitment period. Moreover, coupon payments received by a fund after the expiration of any commitment period typically will not be reinvested. It should not be assumed that a fund will invest in any specific equity or debt investments, such as those that comprise the indices, nor should it be understood that there will be a correlation between any fund's returns and those of the indices. It should not be assumed that correlations to the indices based on historical returns will persist in the future. No representation is made that a fund will replicate the performance of any of the indices. The indices are included for general, background informational purposes only and recipients should use their own judgment to appropriately weight or discount their relevance to the fund.*

## DIRECTORS' STATEMENT OF RESPONSIBILITIES

The Directors are responsible for preparing the Half-Yearly Financial Report in accordance with applicable Jersey law and regulations.

The Directors confirm to the best of their knowledge that:

- the unaudited condensed financial statements within the Half-Yearly Financial Report have been prepared in accordance with IAS 34 – Interim Financial Reporting, as adopted by the European Union (“EU”) and give a true and fair view of the state of the affairs of the Company as at 30 June 2018, as required by the Financial Conduct Authority’s (“FCA”) Disclosure Guidance and Transparency Rule (“DTR”) 4.2.4R;
- the Chairman’s Statement, the Investment Vehicle Manager’s Report, the Executive Summary and the notes to the condensed financial statements include a fair review of the information required by:
  - a) DTR 4.2.7R, being an indication of important events that have occurred during the six months ended 30 June 2018 and their impact on the unaudited condensed financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - b) DTR 4.2.8R, being related party transactions that have taken place during the six months ended 30 June 2018 and that have materially affected the financial position or performance of the Company during that period.

**Richard Michael Boléat**  
Chairman  
20 September 2018

**Mark Richard Tucker**  
Audit Committee Chairman

# INDEPENDENT REVIEW REPORT TO CVC CREDIT PARTNERS EUROPEAN OPPORTUNITIES LIMITED

## Introduction

We have been engaged by the CVC Credit Partners European Opportunities Limited (the 'Company') to review the condensed set of financial statements in the Half-Yearly financial report for the six months ended 30 June 2018 which comprises the Condensed Statement of Comprehensive Income, the Condensed Statement of Financial Position, the Condensed Statement of Changes in Net Assets, the Condensed Statement of Cash Flows, and the related notes 1 to 15 to the Condensed Financial Statements. We have read the other information contained in the Half-Yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

## Directors' Responsibilities

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

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

## Our Responsibility

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

## Scope of Review

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

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Half-Yearly financial report for the six months ended 30 June 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

**Ernst & Young LLP**

London

20 September 2018



## CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	<i>Notes</i>	Six months ended 30 June 2018 (Unaudited) €	Six months ended 30 June 2017 (Unaudited) €
<b>Income</b>			
Investment income	3	14,094,301	9,737,677
Net gains on financial assets held at fair value through profit or loss	6	2,340,454	15,707,173
Foreign exchange gain/(loss) on financial assets held at fair value through profit or loss	6	1,409,989	(7,209,075)
Foreign exchange (loss)/gain on ordinary shares	12	(1,418,284)	7,204,361
Other net foreign currency exchange gain/(loss) through profit or loss		4,937	(16,241)
		16,431,397	25,423,895
<b>Expenses</b>			
Operating expenses	4	(545,465)	(408,953)
Partial termination fee	7	(19,804)	(291,829)
		(565,269)	(700,782)
<b>Profit before finance costs and taxation</b>		<b>15,866,128</b>	<b>24,723,113</b>
Bank charges		(6,565)	(4,630)
Share issue costs	4	(81,014)	(31,066)
Finance costs – dividend payment	10	(12,715,721)	(8,941,379)
<b>Profit before taxation</b>		<b>3,062,828</b>	<b>15,746,038</b>
Taxation		-	-
<b>Increase in net assets attributable to shareholders from operations</b>		<b>3,062,828</b>	<b>15,746,038</b>
Earnings per Euro Share	10	€0.007231	€0.048516
Earnings per Sterling Share (Sterling equivalent)	10	£0.006362	£0.035172

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 period is also the total comprehensive income.

The notes on pages 25 to 42 form an integral part of these condensed financial statements.

## CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	<i>Notes</i>	30 June 2018 (Unaudited) €	31 December 2017 (Audited) €
<b>Assets</b>			
Cash and cash equivalents		1,303,308	588,911
Prepayments		65,540	36,856
Financial assets held at fair value through profit or loss	6	515,341,685	507,308,415
<b>Total assets</b>		<b>516,710,533</b>	<b>507,934,182</b>
<b>Liabilities</b>			
Payables	7	(211,134)	(256,050)
<b>Total liabilities</b>		<b>(211,134)</b>	<b>(256,050)</b>
<b>Net assets attributable to shareholders</b>	<i>11</i>	<b>516,499,399</b>	<b>507,678,132</b>

The condensed financial statements on pages 21 to 42 were approved by the Board of Directors on 20 September 2018 and signed on its behalf by:

**Richard Michael Boléat**  
Chairman

**Mark Richard Tucker**  
Audit Committee Chairman

The notes on pages 25 to 42 form an integral part of these condensed financial statements.



## CONDENSED STATEMENT OF CHANGES IN NET ASSETS

*For the six months ended 30 June 2018 (Unaudited)*

	<i>Notes</i>	Net assets attributable to shareholders €
<b>As at 1 January 2018</b>		507,678,132
Issuance and subscriptions arising from conversion of ordinary shares	10	9,340,054
Redemption payments arising on conversion and tender of ordinary shares	10	(4,999,899)
Increase in net assets attributable to shareholders from operations		3,062,828
Net foreign currency exchange loss on opening ordinary shares and ordinary shares issued during the year		1,418,284
<b>As at 30 June 2018</b>		516,499,399

*For the six months ended 30 June 2017 (Unaudited)*

	<i>Notes</i>	Net assets attributable to shareholders €
<b>As at 1 January 2017</b>		405,526,279
Subscriptions arising from sale of treasury shares	10	3,472,906
Redemption payments arising on conversion and tender of ordinary shares	10	(31,211,030)
Increase in net assets attributable to shareholders from operations		15,746,038
Net foreign currency exchange gain on opening ordinary shares and ordinary shares issued during the year		(7,204,361)
<b>As at 30 June 2017</b>		386,329,832

The notes on pages 25 to 42 form an integral part of these condensed financial statements.

## CONDENSED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	<i>Notes</i>	Six months ended 30 June 2018 (Unaudited) €	Six months ended 30 June 2017 (Unaudited) €
<b>Cash inflow from operating activities</b>			
Profit from ordinary activities before taxation <sup>1</sup>		3,062,828	15,746,038
Adjustments to reconcile profit before tax to net cash flows:			
Net gain on financial assets held at fair value through profit or loss	6	(2,340,454)	(15,707,173)
Foreign exchange (gain)/loss on investments held at fair value through profit or loss	6	(1,409,989)	7,209,075
Foreign currency exchange loss/(gain) on ordinary shares	12	1,418,284	(7,204,361)
Bank charges		6,565	4,630
Share issue costs	4	81,014	-
Finance costs – dividend payment	10	12,715,721	8,941,379
		13,533,969	8,989,588
<b>Changes in working capital</b>			
(Increase)/decrease in prepayments		(28,684)	2,888
(Decrease)/increase in payables		(44,916)	101,222,110
<b>Cash provided by operations</b>		<b>13,460,369</b>	<b>110,214,586</b>
Purchase of financial assets held at fair value through profit or loss	6	(9,267,021)	(104,936,106)
Proceeds from redemption of financial assets held at fair value through profit or loss	6	4,984,194	31,162,304
<b>Net cash provided by operating activities</b>		<b>9,177,542</b>	<b>36,440,784</b>
<b>Financing activities</b>			
Proceeds from issuance and/or subscription arising from conversion of ordinary shares	10	9,340,054	3,472,906
Payments for redemption of ordinary shares	10	(4,999,899)	(31,211,030)
Share issue costs paid	4	(81,014)	-
Dividends paid	10	(12,715,721)	(8,941,379)
Bank charges paid		(6,565)	(4,630)
<b>Net cash used in financing activities</b>		<b>(8,463,145)</b>	<b>(36,684,133)</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>		<b>714,397</b>	<b>(243,349)</b>
Cash and cash equivalents at beginning of the period		588,911	1,567,742
<b>Cash and cash equivalents at the end of the period</b>		<b>1,303,308</b>	<b>1,324,393</b>

<sup>1</sup> - Includes investment income of €14,094,301 (2017: €9,737,270) and interest income of €nil (2017: €407).

The notes on pages 25 to 42 form an integral part of these condensed financial statements.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

## 1. General information

The Company was incorporated on 20 March 2013 and is registered in Jersey as a closed-ended Investment Company. Euro Shares and Sterling Shares were admitted to the Official List of the UK Listing Authority and admitted to trading on the Main Market of the London Stock Exchange on 25 June 2013.

The Company's registered address is IFC1, The Esplanade, St Helier, Jersey, JE1 4BP.

## 2. Accounting policies

The Annual Financial Report is prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority ("FCA") and with International Financial Reporting Standards ("IFRS") as adopted by the European Union which comprise standards and interpretations approved by the International Accounting Standards Board, and interpretations issued by the International Financial Reporting Standards and Standing Interpretations Committee as approved by the International Accounting Standards Committee which remain in effect. The Half-Yearly Financial Report has been prepared in accordance with International Accounting Standards (IAS) 34 – Interim Financial Reporting ("IAS 34") as adopted by the European Union. They have also been prepared using the same accounting policies applied for the year ended 31 December 2017 Annual Financial Report, which was prepared in accordance with IFRS, except for new standards adopted by the Company as set out below. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Company applies, for the first time, *IFRS 15 – Revenue from Contracts with Customers* ("IFRS 15") and *IFRS 9 – Financial Instruments* ("IFRS 9") that became effective on 1 January 2018. These standards do not result in a restatement of previous financial statements. As required by IAS 34, the nature and effect of these changes are disclosed below.

### (a) *IFRS 15 replaces IAS 11 – Construction Contracts, IAS 18 – Revenue and related Interpretations*

IFRS 15 requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

As disclosed in the Annual Financial Report, the Directors believe that the application of IFRS 15 will not be applicable as the Company does not have any revenue that should be accounted for under IFRS 15.

### (b) *IFRS 9 replaces IAS 39 – Financial Instruments: Recognition and Measurement*

IFRS 9 introduced a new approach to the classification of financial assets which is driven by the business model in which the asset is held and their cash flow characteristics. A new business model approach was introduced which does allow certain financial assets to be categorised as "fair value through other comprehensive income" in certain circumstances. IFRS 9 carries forward the derecognition requirements of financial assets and liabilities from IAS 39.

The Board applied IFRS 9 from 1 January 2018 for the first time. As disclosed in the Annual Financial Report, the Board has undertaken an assessment of the impact of IFRS 9 on the Company's financial statements and concluded that there will be no impact to the classification and measurement of the Company's financial assets and financial liabilities. Refer to note 2.3 for the accounting policies on financial instruments.

## 2.1. Going concern

After reviewing the Company's budget and cash flow forecast for the next financial period, the Directors are satisfied that, at the time of approving the Half-Yearly Financial Report, 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 condensed financial statements. The Directors consider it is appropriate to adopt the going concern basis in preparing the condensed financial statements.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

### 2.2. 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, which are evaluated regularly by the chief operating decision-maker (the Board with insight from the Investment Vehicle Manager).

### 2.3 Financial instruments

#### Financial assets

##### *(a) Classification*

The Company classifies its investments as financial assets held at fair value through profit or loss. These debt securities do not possess contractual terms which give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding. Financial assets also include cash and cash equivalents as well as other receivables which are measured at amortised cost.

##### *Debt securities at fair value through profit or loss at inception*

Debt securities at fair value through profit or loss at inception are financial instruments that are managed, and their performance is evaluated on a fair value basis in accordance with the Company's documented investment strategy. These financial assets are neither held to collect contractual cash flows nor to sell the financial assets.

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.

##### *(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 Preferred Equity Certificates ("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 30 June 2018, the Directors 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 met with representatives of the Investment Vehicle Manager in order to verify how the PECs are valued and the composition of the NAV of the PECs as of the date of the Statement of Financial Position.

The Directors are in regular communications with the Investment Vehicle Manager and receive monthly performance reports from the Investment Vehicle Manager in respect of the Investment Vehicle and its underlying investments, which are presented to the Directors by the Investment Vehicle Manager and discussed by these parties.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

### 2.3 Financial instruments (continued)

#### Financial assets (continued)

##### (d) Valuation process (continued)

The Directors consider the impact of general credit conditions on the valuation of both the PECs and Investment Vehicle portfolio, as well as specific credit events in the European corporate environment. The Directors also analyse the Investment Vehicle portfolio in terms of both investment mix and fair value hierarchy.

##### PECs

The PECs are valued taking into consideration a range of factors including the audited NAV of the Investment Vehicle as well as available financial and trading information of the Investment Vehicle and of its underlying portfolio; the price of recent transactions of PECs redeemed 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 investments is assessed 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 valuation methodology of Level 3 debt securities and collateralised loan obligations (CLOs) held in the Investment Vehicle portfolio. As part of this they consider the assumptions used and significant fair value changes during the period.

Investments in CLOs are primarily valued based on the bid price as provided by a third party pricing service and may be amended following consideration of the 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 Investment Vehicle classifies the fair value of these investments as Level 3.

Investments in debt securities for which there are limited broker quotes and no other evidence of existing liquidity are classified as Level 3. These Level 3 securities are valued by considering in detail the limited broker quotes available for evidence of outliers that may skew the average. Any such outliers are removed and then the range of the remaining quotes is considered. If there are no broker quotes, the Investment Vehicle Manager produces a pricing memorandum for the Company's holding in the Investment Vehicle underlying portfolio 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 relevant 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

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 recognised initially at fair value plus any directly attributable incremental costs of acquisition or issue and are subsequently carried at amortised cost. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

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 the Statement of Comprehensive Income when the liabilities are derecognised.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

### 3. Investment income

	Six months ended 30 June 2018 (Unaudited) €	Six months ended 30 June 2017 (Unaudited) €
Investment income	14,094,301	9,737,270
Bank interest income	-	407
<b>Total investment income</b>	<b>14,094,301</b>	<b>9,737,677</b>

### 4. Operating expenses

	Six months ended 30 June 2018 (Unaudited) €	Six months ended 30 June 2017 (Unaudited) €
Administration fees	115,494	91,506
Directors' fees (see note 5)	90,436	92,203
Regulatory fees	53,133	26,862
Audit fees	20,843	30,600
Non-audit fees - interim review services	11,038	10,200
Professional fees	85,129	40,639
Brokerage fees	22,772	22,735
Registrar fees	44,198	30,229
Advisor fees	28,162	-
Commission fees	22,034	-
Sundry expenses	52,226	63,979
<b>Total operating expenses</b>	<b>545,465</b>	<b>408,953</b>

The costs and expenses of the sale of treasury shares attributable to the Company have been expensed in the Statement of Comprehensive Income and amounted to a total of €81,014 (30 June 2017: €31,066).

The Corporate Services Manager agreed to provide the services of Mr. Justin Atkinson to assist with the marketing and promotion of the Company's shares (the "Advisor fees"). The Corporate Services Manager recharges the Company for Mr. Atkinson's cost. During the period, Advisor fees incurred were €28,162 (30 June 2017: €nil).

Commission fees relate to the commission payable to the CCPEOL Purpose Trust (the "Trust"). During the period, Commission fees incurred were €22,034 (30 June 2017: €nil). Refer to note 10 for further details on the treasury share convertor mechanism.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

### 5. Directors' fees and interests

Director fees are as follows:

Richard Boleat (Chairman): £65,000 per annum

Mark Tucker: £43,750 per annum

David Wood: £42,500 per annum

Mark Tucker in his capacity as the Chairman of the Audit Committee receives an additional £6,250 for his services in this role.

Director's fees payable as at 30 June 2018 were €nil (30 June 2017: €nil).

None of the Directors hold shares in the Company. No pension contributions were payable in respect of any of the Directors.

The Company has no employees.

Richard Boléat acts as the enforcer of the CCPEOL Purpose Trust. Please refer to note 13 for further detail.

David Wood holds an investment in a CVC entity and sits on the CVC Credit Partners Conflicts Committee (the "Conflicts Committee").

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

The Independent Conflicts 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 Conflicts Committee by the relevant portfolio manager and, if necessary, CVC Credit Partners Group's chief executive officer and/or chief investment officer.

### 6. Financial assets held at fair value through profit or loss

	30 June 2018 (Unaudited) €	31 December 2017 (Audited) €
PECs - Unquoted investment	515,341,685	507,308,415

During the period, the Company subscribed for 2,227,406.05 Euro PECs (31 December 2017: 14,067,049.99) and 4,373,804.83 Sterling PECs (31 December 2017: 91,973,380.49) issued by the Investment Vehicle. 382,707.42 (31 December 2017: 307,753.43) Euro PECs and 126,472.99 (31 December 2017: 22,105.71) Sterling PECs were subscribed for as a result of the scrip dividend scheme.

During the period, 459,679.64 (31 December 2017: 4,906,918.83) Euro PECs were converted into 395,570.84 Sterling PECs (31 December 2017: 4,231,745.05) and 137,895.02 Sterling PECs (31 December 2017: 292,630.38) were converted into 159,820.35 Euro PECs (31 December 2017: 323,604.10) as part of the monthly share conversion process. 3,905,410.00 Euro PECs (31 December 2017: 15,719,762.00) and 38,854.97 (31 December 2017: 14,837,291.00) Sterling PECs, were redeemed as part of the Quarterly Contractual Tender.

As at 30 June 2018, the Company held 120,192,036.91 (31 December 2017: 121,787,192.73) Euro PECs and 298,830,476.20 (31 December 2017: 294,111,377.53) Sterling PECs. Please refer below for reconciliation of PECs from 1 January 2017:

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

### 6. Financial assets held at fair value through profit or loss (continued)

#### Compartment A

Date	Transaction type	Euro PECs	Sterling PECs
<b>As at 1 January 2017</b>		<b>127,715,466.04</b>	<b>213,014,064.66</b>
02/01/2017	Quarterly tender	(6,227,806.00)	(7,920,070.00)
08/03/2017	PEC subscription	-	643,093.56
08/03/2017	PEC subscription	-	248,155.42
03/04/2017	Quarterly tender	(5,503,287.00)	(6,917,221.00)
17/04/2017	PEC subscription	-	501,278.29
17/04/2017	PEC subscription	-	250,638.69
17/04/2017	PEC subscription	-	250,638.69
17/04/2017	PEC subscription	-	250,638.69
19/05/2017	PEC subscription	-	349,180.30
19/05/2017	PEC subscription	-	198,594.10
30/06/2017	PEC subscription	12,526,467.90	68,783,681.54
03/07/2017	Quarterly tender	(3,988,669.00)	-
18/08/2017	PEC subscription	-	199,482.83
12/09/2017	PEC subscription	198,376.46	-
12/09/2017	PEC subscription	-	198,594.07
12/09/2017	PEC subscription	-	247,992.31
29/09/2017	Monthly conversion	323,604.10	(292,630.38)
11/10/2017	PEC subscription	198,216.00	390,113.64
11/10/2017	PEC subscription	100,499.14	17,476,724.18
11/10/2017	PEC subscription	151,089.27	-
13/11/2017	PEC subscription	99,540.12	199,249.93
13/11/2017	PEC subscription	792,861.10	199,249.93
13/11/2017	PEC subscription	-	1,091,208.28
30/11/2017	Monthly conversion	(594,200.08)	510,511.63
12/12/2017	Scrip issue	307,753.43	22,105.71
12/12/2017	PEC subscription	-	247,368.52
12/12/2017	PEC subscription	-	247,500.52
29/12/2017	Monthly conversion	(4,312,718.75)	3,721,233.42



## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

### 6. Financial assets held at fair value through profit or loss (continued)

#### Compartment A (continued)

Date	Transaction type	Euro PECs	Sterling PECs
<b>As at 31 December 2017</b>		<b>121,787,192.73</b>	<b>294,111,377.53</b>
08/01/2018	PEC subscription	75,459.00	251,692.47
15/01/2018	PEC subscription	150,919.02	151,015.12
16/01/2018	PEC subscription	553,372.51	-
18/01/2018	PEC subscription	-	249,480.39
22/01/2018	PEC subscription	-	250,297.28
31/01/2018	Monthly conversion	(148,553.58)	128,955.00
01/02/2018	Quarterly tender	-	(14,561.97)
13/02/2018	PEC subscription	148,754.20	446,800.22
07/03/2018	PEC subscription	594,337.68	148,772.29
12/03/2018	PEC subscription	-	1,634,908.90
14/03/2018	PEC subscription	-	892,717.28
16/03/2018	Scrip issue	311,445.47	105,410.30
20/03/2018	PEC subscription	-	348,120.88
27/03/2018	PEC subscription	704,563.64	-
29/03/2018	Monthly conversion	121,214.24	(104,810.90)
01/04/2018	Quarterly tender	(3,905,410.00)	(24,293.00)
30/04/2018	Monthly conversion	(297,154.47)	254,663.40
30/04/2018	Monthly conversion	34,754.83	(29,788.35)
31/05/2018	Monthly conversion	(221.04)	189.21
31/05/2018	Monthly conversion	3,418.17	(2,925.26)
15/06/2018	Scrip issue	71,261.95	21,062.69
29/06/2018	Monthly conversion	433.11	(370.51)
29/06/2018	Monthly conversion	(13,750.55)	11,763.23
<b>As at 30 June 2018</b>		<b>120,192,036.91</b>	<b>298,830,476.20</b>

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 quarter, 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.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

### 6. Financial assets held at fair value through profit or loss (continued)

#### Fair value hierarchy

IFRS 13 'Fair Value Measurement' ("IFRS 13") 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 and financial liabilities according to the following fair value hierarchy detailed in IFRS 13, that reflects the significance of the inputs used in determining their fair values:

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

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

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

	Level 1 (Unaudited)	Level 2 (Unaudited)	Level 3 (Unaudited)	Total (Unaudited)
	€	€	€	€
<b>As at 30 June 2018</b>				
<b>Financial assets</b>				
Financial investments held at fair value through profit or loss	-	-	515,341,685	515,341,685
<b>Financial liabilities</b>				
Ordinary shares (*)	519,075,394	-	-	519,075,394
	Level 1 (Audited)	Level 2 (Audited)	Level 3 (Audited)	Total (Audited)
	€	€	€	€
<b>As at 31 December 2017</b>				
<b>Financial assets</b>				
Financial investments held at fair value through profit or loss	-	-	507,308,415	507,308,415
<b>Financial liabilities</b>				
Ordinary shares (*)	510,483,535	-	-	510,483,535

\* - 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 CONDENSED FINANCIAL STATEMENTS (CONTINUED)

### 6. Financial assets held at fair value through profit or loss (continued)

#### Level 3 reconciliation – Compartment A 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.

	<b>30 June 2018 (Unaudited) €</b>
<b>Balance as at 1 January 2018</b>	<b>507,308,415</b>
Purchases of investments (PECs)	8,581,749
Subscriptions arising from conversion of investments (PECs)	685,272
Redemption proceeds arising from conversion of investments (PECs)	(685,106)
Redemption proceeds arising from quarterly tenders of investments (PECs)	(4,299,088)
Net gains on investments held at fair value	2,340,454
Foreign exchange gain on investments held at fair value	1,409,989
<b>Balance as at 30 June 2018</b>	<b>515,341,685</b>
<b>Change in unrealised gain related to investments still held at six months ended 30 June 2018</b>	<b>2,047,755</b>

During the six months ended 30 June 2018, there were no reclassifications between levels of the fair value hierarchy.

	<b>31 December 2017 (Audited) €</b>
<b>Balance as at 1 January 2017</b>	<b>404,603,610</b>
Purchases of investments (PECs)	132,697,195
Subscriptions arising from conversion of investments (PECs)	5,738,095
Redemption proceeds arising from conversion of investments (PECs)	(5,795,819)
Redemption proceeds arising from quarterly tenders of investments (PECs)	(35,502,351)
Net gains on investments held at fair value	16,793,912
Foreign exchange loss on investments held at fair value	(11,226,227)
<b>Balance as at 31 December 2017</b>	<b>507,308,415</b>
<b>Change in unrealised gain related to investments still held at year ended 31 December 2017</b>	<b>14,573,869</b>

During year ended 31 December 2017, there were no reclassifications between levels of the fair value hierarchy.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

### 6. Financial assets held at fair value through profit or loss (continued)

#### Quantitative information of significant unobservable inputs – Level 3 – PECs

Description	30 June 2018 (Unaudited) €	Valuation technique	Unobservable input	Range/weighted average
PECs	515,341,685	Adjusted Net Asset Value	Discount for lack of liquidity	0-3%

Description	31 December 2017 (Audited) €	Valuation technique	Unobservable input	Range/weighted average
PECs	507,308,415	Adjusted Net Asset Value	Discount for lack of liquidity	0-3%

The Board believes that it is appropriate to measure the PECs at the NAV of the investments held at the Investment Vehicle, adjusted for percentage holding of PECs in the Investment Vehicle.

The net asset value of the Investment Vehicle attributable to each PEC unit is 1.23 (31 December 2017: 1.22).

#### 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 30 June 2018 and comparative are as shown below:

##### As at 30 June 2018 (Unaudited)

Description	Input	Sensitivity used	Effect on fair value €
PECs	Discount of lack of liquidity	3%	(15,460,251)

##### As at 31 December 2017 (Audited)

Description	Input	Sensitivity used	Effect on fair value €
PECs	Discount of lack of liquidity	3%	(15,219,252)

Please refer to note 2.3 for valuation methodology of PECs.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

### 7. Payables

	30 June 2018 (Unaudited) €	31 December 2017 (Audited) €
Administration fees	31,133	33,750
Audit fees	42,373	20,434
Advisor fees	54,689	47,292
Commission fees	22,034	-
Other payables	60,905	154,574
<b>Total payables</b>	<b>211,134</b>	<b>256,050</b>

Partial termination fee expense of €19,804 (30 June 2017: €291,829) was incurred during the period, of which €19,804 (31 December 2017: €nil) is payable to the Corporate Services Manager as at 30 June 2018. In the case of any shareholder tendering shares through a contractual quarterly tender, the Company becomes liable to pay a partial termination fee to the Corporate Services Manager and records an expense in accordance with the prospectus. A fee is built into the tender price of 1% of the placing price of the contractual quarterly tender facility to cover this partial termination fee. No further partial termination fees are payable beyond March 2018, at which point the entire 1% fee built into the tender price in respect of tenders beyond that date accrues to the Company.

As at 30 June 2018, advisor fees of €54,689 (31 December 2017: €47,292) is payable to the Corporate Services Manager and commission fees of €22,034 (31 December 2017: €nil) is payable to the Trust.

### 8. Contingent liabilities

As at 30 June 2018, the Company had no contingent liabilities (31 December 2017: €nil).

### 9. Stated capital

	Number of shares 30 June 2018 (Unaudited) €	Stated capital 30 June 2018 (Unaudited) €	Number of shares 30 June 2017 (Unaudited) €	Stated capital 30 June 2017 (Unaudited) €
Management shares	2	-	2	-

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 CONDENSED FINANCIAL STATEMENTS (CONTINUED)

### 10. Ordinary shares

	Number of shares <sup>1</sup> 30 June 2018 (Unaudited)	Stated capital 30 June 2018 (Unaudited) €	Number of shares <sup>1</sup> 30 June 2017 (Unaudited)	Stated capital 30 June 2017 (Unaudited) €
Euro Shares	121,344,131	122,010,918	117,147,455	117,242,303
Sterling Shares	300,948,694	354,043,860	202,610,969	231,178,183
<b>Total</b>	<b>422,292,825</b>	<b>476,054,778</b>	<b>319,758,424</b>	<b>348,420,486</b>

<sup>1</sup> - Excludes 10,000,000 (30 June 2017: 110,001,299) Euro Shares and 56,926,490 (30 June 2017: 70,239,838) Sterling Shares held as treasury shares.

	Total (Unaudited) €
<b>Balance as at 1 January 2018</b>	<b>470,296,339</b>
Issue of ordinary shares	8,654,777
Subscriptions arising from conversion of ordinary shares	685,277
Redemption payments arising from conversion of ordinary shares	(685,111)
Redemption payments arising from quarterly tenders of ordinary shares	(4,314,788)
Foreign currency exchange gain on ordinary shares	1,418,284
<b>Balances as at 30 June 2018</b>	<b>476,054,778</b>

	Total (Unaudited) €
<b>Balance as at 1 January 2017</b>	<b>383,362,971</b>
Issue of ordinary shares	3,472,906
Subscriptions arising from conversion of ordinary shares	-
Redemption payments arising from conversion of ordinary shares	-
Redemption payments arising from quarterly tenders of ordinary shares	(31,211,030)
Foreign currency exchange gain on ordinary shares	(7,204,361)
<b>Balances as at 30 June 2017</b>	<b>348,420,486</b>

#### Ordinary shares

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

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

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

### 10. Ordinary shares (continued)

#### Sale of treasury shares

Excluding shares sold to Conversion SPV Limited (the “Conversion Vehicle”) as detailed below, the Company completed the sale of 2,225,000 Euro and 4,400,000 Sterling treasury shares during the six months ended 30 June 2018. Refer to page 5 for details.

#### 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 period 464,105 Euro Shares (30 June 2017: nil, 31 December 2017: 4,954,779) were converted into 398,583 Sterling Shares (30 June 2017: nil, 31 December 2017: 4,266,370) and 138,868 Sterling Shares (30 June 2017: nil, 31 December 2017: 294,967) were converted into 161,168 Euro Shares (30 June 2017: nil, 31 December 2017: 326,524).

#### Treasury share convertor mechanism

At the 2016 Annual General Meeting the Company requested, and received, shareholder approval to create a mechanism whereby treasury shares held by the Company be converted from one currency denomination to another in accordance with the procedure set out in the Articles. As the conversion cannot take place while the treasury shares are held by the Company it was proposed that a facility be created so that some or all of the treasury shares be sold to a related party, who would be willing to facilitate the conversion of the treasury shares from one currency denomination to another. The treasury share convertor mechanism was put in place to provide the Company with a means of converting one class into another to meet the demand in the market from time to time.

Accordingly on the 11 September 2017, the Company established the Trust, a business purpose trust established under Jersey law. The purpose of the Trust is the facilitation of the conversion of the treasury shares by the incorporation of a company, the Conversion Vehicle, who would purchase the treasury shares from the Company, convert them into shares of the other currency denomination and sell those converted shares back to the Company. The Chairman of the Company was appointed as the enforcer of the Trust.

On 21 June 2018, the Company announced the sale of 41,564,426 Euro treasury shares to the Conversion Vehicle, which completed on 22 June 2018. Subsequently, the Company issued a facilitation request pursuant to the Share Subscription, Conversion and Repurchase Agreement to the Conversion Vehicle requiring the Conversion Vehicle to convert those 41,564,426 Euro Shares held by it into Sterling Shares. The 41,564,426 Euro Shares were converted into 35,477,357 Sterling Shares at a ratio of 0.853551, calculated in accordance with the share conversion provisions appearing in the Company’s Articles.

On 28 June 2018, the conversion process was completed with the Company purchasing 35,477,357 Sterling Shares from the Conversion Vehicle and holding them in treasury. The transactions had no material impact on the Company’s liquidity or NAV.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

### 10. Ordinary shares (continued)

#### 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 facility should provide shareholders with additional liquidity when compared with other listed closed-ended investment companies.

The offer of contractual quarterly tenders is subject to annual shareholder approval and subject to the terms, conditions and restrictions as set out in the prospectus. The Company is subject to annual shareholder approval to tender each quarter for up to 24.99 per cent. of the shares of such class 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 of such class in issue.

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

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

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

In addition to the contractual quarterly tender facility, the Directors seek annual shareholder approval to grant them the power to make ad hoc market purchases of shares. If such authority is 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 or ability 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.

During the six months ended 30 June 2018, 3,933,091 Euro Shares (30 June 2017: 11,814,129, 31 December 2017: 15,827,693) and 39,093 Sterling Shares (30 June 2017: 14,938,350, 31 December 2017: 14,938,350) were redeemed as part of the contractual quarterly tender facility and held by the Company in the form of treasury shares. Refer to page 5 for details. 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 30 June 2018, 10,000,000 Euro Shares (30 June 2017: 110,001,299, 31 December 2017: 49,856,335) and 56,926,490 Sterling Shares (30 June 2017: 70,239,838, 31 December 2017: 25,810,040) were held as treasury shares.

#### Dividends

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.

Please refer to page 39 for amounts recognised as dividend distributions to ordinary shareholders in the year ended 31 December 2017 and the period ended 30 June 2018.



## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

### 10. Ordinary shares (continued)

#### Dividends (continued)

	Ex-dividend date	Payment date	£ equivalent	€
Euro - €0.0125 per share <sup>1</sup>	02/02/2017	24/02/2017	-	1,533,639
Sterling - £0.0125 per share <sup>1</sup>	02/02/2017	24/02/2017	2,585,957	2,952,387
Euro - €0.0125 per share <sup>1</sup>	04/05/2017	26/05/2017	-	1,464,343
Sterling - £0.0125 per share <sup>1</sup>	04/05/2017	26/05/2017	2,525,762	2,883,662
Euro - €0.01375 per share <sup>1</sup>	10/08/2017	01/09/2017	-	1,728,958
Sterling - £0.01375 per share <sup>1</sup>	10/08/2017	01/09/2017	3,737,362	4,266,945
Euro - €0.01375 per share <sup>1</sup>	02/11/2017	15/12/2017	-	1,742,385
Sterling - £0.01375 per share <sup>1</sup>	02/11/2017	15/12/2017	3,986,308	4,551,167
				<b>21,123,486</b>
Euro - €0.01375 per share <sup>2</sup>	01/02/2018	16/03/2018	-	1,699,464
Sterling - £0.01375 per share <sup>2</sup>	01/02/2018	16/03/2018	4,086,727	4,645,382
Euro - €0.01375 per share <sup>2</sup>	03/05/2018	15/06/2018	-	1,667,639
Sterling - £0.01375 per share <sup>2</sup>	03/05/2018	15/06/2018	4,137,625	4,703,236
				<b>12,715,721</b>

<sup>1</sup> - Recognised in the year ended 31 December 2017

<sup>2</sup> - Recognised in the period ended 30 June 2018

Please refer to note 14 for further information subsequent to the reporting period.

#### Earnings per share

	30 June 2018 (Unaudited) £ equivalent	30 June 2018 (Unaudited) €	30 June 2017 (Unaudited) £ equivalent	30 June 2017 (Unaudited) €
<b>Euro Shares</b>				
Increase in net assets for the period	-	896,674	-	5,817,243
Earnings per share	-	0.007231	-	0.048516
<b>Sterling Shares</b>				
Increase in net assets for the period	1,905,652	2,166,154	7,197,908	9,928,795
Earnings per share	0.006362	0.007231	0.035172	0.048516

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

### 10. Ordinary shares (continued)

Earnings per share have been calculated on a weighted average basis. The weighted average number of ordinary shares held during the six months ended 30 June 2018 was 423,542,201 (30 June 2017: 324,544,463), comprising 123,996,264 Euro Shares (30 June 2017: 119,903,957) and 299,545,937 Sterling Shares (30 June 2017: 204,650,506).

### 11. Net asset value per share

	30 June 2018 (Unaudited) £ equivalent	30 June 2018 (Unaudited) €	31 December 2017 (Audited) £ equivalent	31 December 2017 (Audited) €
<b>Euro Shares</b>				
Net Asset Value	-	133,019,761	-	134,451,748
Net Asset Value per share	-	1.0962	-	1.0933
<b>Sterling Shares</b>				
Net Asset Value	339,272,439	383,479,638	331,462,152	373,226,384
Net Asset Value per share	1.1273	1.2742	1.1190	1.2600
<b>Net assets attributable to shareholders</b>	<b>-</b>	<b>516,499,399</b>	<b>-</b>	<b>507,678,132</b>

Net asset per share has been calculated based on the share capital in issue as at period end. The issued share capital as at 30 June 2018 comprised of 121,344,131 Euro Shares (31 December 2017: 122,972,583) and 300,948,694 Sterling Shares (31 December 2017: 296,201,850).

### 12. Reconciliation of liabilities arising from financing activities

<b>Balance as at 1 January 2018</b>	<b>507,678,132</b>
<b>Cash flow movements</b>	
Proceeds from issuance and subscriptions arising from conversion of ordinary shares	9,340,054
Payments from redemption of ordinary shares	(4,999,899)
Share issue costs paid	(81,014)
Dividends paid	(12,715,721)
Bank charges	(6,565)
<b>Non cash flow movements</b>	
Foreign currency exchange loss on ordinary shares	1,418,284
Profit before finance costs and taxation	15,866,128
<b>Balance as at 30 June 2018</b>	<b>516,499,399</b>

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

### 13. Related party disclosure

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

Please refer to note 4 and note 7 for transactions between the Company and the Corporate Services Manager.

Richard Boleat acts as the enforcer of the CCPEOL Purpose Trust, a business purpose trust established under Jersey law and settled by the Company. The role has arisen as a result of the implementation of the resolution passed at the Company's Annual General Meeting on 4 April 2016 which authorised the Company to make arrangements to enable the conversion of treasury shares held by the Company from time to time from one currency denomination to another. The position is unremunerated and represents an alignment of interests with those of the Company.

### 14. Events after the reporting period

Management has evaluated subsequent events for the Company through 20 September 2018, the date the financial statements were available to be issued, and has concluded that the material events listed below do not require adjustment of the condensed financial statements.

#### *Placing of treasury shares*

On 5 July 2018, the Company sold 496,442 Euro treasury shares and 20,663,959 Sterling treasury shares at a price of €1.1086 per Euro treasury share and £1.1397 per Sterling treasury share respectively.

#### *Sale of treasury shares*

Date	Euro Shares	Price per treasury share	Sterling Shares	Price per treasury share
09/07/2018	-	-	500,000	£1.1397
13/07/2018	150,000	€1.1086	2,200,000	£1.1397
17/07/2018	-	-	500,000	£1.1397
20/07/2018	-	-	500,000	£1.1386
23/07/2018	-	-	1,000,000	£1.1388
27/07/2018	-	-	1,600,000	£1.1417
09/08/2018	-	-	650,000	£1.1338
10/08/2018	250,000	€1.1027	250,000	£1.1338
15/08/2018	-	-	500,000	£1.1338
22/08/2018	-	-	500,000	£1.1396
28/08/2018	250,000	€1.1066	500,000	£1.1396
03/09/2018	150,000	€1.1074	686,832	£1.1407
10/09/2018	1,000,000	€1.1088	-	-
14/09/2018	-	-	1,500,000	£1.1426

#### *Contractual quarterly tender*

On 24 July 2018, the Company announced it had received applications from shareholders to tender 25 Euro Shares and 608 Sterling Shares under the June 2018 Contractual Quarterly Tender. On 17 August 2018, the June 2018 Contractual Quarterly Tender completed with 25 Euro Shares and 608 Sterling Shares being repurchased and transferred into the Company's name and held as treasury shares.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

### 14. Events after the reporting period (continued)

#### *Dividend declaration*

On 1 August 2018, the Company declared a dividend of £0.01375 per Sterling Share and €0.01375 per Euro Share payable on 20 September 2018 to shareholders on the register as at 10 August 2018.

#### *Issue of scrip dividend shares*

On 17 September 2018, the Company announced that application had been made to the UK Listing Authority (“UKLA”) and the London Stock Exchange (“LSE”) for 308,921 Euro Shares and 450,777 Sterling Shares, to be listed on the premium segment of the Official List of the UKLA and to be admitted to trading on the main market of the LSE. The shares will be issued pursuant to the Company’s scrip dividend scheme in respect of the dividend declared on 1 August 2018. Dealings in the shares are expected to commence at 8.00 a.m. on 21 September 2018.

#### *Voluntary share conversion*

On 18 September 2018, the Company announced it had received applications from shareholders to convert 750,006 Euro Shares into Sterling Shares and 10,457 Sterling Shares into Euro Shares.

### 15. Controlling party

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

## COMPANY INFORMATION

### Registered Office

IFC1, The Esplanade  
St Helier, Jersey  
JE1 4BP

### Investment Vehicle Manager

CVC Credit Partners Investment  
Management Limited  
111 Strand, London  
WC2R 0AG

### Corporate Services Manager

CVC Credit Partners Investment Services  
Management Limited  
1 Waverly Place, Union Street  
St Helier, Jersey  
JE1 1SG

### Corporate Brokers

Goldman Sachs International  
Peterborough Court, 133 Fleet Street  
London  
EC4A 2BB

### Winterflood Securities Limited

The Atrium Building  
Cannon Bridge House  
25 Dowgate Hill  
London  
EC4R 2GA

### Solicitors to the Company

(as to English law)

Herbert Smith Freehills LLP  
Exchange House  
Primrose Street  
London  
EC2A 2EG

### Advocates to the Company

(as to Jersey law)

Bedell Cristin  
26 New Street  
St Helier, Jersey  
JE2 3RA

### Custodian

BNP Paribas Securities Services S.C.A.,  
Jersey Branch  
IFC1, The Esplanade  
St Helier, Jersey  
JE1 4BP

### Auditor

Ernst & Young LLP  
25 Churchill Place  
Canary Wharf  
London, E14 5EY

### Administrator and Company Secretary

BNP Paribas Securities Services S.C.A.,  
Jersey Branch  
IFC1, The Esplanade  
St Helier, Jersey  
JE1 4BP

BNP Paribas Securities Services S.C.A.  
Jersey Branch is regulated by the Jersey  
Financial Services Commission.

### Registrar

Computershare Investor Services (Jersey)  
Limited  
Queensway House  
Hilgrove Street  
St Helier  
Jersey  
JE1 1ES

### For Investors in Switzerland:

The Prospectus, the Memorandum and Articles of Association as well as the annual and half yearly financial reports of the Company may be obtained free of charge from the Swiss Representative. In respect of the Shares distributed in and from Switzerland to Qualified Investors, the place of performance and the place of jurisdiction is at the registered office of the Swiss Representative.

Swiss Representative: FIRST INDEPENDENT FUND SERVICES LTD., Klausstrasse 33, CH-8008 Zurich, Switzerland.

Swiss Paying Agent: Neue Helvetische Bank AG, Seefeldstrasse 215, CH-8008 Zurich, Switzerland.





[www.ccpeol.com](http://www.ccpeol.com)

COPYRIGHT © CVC CREDIT PARTNERS EUROPEAN OPPORTUNITIES LIMITED

109471/October 2018