

# Standard Life European Private Equity Trust PLC

Interim Report and Accounts  
for the six months ended 31 March 2014



Managed by  
**SL Capital Partners**

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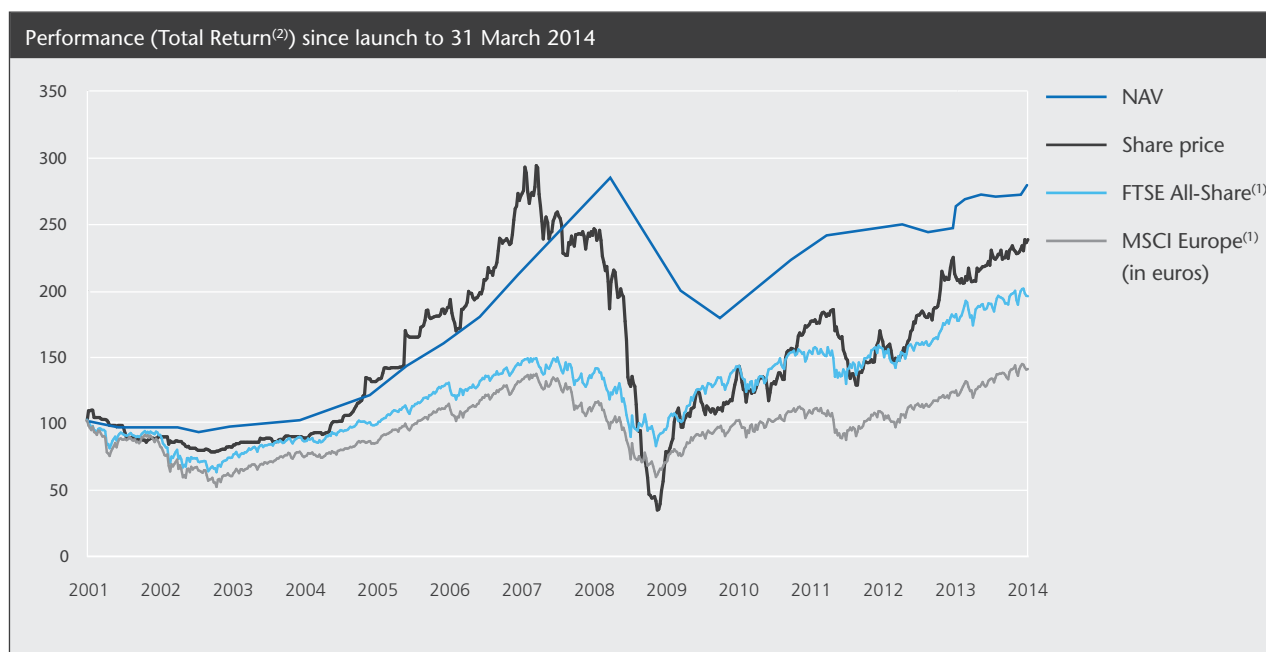
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To achieve long-term capital gains through holding a diversified portfolio of private equity funds investing predominantly in Europe.

## Company Summary

<b>Investment policy</b>	Full details of the Company's investment policy can be found on page 17 of the Annual Report.
<b>Investment manager</b>	SL Capital Partners LLP ("The Manager")
<b>Shareholders' funds</b>	£401.2 million at 31 March 2014
<b>Market capitalisation</b>	£324.6 million at 31 March 2014
<b>Capital structure</b>	<b>159,097,294 ordinary shares of 0.2p each.</b> Each ordinary shareholder is entitled to one vote on a show of hands and, on a poll, to one vote for every ordinary share held.
<b>Management and incentive fees</b>	The base management fee is 0.8% per annum of the net assets of the Company. In addition, there is an incentive fee payable, which is calculated on the basis of 10% of the growth in the diluted net asset value total return in excess of an 8% per annum hurdle rate, measured over the five year period ending 30 September 2016 (more details are provided in note 5). The notice period is twelve months.
<b>ISA status</b>	The Company's ordinary shares are eligible for Individual Savings Accounts (ISAs).
<b>AIC membership</b>	The Company is a member of The Association of Investment Companies.

# Financial Summary



Performance (Capital Only)	At 31 March 2014	At 30 September 2013	% Change
Net asset value per ordinary share ("NAV")	252.2p	243.4p	3.6
Share price	204.0p	198.0p	3.0
FTSE All-Share Index <sup>(1)</sup>	3,555.6	3,443.9	3.2
MSCI Europe Index (in euros) <sup>(1)</sup>	113.8	106.2	7.2
Discount (difference between share price and diluted net asset value)	19.1%	18.6%	

Performance (Total Return) <sup>(2)</sup>	Six months %	1 year %	Annualised 5 year %	Annualised since launch <sup>(3)</sup> %
Share price	5.6	12.9	37.6	6.9
NAV	5.5	6.6	7.4	8.5
FTSE All-Share Index <sup>(1)</sup>	4.8	8.8	16.4	5.3
MSCI Europe Index (in euros) <sup>(1)</sup>	8.3	16.6	17.3	2.7

High/low for the six months ended 31 March 2014	High	Low
Share price (mid)	208.0p	195.0p

<sup>(1)</sup> The Company has no defined benchmark; the indices above are solely for comparative purposes.

<sup>(2)</sup> Includes dividends reinvested.

<sup>(3)</sup> The Company was listed on the London Stock Exchange in May 2001.

# Ten Year Historical Record

## Summary financial information

NAV and share price	Net assets £m	NAV (undiluted) p	NAV (diluted) p	Share price p	Premium/ (discount) to diluted NAV %
At 30 September 2004	168.6	105.9	105.9	94.50	(10.8)
At 30 September 2005	228.3	143.5	143.5	156.25	8.9
At 30 September 2006	289.8	182.1	179.6	183.50	2.1
At 30 September 2007	385.7	241.3	237.7	226.50	(4.7)
At 30 September 2008	375.5	234.8	231.4	161.00	(30.4)
At 30 September 2009	265.6	164.9	163.4	112.25	(31.3)
At 30 September 2010	315.2	195.3	193.3	113.75	(41.2)
At 30 September 2011	369.4	228.7	225.9	134.00	(40.7)
At 30 September 2012	369.7	227.6	224.9	162.38	(27.8)
At 30 September 2013	401.2	244.2	243.4	198.00	(18.6)
At 31 March 2014	401.2	252.2	252.2	204.00	(19.1)

Performance and dividends	NAV total return %	Share price total return <sup>1</sup> %	Dividend paid <sup>2</sup> £m	Dividend paid per ordinary share p	Expense ratio <sup>3</sup> %
Year to 30 September 2004	13.8	16.0	0.9	0.55	1.04
Year to 30 September 2005	36.9	67.3	1.9	1.20	1.01
Year to 30 September 2006	26.6	18.7	2.9	1.80	1.01
Year to 30 September 2007	35.4	24.8	3.8	2.40	0.97
Year to 30 September 2008	(1.3)	(27.8)	5.6	3.50	0.94
Year to 30 September 2009	(29.2)	(29.5)	0.6	0.70	0.92
Year to 30 September 2010	18.4	1.4	0.1	0.10	1.02
Year to 30 September 2011	17.0	18.0	0.2	0.20	1.02
Year to 30 September 2012	0.1	22.4	1.0	1.30	0.97
Year to 30 September 2013	9.1	23.4	1.3	2.00	0.99
Six months to 31 March 2014	5.5	5.6	8.2	5.00	0.98 <sup>4</sup>

<sup>1</sup> Data supplied by Fundamental Data.

<sup>2</sup> Represents the cash dividend paid during the year, declared for the previous financial year.

<sup>3</sup> The expense ratios follow the AIC's recommended methodology for calculating Ongoing Charges.

<sup>4</sup> Annualised for 2014.

Investment exposure	Fund manager as a % of net assets		Top 10 %	Fund investments as a % of net assets	
	Top 5 %	Top 10 %		Top 20 %	Top 30 %
At 30 September 2004	48.6	76.1	64.9	86.7	89.1
At 30 September 2005	44.9	75.5	60.7	78.3	81.4
At 30 September 2006	40.9	67.4	50.3	74.0	81.4
At 30 September 2007	41.0	66.5	42.5	64.8	80.4
At 30 September 2008	54.5	84.6	55.1	84.0	102.4
At 30 September 2009	55.5	87.2	61.1	93.8	109.0
At 30 September 2010	62.1	96.4	67.9	101.0	116.2
At 30 September 2011	57.9	89.1	69.0	95.4	106.8
At 30 September 2012	51.2	80.2	63.5	87.4	97.9
At 30 September 2013	44.9	68.4	51.7	76.5	86.8
At 31 March 2014	44.2	68.4	54.9	77.4	86.9

# Chairman's Statement



Edmond Warner, OBE

## Results and performance

In the six month period to 31 March 2014 the Company enjoyed a strong inflow of distributions, as the improving European macro-economic environment and better listed financial markets saw increased exit activity across the portfolio. The Company's net asset value per ordinary share ("NAV") rose by 3.6% during the period to 252.2p, from a diluted NAV of 243.4p at 30 September 2013. The NAV total return for the period was 5.5%. At 31 March 2014 the Company's net assets were £401.2 million (30 September 2013 – £401.2 million).

The 8.8p rise in NAV during the period comprised 13.9p of net realised gains and income from the Company's portfolio of 42 private equity fund interests, 2.3p of unrealised gains on a constant exchange rate basis, 2.8p of negative exchange rate movements on the portfolio, a 5.0p impact from payment of the final dividend for the year ended 30 September 2013, a 2.0p benefit from share buy-back transactions and 1.6p of fees, costs and other items.

The closing mid-market price of the Company's ordinary shares on 31 March 2014 was 204.0p, an increase of 3.0% over the period and a discount of 19.1% to the NAV. This compares to rises in the FTSE All-Share Index and the MSCI Europe Index (in euros) over this period of 3.2% and 7.2% respectively.

In line with the Company's dividend policy, the Board has not declared an interim dividend. On 30 January 2014 the Company paid a final dividend for the year ended 30 September 2013 of 5.0p per ordinary share. The cost of the final dividend was £8.2 million.

## Investment activity

The value of all private equity investments undertaken in Europe during the six months to 31 March 2014 was slightly higher than the corresponding period in 2013, with €40.4 billion of transactions by enterprise value announced (six months ended 31 March 2013 – €38.5 billion). While the number and aggregate value of large buy-out transactions remains volatile, the middle market of buy-out transactions with an enterprise value between €100 million and €1 billion continues to grow. Positively, the period also saw an increase in mergers and acquisitions activity in Europe.

In line with activity levels in the European private equity market and the maturity of the Company's portfolio, the Company funded £15.9 million of draw downs and received £49.3 million of distributions during the period.

Accordingly, the Company generated a net cash inflow from investment activities of £33.4 million. The distributions received generated net realised gains and income of £22.9 million, equivalent to an average return on the acquisition cost of the realised investments of 1.9 times (year ended 30 September 2013 – 2.2 times).

In line with the Company's investment strategy, two new fund commitments were made during the period, with commitments of €30.0 million to Nordic Capital VIII in October 2013 and €30.0 million to Permira V in March 2014. The Company also undertook two secondary fund purchases. The Company acquired an original commitment of €20.0 million to 3i Eurofund V in December 2013. The fund interest was acquired at a 2.5% discount to the 30 June 2013 valuation of the fund, adjusted for subsequent cashflows. The purchase price for the fund interest was £8.2 million and the Company assumed outstanding commitments of £0.7 million. The Company already held an existing original commitment of €40.0 million to 3i Eurofund V. The Company also acquired an original commitment of €6.0 million to IK VII in March 2014. The fund interest was acquired at 100% of the 30 September 2013 valuation of the fund, adjusted for subsequent cashflows. The purchase price for the fund interest was £1.0 million and the Company assumed outstanding commitments of £3.9 million. The Company already held an existing original commitment of €30.0 million to IK VII. At 31 March 2014 the Company had £213.5 million of outstanding commitments (30 September 2013 – £178.5 million).

In addition, reflecting the more flexible approach to the use of the Company's capital resources and the strong cash inflow, in a series of transactions the Company acquired a total of 6.1 million ordinary shares through share buy-back transactions for £12.2 million. The ordinary shares were acquired at an average price of 198.2p and at an average discount to the prevailing diluted NAV of 19.0%. The ordinary shares acquired have been cancelled.

At 31 March 2014 the Company had a cash balance, including holdings in money market funds, of £22.7 million and had £21.9 million invested in UK and European equity index tracker funds. The Company continues to have an undrawn £80 million syndicated revolving credit facility led by The Royal Bank of Scotland plc that expires in December 2016.



## Valuation

The Company's portfolio comprises 42 private equity fund interests. At 31 March 2014 the value of this portfolio was £356.4 million, of which net unrealised losses arising during the period were £0.8 million. 94.4% by value of the Company's private equity fund interests were valued by the relevant fund manager at 31 March 2014.

Unrealised gains on a constant exchange rate basis were £3.7 million (1.0% of the opening portfolio valuation). The uplift reflected a combination of positive earnings growth and a rise in listed comparable valuation multiples. Exchange rate movements contributed an unrealised loss of £4.5 million (1.3% of opening portfolio valuation). During the period sterling appreciated by 1.1% against the euro and by 2.9% against the US dollar.

## Recent activity

During the period from 31 March 2014 to 28 May 2014 the Company funded £6.9 million of draw downs and received £9.7 million of distributions. At 28 May 2014 the Company had a cash balance, including holdings in money market funds, of £23.8 million and had £22.4 million invested in UK and European equity index tracker funds. At 28 May 2014 the Company had outstanding commitments of £202.9 million.

## Board

The Board is pleased to welcome Alan Devine as a director of the Company, who has been appointed with immediate effect. Alan has spent his entire career working for The Royal Bank of Scotland Group in a variety of senior roles and he is currently CEO of RBS Shipping Group. Alan brings significant experience of the banking market, which the Board believes will be invaluable in its deliberations.

## Outlook

An improving macro-economic environment and broadly favourable listed equity markets, coupled to signs of increasing mergers and acquisitions activity in Europe, should result in a continuing strong flow of realisations from the Company's portfolio. This is particularly true for those investments made in 2006-07, which are mature.

Increasing mergers and acquisitions activity should also result in a rise in deal flow for new investments. The Board and the Manager believe the portfolio is well positioned for further growth in value over the remainder of the year.

Edmond Warner OBE  
Chairman

29 May 2014

# Manager’s Review

## Investment strategy

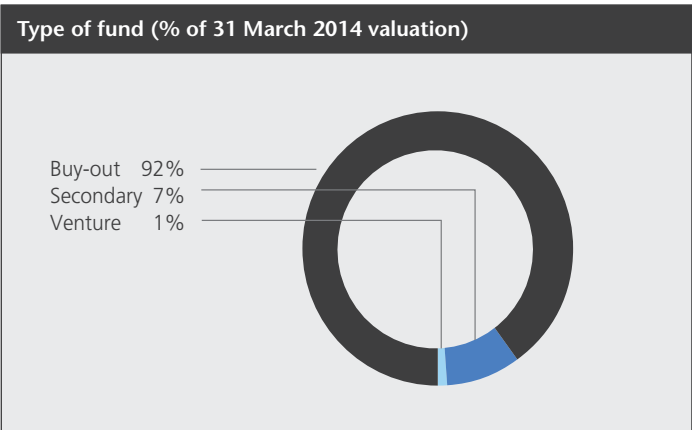
The Company’s investment strategy is to invest in the leading European private equity funds focused on mid to large sized buy-outs, which can be categorised as transactions with enterprise values ranging between €200 million and €2.0 billion.

The private equity funds in the Company’s portfolio principally invest in countries in Europe, which the Manager defines as EU Member States, EU Associate Member States and other western European countries. The Company has the flexibility to invest up to 20% of its gross assets, at the time of purchase, in private equity funds which invest principally outside Europe. At 31 March 2014 the Company had six fund investments – Collier International Partners IV, Collier International Partners V, Pomona Capital V Fund, Pomona Capital VI Fund, TowerBrook Investors II and TowerBrook Investors IV - which are likely to invest a majority of their capital outside Europe. In total these funds represented 8.6% of the Company’s gross assets by valuation and 6.4% by cost at 31 March 2014.

## Portfolio composition and performance

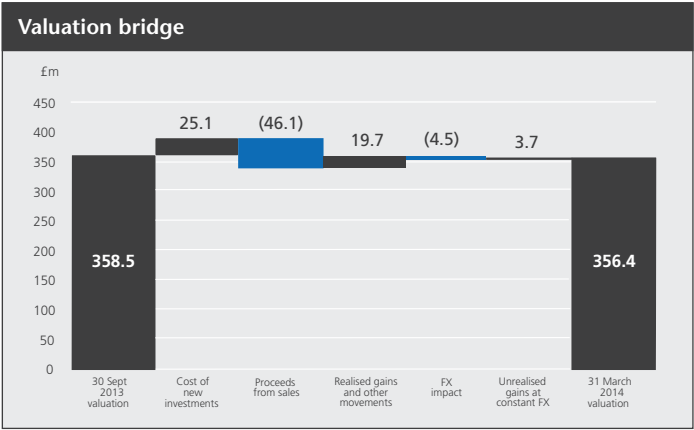
At 31 March 2014 the Company’s portfolio comprised 42 private equity fund interests with a value of £356.4 million which, together with its current assets less liabilities, resulted in the Company having net assets of £401.2 million. This represented a NAV of 252.2p.

The split of the Company’s portfolio by type of private equity fund is set out in the pie chart below. Details of all of the Company’s private equity fund investments, and more detailed information on the ten largest fund investments, are shown on pages 9 to 11 of this report.



The valuation of the Company’s private equity fund interests at 31 March 2014 was carried out by the Manager and has been approved by the Board in accordance with the Company’s accounting policies. In undertaking the valuation, the most recent valuation of each fund prepared by the relevant fund manager has been used, adjusted where necessary for subsequent cash flows. The fund valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation guidelines. These guidelines require investments to be valued at “fair value”.

Of the 42 private equity funds in which the Company is invested, 40 of the funds, or 94.4% of the portfolio by value, were valued by their fund managers at 31 March 2014. The Manager continues to believe that the use of such timely valuation information is important.



The value of the Company’s portfolio of private equity fund interests decreased during the period from £358.5 million at 30 September 2013 to £356.4 million at 31 March 2014. A breakdown of the £2.1 million movement in the Company’s portfolio during the period is detailed in the valuation bridge shown above. The decrease in value was driven by £46.1 million of realisation proceeds from the Company’s private equity fund interests and £4.5 million of unrealised foreign exchange losses. This was partially offset by £25.1 million of new investments, £19.7 million of realised gains and £3.7 million of unrealised gains on the investment portfolio on a constant exchange rate basis. During the period to 31 March 2014 sterling appreciated by 1.1% relative to the euro and by 2.9% relative to the US dollar.

## Investment activity

The quantum and value of new European private equity investment continues to be impacted by the level of economic and mergers and acquisitions activity in Europe. However, the value of new investments made during the six months ended 31 March 2014 was slightly higher than the equivalent period in 2013, reflecting a growth in the number and value of mid-market buy-out transactions. The Manager is also encouraged by the signs of a pick-up in mergers and acquisitions activity generally.

The Company had £15.9 million of draw downs by, and £49.3 million of distributions from, the Company’s portfolio of fund interests, which resulted in a net cash inflow of £33.4 million from investment activities, excluding secondary purchases, during the period. The strong distribution activity reflected an improving exit environment; this is expected to continue, supported by the maturity of the Company’s investment portfolio.

## Secondary activity

The Company undertook two secondary fund transactions during the six month period.



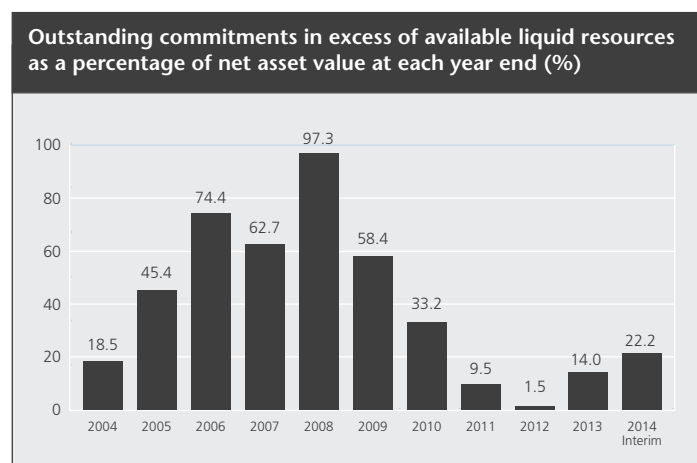
In December 2013 the Company completed the purchase of an original commitment of €20.0 million to 3i Eurofund V. The purchase price was £8.2 million (2.5% discount to the 30 June 2013 valuation of the fund, adjusted for subsequent cashflows) and the Company assumed outstanding commitments of £0.7 million. The Company already held an existing original commitment of €40.0 million to 3i Eurofund V.

In March 2014 the Company also acquired an original commitment of €6.0 million to IK VII. The purchase price was £1.0 million (100% of the 30 September 2013 valuation of the fund, adjusted for subsequent cashflows) and the Company assumed outstanding commitments of £3.9 million. The Company already held an existing original commitment of €30.0 million to IK VII.

## Fund commitments

The Company made two new primary fund commitments during the six month period, with a €30.0 million commitment to Nordic Capital VIII in October 2013 and a €30.0 million commitment to Permira V in March 2014. The new commitments were made in light of the Company's positive net cash flow and the low level of aggregate outstanding commitments.

It is envisaged that further new commitments will be made during 2014, as the Company continues to receive positive net cash flows from its investment portfolio. New commitments are likely to be in the form of new primary fund commitments and the purchase of selective secondary interests. Secondary fund interests allow the Company to gain exposure to attractive funds which are already partially invested, thus potentially widening the Company's vintage year diversification whilst adding a lower quantum of outstanding commitments.



At 31 March 2014 the Company had £213.5 million of outstanding commitments. After adjusting for excess available liquid resources, such outstanding commitments were equivalent to 22.2% of the Company's net assets.

## Analysis of underlying investments

At 31 March 2014 the Company's 42 private equity fund interests were collectively invested in a total of 512 underlying investments. The diversification of the underlying investments at 31 March 2014 and 30 September 2013 is set out in the four bar charts at the bottom of page 8.

The bar charts demonstrate the broad diversification that applies by geography and by sector within the Company's underlying portfolio of investments at 31 March 2014. The UK still remains the single largest geographic exposure, although it has fallen from 64.0% at the time of the Company's listing in 2001 to 23.0% at 31 March 2014, as other European private equity markets have continued to develop. The broad sector diversification across a wide range of industries, including industrials, consumer services and financials, helps to mitigate the effect of volatility in any individual sector.

The bar chart showing the maturity exposure of underlying investments highlights the increasing maturity of the portfolio, as a result of the reduced level of private equity transactions over the last two to three years. The bar chart showing value relative to the original cost of underlying investments illustrates that the portfolio remains healthy with 83.0% of the portfolio valued at or above cost.

## Valuation and leverage multiple analysis

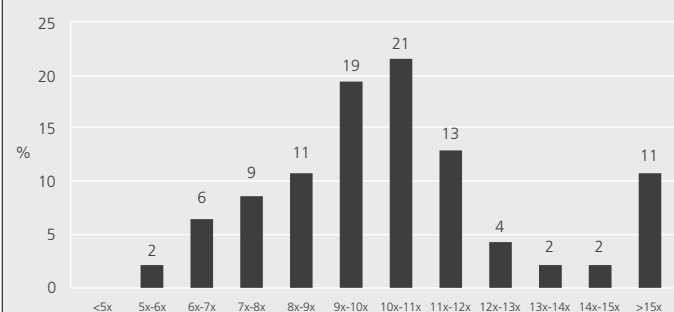
The two bar charts at the top of page 8 show the valuation and leverage multiples of the fifty largest underlying portfolio companies held by the Company's private equity fund interests at 31 December 2013, which in aggregate represented 46.0% of the Company's then net assets. This analysis is at 31 December 2013 due to the fact that most private equity funds provide detailed information on the underlying portfolio companies twice a year, in June and December, rather than quarterly.

The valuation multiples of each underlying portfolio company are derived using the relevant listed comparable companies, adjusted where appropriate, in line with the International Private Equity and Venture Capital Valuation guidelines.

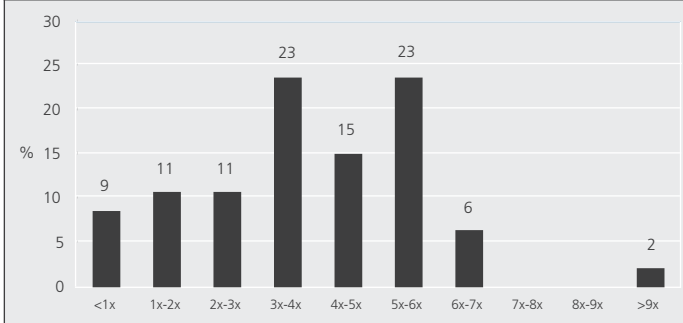
The median valuation and leverage multiples for the top fifty underlying portfolio companies are 10-11x EV/EBITDA and 3-4x Debt/EBITDA respectively. These compare to the valuation and leverage multiples for the top fifty underlying portfolio companies at 30 June 2013 of 9-10x EV/EBITDA and 3-4x Debt/EBITDA. The slight increase in the median valuation multiple reflects the rise in listed comparables. The Manager believes that these valuation and leverage multiples are in line with the European private equity market for similar sized deals and vintages.

# Manager's Review

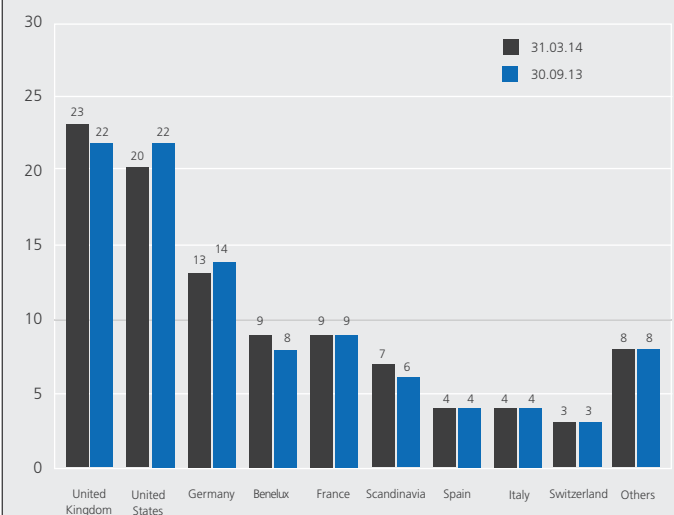
## EV/EBITDA Multiple



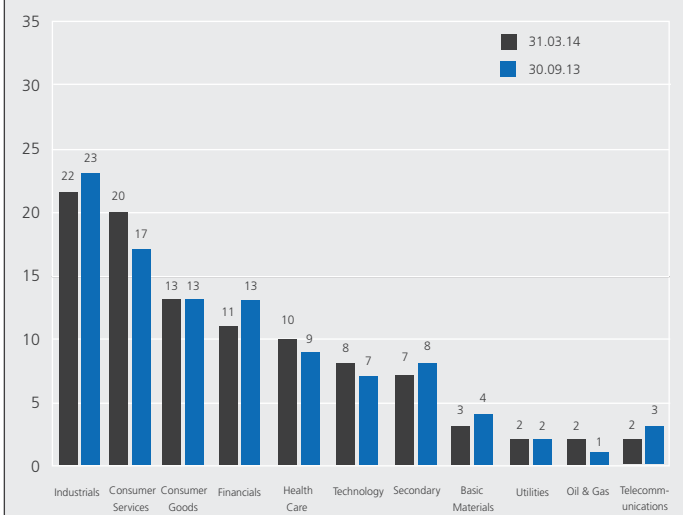
## Debt/EBITDA Multiple



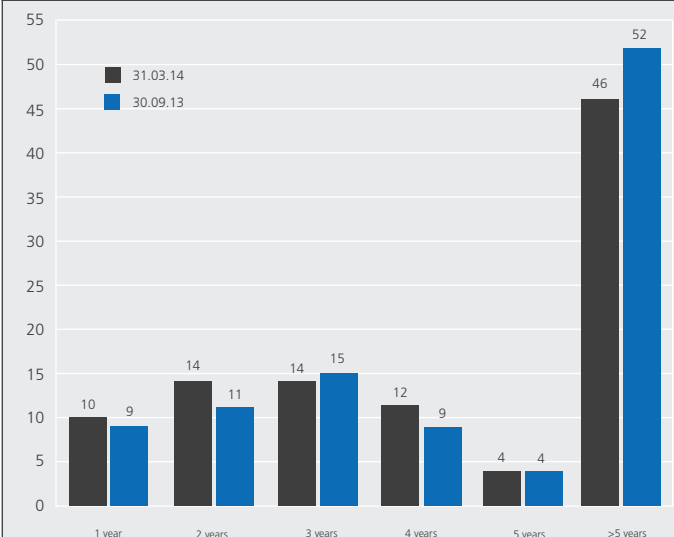
## Geographic exposure (% of valuation)



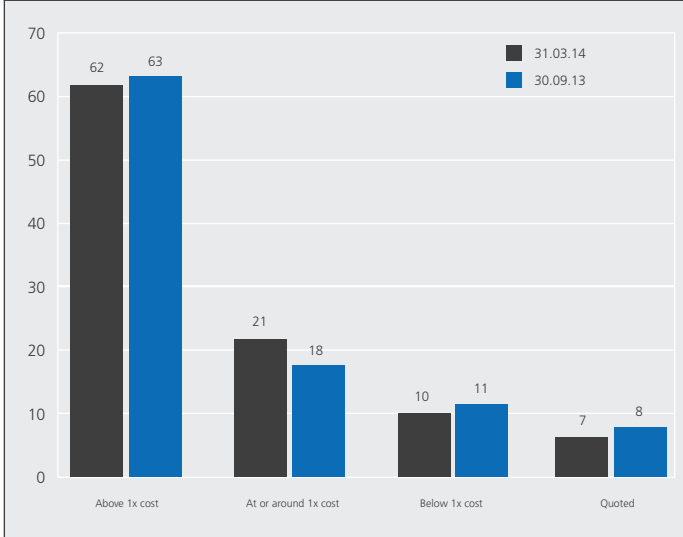
## Sector exposure (% of valuation)



## Maturity exposure (% of valuation)



## Value relative to original cost (% of valuation)



# Fund Investments

at 31 March 2014

The private equity funds in which the Company invests usually take the form of limited partnerships. Contractual commitments are made to the funds and these are drawn down by the managers of the funds as required for investment over time. Details of all of the Company's fund investments, by valuation, and a description of the ten largest fund investments follow:

Vintage year of fund	Fund	Type	Number of investments	Valuation date*	Outstanding commitments £'000	Cost £'000	Valuation £'000	Net multiple† GBP (X)	% of net assets
2007	Industri Kapital 2007	Buy-out	14	31.03.14	1,435	29,906	33,950	1.2	8.5%
2006	3i Eurofund V	Buy-out	20	31.03.14	2,106	30,397	32,835	1.1	8.2%
2007	Apax Europe VII	Buy-out	26	31.03.14	3,411	22,564	25,237	1.2	6.3%
2007	Equistone Partners Europe Fund III	Buy-out	21	31.03.14	4,728	27,527	22,605	1.4	5.6%
2008	CVC European Equity Partners V	Buy-out	24	31.03.14	5,079	19,477	20,807	1.3	5.2%
2005	Candover 2005 Fund	Buy-out	6	31.03.14	-	40,770	20,671	0.7	5.2%
2006	Terra Firma Capital Partners III	Buy-out	6	31.12.13	632	25,330	17,920	0.7	4.5%
2012	Equistone Partners Europe Fund IV	Buy-out	17	31.03.14	10,457	14,540	16,670	1.2	4.2%
2011	BC European Capital IX	Buy-out	8	31.03.14	13,368	14,323	15,375	N/D	3.8%
2006	Cinven Fourth Fund	Buy-out	13	31.03.14	2,180	11,856	14,264	1.6	3.6%
2006	Collier International Partners V	Secondary	55	31.03.14	5,230	4,713	12,454	1.4	3.1%
2008	Advent Global Private Equity VI	Buy-out	25	31.03.14	537	7,822	11,395	1.7	2.8%
2006	Permira IV	Buy-out	18	31.03.14	1,004	9,946	10,622	1.1	2.6%
2006	TowerBrook Investors II	Buy-out	6	31.03.14	3,471	6,086	9,410	1.9	2.3%
2011	Montagu IV	Buy-out	6	31.03.14	15,609	9,126	8,961	1.1	2.2%
2006	HgCapital 5	Buy-out	8	31.03.14	1,011	8,597	8,471	1.6	2.1%
2005	Pomona Capital VI Fund	Secondary	34	31.03.14	1,638	8,494	8,055	1.5	2.0%
2012	Advent Global Private Equity VII	Buy-out	10	31.03.14	10,169	6,258	7,891	1.3	2.0%
2013	Bridgepoint Europe IV	Buy-out	20	31.03.14	989	7,366	7,152	1.1	1.8%
2012	IK VII	Buy-out	3	31.03.14	23,362	6,499	5,674	0.9	1.4%
2002	Charterhouse Capital Partners VII	Buy-out	6	31.03.14	1,534	7,778	5,143	1.9	1.3%
2005	Advent Global Private Equity V	Buy-out	6	31.03.14	1,302	2,145	5,090	2.9	1.3%
2004	Industri Kapital 2004	Buy-out	4	31.03.14	14	6,166	4,740	2.2	1.2%
2005	CVC European Equity Partners IV	Buy-out	9	31.03.14	1,690	4,772	4,665	2.2	1.2%
2005	Equistone Partners Europe Fund II	Buy-out	7	31.03.14	221	8,827	3,785	1.6	0.9%
2013	Charterhouse Capital Partners IX	Buy-out	9	31.03.14	2,220	3,148	3,722	1.2	0.9%
2006	CVC Tandem Fund	Buy-out	12	31.03.14	622	3,628	3,543	1.5	0.9%
2002	Collier International Partners IV	Secondary	37	31.03.14	1,620	270	2,876	1.4	0.7%
2001	Cinven Third Fund	Buy-out	4	31.03.14	959	5,453	2,600	2.1	0.6%
2001	Scottish Equity Partners II	Venture capital	5	31.12.13	-	3,559	2,025	1.0	0.5%
2001	Candover 2001 Fund	Buy-out	3	31.03.14	-	6,184	1,637	1.6	0.4%
2001	Pomona Capital V Fund	Secondary	54	31.03.14	102	6,051	1,569	1.4	0.4%
2013	Nordic Capital VIII	Buy-out	1	31.03.14	22,815	2,104	1,557	0.7	0.4%
2000	CVC European Equity Partners III	Buy-out	3	31.03.14	881	3,455	845	2.7	0.2%
2001	MUST 4	Buy-out	1	31.03.14	1,764	3,240	617	2.0	0.2%
2002	Equistone Partners Europe Fund	Buy-out	2	31.03.14	-	587	530	2.5	0.1%
1998	CVC European Equity Partners II	Buy-out	4	31.03.14	1,037	2,332	473	1.9	0.1%
1999	Apax Europe IV	Balanced	1	31.03.14	-	6,935	437	1.1	0.1%
2013	CVC Capital Partners VI	Buy-out	-	31.03.14	24,614	190	91	0.5	0.0%
1995	Phildrew Fourth	Buy-out	-	31.03.14	-	-	17	0.3	0.0%
2013	Permira V	Buy-out	4	31.03.14	24,801	-	-	-	0.0%
2013	TowerBrook Investors IV	Buy-out	-	31.03.14	20,864	152	-	-	0.0%
Total portfolio investments‡			512		213,476	388,573	356,381		88.8%
Current assets less liabilities							44,801		11.2%
Shareholders' funds							401,182		100.0%

\* valuation date refers to the date of the last valuation prepared by the manager of the relevant fund.

† the net multiple has been calculated by SL Capital Partners LLP in GBP on the basis of the total realised and unrealised return for the interest held in each fund investment. (N/D – not disclosed due to legal limitations).

‡ the 512 underlying investments represent holdings in 489 separate companies.

# Ten Largest Fund Investments

at 31 March 2014

Industri Kapital 2007		31 March 2014	30 September 2013
Industri Kapital 2007 is a €1.7 billion private equity fund focused on northern European buy-outs. The fund is managed by IK Investment Partners, which is headquartered in London, with further offices in Stockholm, Oslo, Paris and Hamburg. IK targets the buy-out of businesses with enterprise values of between €100 million and €500 million.	Value (£'000)	33,950	39,344
	Cost (£'000)	29,906	34,537
	Commitment (€'000)	50,000	50,000
	Amount Funded	96.5	96.5%
	Holding in Fund	3.0%	3.0%
	Income (£'000)	269	60
3i Eurofund V		31 March 2014	30 September 2013
3i Eurofund V is a €5.0 billion private equity fund, including a commitment of €2.8 billion from 3i Group plc, focused on mid to large sized European buy-outs. The fund is managed by 3i Private Equity, a division of 3i Group plc, an investment company listed on the London Stock Exchange. 3i is one of the oldest and most experienced private equity managers in Europe and operates from a network of offices, including Amsterdam, London, Madrid, Paris and Stockholm. 3i targets buy-out transactions with enterprise values of between €100 million and €1.0 billion, across a wide range of sectors.	Value (£'000)	32,835	17,027
	Cost (£'000)	30,397	21,121
	Commitment (€'000)	60,000	40,000
	Amount Funded	95.8%	92.1%
	Holding in Fund	1.2%	0.8%
	Income (£'000)	–	290
Apax Europe VII		31 March 2014	30 September 2013
Apax Europe VII is a €11.1 billion private equity fund predominantly focused on the European market. The fund is managed by Apax Partners, one of the leading and most experienced private equity managers in Europe. Apax operates from offices in London, Munich, New York and Tel Aviv with further offices across Asia in Hong Kong, Shanghai and Mumbai. The fund pursues a large buy-out strategy, and targets Apax Partners' four chosen sectors of technology and telecoms, healthcare, services, and consumer.	Value (£'000)	25,237	24,612
	Cost (£'000)	22,564	22,591
	Commitment (€'000)	41,385	41,385
	Amount Funded	90.0%	87.3%
	Holding in Fund	0.4%	0.4%
	Income (£'000)	–	–
Equistone Partners Europe Fund III		31 March 2014	30 September 2013
Equistone Partners Europe Fund III is a €1.8 billion private equity fund focused on European middle market buy-outs. The fund is managed, alongside €800 million from Barclays Bank, by Equistone Partners Europe, the former private equity arm of Barclays PLC. The manager operates from offices in London, Paris, Munich, Zurich, Birmingham and Manchester with a focus on sourcing investments in the UK, France and Germany.	Value (£'000)	22,605	25,773
	Cost (£'000)	27,527	28,850
	Commitment (€'000)	60,000	60,000
	Amount Funded	90.5%	89.4%
	Holding in Fund	3.3%	3.3%
	Income (£'000)	624	574
CVC European Equity Partners V		31 March 2014	30 September 2013
CVC European Equity Partners V is a €10.7 billion private equity fund predominantly focused on European buy-outs. The fund is managed by CVC Capital Partners Europe, one of the leading European private equity managers. CVC operates primarily from offices in London, Paris, Frankfurt, Amsterdam, Brussels, Copenhagen, Madrid, Stockholm, Zurich and Milan in Europe, with further offices in New York and across Asia. CVC targets medium and large sized buy-out transactions.	Value (£'000)	20,807	19,179
	Cost (£'000)	19,477	17,569
	Commitment (€'000)	35,000	35,000
	Amount Funded	82.4%	73.3%
	Holding in Fund	0.3%	0.3%
	Income (£'000)	488	1,235

# Ten Largest Fund Investments

at 31 March 2014

Candover 2005 Fund		31 March 2014	30 September 2013
<p>The Candover 2005 Fund is a €3.5 billion private equity fund focused on European buy-outs. The fund is managed by Arle Capital Partners which, historically, concentrated on larger buy-outs in the UK market. However, investments in continental Europe are a significant part of this fund's strategy.</p>	Value (£'000)	20,671	20,106
	Cost (£'000)	40,770	41,260
	Commitment (€'000)	60,000	60,000
	Amount Funded	100.0%	100.0%
	Holding in Fund	1.7%	1.7%
	Income (£'000)	–	–
Terra Firma Capital Partners III		31 March 2014	30 September 2013
<p>Terra Firma Capital Partners III is a €5.4 billion private equity fund focused predominantly on the European market. The fund targets asset-backed businesses operating in resilient and often regulated sectors which are in need of fundamental strategic, operational or management change. The fund is managed by Terra Firma Capital Partners, which was created in 2002 as the independent successor to Nomura Principal Finance Group that was founded in 1994 by Guy Hands, Terra Firma's Chairman and Chief Investment Officer. The manager operates from offices in London, Guernsey and Frankfurt.</p>	Value (£'000)	17,920	15,827
	Cost (£'000)	25,330	24,667
	Commitment (€'000)	34,000	34,000
	Amount Funded	97.8%	95.4%
	Holding in Fund	0.6%	0.6%
	Income (£'000)	–	–
Equistone Partners Europe Fund IV		31 March 2014	30 September 2013
<p>Equistone Partners Europe Fund IV is a €1.5 billion private equity fund focused on European middle market buy-outs. The fund is the first fund raised by by Equistone Partners Europe, following the spin-out from Barclays PLC. The manager operates from offices in London, Paris, Munich, Zurich, Birmingham and Manchester with a focus on sourcing investments in the UK, France and Germany.</p>	Value (£'000)	16,670	13,703
	Cost (£'000)	14,540	13,104
	Commitment (€'000)	30,000	30,000
	Amount Funded	57.8%	52.0%
	Holding in Fund	2.0%	2.0%
	Income (£'000)	–	229
BC European Capital IX		31 March 2014	30 September 2013
<p>BC Partners is one of the leading European buy-out firms with a track record that goes back to 1986. The team operates from offices in London, Paris, Hamburg, Milan and New York. BC European Capital IX held its final close in February 2012 with total commitments of €6.7 billion. The fund focuses primarily on buy-outs of larger companies exhibiting defensive growth characteristics. Typical enterprise values are between €300 million to €2 billion, and the main focus is on companies in the business services, consumer/retail, healthcare, media/telecoms and industrial sectors.</p>	Value (£'000)	15,375	14,258
	Cost (£'000)	14,323	12,590
	Commitment (€'000)	35,000	35,000
	Amount Funded	53.8%	47.8%
	Holding in Fund	0.5%	0.5%
	Income (£'000)	–	97
Cinven Fourth Fund		31 March 2014	30 September 2013
<p>Cinven Fourth Fund is a €6.5 billion private equity fund, targeting large buy-outs of European headquartered companies. Cinven, the manager, operates from offices in London, Frankfurt, Milan, Paris and Hong Kong. The team applies a sector based approach by focusing on the business services, consumer, healthcare, industrials, financial services, and telecoms/media/technology sectors. The enterprise value of target companies is generally in excess of €500 million.</p>	Value (£'000)	14,264	15,623
	Cost (£'000)	11,856	12,218
	Commitment (€'000)	21,000	21,000
	Amount Funded	87.4%	87.4%
	Holding in Fund	0.3%	0.3%
	Income (£'000)	238	883

# Top 30 Underlying Investments

at 31 March 2014

The table below summarises the top 30 underlying investments, by value, in the Company's portfolio of private equity funds. The valuations are gross, before any carry provision.

Entity	Description	Fund	Year of Investment	% of net assets
Action	Non-food discount retailer	3i Eurofund V	2011	2.6%
Parques Reunidos	Amusement parks	Candover 2005 Fund	2007	1.5%
AWAS/Pegasus	Aircraft lessor	Terra Firma Capital Partners III	2007	1.5%
Stork	Manufacturing and engineering conglomerate	Candover 2005 Fund	2008	1.3%
Acromas	Travel assistance and financial services	Charterhouse Capital Partners VII, CVC European Equity Partners IV & CVC Tandem	2004	1.2%
Hugo Boss	Fashion group	Permira IV	2007	1.0%
Scandlines	Northern European ferry operator	3i Eurofund V	2007	1.0%
Trader Media Group	Online, mobile and magazine vehicle advertising	Apax Europe VII	2007	1.0%
Visma	Provider of accounting software and services	HgCapital 5	2006	1.0%
Expro International	Oilfield services	Candover 2005 Fund	2008	0.9%
Schenck Process	Provides industrial weighing and measuring systems	Industri Kapital 2007	2007	0.9%
Evonik Industries	Chemicals, power generation, real estate	CVC European Equity Partners V & CVC Tandem	2008	0.8%
Achilles	Provider of data management services	HgCapital 5	2008	0.8%
A-Plan Holdings	Retail insurance broking	Equistone Partners Europe Fund III	2008	0.8%
Tnuva	Food manufacturer and distributor	Apax Europe VII	2008	0.8%
Not Disclosed	Cable television operator	BC European Capital IX	2011	0.8%
Ladder Capital Finance	Commercial real estate finance company	TowerBrook Investors II	2008	0.8%
Avio	Aerospace engine component manufacturer	Cinven Fourth Fund	2006	0.8%
TriZetto Group	Healthcare information technology solutions	Apax Europe VII	2008	0.7%
Abertis	European toll road operator and airport manager	CVC European Equity Partners V & CVC Tandem	2010	0.7%
Arysta	Agrochemicals business	Permira IV	2008	0.7%
Unipex	Pharmaceutical and cosmetic chemicals	Industri Kapital 2007	2012	0.7%
Not Disclosed	Cable communications system	BC European Capital IX	2012	0.7%
Hilite	Hydraulic actuators and injection systems	3i Eurofund V	2011	0.7%
Vistra	Trust, fiduciary, fund and corporate services	Industri Kapital 2007	2009	0.7%
EverPower	Wind energy development	Terra Firma Capital Partners III	2009	0.7%
Technogym	Provides fitness equipment and wellness products	Candover 2005 Fund	2008	0.7%
Formula One	Organiser of leading motor racing championship	CVC European Equity Partners IV	2006	0.7%
Sound Inpatient Physicians	Hospital provider of inpatient physician services	TowerBrook Investors II	2006	0.7%
Solina	Food ingredients mixer	Industri Kapital 2007	2011	0.7%
Grand Total				27.9%



# Principal Risks and Uncertainties

The principal risks facing the Company relate to the Company's investment activities and include the following:-

- market risk;
- currency risk;
- over-commitment risk;
- liquidity risk;
- credit risk;
- interest rate risk; and
- operating and control environment risk

Information on each of these risks, and an explanation of how they are managed, is contained in the Company's Annual Report for the year ended 30 September 2013.

The Company's principal risks and uncertainties have not changed materially since the date of that Report and are not expected to change materially for the remaining six months of the Company's financial year.

## Directors' Responsibility Statement

The Directors are responsible for preparing the half-yearly financial report, in accordance with applicable laws and regulations. The Directors confirm that to the best of their knowledge:-

- the condensed set of financial statements within the half-yearly financial report has been prepared in accordance with the UK Accounting Standards Board's Statement "Half-yearly financial reports";
- the Chairman's Statement and Manager's Review (together constituting the interim management report) includes a fair view of the information required by 4.2.7R of the FCA's Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year;
- the Statement of Principal Risks and Uncertainties shown above is a fair review of the information required by DTR 4.2.7R; and
- in accordance with 4.2.8R of the FCA's Disclosure and Transparency Rules there have been no changes in the nature or magnitude of related party transactions during the first six months of the financial year and, therefore, there is nothing to report on any material effect by such a transaction on the financial position or the performance of the Company during that period.

The half-yearly financial report was approved by the Board on 29 May 2014.

Signed on behalf of the Board of Directors of Standard Life European Private Equity Trust PLC

Edmond Warner OBE  
Chairman

Edinburgh  
29 May 2014

# Income Statement

		For the six months to 31 March 2014 (unaudited)		
	Notes	Revenue £'000	Capital £'000	Total £'000
Gains on investments		—	19,699	19,699
Currency losses		—	(972)	(972)
Income	4	3,314	—	3,314
Investment management fee	5	(163)	(1,465)	(1,628)
Administrative expenses		(347)	—	(347)
<b>Net return on ordinary activities before finance costs and taxation</b>		<b>2,804</b>	<b>17,262</b>	<b>20,066</b>
Finance costs		(52)	(476)	(528)
<b>Return on ordinary activities before taxation</b>		<b>2,752</b>	<b>16,786</b>	<b>19,538</b>
Taxation		(530)	521	(9)
<b>Return on ordinary activities after taxation</b>		<b>2,222</b>	<b>17,307</b>	<b>19,529</b>
<b>Net return per ordinary share</b>	7	<b>1.36p</b>	<b>10.61p</b>	<b>11.97p</b>
<b>Diluted net return per ordinary share</b>	7	<b>1.36p</b>	<b>10.61p</b>	<b>11.97p</b>

The Total column of this statement represents the profit and loss account of the Company.

There is no material difference between the profit on ordinary activities before taxation and the profit for the period stated above and their historical costs equivalent.

A Statement of Total Recognised Gains and Losses has not been prepared as all gains and losses are recognised in the Income Statement.

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

No operations were acquired or discontinued in the period.

# Income Statement

For the six months to 31 March 2013 (unaudited)			For the year ended 30 September 2013 (audited)		
Revenue	Capital	Total	Revenue	Capital	Total
£'000	£'000	£'000	£'000	£'000	£'000
—	28,851	28,851	—	28,161	28,161
—	(227)	(227)	—	(1,159)	(1,159)
3,878	—	3,878	12,150	—	12,150
(153)	(1,375)	(1,528)	(321)	(2,891)	(3,212)
(371)	—	(371)	(637)	—	(637)
3,354	27,249	30,603	11,192	24,111	35,303
(97)	(869)	(966)	(147)	(1,328)	(1,475)
3,257	26,380	29,637	11,045	22,783	33,828
(340)	234	(106)	(1,345)	1,218	(127)
2,917	26,614	29,531	9,700	24,001	33,701
1.79p	16.36p	18.15p	5.96p	14.74p	20.70p
1.78p	16.21p	17.99p	5.91p	14.62p	20.53p

# Reconciliation of Movements in Shareholders' Funds

## For the six months ended 31 March 2014 (unaudited)

	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Balance at 1 October 2013	330	85,594	75,519	70	223,438	16,214	401,165
Total recognised gains	—	—	—	—	17,307	2,222	19,529
Conversion of founder A shares	—	891	—	1	—	—	892
Buy back of ordinary shares	(12)	—	(12,162)	12	—	—	(12,162)
Dividends paid	—	—	—	—	—	(8,242)	(8,242)
Balance at 31 March 2014	318	86,485	63,357	83	240,745	10,194	401,182

## For the six months ended 31 March 2013 (unaudited)

	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Balance at 1 October 2012	359	80,954	79,148	3	199,437	9,761	369,662
Total recognised gains	—	—	—	—	26,614	2,917	29,531
Conversion of founder A shares	—	133	—	—	—	—	133
Cancellation of deferred shares	(30)	—	(30)	60	—	—	—
Scrip issue of ordinary shares	2	1,972	—	—	—	—	1,974
Buy back of ordinary shares	(4)	—	(3,582)	4	—	—	(3,582)
Dividends paid	—	—	—	—	—	(3,247)	(3,247)
Balance at 31 March 2013	327	83,059	75,536	67	226,051	9,431	394,471

## For the year ended 30 September 2013 (audited)

	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Balance at 1 October 2012	359	80,954	79,148	3	199,437	9,761	369,662
Total recognised gains	—	—	—	—	24,001	9,700	33,701
Conversion of founder A shares	3	2,668	—	3	—	—	2,674
Cancellation of deferred shares	(30)	—	(30)	60	—	—	—
Buy back of ordinary shares	(4)	—	(3,599)	4	—	—	(3,599)
Scrip issue of ordinary shares	2	1,972	—	—	—	—	1,974
Dividends paid	—	—	—	—	—	(3,247)	(3,247)
Balance at 30 September 2013	330	85,594	75,519	70	223,438	16,214	401,165

## Balance Sheet

		At 31 March 2014 (unaudited) £'000	At 31 March 2013 (unaudited) £'000	At 30 September 2013 (audited) £'000
	Notes			
<b>Non-current assets</b>				
Investments at fair value through profit or loss	8	378,301	375,733	358,512
<b>Current assets</b>				
Debtors		543	930	664
Money market funds		20,668	—	—
Cash and short term deposits		2,031	21,481	42,272
		<u>23,242</u>	<u>22,411</u>	<u>42,936</u>
<b>Creditors : amounts falling due within one year</b>				
Other creditors		(361)	(3,673)	(283)
<b>Net current assets</b>		<u>22,881</u>	<u>18,738</u>	<u>42,653</u>
<b>Total assets less current liabilities</b>		<u>401,182</u>	<u>394,471</u>	<u>401,165</u>
<b>Capital and reserves</b>				
Called up share capital		318	327	330
Share premium		86,485	83,059	85,594
Special reserve		63,357	75,536	75,519
Capital redemption reserve		83	67	70
Capital reserves		240,745	226,051	223,438
Revenue reserve		10,194	9,431	16,214
<b>Total shareholders' funds</b>		<u>401,182</u>	<u>394,471</u>	<u>401,165</u>
<b>Analysis of shareholders' funds</b>				
Equity interests (ordinary shares)		401,182	394,467	401,164
Non-equity interests (founder shares)		—	4	1
<b>Total shareholders' funds</b>		<u>401,182</u>	<u>394,471</u>	<u>401,165</u>
<b>Net asset value per equity share</b>	9	<u>252.2p</u>	<u>243.9p</u>	<u>244.2p</u>
<b>Net asset value per equity share (diluted)</b>	9	<u>252.2p</u>	<u>240.9p</u>	<u>243.4p</u>

# Cashflow Statement

	Six months to 31 March 2014 (unaudited) £'000	Six months to 31 March 2013 (unaudited) £'000	Year to 30 September 2013 (audited) £'000
Net return before finance costs and taxation	20,066	30,603	35,303
Adjusted for:			
Gains on disposal of unquoted investments	(19,669)	(1,866)	(13,985)
Revaluation of unquoted investments	(30)	(26,985)	(14,176)
Currency losses on cash balances	972	227	1,159
Decrease/(increase) in debtors	120	(343)	17
(Decrease)/increase in creditors	(122)	(77)	70
Tax deducted from non – UK income	(9)	(106)	(127)
<b>Net cash inflow from operating activities</b>	<b>1,328</b>	<b>1,453</b>	<b>8,261</b>
<b>Net cash outflow from servicing of finance</b>	<b>(327)</b>	<b>(865)</b>	<b>(1,815)</b>
<b>Net cash flow from taxation</b>	<b>—</b>	<b>—</b>	<b>148</b>
<b>Financial investment</b>			
Purchase of investments	(46,198)	(21,086)	(48,004)
Disposal of underlying investments by funds	46,108	24,700	57,304
Disposal of fund investments by way of secondary sales	—	15,403	26,246
<b>Net cash (outflow)/inflow from financial investment</b>	<b>(90)</b>	<b>19,017</b>	<b>35,546</b>
<b>Ordinary dividend paid</b>	<b>(8,242)</b>	<b>(1,267)</b>	<b>(1,267)</b>
<b>Net cash (outflow)/inflow before financing</b>	<b>(7,331)</b>	<b>18,338</b>	<b>40,873</b>
Bank loans repaid	—	—	(9,895)
Bank loans drawn down	—	—	9,895
Net costs of issue of ordinary shares	—	(12)	—
Conversion of founder A shares	892	139	2,668
Buy-back of ordinary shares	(12,162)	(246)	(3,599)
<b>Net cash outflow from financing</b>	<b>(11,270)</b>	<b>(119)</b>	<b>(931)</b>
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(18,601)</b>	<b>18,219</b>	<b>39,942</b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
(Decrease)/increase in cash as above	(18,601)	18,219	39,942
Currency movements	(972)	(227)	(1,159)
<b>Movement in net funds in the period</b>	<b>(19,573)</b>	<b>17,992</b>	<b>38,783</b>
Opening net funds	42,272	3,489	3,489
<b>Closing net funds</b>	<b>22,699</b>	<b>21,481</b>	<b>42,272</b>
<b>Represented by</b>			
Cash and short term deposits	2,031	21,481	42,272
Money market funds	20,668	—	—
	<b>22,699</b>	<b>21,481</b>	<b>42,272</b>



## 1. Financial Information

The financial information in this report comprises non-statutory accounts as defined in sections 434–436 of the Companies Act 2006. The financial information for the year ended 30 September 2013 has been extracted from the published accounts that have been delivered to the Registrar of Companies and on which the report of the auditors was unqualified under section 498 of the Companies Act 2006.

The auditors have reviewed the financial information for the six months ended 31 March 2014 in accordance with the applicable standards issued by the Auditing Practices Board for use in the United Kingdom. The independent auditors review report is on page 23.

## 2. Basis of preparation and going concern

The financial statements have been prepared under the historical cost convention, as modified to include the revaluation of investments, and in accordance with applicable UK Accounting Standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (issued in January 2009). They have also been prepared on the assumption that approval as an investment trust will continue to be granted by HM Revenue & Customs. The financial statements have been prepared on a going concern basis. The financial statements, and the net asset value per equity share figures, have been prepared in accordance with UK Generally Accepted Accounting Principles ("UK GAAP"). The Directors consider the Company's functional currency to be sterling, as the Company is registered in Scotland, the Company's shareholders are predominantly based in the UK and the Company is subject to the UK's regulatory environment. The interim accounts have been prepared using the same accounting policies as the preceding Annual Accounts. In addition, they have been prepared in accordance with the Statement "Half-yearly financial reports" issued by the UK Accounting Standards Board and the applicable guidance within the Disclosure and Transparency Rules of the Financial Conduct Authority.

	At 31 March 2014	At 31 March 2013	At 30 September 2013
<b>3. Exchange rates</b>			
Rates of exchange to sterling were:			
Euro	1.2096	1.1825	1.1963
US Dollar	1.6672	1.5185	1.6194
	Six months ended 31 March 2014 £'000	Six months ended 31 March 2013 £'000	Year ended 30 September 2013 £'000
<b>4. Income</b>			
Income from fund investments	3,227	3,878	12,149
Income from index tracker funds	76	—	—
Interest from money market funds	11	—	—
Interest from HMRC	—	—	1
Total income	3,314	3,878	12,150

	Six months ended 31 March 2014			Six months ended 31 March 2013			Year ended 30 September 2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>5. Investment management and incentive fees</b>									
Investment management fee	163	1,465	1,628	153	1,375	1,528	321	2,891	3,212

The investment management fee payable to the Manager is 0.8% per annum of the investments and other assets of the Company and any subsidiaries less the aggregate of the liabilities of the Company and any subsidiaries. The investment management fee is allocated 90% to the realised capital reserve and 10% to the revenue account. The management agreement between the Company and the Manager is terminable by either party on twelve months' written notice.

For an incentive fee to be payable, the Company's net asset value total return must grow by more than 8% compound per annum (before any accrual for the incentive fee) over the five year period to 30 September 2016. Should this hurdle rate be achieved, the Manager will be entitled to an incentive fee of 10% of the growth in NAV (before any accrual for the incentive fee) in excess of the hurdle rate, multiplied by the number of ordinary shares in issue on 1 October 2011 (adjusted in certain circumstances to reflect subsequent share issuance and/or a material reduction in the Company's issued share capital). As at 31 March 2014 the net asset value total return was 260.9p and as such has not exceeded the 8% per annum compound growth hurdle rate at the same date of 274.0p. No provision is required in respect of the incentive fee.

# Notes to the Accounts

## 6. Dividend on ordinary shares

A dividend of 5.0p per ordinary share, declared as a final dividend, was paid on 30 January 2014 in respect of the year ended 30 September 2013 (dividend of 2.0p per ordinary share paid on 1 February 2013).

There will be no interim dividend for the six months ended 31 March 2014. Shareholders are reminded that the objective of the Company is long-term capital appreciation.

## 7. Net return per ordinary share

The net return per ordinary share is based on the following figures:

	Six months ended 31 March 2014		Six months ended 31 March 2013		Year ended 30 September 2013	
	p	£'000	p	£'000	p	£'000
Revenue net return	1.36	2,222	1.79	2,917	5.96	9,700
Capital net return	10.61	17,307	16.36	26,614	14.74	24,001
Total net return	11.97	19,529	18.15	29,531	20.70	33,701
Weighted average number of ordinary shares in issue	163,167,871		162,699,406		162,828,459	

The fully diluted net return per ordinary share is based on the following figures:

	Six months ended 31 March 2014		Six months ended 31 March 2013		Year ended 30 September 2013	
	p	£'000	p	£'000	p	£'000
Revenue net return (fully diluted)	1.36	2,222	1.78	2,917	5.91	9,700
Capital net return (fully diluted)	10.61	17,307	16.21	26,614	14.62	24,001
Total net return (fully diluted)	11.97	19,529	17.99	29,531	20.53	33,701

Fully diluted net returns have been calculated on the basis set out in Financial Reporting Standard 22 'Earnings per share' ('FRS 22'). As at 31 March 2014, all founder A shares had been converted and therefore there was no dilutive effect on earnings per share. For the six months ended 31 March 2013, this is based on 164,197,925 shares, comprising the weighted average 162,699,406 ordinary shares and 1,498,519 founder A shares capable of conversion. For the year ended 30 September 2013, this is based on the weighted average of 164,112,146 ordinary shares, comprising the weighted average 162,828,459 ordinary shares and 1,283,687 founder A shares capable of conversion.

# Notes to the Accounts

8. Investments	At 31 March 2014			At	At
	Index tracker funds £'000	Fund investments £'000	Total £'000	31 March 2013 £'000	30 September 2013 £'000
Fair value through profit or loss:					
Opening market value	—	358,512	358,512	365,897	365,897
Opening investment holding losses	—	31,378	31,378	45,554	45,554
Opening book cost	—	389,890	389,890	411,451	411,451
Movements in the period:					
Additions at cost	21,076	25,122	46,198	21,086	48,004
Disposals of underlying investments by funds	—	(46,108)	(46,108)	(24,700)	(57,304)
Disposals of fund investments by way of secondary sales	—	—	—	(15,403)	(26,246)
	21,076	368,904	389,980	392,434	375,905
Gains on disposal of underlying investments	—	19,669	19,669	10,323	25,139
Losses on liquidation of fund investments	—	—	—	(6,500)	(6,500)
Losses on disposal of fund investments by way of secondary sales	—	—	—	(1,957)	(4,654)
Closing book cost	21,076	388,573	409,649	394,300	389,890
Closing investment holding gains/(losses)	844	(32,192)	(31,348)	(18,567)	(31,378)
Closing market value	21,920	356,381	378,301	375,733	358,512

There were no index tracker funds for the periods ended 31 March 2013 and 30 September 2013.

9. Net asset value per ordinary share	At 31 March 2014	At 31 March 2013	At 30 September 2013
Basic:			
Ordinary shareholders' funds	£401,181,565	£394,467,826	£401,163,734
Number of ordinary shares in issue	159,097,294	161,739,702	164,290,213
Net asset value per ordinary share	252.2p	243.9p	244.2p
Diluted:			
Ordinary shareholders' funds	£401,181,565	£397,924,592	£402,070,815
Number of ordinary shares in issue	159,097,294	165,197,294	165,197,294
Net asset value per ordinary share	252.2p	240.9p	243.4p

During the six months ended 31 March 2014 the remaining 907,081 founder A shares were converted into ordinary shares of 0.2p for consideration of £892,000 including expenses. As a result, there were no dilutive shares in issue. The Company also repurchased a total of 6,100,000 ordinary shares (31 March 2013 – 1,950,000, 30 September 2013 – 1,950,000) at a cost of £12,162,000 including expenses (31 March 2013 – £3,599,000, 30 September 2013 – £3,599,000). All of these shares were cancelled.

The NAV and ordinary shareholders' funds are calculated in accordance with the Company's articles of association.

# Notes to the Accounts

## 10. Bank loans

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At 31 March 2014, the Company had an £80 million (2013 – £80 million) committed, multi-currency syndicated revolving credit facility led by The Royal Bank of Scotland plc of which nil (2013 – nil) had been drawn down in euros. The facility expires in December 2016. The interest rate on this facility is LIBOR plus 2.75% and the commitment fee payable on non-utilisation is 1.0% per annum.

## 11. Parent undertaking and related party transactions

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The ultimate parent undertaking of the Company is Standard Life PLC. The accounts of the ultimate parent undertaking are the only group accounts incorporating the accounts of the Company.

There were no new related party transactions in the six months to 31 March 2014 over and above those disclosed in the Annual Report and Accounts.

## Independent review report to Standard Life European Private Equity Trust PLC

### Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2014 which comprises the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the cash flow statement and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

### Directors' responsibilities

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

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice). The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with the Statement "Half-yearly financial reports" issued by the UK Accounting Standards Board.

### Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in producing this report, 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.

### Scope of review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2014 is not prepared, in all material respects, in accordance with the Statement "Half-yearly financial reports" issued by the UK Accounting Standards Board and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

### PricewaterhouseCoopers LLP

Chartered Accountants

Edinburgh

29 May 2014

### Notes:

- (a) The maintenance and integrity of the Standard Life European Private Equity Trust PLC website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Information for Investors

## Registered address

This report has been mailed to shareholders at the address shown on the Company's share register. Any change of address should be advised to the Registrars at the following address under the signature of the shareholder:

Equiniti Limited  
34 South Gyle Crescent  
South Gyle Business Park  
Edinburgh EH12 9EB  
United Kingdom

Registrars' shareholder helpline : 0871 384 2618\*

Registrars' broker helpline : 0906 559 6025

\* Calls to this number are charged at 8p per minute from a BT landline. Other telephone providers costs may vary.

If your shares are held via nominees you should contact them with any change of address.

## Ordinary share price and net asset value

The Company's ordinary share price is published in the Financial Times.

The Company's ordinary share capital is admitted to trading on the London Stock Exchange. The Stock Exchange code for the Company's ordinary shares is SEP. The Company's Sedol number is 3047468 and the ISIN number is GB0030474687.

In view of the unlisted nature of the Company's investment portfolio, the NAV is announced to the Stock Exchange quarterly.

## ISA (Individual Savings Accounts)

Lump sum and regular savings ISAs in the Company's ordinary shares are offered by Standard Life Savings Limited. These provide a tax efficient vehicle for investors wishing to invest up to £11,880 in the tax year 2014/2015. There is no initial charge and no annual management charge for the plans. Further details are available from Standard Life Savings Limited, 12 Blenheim Place, Edinburgh EH7 5ZR, or by telephoning 0845 602 4247.

## Investment Manager

SL Capital Partners LLP  
1 George Street  
Edinburgh EH2 2LL

Telephone : 0131 245 0055

Fax : 0131 245 6105

SL Capital Partners LLP is authorised and regulated by the Financial Conduct Authority and is a subsidiary of Standard Life Investments Limited. Standard Life Investments Limited may record and monitor telephone calls to help improve customer service.

# Financial Calendar

September – Quarterly trading statement announced

December – Preliminary results for the year announced

December – Annual report and accounts published

January – Annual General Meeting

March – Quarterly trading statement announced

May – Interim results announced

June – Interim report published



## Directors

Edmond Warner OBE, Chairman  
Alastair Barbour  
Alan Devine  
Christina McComb  
David Warnock

## Registered Office

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## Investment Manager

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## Company Secretary

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## Company Administrator

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55 Moorgate  
London EC2R 6PA  
United Kingdom

## Company Broker

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## Solicitors

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## Independent Auditors and Tax Advisers

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144 Morrison Street  
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United Kingdom

JPMorgan Chase Bank  
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## Registrars

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