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ANNUAL  
REPORT  
AND  
ACCOUNTS  
2015

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# CONTENTS

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04	Chairman's Statement
06	Financial Report
15	Directors' Report
19	Independent Auditor's Report
20	Financial Statements
21	Statements of Assets and Liabilities
22	Schedules of Investments
26	Statements of Operations
27	Statements of Changes in Net Assets
28	Statements of Cash Flows
29	Notes to the Financial Statements
42	Directors and Advisers
43	Notice of Annual General Meeting



CHAIRMAN'S  
STATEMENT

I am pleased to report that the underlying performance of the Funds' portfolio companies has been strong, reflected in the 33.6% like-for-like growth in the fair value of their investment portfolios over the last twelve months, driven mainly by substantial EBITDA growth. The impact of this growth was to add 18p to the Company's net asset value ("NAV") per share, also calculated on a like-for-like basis. During 2015, Fund I realised its holding in Verivox which generated a gross IRR of 71.4%, providing a good return for Fund I's investors, including the Company.

The placing of 78.8 million new ordinary shares by the Company in the period raised gross proceeds of £130.0 million enabling it to invest £77.9 million in 2015 in its continuing co-investment programme. Whilst the placing had a dilutive impact on the Company's NAV per share (15p impact calculated at 31 December 2014), underlying positive performance of the Funds compensated for the dilution resulting in a NAV per share at the year-end of £2.00 (2014: £2.01).

The Company currently achieves its investment objective primarily through its investments in two private equity funds (the "Funds"), Oakley Capital Private Equity L.P. ("Fund I"), an exempted limited partnership established in Bermuda, and the fund group comprising the following exempted limited partnerships established in Bermuda: Oakley Capital Private Equity II-A L.P., Oakley Capital Private Equity II-B L.P., Oakley Capital Private Equity II-C L.P. (collectively the "Feeder Funds") and OCPE II Master L.P. (the "Master Fund") (collectively "Fund II"). The Company invests in Fund II through Oakley Capital Private Equity II-A L.P.

The Company has a capital commitment of €188.4 million to Fund I of which 95.0% had been called at 31 December 2015, making Fund I essentially fully invested with three portfolio companies remaining.

The Company also has a capital commitment of €200.0 million to Fund II of which 57.0% had been called at 31 December 2015. Fund II deployed €153.2 million in the year in new and follow-on investments, bringing it to 72.5% invested, represented by called capital from limited partners and bridge financing facilities provided by Investec.

## PERFORMANCE

The Company's net asset value increased in the year by £125.2 million to £382.1 million. Of this total net asset value, £56.3 million represents the fair value of its investment in Fund I, £102.1 million represents the fair value of its investment in Fund II and £102.6 million represents unquoted debt and equity securities provided

directly to a certain number of the Funds' portfolio companies and Bellwood Holdings Limited (a founder partner in Educas). The Company has short-term revolving credit facilities with Fund I, the Master Fund and Oakley Capital GP II Limited ("GP II"), the general partner of the Fund II constituent limited partnerships which, at 31 December 2015, had an aggregate of £12.9 million in principal outstanding. The net balance of £108.2 million was held by the Company as cash and cash equivalents and other net assets.

Whilst historically the Company has not generally invested directly in the Funds' portfolio companies, other than by the provision of debt finance, it is possible to "look through" each Fund to understand the impact of the performance of those portfolio companies on the investment values attributed to each Fund held by the Company.

The performance of Fund I, a 2007 vintage fund, has been strong with a realised gross IRR of 49.1% and gross money multiple of 3.6x invested cost. In June 2015, Fund I disposed of its controlling stake in Verivox to ProSieben Sat.1 Media AG, generating a gross money multiple of 14.5x and an IRR of 71.4%. Total proceeds of €56.1 million were distributed to Fund investors, including €36.8 million to the Company. The fair value of the Company's investment in Fund I at the end of the year was £56.3 million.

At 31 December 2015, Fund II was effectively 72.5% invested across nine portfolio companies. Fund II is still relatively young, having only closed in December 2014. Nevertheless, performance driven increases in fair values of its portfolio investments have resulted in an IRR of 53.0% and gross money multiple of 1.6x (realised and unrealised) for Fund II. The fair value of the Company's investment in Fund II as at 31 December 2015 was £102.1 million.

During the year, the Company made co-investments and loans alongside the Funds of £77.9 million providing an efficient means of utilising the Company's assets in a prudent way. From inception to 31 December 2015, the IRR generated by the Company's investments in loans and cash has been in excess of 5.0% per annum.

## POST BALANCE SHEET EVENTS

As a result of new investments made by Fund II during the past 12 months, Fund II is now almost fully invested so the Company has made, in line with its investing policy, a commitment of €250.0 million to Oakley Capital Private Equity III-A L.P., a successor private equity fund.

Fund III will execute the same proven strategy as the Funds.



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FINANCIAL  
REPORT  
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## THE COMPANY AND THE FUNDS

The Company provides investors with exposure to the Funds. The Funds are unlisted private equity funds established in Bermuda, which invest primarily in UK and European mid-market businesses with the aim of providing investors with significant long-term capital appreciation.

Oakley Capital (Bermuda) Limited (the “Manager”), a Bermudian company, acts as adviser and arranger to the Company and as the manager of Fund I. Oakley Capital Limited (the “Investment Adviser”) acts as investment adviser to the Manager with respect to the Company, as the investment adviser to the Manager with respect to Fund I, and as the investment adviser to the general partner of the constituent limited partnerships of Fund II.

The Investment Adviser is primarily responsible for advising the Manager (as the manager of Fund I) and GP II (as general partner of the constituent limited partnerships of Fund II) on the investment and realisation of the assets of Fund I and Fund II respectively.

The Funds’ investment strategy is to invest in sectors that are growing or where consolidation is taking place. Within the core sector interests, the Funds invest in both performing and under-performing businesses, supporting buy and build strategies, businesses encountering rapid growth, or businesses undergoing significant operational or strategic change. Investing in a diverse range of portfolio companies, the Funds’ objective is to work proactively with the portfolio companies’ management teams, together with other stakeholders, in order to create substantial shareholder value.

The Funds look to acquire a controlling interest in companies with an enterprise value of between £20.0 million and £100.0 million, although companies with a lower enterprise value are considered where the Investment Adviser believes that anticipated returns justify the investment. The Funds aim to deliver in excess of 25.0% gross internal rate of return (IRR) per annum on investments. The life of each Fund is expected to be approximately 10 years, including a five year investment period.

## MARKET BACKGROUND AND OUTLOOK

The overall economic backdrop for the Funds has remained favourable to the Investment Adviser’s strategy. There are increasing opportunities for buyout and cross-border M&A activity in the Funds’ core markets. And debt has become very inexpensive, with a narrow spread between the cost of investment grade and high yield funding and growth in alternative debt provision (e.g. mezzanine and high yield).

The biggest challenge facing private equity firms is pricing. Despite increased volatility in capital markets, driven in recent months by falling oil prices and headwinds from emerging markets, asset valuations and investor confidence remains high.

Private equity firms are under pressure to deploy capital, but there is a general scarcity of primary deals especially in the UK mid-market. High valuations need not necessarily cause concern for private equity funds, since they tend to be more confident they can improve portfolio company performance and therefore valuations. However, in these conditions, private equity firms may struggle to meet the growth expectations of investors if they cannot find a way to meet the pressure to deploy capital and the requirement to maintain pricing discipline.

With this economic backdrop, the Investment Adviser’s emphasis on proprietary deal flow gains increasing significance as a means to exercise some control over pricing. The Investment Adviser maintains pricing discipline in its consideration and execution of deals and its track record to date demonstrates that it has been able to consistently buy at lower than sector average multiples.

## FINANCIAL HIGHLIGHTS

Assets at:	31 Dec 2014	31 Dec 2015	% change 2015/2014	% change since inception
Net asset value (£m)	256.9	382.1	49%	282%
Net asset value per share (£)	2.01	2.00	0%	100%
Share price (mid-market) (£)	1.55	1.44	-7%	40%
FTSE All Share Index	3,533	3,444	-3%	7%
FTSE Small-Cap Index	4,366	4,635	6%	18%

## Operational performance

Increase in net assets resulting from operations (£m)	3.1	21.6
Net change in net asset value per share (£)	0.01	(0.01)

## ANALYSIS OF MOVEMENTS IN NET ASSET VALUE

	2015 £m	2014 £m
Opening net asset value as at start of year	256.9	246.9
Gross revenue	5.4	6.5
Other expenditure	(9.0)	(1.6)
Realised gain on investments	29.0	38.6
Net change in unrealised appreciation on investments	(3.8)	(40.4)
Shares issued	126.8	–
Treasury shares bought	(24.6)	–
Treasury shares sold	1.4	6.9
<b>Closing net asset value as at end of year</b>	<b>382.1</b>	<b>256.9</b>

The Company's NAV increased in 2015 by £125.2 million from £256.9 million to £382.1 million. As at 31 December 2015, the Company's NAV per share was £2.00. The Company's net earnings for 2015 were £21.6 million, an increase from 2014 of £18.5 million, driven by the uplift in valuation of the underlying portfolio in Fund II.

In addition to the increase arising from net earnings in the period, the Company placed 78.8 million new shares in April 2015, contributing £126.8 million to the uplift in net asset value. This was partly offset by net repurchases into treasury amounting to 15.8 million shares at a net cost of £23.2 million.

## SUMMARY OF INVESTMENT ACTIVITY

The total amount invested by the Company increased by £65.8 million to £273.9 million at 31 December 2015. The increase comprises a £6.5 million increase in the fair value of its investments in the Funds; new unquoted equity securities of £25.9 million; £52.3 million invested in new or additional loan instruments; less a reduction of £18.9 million in revolving loan facilities.

The 2015 transactional activity for the Company's investment portfolio is summarised in the following table:



Figures in £m	Opening cost	Opening fair value	Investment additions	Realisations (cost relieved)	Closing cost	Change in unrealised gain/(loss)	Closing fair value
<b>Investments held at 31.12.15</b>							
<b>Investments in Funds</b>							
Fund I	73.3	87.2	5.9	–	79.2	(36.8)	56.3
Fund II	64.6	64.7	21.2	(16.5)	69.2	32.7	102.1
<b>Total</b>	<b>137.9</b>	<b>151.9</b>	<b>27.1</b>	<b>(16.5)</b>	<b>148.4</b>	<b>(4.1)</b>	<b>158.4</b>
<b>Unquoted Equity Securities</b>							
Time Out Group	–	–	25.9	–	25.9	–	25.9
<b>Total</b>	<b>–</b>	<b>–</b>	<b>25.9</b>	<b>–</b>	<b>25.9</b>	<b>–</b>	<b>25.9</b>
<b>Senior Loans</b>							
Time Out Group	5.2	5.2	–	–	5.2	0.2	5.4
North Sails	1.2	1.2	15.0	(6.2)	10.0	–	10.0
<b>Total</b>	<b>6.4</b>	<b>6.4</b>	<b>15.0</b>	<b>(6.2)</b>	<b>15.2</b>	<b>0.2</b>	<b>15.4</b>
<b>Mezzanine Loans</b>							
Time Out Group	9.3	9.4	–	–	9.3	0.1	9.5
Daisy	–	–	14.1	–	14.1	–	14.1
<b>Total</b>	<b>9.3</b>	<b>9.4</b>	<b>14.1</b>	<b>–</b>	<b>23.4</b>	<b>0.1</b>	<b>23.6</b>
<b>Financing Loans</b>							
Bellwood Holdings	2.6	2.6	–	–	2.6	–	2.6
Broadstone	6.0	6.0	–	–	6.0	–	6.0
Daisy	–	–	25.0	–	25.0	–	25.0
Damovo	–	–	4.1	–	4.1	–	4.1
<b>Total</b>	<b>8.6</b>	<b>8.6</b>	<b>29.1</b>	<b>–</b>	<b>37.7</b>	<b>–</b>	<b>37.7</b>
<b>Revolving Loan Facility</b>							
Fund I	19.3	19.3	17.7	(26.6)	10.4	–	10.4
Fund II	8.0	8.0	4.5	(12.5)	–	–	–
GP II	4.5	4.5	–	(2.0)	2.5	–	2.5
<b>Total</b>	<b>31.8</b>	<b>31.8</b>	<b>22.2</b>	<b>(41.1)</b>	<b>12.9</b>	<b>–</b>	<b>12.9</b>
<b>Total Investments</b>	<b>194.0</b>	<b>208.1</b>	<b>133.4</b>	<b>(63.8)</b>	<b>263.4</b>	<b>(3.8)</b>	<b>273.9</b>

Investment	Cost realised	Proceeds	Realised gain
<b>Investments realised 2015</b>			
Fund I	–	26.6	26.6
Fund II	16.5	18.9	2.4
North Sails	6.2	6.2	–
Fund I Revolver	26.6	26.6	–
Fund II Revolver	12.5	12.5	–
GP II Revolver	2.0	2.0	–
<b>Total</b>	<b>63.8</b>	<b>92.8</b>	<b>29.0</b>

The decline in the fair value of £30.9 million of the Company's investment in Fund I during the year was driven principally by the distribution of the Verivox sale proceeds to the Fund I Limited Partners, including £26.6 million to the Company, in August 2015. This was partly offset by capital calls by Fund I in 2015 of 4.5% of commitments, amounting to €8.5 million (£5.9 million) for the Company. As at 31 December 2015, Fund I had called €179.0 million (£131.7 million) from the Company, representing 95.0% of the Company's total capital commitment.

The fair value of the Company's investment in Fund II increased by £37.4 million in 2015. The main elements of this were capital calls of 15.0% by Fund II amounting to £21.2 million for the Company, and increases to the values of the underlying portfolio businesses following strong performances in the year adding a further £35.1 million. This was offset by distributions in relation to the sale of intergenia and refinancing of Facile amounting to aggregate distributions of £18.9 million by Fund II to the Company. As at 31 December 2015, Fund II had called €114.0 million (£83.9 million) from the Company, representing 57.0% of the Company's total capital commitment to Fund II.

The unquoted equity securities of £25.9 million relate to preferred share co-investments in Time Out of £13.3 million, in Time Out Mercado of £5.5 million and in Flypay Limited ("Flypay") of £7.1 million.

Loans comprised mezzanine, senior and financing loans to certain of the Funds' portfolio companies and short-term revolving credit facilities provided to Fund I, Master Fund and GP II, thereby ensuring that un-invested cash continues to work for the Company, earning a positive return. At 31 December 2015 the total value of loans outstanding was £89.6 million.

Within the senior loan portfolio, a facility was provided to the apparel business of North Sails of £15.0 million which consolidated earlier facilities, and of which £10.0 million

was drawn at the year end. The loan carries interest of 8% per annum and matures in November 2018.

As part of Fund II's acquisition of an interest in Daisy, the Company provided a mezzanine loan of £14.1 million to Daisy at an interest rate of 15% per annum, maturing in March 2022. The Company also provided a financing loan of £25.0 million at 6.5% per annum, maturing on 30 June 2016, as part of the acquisition structure.

The Company provided a financing loan of £4.1 million to Damovo as part Fund II's acquisition of the business. The loan carries interest of 5.7% per annum and matures in May 2016.

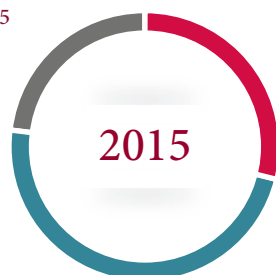
The Company provides revolving credit facilities to Fund I and the Master Fund. Each drawing under these facilities is generally for a term of six months at an interest rate of 6.5%. The loans are used by the Funds to fund short-term cash requirements. The interest generated from the revolving credit facilities exceeds the interest earned on the Company's bank deposits, allowing the Company to earn higher returns on part of its cash reserves. As at 31 December 2015, the principal amount available under the revolving credit facility for Fund I was £5.0 million, of which £0.8 million had been drawn down, and the principal amount available under the revolving credit facility for the Master Fund was £15.0 million, of which £nil was outstanding at the year end. On 18 September 2015, the Company and Fund I entered into a £10.0 million refinancing facility. The facility has the same terms as the revolving credit facilities and as at 31 December 2015, Fund I had drawn £9.6 million under this facility.

In relation to the loans made by the Company to GP II, £2.0 million was repaid during the year, leaving an aggregate of £2.5 million outstanding at 31 December 2015.

The exchange rates used by the Company as at 31 December 2015 were a USD:GBP exchange rate of 1:0.6774 and a EUR:GBP exchange rate of 1:0.7360.

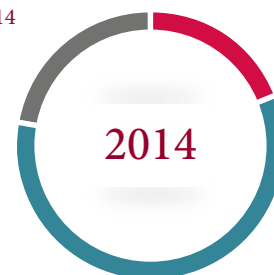
#### COMPANY ASSET TYPES 2015

- 29% Cash and other assets
- 48% Funds and unquoted equity securities
- 23% Mezzanine, senior loan and revolving credit facility



#### COMPANY ASSET TYPES 2014

- 19% Cash and other assets
- 59% Funds and unquoted equity securities
- 22% Mezzanine, senior loan and revolving credit facility



## FUND I PORTFOLIO INVESTMENT ACTIVITY FOR THE YEAR 2015

There are three portfolio companies remaining in Fund I: Broadstone, Time Out and Educas. The table below summarises the investment activity of Fund I during 2015. The values are denominated in Euros and as at 31 December 2015 the Company held a 65.5% interest in Fund I. The EUR:GBP exchange rate as at 31 December 2015 was 1:0.7360.

Figures in €m	Opening cost	Opening fair value	Investment additions	Investment disposals	Closing cost	Change in unrealised gain/(loss)	Closing fair value	Money multiple	Gross IRR
<b>Investments held at 31.12.15</b>									
Broadstone	34.2	24.3	–	–	34.2	(14.5)	9.8	0.3	-31%
Time Out Group	62.8	69.8	8.1	–	70.9	4.1	82.0	1.2	5%
Educas	17.2	19.8	0.4	–	17.6	6.4	26.6	1.5	18%
Educas Australia	3.8	3.8	0.3	–	4.1	0.9	5.0	1.2	17%
Other	0.1	0.1	–	–	0.1	–	0.1	1.0	0%
<b>Total investments</b>	<b>118.1</b>	<b>117.8</b>	<b>8.8</b>	<b>–</b>	<b>126.9</b>	<b>(3.1)</b>	<b>123.5</b>		
<b>Investments realised 2015</b>									
Verivox	–	68.8	–	(68.0)	–	(68.8)	–	14.5	71%
<b>Total</b>	<b>–</b>	<b>68.8</b>	<b>–</b>	<b>(68.0)</b>	<b>–</b>	<b>(68.8)</b>	<b>–</b>		
<b>Total investments</b>	<b>118.1</b>	<b>186.6</b>	<b>8.8</b>	<b>(68.0)</b>	<b>126.9</b>	<b>(71.9)</b>	<b>123.5</b>	<b>2.2</b>	<b>39%</b>

Investment	Cost	Proceeds	Realised gain	Distributions
<b>Realisations 2015</b>				
Verivox	–	68.0	68.0	56.1
<b>Total</b>	<b>–</b>	<b>68.0</b>	<b>68.0</b>	<b>56.1</b>
<b>Total distributions to Limited Partners 2015</b>				<b>56.1</b>

The total decrease in the year in the fair value of the portfolio companies of Fund I was €63.1 million. The change in values of the portfolio companies is attributable to three key factors:

### **Decrease of €68.0 million as a result of investments in the underlying portfolio companies sold by Fund I:**

Verivox was sold in 2015 by Fund I, realising €68.0 million for Fund I.

### **Increase of €8.8 million as a result of additional funding into existing portfolio companies made by Fund I:**

Fund I provided further equity funding to certain Time Out Group companies of €8.1 million during 2015. Additionally, there were follow-on investments in Educas of €0.4 million and Educas Australia of €0.3 million.

### **Decrease of €3.1 million as a result of a net reduction to the fair values of the underlying portfolio companies of Fund I held at year end:**

Educas and Educas Australia showed a marked increase in fair value of €6.4 million and €0.9 million respectively in 2015 due to significant growth in profitability.

The fair value of Broadstone decreased by €14.5 million. The 31 December 2015 valuation is based on an offer price received for its corporate benefits division and deferred consideration receivable from the sale of the private client division.

Foreign exchange movements account for the change in the fair value of Time Out.

## FUND II PORTFOLIO INVESTMENT ACTIVITY FOR THE YEAR 2015

Fund II has made a total of ten investments since launch, of which one has been realised. The following new investments were made during 2015:

- Damovo II Sarl (“Damovo”), a provider of enterprise information communication technology (ICT) services and solutions, which will seek to replicate the success of Daisy through a European roll-up strategy led by the founder of Daisy, Matthew Riley.
- Parship GmbH (“Parship”), one of Europe’s earliest online dating businesses and the leading online matchmaker in Germany. Parship has a strong record of growth, which is continuing. Shortly after the acquisition of Parship by Fund II, Parship acquired the second player in the market, Elite Partner, in an off-market transaction which consolidates Parship’s market position.
- Daisy Group Holdings Limited (“Daisy”) is the leading UK supplier of unified business communications and IT services and solutions. The Company is familiar with Daisy, having received considerable value when Fund I exited its 13.6% holding in Daisy in late 2014. The acquisition of Phoenix by Daisy provided an opportunity for Fund II to participate in its next strategic phase as a minority investor alongside the founder and chairman, Matthew Riley.
- Verivox GmbH (“Verivox”), a market leader in Germany for online price comparison. Fund II had the opportunity to acquire a minority stake alongside ProSieben Sat.1 Media AG when Fund I exited its holding in Verivox, and therefore benefit from the synergies that will be achieved as well as the ongoing growth in this market. Fund II has a put option after five years.
- Host Europe GmbH (“Host Europe”), a leading provider of domains and hosting services in Europe. Simultaneously with the completion of the intergenia sale to Host Europe, Fund II invested in the enlarged, Cinven owned, Host Europe Group.
- Educas Americas LLP (“Educas Americas”), a new Educas partnership established to acquire schools in South America. During 2015, the partnership made its first acquisition of a 57.0% stake in Colegio San Mateo, a premium private school in Bogota, Colombia.

Fund II has also benefitted from an exit and refinancing to return proceeds to its investors:

- intergenia, Fund II’s first investment, was sold to Host Europe, the market leader, representing a gross money multiple of 1.4x and IRR of 46.6% for Fund II in under 12 months. Proceeds of €20.4 million were distributed to the Company.
- Facile.it (“Facile”), the leading Italian price comparison website acquired in 2013, was able to refinance its debt during the summer thanks to strong trading and cash generation, returning 19.8% of invested capital to Fund II, which in turn distributed €5.2 million to the Company.

The table opposite summarises the investment activity of Fund II during 2015. The values are denominated in Euros. The Company holds a 60.45% interest in Oakley Capital Private Equity II-A L.P. which in turn holds a 63.10% interest in the Master Fund, providing an effective ownership interest of the Company of 38.14% in Fund II. The EUR:GBP exchange rate as at 31 December 2015 was 1:0.7360.

Figures in €m	Opening cost	Opening fair value	Investment additions	Investment disposals	Closing cost	Change in unrealised gain/(loss)	Closing fair value	Money multiple	Gross IRR
<b>Investments held at 31.12.15</b>									
North Sails	65.4	73.9	5.0	–	70.4	18.4	97.3	1.4	21%
Educas Europe	10.2	10.4	13.9	–	24.1	13.7	38.0	1.6	79%
Facile	68.3	68.3	1.5	(13.5)	56.3	67.0	123.3	2.0	75%
Host Europe	–	–	20.0	–	20.0	6.4	26.4	1.3	34%
Damovo	–	–	10.5	–	10.5	5.8	16.3	1.6	60%
Parship	–	–	56.6	(0.8)	55.8	52.1	107.9	1.9	169%
Daisy	–	–	22.3	–	22.3	(1.0)	21.3	1.0	-11%
Educas Americas	–	–	2.8	–	2.8	–	2.8	1.0	0%
Verivox	–	–	20.6	–	20.6	–	20.6	1.0	0%
<b>Total investments</b>	<b>143.9</b>	<b>152.6</b>	<b>153.2</b>	<b>(14.3)</b>	<b>282.8</b>	<b>162.4</b>	<b>453.9</b>	<b>1.6</b>	<b>53%</b>

Investment	Cost	Proceeds	Realised gain	Distributions
<b>Realisations 2015</b>				
Facile	13.5	13.5	–	13.5
Parship	0.8	0.8	–	0.8
<b>Total</b>	<b>14.3</b>	<b>14.3</b>	<b>–</b>	<b>14.3</b>
intergenia sale in 2014 distributed in 2015				56.1
<b>Total distributions to the Feeders 2015</b>				<b>70.4</b>

The investment value of Fund II's portfolio companies as at 31 December 2015 was €453.9 million, representing an increase of €301.3 million over the year; the components of which were:

**Increase of €153.2 million as a result of new and follow-on investments made by Fund II:**

During 2015, Fund II invested €132.8 million to acquire controlling interests in Damovo and Parship, and non-controlling interests in Host Europe Group, Daisy, Educas Americas and Verivox.

During 2015, Fund II made follow-on investments in Educas Europe of €13.9 million to fund the acquisition of private schools in Kenya and Switzerland. Fund II also made follow-on investments in North Sails totalling €5.0 million and Facile of €1.5 million.

**Increase of €162.4 million as a result of a net increase to the fair values of the underlying portfolio companies of Fund II held at year end:**

The portfolio companies performed very strongly in 2015, resulting in significant increases in fair value as can be seen in the above table, amounting to an overall increase of 62.1% on a like-for-like basis.

Foreign exchange movements account for the change in the fair value of Daisy.

**Decrease of €14.3 million as a result of distributions from portfolio companies in Fund II:**

Facile repaid its short-term debts and certain loan notes, resulting in a distribution to Limited Partners of €13.5 million. In addition, there was a repayment of the bridge loan facility provided to certain members of the Parship management team to facilitate their investment alongside Fund II.

## CO-INVESTMENT ACTIVITY FOR THE YEAR 2015

The placing of Company shares in April 2015 has enabled the Company to further its co-investment programme. The table below summarises the co-investment activity of the Company during 2015.

Figures in £m	Opening cost	Opening fair value	Investment additions	Investment disposals	Closing cost	Change in unrealised gain/(loss)	Closing fair value
<b>Investments held at 31.12.15</b>							
Time Out Group	14.5	14.6	25.9	–	40.4	0.3	40.8
Broadstone	6.0	6.0	–	–	6.0	–	6.0
North Sails	1.2	1.2	15.0	(6.2)	10.0	–	10.0
Daisy	–	–	39.1	–	39.1	–	39.1
Damovo	–	–	4.1	–	4.1	–	4.1
<b>Total investments</b>	<b>21.7</b>	<b>21.8</b>	<b>84.1</b>	<b>(6.2)</b>	<b>99.6</b>	<b>0.3</b>	<b>100.0</b>

Investment	Cost	Proceeds	Realised gain
<b>Realisations 2015</b>			
North Sails	6.2	6.2	–
<b>Total</b>	<b>6.2</b>	<b>6.2</b>	<b>–</b>

The above table includes a number of new investments:

- Time Out Mercado, currently comprising Mercado de Ribiera in Lisbon, the city's largest covered market bringing together some of the city's favourite food shops and restaurants in a concept which is to be rolled-out to other cities.
- Flypay, a developer of mobile ordering and payment solutions for the hospitality sector.
- Daisy, where the Company supported Fund II's investment by providing a mezzanine loan of £14.1 million and a financing loan of £25.0 million as part of the acquisition structure.
- Damovo, where the Company supported Fund II's investment by providing a financing loan of £4.1 million as part of the acquisition structure.

Both of which are included under Time Out Group in the table above.

- North Sails Apparel, a premium brand in the marine lifestyle apparel sector, leveraging off the North Sails brand. The Company provided a credit facility of £15.0 million which consolidated earlier facilities, and of which £10.0 million was drawn at the year end.

Christopher Wetherhill  
Chairman

12 April 2016



—  
DIRECTORS'  
REPORT  
—

## DIRECTORS' FUNCTIONS

The Directors are responsible for the overall management and control of the Company, including key portfolio management and investment decisions, and risk management, of the Company. The Directors review the operations of the Company at regular meetings and meet at least quarterly and as otherwise required for the purpose of considering key investment decisions of the Company. For this purpose, the Directors receive periodic reports from the Manager detailing the Company's performance, and receive from the Manager and other service providers such other information as may from time to time be reasonably required by the Directors for the purpose of such meetings.

For the avoidance of doubt, the Directors do not make investment decisions on behalf of the Funds, nor do they have any role or involvement in selecting or implementing transactions by the Funds.

## DIRECTORS

The Directors of the Company are:

### Christopher Wetherhill

Christopher Wetherhill founded and was Chief Executive Officer of Hemisphere Management Limited (now known as Citi Hedge Fund Services Limited), a financial services company in Bermuda, from 1981 until 2000. Since 2000, he has served as a board member of and a consultant to, a number of investment companies. He is a Fellow of the Institute of Chartered Accountants in England and Wales, a member of the Canadian and Bermudian Institutes of Chartered Professional Accountants, a Fellow of the Institute of Directors and a Freeman of the City of London. He is a resident of Bermuda.

Christopher is Chairman of the Board of Directors.

### James Keyes

James Keyes was a Managing Director of Renaissance Capital an emerging markets investment bank from 2008 until 2013. He established the Renaissance Bermuda office and remained with the firm until the office closed in 2013. He was previously a partner of Appleby, the offshore law firm, for 11 years. James joined Appleby in 1993 and was team leader of the Funds and Investment Services Team. Prior to Appleby, he was employed in the corporate department of Freshfields law firm, and worked in the London, New York and Hong Kong offices. James attended Oxford University in England as a Rhodes Scholar and graduated with a degree in Politics, Philosophy and Economics (MA with Honours) in 1985. He was admitted as a solicitor in England and Wales in 1991 and called to the Bermuda Bar in 1993. He became a Notary Public in 1998. James is a resident of Bermuda.

### Tina Burns

Tina Burns has held senior positions as Tax Director with KPMG in Bermuda and a number of international companies and currently holds that position at Ironshore Inc., a Bermuda based reinsurance company. Prior to her work in the international insurance sector, she was a tax consultant with Schroders Private Equity Services in Bermuda. Tina graduated from the University of North Carolina with a Masters of Accounting and is a member of the American Institute of Certified Public Accountants and the Georgia Society of Certified Public Accountants. Tina is a resident of Bermuda.

### Laurence Blackall

Laurence Blackall has thirty years' experience in the information, media and communication industries, pioneering electronic publishing (especially at McGraw Hill where he was a vice-president) and the internet in the United Kingdom. He has proven expertise in establishing internet companies and developing them through to public offering and subsequent sale. He holds directorships in a number of public and private companies. Laurence is a resident of the United Kingdom.

### Ian Pilgrim

Ian Pilgrim is Chief Executive Officer of the Company's Administrator, Mayflower Management Services (Bermuda) Limited. Prior to founding the Administrator in January 2006, he was the Managing Director of Citco Fund Services (Bermuda) Limited and also served as General Counsel to Citco Fund Services from January 2001 until December 2005. Before joining Citco, he practiced from January 1997 until December 2000 as a Barrister and Attorney with M.L.H. Quin & Co. (now Wakefield Quin) in Bermuda. From 1994 to 1996, he practiced as a solicitor with Allen & Overy in Hong Kong where he was involved primarily in banking and project finance, and prior to that from 1991 to 1994 with Deacons in Hong Kong. He was admitted to practice as a solicitor in England and Wales in 1989 and in Hong Kong in 1992. He was admitted to the Bar in Bermuda in 1998. He is a Director of the Manager and of Oakley Capital GP Limited, the general partner of Fund I. Ian is a resident of Bermuda.

### Peter Dubens

Peter Dubens is the founder and Managing Partner of the Oakley Capital Group, a privately owned asset management and advisory group comprising Private Equity, Venture Capital, Corporate Finance and Capital Introduction operations managing over US\$1.1 billion. Peter founded Oakley Capital in 2002 to be a best of breed entrepreneurially driven UK investment house, creating an ecosystem that supports the companies Oakley Capital invests in whether



they are early stage companies or established businesses. Peter is the Managing Partner of Oakley Capital Limited, the investment adviser to Fund I and Fund II. Since 2002 Oakley Capital has sold 11 businesses for a combined value of over £1 billion.

David Till serves as an alternate director to Peter Dubens.

### MANAGER

The Manager was incorporated in Bermuda on 18 June 2007 under the Bermuda Companies Act. The Manager is responsible for advising and arranging in respect of the assets of the Company in accordance with the Management Agreement, subject to the review by the Directors, in a manner consistent with the investment objective, approach and restrictions described in the Company's admission document. The Manager is also the manager of Fund I.

Peter Dubens and Ian Pilgrim are Directors of both the Manager and the Company, and cannot vote on any Board decision relating to the Management Agreement whilst they have an interest.

### INVESTMENT ADVISER

The Investment Adviser was incorporated in England and Wales on 12 October 2000 under the Companies Act 1985. The Investment Adviser serves as investment adviser to the Manager with respect to the Company and Fund I, and to Oakley Capital GP II Limited, the general partner of the Fund II constituent limited partnerships, with respect to Fund II.

The Investment Adviser is authorised and regulated by the Financial Conduct Authority. It is not registered as an "investment adviser" under the US Investment Advisors Act, but may in the future seek to register.

Peter Dubens and David Till (who are both Directors of the Investment Adviser) with a team of nineteen investment professionals are together primarily responsible for performing its investment advisory obligations with respect to the Company, Fund I and Fund II.

The Investment Adviser is committed to being a responsible investor and is a signatory of the UN Principles for Responsible Investing. The Investment Adviser recognises that investments have an impact beyond a financial return for investors, in particular human, environmental and social factors. This is collectively referred to as Environmental, Social and Governance. In order to address these issues, the Investment Adviser has created the Oakley ESG Policy, which dictates the agenda for its ESG Committee that meets on a quarterly basis. In addition, the sustainability of each individual investment through a long term strategy is reviewed during quarterly review meetings.

### CORPORATE GOVERNANCE

The Directors recognise the importance of sound corporate governance and have adopted policies and procedures which reflect those principles of Good Governance and Code of Best Practice as published by the Committee on Corporate Governance (commonly known as the "Combined Code") as are appropriate to the Company's size and AIM listing. The Directors note that Bermuda, the country of incorporation of the Company, has no specific corporate governance regulatory regime.

The Company has established an audit committee and a remuneration committee, each with formally delegated duties and responsibilities. The audit committee and the remuneration committee are each comprised of all the Independent Directors. The audit committee is chaired by Tina Burns and the remuneration committee is chaired by James Keyes.

The audit committee determines the terms of engagement of the Company's auditors and, in consultation with the auditors, the scope of the audit. The audit committee receives and reviews reports from management and the Company's auditors relating to the annual accounts and the accounting and internal control systems in the Company. The audit committee has unrestricted access to and oversees the relationship with the Company's auditors.

The remuneration committee reviews the scale and structure of the Directors' remuneration and the terms of their engagement, including share option schemes and other bonus arrangements if any. The remuneration and terms and conditions of engagement of the non-executive Directors are set by the Board. No Director of the Company may participate in any meeting at which discussion or any decision regarding his own remuneration takes place.

The Company has established a fund committee, comprising all of the Independent Directors. The fund committee receives and reviews all matters and contracts where there are potential conflicts of interest between the Company and the Funds. No Director, other than the Independent Directors, may participate in any meeting of the fund committee. The fund committee is chaired by James Keyes.

During 2015 the Company established a risk management committee which assists the Board by providing a central role in the oversight of the risk management process. The Committee is responsible for identifying and assessing material risks and the monitoring and mitigation thereof in accordance with the Company's risk policy and internal procedures.

During 2015, the Company also established a portfolio management committee, responsible on an ongoing basis for monitoring the investment decisions taken by the Board in accordance with the Company's investment policy and internal procedures.

The Funds have established investor committees to address any conflict of interest in the Funds. Christopher Wetherhill acts on the committee for Fund I and James Keyes acts on the committee for Fund II.

The Board complies with Rule 21 of the AIM Rules relating to Directors' dealings as applicable to AIM companies and also takes all reasonable steps to ensure compliance by the Company's applicable employees (if any) and has adopted a share dealing code for this purpose.

### DIRECTORS' INTERESTS

As at 12 April 2016, Directors who are beneficial owners of shares in the Company are:

Laurence Blackall	200,000
Christopher Wetherhill	175,000
James Keyes	10,000

Save as disclosed above, none of the Directors nor any member of their respective immediate families, nor any person connected with a Director, has any interest whether beneficial or non-beneficial in the share capital of the Company.

### DIRECTORS' REMUNERATION

The emoluments of the individual Directors for the year were as follows:

Christopher Wetherhill	£46,500
James Keyes	£39,000
Tina Burns	£39,000
Peter Dubens	£nil
Laurence Blackall	£39,000
Ian Pilgrim	£39,000

The above fees do not include reimbursed expenses.

### SUBSTANTIAL SHAREHOLDINGS

As at 8 April 2016, the Company has been made aware of the following disclosable beneficial interests in 3.0% or more of the issued ordinary share capital of the Company, which includes the placing shares admitted on that date:

### AS A PERCENTAGE OF VOTING RIGHTS

Woodford Investment Management	20.8%
Invesco Perpetual	20.1%
Ruffer LLP	18.9%
Sarasin & Partners	10.1%
Fidelity International	5.7%
Henderson Volantis Capital	5.6%
Rathbones	4.1%
Red Rocks Capital	3.7%

## INDEPENDENT AUDITOR'S REPORT

### to the Board of Directors and Shareholders of Oakley Capital Investments Limited

We have audited the accompanying financial statements of Oakley Capital Investments Limited, which comprise the statements of assets and liabilities, including the schedules of investments, as of 31 December 2015 and 2014, and the related statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

#### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Oakley Capital Investments Limited as of 31 December 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

This report, including our opinion, has been prepared for and only for the Board of Directors and Shareholders and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose, or to any other person to whom this report is shown, or into whose hands it may come, save where expressly agreed by our prior consent in writing.

KPMG Audit Limited  
Chartered Professional Accountants  
Hamilton, Bermuda  
12 April 2016



FINANCIAL  
STATEMENTS

STATEMENTS OF ASSETS AND LIABILITIES  
FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014  
(Expressed in British Pounds)

	Notes	2015 £	2014 £
<b>Assets</b>			
Investments (cost 2015: £263,386,947; 2014: £193,969,326)	5, 7	273,888,150	208,147,262
Cash and cash equivalents	3	95,519,939	6,882,217
Accrued interest and accounts receivable	7	15,328,153	42,882,162
Other receivables		5,079	21,844
<b>Total assets</b>		<b>384,741,321</b>	<b>257,933,485</b>
<b>Liabilities</b>			
Accounts payable and accrued expenses	4	2,590,835	1,010,647
<b>Total liabilities</b>		<b>2,590,835</b>	<b>1,010,647</b>
<b>Net assets attributable to shareholders</b>		<b>382,150,486</b>	<b>256,922,838</b>
Represented by:			
Share capital	9	2,069,129	1,281,250
Share premium		246,244,260	120,209,349
Retained earnings		157,006,355	135,432,239
		<b>405,319,744</b>	<b>256,922,838</b>
Less: Treasury stock	9	(23,169,258)	–
		<b>382,150,486</b>	<b>256,922,838</b>
<b>Number of shares outstanding</b>	9	<b>191,078,315</b>	<b>128,125,000</b>
<b>Net asset value per share</b>		<b>2.00</b>	<b>2.01</b>

Signed on behalf of the Board on 12 April 2016

Christopher Wetherhill  
Director

Tina Burns  
Director

The notes following form an integral part of these financial statements.

## SCHEDULES OF INVESTMENTS

FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

(Expressed in British Pounds)

31 December 2015	Fair value as a percentage of net assets	Percentage interest	Principal amount/Quantity	Cost £	Fair value £
<b>Investments in funds</b>					
<b>Bermuda</b>					
Oakley Capital Private Equity L.P.	14.74%	65.50%		79,164,916	56,317,561
Oakley Capital Private Equity II-A L.P.	26.70%	60.45%		69,256,073	102,051,432
<b>Total investments in funds</b>	<b>41.44%</b>			<b>148,420,989</b>	<b>158,368,993</b>
<b>Unquoted equity securities</b>					
<b>Portugal</b>					
Time Out Mercado (ordinary)	0.00%		£18	18	18
Time Out Mercado (preferred)	1.46%		€7,715,973	5,490,090	5,563,649
<b>United Kingdom</b>					
Flypay (preferred)	1.86%		£7,115,360	7,115,360	7,115,360
Time Out London (preferred)	3.47%		£13,270,620	13,270,620	13,270,620
<b>Total unquoted equity securities</b>	<b>6.79%</b>			<b>25,876,088</b>	<b>25,949,647</b>
<b>Unquoted debt securities</b>					
<b>Investments in senior loan notes</b>					
<b>Netherlands</b>					
North Sails Interest at 8% p.a. Maturity date November 2018	2.62%		£10,000,000	10,000,000	10,000,000
<b>United Kingdom</b>					
Time Out London Interest at 10% p.a. Maturity date December 2017	0.80%		£3,070,482	3,070,482	3,070,482
<b>United States</b>					
Time Out New York Interest at 8.5% p.a. Maturity date December 2017	0.60%		\$3,400,000	2,109,020	2,303,160
<b>Total senior loan notes</b>	<b>4.02%</b>			<b>15,179,502</b>	<b>15,373,642</b>
<b>Investments in financing loan facilities</b>					
<b>United Kingdom</b>					
Bellwood Interest at 6% p.a. Maturity date February 2016	0.69%		£2,625,000	2,625,000	2,625,000
Broadstone Interest at 6% p.a. Maturity date May 2016	1.57%		£6,000,000	6,000,000	6,000,000
Daisy Interest at 6.5% p.a. Maturity date June 2016	6.52%		£24,932,382	24,932,382	24,932,382
Damovo Interest at 5.7% p.a. Maturity date May 2016	1.08%		£4,130,000	4,130,000	4,130,000
<b>Total finance loans</b>	<b>9.86%</b>			<b>37,687,382</b>	<b>37,687,382</b>

The notes following form an integral part of these financial statements.

**SCHEDULES OF INVESTMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014**  
 (Expressed in British Pounds)

31 December 2015 continued	Fair value as a percentage of net assets	Percentage interest	Principal amount/ Quantity	Cost £	Fair value £
<b>Investments in mezzanine loans</b>					
<b>United Kingdom</b>					
Daisy Interest at 15% p.a. Maturity date March 2022	3.68%		£14,000,000	14,060,588	14,060,588
Time Out London Interest at 10% p.a. Maturity date December 2017	1.62%		£6,200,000	6,200,000	6,200,000
<b>United States</b>					
Time Out New York Interest at 15% p.a. Maturity date May 2018	0.89%		\$5,000,000	3,101,500	3,387,000
<b>Total mezzanine loans</b>	<b>6.19%</b>			<b>23,362,088</b>	<b>23,647,588</b>
<b>Investments in revolving loan facility</b>					
<b>Bermuda</b>					
Oakley Capital Private Equity L.P. Interest at 6.5% p.a.	2.51%		£9,587,398	9,587,398	9,587,398
Oakley Capital Private Equity L.P. Interest at 6.5% p.a.	0.20%		£773,500	773,500	773,500
Oakley Capital G.P. II Limited Interest at 6.5% p.a.	0.65%		£2,500,000	2,500,000	2,500,000
<b>Total revolving loans</b>	<b>3.36%</b>			<b>12,860,898</b>	<b>12,860,898</b>
<b>Total investments</b>	<b>71.66%</b>			<b>263,386,947</b>	<b>273,888,150</b>

The notes following form an integral part of these financial statements.

## SCHEDULES OF INVESTMENTS

FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

(Expressed in British Pounds)

31 December 2014	Fair value as a percentage of net assets	Percentage interest	Principal amount/ Quantity	Cost £	Fair value £
<b>Investments in funds</b>					
<b>Bermuda</b>					
Oakley Capital Private Equity L.P.	33.94%	65.50%		73,297,935	87,192,510
Oakley Capital Private Equity II-A L.P.	25.17%	60.45%		64,560,999	64,663,678
<b>Total investments in funds</b>	<b>59.11%</b>			<b>137,858,934</b>	<b>151,856,188</b>
<b>Unquoted debt securities</b>					
<b>Investments in senior loan notes</b>					
<b>Netherlands</b>					
North Sails Interest at 8% p.a. Maturity date November 2018	1.20%		£1,250,000	1,250,000	1,251,762
<b>United Kingdom</b>					
Time Out London Interest at 10% p.a. Maturity date December 2017	0.49%		£3,070,482	3,070,482	3,070,482
<b>United States</b>					
Time Out New York Interest at 8.5% p.a. Maturity date May 2016	0.85%		\$3,400,000	2,109,020	2,181,440
<b>Total senior loan notes</b>	<b>2.54%</b>			<b>6,429,502</b>	<b>6,503,684</b>
<b>Investments in financing loan facility</b>					
<b>United Kingdom</b>					
Bellwood Holdings Ltd Interest at 6% p.a. Maturity date January 2016	1.02%		£2,625,000	2,625,000	2,625,000
<b>Total finance loans</b>	<b>1.02%</b>			<b>2,625,000</b>	<b>2,625,000</b>

The notes following form an integral part of these financial statements.



**SCHEDULES OF INVESTMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014**  
 (Expressed in British Pounds)

31 December 2014 continued	Fair value as a percentage of net assets	Percentage interest	Principal amount/Quantity	Cost £	Fair value £
<b>Investments in mezzanine loans</b>					
<b>United Kingdom</b>					
Broadstone Interest at 15% p.a. Maturity date November 2015	2.34%		£6,000,000	6,000,000	6,000,000
Time Out London Interest at 10% p.a. Maturity date November 2015	2.41%		£6,200,000	6,200,000	6,200,000
<b>United States</b>					
Time Out New York Interest at 15% p.a. Maturity date May 2018	1.25%		\$5,000,000	3,101,500	3,208,000
<b>Total mezzanine loans</b>	<b>6.00%</b>			<b>15,301,500</b>	<b>15,408,000</b>
<b>Investments in revolving loan facility</b>					
<b>Bermuda</b>					
Oakley Capital Private Equity L.P. Interest at 6.5% p.a.	7.51%		£19,286,390	19,286,390	19,286,390
OCPE II Master L.P. Interest at 6.5% p.a.	3.10%		£7,968,000	7,968,000	7,968,000
Oakley Capital G.P. II Limited Interest at 6.5% p.a.	1.75%		£4,500,000	4,500,000	4,500,000
<b>Total revolving loans</b>	<b>12.36%</b>			<b>31,754,390</b>	<b>31,754,390</b>
<b>Total investments</b>	<b>81.03%</b>			<b>193,969,326</b>	<b>208,147,262</b>

The notes following form an integral part of these financial statements.

STATEMENTS OF OPERATIONS  
FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014  
(Expressed in British Pounds)

	Notes	2015 £	2014 £
<b>Investment income</b>			
Interest		5,053,548	6,756,083
Withholding tax on interest		(235,297)	(317,697)
Other		597,176	84,134
		<b>5,415,427</b>	<b>6,522,520</b>
<b>Expenses</b>			
Management fees	4	5,175,574	–
Professional fees	6,10	1,431,806	493,213
Other		490,075	337,303
Interest		1,718	84,418
<b>Total expenses</b>		<b>7,099,173</b>	<b>914,934</b>
<b>Net investment (loss) income</b>		<b>(1,683,746)</b>	<b>5,607,586</b>
<b>Realised and unrealised (losses) gains on foreign exchange and investments</b>			
Net realised losses on foreign exchange		(1,906,689)	(833,926)
Net change in unrealised (losses) gains on foreign exchange		(93,537)	113,587
Net realised gains on sale of investments		29,040,535	38,601,878
Net change in unrealised depreciation on investments		(3,782,447)	(40,366,788)
<b>Net realised and unrealised gains (losses) on foreign exchange and investments</b>		<b>23,257,862</b>	<b>(2,485,249)</b>
<b>Net earnings</b>		<b>21,574,116</b>	<b>3,122,337</b>
<b>Net earnings per share</b>	<b>9</b>	<b>0.10</b>	<b>0.02</b>

The notes following form an integral part of these financial statements.

STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014  
(Expressed in British Pounds)

	Notes	2015 £	2014 £
<b>Net increase in net assets resulting from operations</b>			
Net investment (loss) income		(1,683,746)	5,607,586
Net realised losses on foreign exchange		(1,906,689)	(833,926)
Net change in unrealised (losses) gains on foreign exchange		(93,537)	113,587
Net realised gains on sale of investments		29,040,535	38,601,878
Net change in unrealised depreciation on investments		(3,782,447)	(40,366,788)
Net increase in net assets resulting from operations		21,574,116	3,122,337
<b>Net increase in net assets resulting from capital transactions</b>			
Shares sold		128,244,189	6,860,223
Shares repurchased	9	(24,590,657)	–
Net increase in net assets resulting from capital transactions		103,653,532	6,860,223
<b>Net increase in net assets</b>		<b>125,227,648</b>	<b>9,982,560</b>
<b>Net assets at beginning of year</b>		<b>256,922,838</b>	<b>246,940,278</b>
<b>Net assets at end of year</b>		<b>382,150,486</b>	<b>256,922,838</b>

The notes following form an integral part of these financial statements.

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

(Expressed in British Pounds)

	2015 £	2014 £
<b>Cash flows from operating activities</b>		
Net increase in net assets resulting from operations	21,574,116	3,122,337
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities:		
Net realised and unrealised (gains) losses on foreign exchange and investments	(23,257,862)	2,485,249
Payments for purchases of investments	(133,335,581)	(142,988,335)
Proceeds on disposal of investments	92,852,781	117,435,035
Change in accrued interest and accounts receivable	27,554,009	(33,508,356)
Change in other receivables	16,765	20,802
Change in accounts payable and accrued expenses	1,580,188	386,230
<b>Net cash used in operating activities</b>	<b>(13,015,584)</b>	<b>(53,047,038)</b>
<b>Cash flows from financing activities</b>		
Proceeds from shares sold	128,244,189	6,860,223
Payments for shares repurchased	(24,590,657)	–
Net cash provided by financing activities	103,653,532	6,860,223
Net effect of foreign exchange	(2,000,226)	(720,339)
Net increase (decrease) in cash and cash equivalents	88,637,722	(46,907,154)
Cash and cash equivalents at beginning of year	6,882,217	53,789,371
<b>Cash and cash equivalents at end of year</b>	<b>95,519,939</b>	<b>6,882,217</b>
Interest paid during the year	1,718	84,418

The notes following form an integral part of these financial statements.

## 1. THE COMPANY

Oakley Capital Investments Limited (the “Company”) is a closed-end investment company incorporated under the laws of Bermuda on 28 June 2007. The principal objective of the Company is to achieve capital appreciation through investments in a diversified portfolio of private mid-market UK and European businesses. The Company currently achieves its investment objective primarily through its investments in two private equity funds (the “Funds”), Oakley Capital Private Equity L.P. (“Fund I”), an exempted limited partnership established in Bermuda, and Oakley Capital Private Equity II-A L.P., which together with Oakley Capital Private Equity II-B L.P., Oakley Capital Private Equity II-C L.P. (collectively the “Feeder Funds”) and OCPE II Master L.P. (the “Master Fund”) comprise Oakley Capital Private Equity Fund II (“Fund II”). The Company’s manager is Oakley Capital (Bermuda) Limited (the “Manager”), whose investment adviser in relation to the Company is Oakley Capital Limited (the “Investment Adviser”). The Company, the Manager, the Investment Adviser, the general partner of each Fund and the Company’s administrator, Mayflower Management Services (Bermuda) Limited (the “Administrator”) have directors in common.

The Company listed on the AIM market of the London Stock Exchange on 3 August 2007.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of presentation

The accompanying financial statements are prepared in accordance with U.S. generally accepted accounting principles. The Company is an investment company and follows the accounting and reporting guidance contained within Topic 946 of the FASB Accounting Standards Codification (“ASC”).

### b) Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets during the reporting period. Actual results could differ from those estimates.

### c) Investment valuation

#### Funds

Security transactions are accounted for on a trade date basis based on the capital drawdown and distribution dates for proceeds received from the Funds. The Company’s investment in each Fund is valued at the balance of the Company’s capital account in that Fund as at the reporting date. Any difference between the net capital invested and the balance on the Company’s capital account in each Fund is recognised in the net change in unrealised appreciation and depreciation on investments in the Statements of Operations.

The Funds value their investments at fair value and recognise gains and losses on security transactions using the specific cost method.

#### Unquoted equity securities

Security transactions are accounted for on a trade date basis. Subsequent to initial recognition the securities are valued on a fair value basis.

Realised and unrealised gains and losses are determined by the specific cost method and are reflected in the Statements of Operations.

#### Unquoted debt securities (mezzanine loans, senior loans, financing loans and revolving loan facilities)

Mezzanine loans, senior loans, financing loans and revolving loan facilities are initially valued at the price each loan was granted. Subsequent to initial recognition the loans are valued on a fair value basis taking into account market conditions and the operating performance and financial condition of the borrower.

Realised gains and losses are recorded when the security acquired is realised. The net realised gains and losses on sale of securities are determined using the specific cost method and are reflected in the Statements of Operations.

The Company is subject to the provisions of the FASB guidance on Fair Value Measurements and Disclosure (ASC 820). ASC 820 defines fair value, establishes a framework for measuring fair value in accordance with U.S. generally accepted accounting principles and expands disclosures about fair value measurements. ASC 820 establishes a hierarchical disclosure framework which prioritises and ranks the level of market price observability used in measuring investments at fair value. Market price observability is affected by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active market quoted prices, or for which fair value can be measured from actively quoted prices, generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring their fair value.

The hierarchy of inputs is summarised below:

**Level 1** – quoted prices in active markets for identical investments;

**Level 2** – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit spreads, etc.); and

**Level 3** – significant unobservable inputs (including the Investment Adviser's own assumptions in determining the fair value of investments).

The inputs and methodologies used in valuing securities are not necessarily an indication of the risks associated with investing in those securities.

Securities traded on a national stock exchange are valued at the last reported price on the valuation date and are categorised as Level 1 within the fair value hierarchy.

When prices are not readily available, or are determined not to reflect fair value, the Company may value these securities at fair value as determined in accordance with the procedures approved by the Investment Adviser.

Level 2 securities are valued using representative brokers' prices, quoted prices for similar investments, published reports or third-party valuations.

Level 3 securities are valued at the discretion of the Investment Adviser. In these circumstances, the Investment Adviser will use consistent fair valuation criteria and the Company may obtain independent appraisals.

The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

#### **d) Income recognition**

Interest income and expenses are recognised on the accruals basis.

#### **e) Foreign currency translation**

Investments and other monetary assets and liabilities denominated in foreign currencies are translated into British Pound amounts at exchange rates prevailing at the reporting date. Capital drawdowns and distributions received from the Funds in foreign currencies and income and expense items denominated in foreign currencies are translated into British Pound amounts at the exchange rate on the respective dates of such transactions.

Foreign exchange gains and losses on other monetary assets and liabilities are recognised in the net realised and unrealised gain or loss from foreign exchange in the Statements of Operations.

The Company does not isolate unrealised or realised foreign exchange gains and losses arising from changes in the fair value of investments. All such foreign exchange gains and losses are included with the net realised and unrealised gains or losses on investments in the Statements of Operations.

#### **f) Cash and cash equivalents**

The Company considers all short-term deposits with a maturity of 90 days or less as equivalent to cash.

#### **g) Treasury stock**

Treasury shares are included at cost as a reduction in shareholder's equity. Gains or losses resulting from the subsequent sale of treasury shares are recorded as an adjustment to equity.

### 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at 31 December 2015 and 2014 consist of the following:

	2015 £	2014 £
Cash	67,296,902	6,660,420
Short-term deposits	28,223,037	221,797
	<b>95,519,939</b>	<b>6,882,217</b>

### 4. MANAGEMENT AND PERFORMANCE FEES

- (a) The Company has entered into a Management Agreement with the Manager for the purpose of advising and arranging in relation to the Company's investment portfolio. The Manager will not receive a management fee from the Company in respect of funds either committed to, or invested, by the Company, in the Funds or any other investment funds managed by the Manager or any affiliate of the Manager. The Manager will receive a management fee at the rate of 1% per annum in respect of those funds including the proceeds of any realisations, which are invested in cash, cash deposits or near cash deposits and a management fee at the rate of 2% per annum in respect of those funds which are invested directly in co-investments. All management fees are payable monthly in arrears.

For the year ended 31 December 2015, the Company incurred management fees of £5,175,574 (2014: £nil) of which £482,496 remains payable at year end (2014: £nil). During 2015, the Company undertook a review of management fees paid to the Manager since the inception. Following such review, it was determined that management fees had been underpaid by £2,797,887, primarily as a result of certain co-investments made by the Company being excluded from the management fee calculation or being included in the management fee calculation but charged at a rate of 1% instead of 2%. This amount is included in the 2015 management fee expense balance of £5,175,574.

The Manager may also receive a performance fee of 20% of the excess of the amount earned by the Company over and above an 8% per annum hurdle rate on any monies invested as a co-investment with the Funds. Each co-investment will be treated as a segregated investment by the Company. If the calculation period is greater than one year, the hurdle rate shall be compounded on each anniversary of the start of the calculation period for each segregated co-investment.

If the amount earned does not exceed the hurdle rate on any given co-investment, that co-investment shall be included in the next calculation so that the hurdle rate is measured across both co-investments. No previous payments of performance fee will be affected if any co-investment does not reach the hurdle rate of the return. During the year ended 31 December 2015, the Company did not incur any performance fees (2014: £nil).

- (b) The Manager has entered into an Investment Adviser Agreement with the Investment Adviser to advise the Manager with regard to the investment of the assets of the Company. The Investment Adviser will not receive any management or performance fees from the Company. Any fees due to the Investment Adviser will be paid by the Manager out of the management and performance fees it receives from the Company.

## 5. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following is a summary of the inputs used in valuing the Company's assets carried at fair value:

Investments in Securities	31 December 2015 £	31 December 2014 £
Quotes prices (Level 1)	–	–
Other significant observable inputs (Level 2)	–	–
Significant unobservable inputs (Level 3)	273,888,150	208,147,262

The instruments comprising investments in securities are disclosed in the Schedules of Investments.

The Company has investments in the Funds, both of which are private equity limited partnerships. These investments are included at fair value based on the Company's balance of its capital account as reported by each Fund. The valuation of non-public investments requires significant judgment by the Investment Adviser (in its capacity as the investment advisor to the Funds) due to the absence of quoted market values, inherent lack of liquidity and the long-term nature of such investments. Private equity investments are valued initially based upon the transaction price. Valuations are reviewed periodically utilising available market data to determine if the carrying value of these investments requires adjustment. Such market data primarily includes observations of the trading multiples of public companies considered comparable to the private companies being valued. A variety of additional factors are considered by the Investment Adviser (in its capacity as the investment advisor to the Funds), including, but not limited to, financing and sales transactions with third-parties, current operating performance and future expectations of the particular investment, changes in market outlook and the third-party financing environment. Due to the inherent uncertainty of valuing unquoted private equity investments, the estimated fair values may differ from the values that would have been used had a ready market for such investments existed and such differences may be material.

Unquoted equity investments are valued initially based upon transaction price. Subsequent to initial recognition, the unquoted equity investments are valued on a fair value basis taking into account market conditions and the operating performance and financial condition of the investment.

Mezzanine loans, senior loans, financing loans and revolving loan facilities are valued at the principal amount for which the relevant loan was granted. For the purposes of these financial statements, the Investment Adviser conducted a fair value exercise of the loans taking into account market conditions and the operating performance and financial condition of the borrower to ensure that valuing the loans at their principal amount was not materially different to their fair values. Such fair values were determined based on a discounted cash flow valuation approach consistent with prior years. The discount rate used to value the mezzanine loans was 15% (2014: 15%), for the secured loans it was 8.5% (2014: 8.5%) and for the revolving loan facilities it was 6.5% (2014: 6.5%). A discount rate of 10% was used for the mezzanine and secured loans provided to Time Out London and intergenia. A discount rate of 8% was used for the loan to North Sails. A discount rate of 6.5% was used for the loan provided to Daisy. A discount rate of 6% was used for the loans provided to Broadstone and Bellwood Holdings Ltd. A discount rate of 5.7% was used for the loan provided to Damovo.

The Company's policy is to recognise transfers into and out of the various levels as of the end of the period or the date of the change in circumstances that caused the transfer. For the year ended 31 December 2015, there were no transfers between Levels 1, 2 or 3 (2014: none).



The following is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value:

	Investment in securities 2015 £	Investment in securities 2014 £
<b>Investment in the Funds</b>		
Fair value at beginning of year	151,856,188	130,624,846
Purchases	27,146,097	84,431,315
Proceeds on disposal	(45,518,862)	(61,531,752)
Realised gain on disposal	29,040,535	39,218,009
Net change in unrealised appreciation (depreciation) on investments	(4,154,965)	(40,886,230)
<b>Fair value at end of year</b>	<b>158,368,993</b>	<b>151,856,188</b>
<b>Unquoted equity securities</b>		
Fair value at beginning of year	–	–
Purchases	25,876,087	–
Net change in unrealised appreciation on investments	73,560	–
<b>Fair value at end of year</b>	<b>25,949,647</b>	<b>–</b>
<b>Unquoted debt securities</b>		
Fair value at beginning of year	56,291,074	53,734,026
Purchases	80,313,397	58,557,020
Proceeds on disposal	(47,333,919)	(55,903,283)
Net realised gain (loss) on disposal	–	(616,131)
Net change in unrealised appreciation (depreciation) on investments	298,958	519,442
<b>Fair value at end of year</b>	<b>89,569,510</b>	<b>56,291,074</b>
<b>Total fair value at end of year</b>	<b>273,888,150</b>	<b>208,147,262</b>

Of the investments held by the Funds, 100% are classified as Level 3 investments for the year ending 31 December 2015 (2014: Level 3 – 100%).

## 6. ADMINISTRATION FEE

Under the terms of the Administration Agreement dated 30 July 2007 between the Administrator and the Company, the Administrator receives an annual administration fee at prevailing commercial rates. During the year ended 31 December 2015, the Company incurred administration fees of £381,249 (2014: £181,163), which is included in professional fees in the Statements of Operations.

## 7. INVESTMENTS

### Funds

The Company has committed substantially all of its capital to the Funds. Their primary objective is to invest in a diversified portfolio of private mid-market UK and European businesses, aiming to provide investors with significant long term capital appreciation. The investments in the Funds are denominated in Euros. Fund I has an initial period of ten years from its final closing date of 30 November 2009 and Fund II has an initial period of ten years from its final closing date of 29 December 2014; however the life of each Fund may be extended, at the discretion of its general partner, by up to three additional one year periods, to provide for the orderly realisation of investments. The Funds will make distributions as their investments are realised.

The Company's share of the total capital called by Fund I up to 31 December 2015 was £131,745,962 (€178,978,348) (2014: £137,293,160 (€176,152,373)), representing 95.0% (2014: 93.5%) of the Company's total capital commitment to Fund I. In November 2015, Fund I recycled 3.0% (£3,981,797 (€5,651,948)) of the capital commitments that had been previously distributed. During the year ended 31 December 2014 the Company acquired an additional interest in Fund I comprising a commitment of €700,000, representing 0.24% of Fund I's total commitments.

The Company's share of the total capital called by Fund II as at 31 December 2015 was £83,915,400 (€114,000,000) (2014: £65,469,600 (€84,000,000)) representing 57.0% (2014: 42.0%) of the Company's total capital commitment to Fund II.

The Company may also make co-investments alongside the Funds.

At 31 December 2015 and 2014, all of the Funds' investments are carried at fair value.

### Fund I

Fund I made follow-on investments in three of its portfolio companies in 2015. These investments were in Educas, Educas Australia and the Time Out Group. Fund I funded the follow-on investments using loans drawn under a revolving loan facility made available to Fund I by the Company.

#### *Broadstone*

Fund I, through its wholly owned subsidiary, Broadstone Holdco (Bermuda) Limited, has an 84.4% interest in Broadstone Finance Limited ("Broadstone"), a UK-wide independent provider of investment advice and solutions to private individuals and corporates, acquired from BDO LLP. The date of the initial investment in Broadstone was November 2010.

#### *Time Out Group*

The Time Out Group consists of investments in Time Out Group HC Limited ("Time Out London") and Time Out America LLC ("Time Out New York"). Time Out London provides services across traditional print, digital channels and live events and controls the worldwide rights to the Time Out brand. The date of the initial investment in the Time Out Group was November 2010.

Fund I, through its wholly owned subsidiary, TO (Bermuda) Limited, acquired 50.0% of Time Out London, and also acquired, through its wholly owned subsidiary, TONY (Bermuda) Limited, 65.7% of Time Out New York.

In September 2014, Time Out London and Time Out New York were merged into a single group structure under Time Out Group HC Limited and shares in Time Out Group HC were issued to Fund I's subsidiaries. As at 31 December 2015, Fund I had an effective ownership interest in the Time Out Group of 70.4% (2014: 74.3%).

#### *Educas*

During July 2013, Fund I acquired 50.5% of Educas Investments LLP ("Educas"), an entity investing in private schools in several countries.

#### *Educas Australia*

During July 2014, Fund I acquired 50.5% of Educas Australia Investments LLP ("Educas Australia"), an entity which owns early learning schools in Australia.

**Verivox**

Fund I, through VVX (Bermuda) Limited, held a 51.0% interest in Verivox Holdings Limited (“Verivox”), an online consumer energy price comparison service in Germany. The company receives commissions from energy suppliers when consumers elect to switch providers through its website. Fund I disposed of its investment Verivox to ProSieben Sat.1 Media AG during the year ending 31 December 2015.

**intergenia**

Fund I, through its wholly owned subsidiary, WHDI (Bermuda) Limited, acquired a 51.0% stake in Intergen Holdings GmbH (“intergenia”), a web hosting company providing managed, dedicated and cloud hosting. Fund I sold its investment in intergenia at fair value during the year ending 31 December 2014 to Fund II.

**Daisy**

Fund I had a 13.6% stake in Daisy Group plc (“Daisy”), a then listed company providing integrated voice and data services to small and medium sized businesses. Fund I sold its investment in Daisy during the year ending 31 December 2014. A distribution payable to the Company of £29,726,191 is included in the Statements of Assets and Liabilities as accounts receivable on 31 December 2014.

Certain directors of the Company, the Manager, the Investment Adviser and the general partner of Fund I are also directors of the investee companies in which Fund I has an interest.

**Fund II**

Oakley Capital Private Equity II-A L.P., together with Oakley Capital Private Equity II-B L.P. and Oakley Capital Private Equity II-C L.P. (collectively the “Feeder Funds”) are feeder funds in OCPE II Master L.P. (the “Master Fund”). The Feeder Funds and the Master Fund collectively comprise the fund structure known as “Oakley Capital Private Equity Fund II” (“Fund II”). The Company invests in this fund structure through its investment in Oakley Capital Private Equity II-A L.P. All investments of Fund II are owned directly or indirectly by the Master Fund.

The Master Fund made six new investments and two follow-on investments during 2015.

**North Sails**

North Sails is a leading marine technology group which includes a worldwide leading sail maker.

On 10 March 2014 the Master Fund, through its wholly owned subsidiary, Oakley NS (Bermuda) LP, acquired a 65.2% stake in North Sails Technology Group LLC. Additionally on 30 June 2014 the Master Fund acquired a 70.3% interest in North Sails Europe LLC. On 11 March 2015, the Master Fund made a follow-on investment to fund the acquisition of NSG Apparel BV (“NSG Apparel”) and Future Fibres. As at 31 December 2015, the Master Fund held a 66.6% holding in the North Sails Group (“North Sails”) (2014: 66.4%).

**Educas Europe**

On 27 August 2014, the Master Fund acquired 50.5% of Educas Europe Investments LLP (“Educas Europe”), an entity established to invest in private schools in Europe. The Master Fund made a follow-on investment in Educas Europe on 24 October 2014. During 2015, the Master Fund made follow-on investments to fund the acquisition of private schools in Kenya and Switzerland.

**Facile**

On 19 September 2014, the Master Fund, through its wholly owned subsidiary, Facile.it (Bermuda) Limited, acquired a 68.2% stake in Facile.it SpA (“Facile”), Italy’s largest price comparison website. On 23 July 2015, Facile.it (Bermuda) Limited repurchased a portion of its shares from the Master Fund.

**Host Europe**

On 19 January 2015, the Master Fund acquired a minority stake in Host Europe Group (“Host Europe”), a leading provider of domains and hosting services in Europe. The Master Fund invested in Host Europe through a wholly owned subsidiary, HEG Holdings (Bermuda) Limited.

***Damovo***

On 23 January 2015, the Master Fund acquired a 60.0% stake in Damoco Holdco Limited (“Damovo”), a provider of enterprise information communication technology (ICT) services and solutions. The Master Fund invested in Damovo through a wholly owned subsidiary, Damoco (Bermuda) Limited.

***Parship***

On 14 April 2015, the Master Fund acquired an 80.0% stake in Parship GmbH (“Parship”), a leading online matchmaking company in Europe. At the same time, the Master Fund provided a bridge loan facility to Parship through a wholly owned subsidiary, THMMS (Bermuda) Limited. The bridge loan facility was repaid by Parship on 9 June 2015. The Master Fund made a follow-on investment in Parship on 26 October 2015.

***Daisy***

On 30 July 2015, the Master Fund acquired a minority stake in Daisy Group Limited (“Daisy”), one of the UK’s leading business communication providers to the SME and mid-market sector.

The Master Fund made the investment through a wholly owned subsidiary, Ellisfield (Bermuda) Limited. At the same time, the Master Fund provided a loan note to Daisy. The loan note carries interest of 15% and is repayable on 21 March 2022.

***Educas Americas***

On 21 August 2015, the Master Fund acquired 50.5% of Educas Investments Americas LLP (“Educas Americas”), an entity established to acquire private schools in South America.

***Verivox***

On 17 September 2015, the Master Fund acquired a minority stake in Verivox GmbH, Germany’s largest independent online consumer energy price comparison site. The Master Fund acquired the investment in Verivox through a wholly owned subsidiary, Velocity SPV II Limited.

***intergenia***

The Master Fund, through its wholly owned subsidiary, WHDI 2 (Bermuda) Limited, acquired a 51.0% stake in intergenia from Fund I. intergenia is a web hosting company providing managed, dedicated and cloud hosting. The Master Fund sold its investment in intergenia during December 2014. As at 31 December 2015, deferred proceeds from the sale were receivable.

**Unquoted equity securities**

All of the Company’s investments in unquoted equity securities were made through OCIL Investments L.P.

***Time Out Mercado***

On 27 May 2015, the Company invested €4,566,658 (£3,245,542) in ordinary and preferred shares of Time Out Mercado Limited (“Time Out Mercado”). Time Out Mercado is part of the Time Out Group and holds an investment in Mercados da Capital, Lda, a Portuguese company that operates a cultural hub encompassing the best of Lisbon’s food, drink and events which has quickly become one of the leading tourist destinations in Lisbon. On 15 July 2015, 17 August 2015, 23 October 2015 and 12 November 2015, the Company made follow-on investments totalling €3,113,967 (£2,244,566). The fair value of Time Out Mercado as at 31 December 2015 was £5,563,667 which is the transaction price adjusted for foreign exchange differences.

***Flypay***

On 10 July 2015, the Company invested £6,989,999 in preferred shares of Flypay Limited (“Flypay”). Flypay is a leading company in the UK hospitality mobile payments and loyalty sector allowing mobile payment for bills and tabs in restaurants, bars and other venues. Flypay is part of the Time Out Group. The fair value of Flypay as at 31 December 2015 was £7,115,360 which is the transaction price including capitalised deal costs.

***Time Out London***

On 16 July 2015, the Company invested £3,500,000 in preferred shares of Time Out London. On 17 September 2015, 13 November 2015 and 15 December 2015, the Company made follow-on investments totalling £9,770,620. The fair value of the Company’s investment in Time Out London as at 31 December 2015 was £13,270,620 which is the transaction price.

**Senior Loan notes***North Sails*

On 19 December 2014, the Company provided, through its wholly owned subsidiary OCIL Financing (Bermuda) Limited ("OCIL Financing"), a £5,000,000 loan facility to NSG Apparel at an interest rate of 8% per annum. On 22 July 2015 the Company provided, through OCIL Financing, a further £5,000,000 loan facility to NSG Apparel at an interest rate of 8% per annum. As at 30 November 2015, the total amount drawn under these facilities was £6,250,000.

On 30 November 2015, the Company provided, through OCIL Financing, a senior loan facility of £15,000,000 to NSG Apparel. The instrument carries an interest rate of 8% and matures no later than 30 November 2018. This facility was used to refinance the above two £5,000,000 facilities. The balance outstanding as at 31 December 2015 was £10,000,000. The fair value of the loan is considered to approximate its amortised cost at 31 December 2015.

*Time Out London*

As part of Fund I's acquisition of Time Out London, the Company provided a secured senior loan of £5,000,000 to Time Out Group MC Limited, a wholly owned subsidiary of Time Out London. The instrument carries a fixed interest rate of 10% per annum, maturing on 31 December 2017. On 10 April 2013, £1,929,518 of this loan was repaid. The balance outstanding as at 31 December 2015 was £3,070,482. The fair value of the loan is considered to approximate its amortised cost at 31 December 2015.

*Time Out New York*

As part of Fund I's acquisition of Time Out New York, the Company provided, through OCIL Financing, a secured senior loan of \$3,400,000 (£2,109,020) to TONY MC LLC. The instrument carries a fixed interest rate of 8.5% per annum before withholding tax and 5.95% per annum after withholding tax. The instrument matures no later than 31 December 2017. The balance outstanding as at 31 December 2015 was \$3,400,000 (£2,303,160). The fair value of the loan is considered to approximate its amortised cost at 31 December 2015.

*intergenia*

On 20 December 2013 the Company provided a secured senior loan of €2,500,000 (£2,090,000) to intergenia at an interest rate of 10% per annum. The loan was fully repaid on 16 September 2014.

**Financing loan facilities***Broadstone*

As part of Fund I's acquisition of Broadstone, the Company provided a mezzanine loan of £6,000,000 to Broadstone Holdco (Bermuda) Limited. During June 2015, the instrument was restructured and is now secured, carrying an interest rate of 6% per annum and maturing on 31 May 2016. The balance outstanding as at 31 December 2015 was £6,000,000. The fair value of the loan is considered to approximate its amortised cost at 31 December 2015.

*Damovo*

As part of Fund II's acquisition of Damovo, the Company provided a loan of £4,130,000 to Damoco Holdco Ltd. The instrument carries a fixed interest rate of 5.7% per annum and a maturity date of 18 May 2016. The balance outstanding as at 31 December 2015 was £4,130,000. The fair value of the loan is considered to approximate its amortised cost at 31 December 2015.

*Daisy*

As part of Fund II's acquisition of Daisy, the Company provided a loan of £24,932,382 to Ellisfield (Bermuda) Limited. The instrument carries a fixed interest rate of 6.5% per annum and matures on 30 June 2016. The balance outstanding as at 31 December 2015 was £24,932,382. The fair value of the loan is considered to approximate its amortised cost at 31 December 2015.

*Bellwood Holdings Ltd.*

On 12 November 2014, the Company provided a loan of £2,625,000 to Bellwood Holdings Ltd. The instrument carries a fixed interest rate of 6% per annum. The instrument matures no later than February 2016. The balance outstanding as at 31 December 2015 was £2,625,000. The fair value of the loan is considered to approximate its amortised cost at 31 December 2015. The loan was fully repaid in January 2016.

*intergenia*

On 21 June 2013, the Company provided a finance loan of €8,000,000 (£6,834,400) to intergenia. During 2014, the Company provided intergenia with additional loan facilities of €8,800,000 (£7,086,160). These loans carried interest at 10% per annum and were fully repaid on 16 September 2014.

**Mezzanine loans***Daisy*

Through OCIL Investments L.P. and as part of Fund II's acquisition of Daisy, the Company provided a loan of £14,000,000 to Daisy Group Holdings Limited. The instrument carries a fixed interest rate of 15% per annum. The instrument matures on 21 March 2022. The balance outstanding as at 31 December 2015 was £14,000,000 with a fair value of £14,060,588 (inclusive of deal costs). The fair value of the loan is considered to approximate its amortised cost at 31 December 2015.

*Time Out London*

As part of Fund I's acquisition of Time Out London, the Company provided debt finance of £6,200,000 in the form of a mezzanine loan to TO (Bermuda) Limited. The instrument carried a fixed interest rate of 15% per annum. On 4 April 2013 the instrument was restructured and now carries a fixed interest rate of 10% per annum, maturing on 30 November 2015. During 2015, the Company extended the maturity date to 31 December 2017. The balance outstanding as at 31 December 2015 was £6,200,000. The fair value of the loan is considered to approximate its amortised cost at 31 December 2015.

*Time Out New York*

As part of Fund I's acquisition of Time Out New York, the Company provided a mezzanine loan of \$5,000,000 (£3,101,500) to TONY OCIL. The instrument carries a fixed interest rate of 15% per annum before withholding tax and 10.5% per annum after withholding tax. The instrument matures no later than May 2018. The balance outstanding as at 31 December 2015 was \$5,000,000 (£3,387,000). The fair value of the loan is considered to approximate its amortised cost at 31 December 2015.

**Revolving loan facility***Oakley Capital Private Equity L.P.*

On 19 March 2012, the Company provided a revolving loan facility of £23,000,000 to Fund I. Loans drawn under this facility carried an interest rate of 6.5% per annum. During 2014, the amount available under the revolving loan facility was increased to £30,000,000. On 18 September 2015, the Company and Fund I entered into a £10,000,000 refinancing facility. On 18 September 2015, Fund I made its only drawing under the refinancing facility in the amount of £9,587,398 which was used to repay the outstanding balance on the £30,000,000 revolving loan facility. The balance outstanding as at 31 December 2015 under the refinancing facility was £9,587,398. The fair value of the loan is considered to approximate its amortised cost at 31 December 2015.

On 18 September 2015, the Company provided a revolving loan facility of £5,000,000 to Fund I. Loans drawn under this facility carried an interest rate of 6.5% per annum. As at 31 December 2015, £773,500 had been drawn under the facility. The fair value of the loan is considered to approximate its amortised cost at 31 December 2015.

*OCPE II Master L.P.*

On 19 September 2014, the Company provided a revolving loan facility of £15,000,000 to the Master Fund at an interest rate of 6.5% per annum. During 2015, Fund II repaid the outstanding balance (2014 balance outstanding: £7,968,000).

*Oakley Capital GP II Limited*

On 2 December 2013, the Company provided a loan facility of £2,500,000 to Oakley Capital GP II Limited ("GP II") at an interest rate of 6.5% per annum. A further loan facility of £2,500,000 was made available to GP II at the same interest rate on 31 March 2014. As at 31 December 2015, an aggregate of £2,500,000 (2014: £4,500,000) remains outstanding under these facilities. The fair values of these loans are considered to approximate their amortised cost at 31 December 2015.

**8. CAPITAL COMMITMENT**

The Company has made the following capital commitments:

	2015 €	2014 €
<b>Fund I</b>		
Total capital commitment (2015: £138,679,959; 2014: £146,837,604)	188,398,260	188,398,260
Called capital, beginning of year	176,152,373	152,974,082
Capital calls during year		
– November 2015 1.5%	2,825,975	–
– March 2014 7% call	–	13,138,878
– August 2014 5% call	–	9,384,913
Additional interests acquired (2015: nil; 2014: 0.24%)	–	654,500
<b>Called capital, end of year (2015: £131,745,962; 2014: £137,293,160)</b>	<b>178,978,348</b>	<b>176,152,373</b>
<b>Unfunded capital commitment (2015: £6,933,997; 2014: £9,544,444)</b>	<b>9,419,912</b>	<b>12,245,887</b>
<b>Recycled commitment (3%)</b>	<b>5,651,948</b>	<b>–</b>
<b>Fund II</b>		
Total capital commitment (2015: £147,220,000; 2014: £155,880,000)	200,000,000	200,000,000
Called capital, beginning of year	84,000,000	3,000,000
Capital calls during year		
– June 2015 6% call	12,000,000	–
– July 2015 9% call	18,000,000	–
– January 2014 24% call	–	24,000,000
– February 2014 follow-on commitment call	–	13,500,000
– September 2014 15% call	–	22,500,000
– September 2014 follow-on commitment call	–	21,000,000
<b>Called capital, end of year (2015: £83,915,400; 2014: £65,469,600)</b>	<b>114,000,000</b>	<b>84,000,000</b>
<b>Unfunded capital commitment (2015: £63,304,600; 2014: £90,410,400)</b>	<b>86,000,000</b>	<b>116,000,000</b>

Each Fund may call the unfunded portion of the Company's capital commitment to that Fund at any time, subject to two weeks' notice, on an as needed basis.

## 9. SHARE CAPITAL

### (a) Share capital

In April 2015, the Company increased its authorised share capital to 280,000,000 Ordinary Shares of par value £0.01 each by authorising an additional 80,000,000 Ordinary Shares of par value £0.01 each. The Company's issued share capital was 191,078,315 Ordinary Shares as at 31 December 2015 (2014: 128,125,000).

### (b) Share issuance

On 20 April 2015, the Company sold 78,787,879 shares at a price of 165 pence per share.

### (c) Share repurchase

On 2 September 2014, the Company sold 4,425,950 shares at a price of 155 pence per share from the treasury stock. On 10 February 2015, the Company authorised and repurchased 7,000,000 shares at a price of 152 pence per share. On 18 February 2015, the Company authorised the repurchase of up to 4,000,000 shares and repurchased 2,967,155 shares at a price of 151 pence per share. On 24 February 2015, the Company repurchased 667,033 shares at a price of 161 pence per share. On 22 April 2015, the Company sold 819,250 shares at a price of 174 pence from treasury stock. On 15 September 2015, the Company authorised the repurchase of an additional 500,000 shares. On 6 November 2015, the Company repurchased 169,626 shares at a price of 143 pence per share. On 26 September 2015, the Company authorised the repurchase of an additional 6,000,000 shares. On 27 November 2015, the Company repurchased 5,278,868 shares at a price of 139 pence per share. On 4 December 2015, the Company repurchased 181,132 shares at a price of 141 pence per share. On 11 December 2015, the Company repurchased 390,000 shares at a price of 144 pence per share.

As at 31 December 2015 there were 15,834,564 shares held in treasury stock at a cost of £23,169,258 (2014: £nil).

Ordinary Shares outstanding are made up of:

Ordinary Shares	2015	2014
Balance at beginning of year	128,125,000	123,699,050
Shares issued	78,787,879	–
Shares repurchased (held in treasury stock)	(16,653,814)	–
Shares sold from treasury stock	819,250	4,425,950
<b>Balance at end of year</b>	<b>191,078,315</b>	<b>128,125,000</b>

## 10. RELATED PARTIES

Certain directors of the Company are also directors, members and/or shareholders of the Manager, the Investment Advisor, Oakley Capital Corporate Finance LLP ("Oakley Finance"), and the Administrator; entities which provide services to and receive compensation from the Company. These service agreements are based on normal commercial terms.

During 2014, the Company had a financial advisory agreement with Oakley Finance. During 2014, the Company incurred financial advisory fees of £20,833, which is included in professional fees in the Statements of Operations. The agreement was terminated by mutual agreement on 31 May 2014.

## 11. TAXATION

Under current Bermuda law the Company is not required to pay any taxes in Bermuda on either income or capital gains. The Company has received an undertaking from the Minister of Finance in Bermuda that in the event of such taxes being imposed, the Company will be exempt from such taxation at least until 31 March 2035.

The Company was not required to recognise any amounts for uncertain tax positions under FASB ASC 740-10 during the years ended 31 December 2015 and 2014.

The Company may, however, be subject to foreign withholding tax and capital gains tax in respect of income derived from its investments in other jurisdictions.



## 12. INDEMNIFICATIONS, WARRANTIES AND GUARANTEES

In the ordinary course of business, the Company may enter into contracts or agreements that may contain indemnifications or warranties. Future events could occur that lead to the execution of these provisions against the Company. Based on its history, experience and assessment of existing contracts, management feels that the current likelihood of such an event is remote.

During 2015, the Company agreed to guarantee the following with respect to its investment in Time Out Mercado: a) €1,400,000 contingent consideration payment based on certain performance criteria; and b) provided certain bank guarantees on behalf of Time Out Mercado totalling €3,134,000.

## 13. SUBSEQUENT EVENTS

The Directors have evaluated subsequent events from the year end through 12 April 2016, which is the date the financial statements were available to be issued. The following events have been identified for disclosure.

On 28 January 2016, the Company committed €250,000,000 (£190,725,000) to Oakley Capital Private Equity III-A L.P. ("Fund III"), the successor private equity fund of Fund II. Fund III is managed by Oakley PE Management (Bermuda) Limited who is in turn advised by the Investment Adviser.

On 29 January 2016, the Company repurchased 1,274,279 shares at a price of 145 pence per share.

## 14. FINANCIAL HIGHLIGHTS

	2015 £	2014 £
<b>Per share operating performance</b>		
Net asset value per share, at start of year	2.01	2.00
<b>Gains/(losses) from investment operations</b>		
Net investment income (loss)	(0.01)	0.04
Net realised and unrealised gains (losses) on investments and foreign exchange	0.13	(0.02)
Total from investment operations	0.12	0.02
Shares issued and net shares repurchased to treasury stock	(0.13)	(0.01)
<b>Net asset value per share, end of year</b>	<b>2.00</b>	<b>2.01</b>
Total return	5.98%	1.23%
Ratio of expenses to average net assets <sup>1</sup>	2.22%	0.36%
Ratio of net investment income to average net assets <sup>1</sup>	(0.53)%	2.23%

<sup>1</sup>Expenses include interest expense of, 2015: £1,718 (2014: £84,418).

## DIRECTORS AND ADVISERS

### DIRECTORS

**Christopher Wetherhill**

Independent Director and Chairman

**Laurence Charles Neil Blackall**

Independent Director

**Christine (Tina) Michelle Burns**

Independent Director

**Peter Adam Daiches Dubens**

Director

**James Michael Keyes**

Independent Director

**Ian Patrick Pilgrim**

Director

### ADVISERS

**Registered Office**

3rd Floor, Mintflower Place  
8 Par-La-Ville Road  
Hamilton HM08  
Bermuda

**Manager to the Company  
and the Limited Partnership**

Oakley Capital (Bermuda) Limited  
3rd Floor, Mintflower Place  
8 Par-La-Ville Road  
Hamilton HM08  
Bermuda

**Investment Adviser to the Manager**

Oakley Capital Limited  
3 Cadogan Gate  
London SW1X 0AS  
United Kingdom

**Legal Advisers to the Company**

Simpson Thacher & Bartlett LLP  
City Point  
1 Ropemaker Street  
London EC2Y 9HU  
United Kingdom

**CREST Depository**

Computershare Investor Services PLC  
PO Box 82  
The Pavilions  
Bridgwater Road  
Bristol BS99 7NH  
United Kingdom

**Administrator to the Company  
and the Limited Partnership**

Mayflower Management Services (Bermuda) Limited  
3rd Floor, Mintflower Place  
8 Par-La-Ville Road  
Hamilton HM08  
Bermuda

**Legal Advisers to the Company  
as to Bermuda Law**

Conyers Dill & Pearman Limited  
Clarendon House  
2 Church Street  
Hamilton HM CX  
Bermuda

**Nominated Adviser and Broker  
to the Company**

Liberum Capital Limited  
Level 12, Ropemaker Place  
25 Ropemaker Street  
London EC2Y 9AR  
United Kingdom

**Auditors to the Company and  
the Limited Partnership**

KPMG  
Crown House  
4 Par-La-Ville Road  
Hamilton HM08  
Bermuda

**Branch Registrar**

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

NOTICE is hereby given that the 2016 Annual General Meeting of the members of the Company will be held at 3rd Floor, Mintflower Place, 8 Par-La-Ville Road, Hamilton HM08, Bermuda on:

7 June 2016 at 11.00 a.m. (Bermuda time)

## AGENDA

### Ordinary Resolutions

1. To elect a Chairman, if necessary.
2. To read the Notice convening the Meeting.
3. To lay before the Members the Company's audited report and accounts for the financial year ended 31 December 2015.
4. To re-appoint KPMG of Crown House, 4 Par-La-Ville Road, Hamilton HM08, Bermuda as auditors for the ensuing year, and to authorise the Directors to fix their remuneration.
5. To note the retirement by rotation as Directors of the Company of Peter Dubens and Laurence Blackall at the Meeting in accordance with Bye-law 105 of the Company's Bye-laws.
6. To:
  - a) determine the minimum and maximum number of Directors as not less than two (2) and not more than twelve (12);
  - b) re-elect Peter Dubens as a Director of the Company so to serve until the next Annual General Meeting or until his successor is elected or appointed;
  - c) re-elect James Keyes as a Director of the Company so to serve until the next Annual General Meeting or until his successor is elected or appointed;
  - d) re-elect Laurence Blackall as a Director of the Company so to serve until the next Annual General Meeting or until his successor is elected or appointed;
  - e) re-elect Christopher Wetherhill as a Director of the Company so to serve until the next Annual General Meeting or until his successor is elected or appointed;
  - f) elect Caroline Foulger as a Director of the Company so to serve until the next Annual General Meeting or until her successor is elected or appointed;
  - g) authorise the Directors from time to time to fill any vacancies on the Board;
  - h) confer general authority on the Directors to appoint alternate Directors.

Copies of the letters of appointment of the Directors of the Company will be available for inspection for at least 15 minutes prior to the Meeting and during the Meeting itself.

13 May 2016

BY ORDER of the Directors

Mayflower Management Services (Bermuda) Limited

Secretary

**NOTES**

1. The Company has established 11 May 2016 as the record date (the "Record Date") for the purposes of the Meeting, and accordingly only the registered holders of the Company's Ordinary Shares who are entered in the Company's Register of Members as at the Record Date are entitled to receive notice of, and attend and vote at, the Meeting.
2. A member is entitled to appoint one or more proxies to attend the Meeting, and, on a poll, vote instead of that member. A proxy need not be a Member.
3. Enclosed is a Form of Proxy appointing the Chairman, failing which the Secretary, of the Meeting or some other person to vote your shares with respect to any and all matters coming before the Meeting.

To be valid the Form of Proxy must be received no later than 11.00 a.m. Bermuda time on 6 June 2016 at:

Mayflower Management Services (Bermuda) Limited  
Secretary  
Oakley Capital Investments Limited  
3rd Floor, Mintflower Place  
8 Par-La-Ville Road  
Hamilton HM08  
Bermuda

Email: [ipilgrim@mayflower.bm](mailto:ipilgrim@mayflower.bm)  
Fax: (441) 542 6724

Please return the completed Form of Proxy by scanned e-mail or by facsimile.

4. The Company advises that it knows of no other items to be brought before the Meeting other than the agenda items specified in the Notice. However, should any other items be presented at the Meeting of which the Company is not aware, it is the intention that the Proxy-holder vote at his/her discretion.
5. The giving of a proxy does not preclude the right to vote in person, should the Member giving the proxy so desire, as the proxy may be revoked at any time, provided Notice of Revocation is received by the Company at the address given in Note 3 above before commencement of the Meeting. Notice of Revocation may be served by scanned e-mail or by facsimile.









Oakley Capital  
Investments Limited

Oakley Capital Investments Limited is registered  
in Bermuda with company number 40324.

Registered office: 3rd Floor, Mintflower Place,  
8 Par-La-Ville Road, Hamilton HM08, Bermuda