# Global Specialised Opportunities 1 Limited

**(Registration Number: 48779)**

**AUDITED REPORT AND FINANCIAL STATEMENTS**

**For the period from incorporation on 16 April 2008 to 31 March 2009**

**Contents**

## Company Information

| | |
|---|---|
| Investment Manager: | Investec Bank (Switzerland) AG<br>Lowenstrasse 29<br>8001<br>Zurich<br>Switzerland |
| Administrator, Registrar and Secretary: | Legis Fund Services Limited<br>1 Le Marchant Street<br>St Peter Port<br>Guernsey, GY1 4HP |
| Directors of the Company: | Mr Stephen Henry<br>Mr Oliver Betz-Fletcher<br>Mr Martin Tolcher |
| Auditor: | Saffery Champness<br>La Tonnelle House<br>Les Banques<br>St Sampson<br>Guernsey, GY1 3HS |
| Legal Advisers in Guernsey: | Ozannes Advocates & Notaries<br>1 Le Marchant Street<br>St Peter Port<br>Guernsey, GY1 4HP |
| Legal Advisers in Bermuda: | Appleby<br>Canon's Court<br>22 Victoria Street<br>Hamilton, HM12<br>Bermuda |
| Legal Advisers in South Africa: | Deneys Reitz Inc<br>8th Floor, Southern Life Centre<br>8 Riebeek Street<br>Cape Town, 8001<br>South Africa |
| Listing Sponsor: | Appleby Securities (Bermuda) Limited<br>Argyle House<br>41 a Cedar Avenue<br>Hamilton HM12<br>Bermuda |

## Investment Manager Commentary

### Performance

Global Specialised Opportunities 1 Ltd's ("GSO1" or "the Company") net asset value was down 16.2% since inception of the Company at 27 June 2008 to 31 March 2009, after fees and expenses. This was in the context of global financial markets declining precipitously since the inception of the Company with the S&P 500 equity index and iBoxx $ High Yield debt index down 36% and 20% respectively. Further details of the performance of the Company's individual investments can be found in the quarterly reports sent to shareholders.

Post the financial year end to date, the Investment Portfolio has seen positive performance, while the Specialised Opportunities Portfolio has also seen positive mark-to-market adjustments in many of the vehicles.

Investec Bank (Switzerland) AG, the Investment Manager, see a tremendous opportunity in the illiquid assets space, especially in real estate securities and distressed debt, where distressed selling continues and assets are available at deep discounts. The Investment Manager continues to believe that GSO1 is extremely well positioned in focusing on these deeply discounted assets and have invested in, and are evaluating, several attractive opportunities.

### Asset allocation

At the end of the financial year, 51% of the Company's assets were held in cash, with 20% held in the Investment Portfolio and 29% held in the Specialised Opportunities Portfolio, being the marked-to-market value of the investments made to date by the private equity vehicles. As at 31 March 2009, GSO1 had made commitments to 9 private equity vehicles in the 4 targeted strategies based on an initial over-commitment strategy of 118% and a commitment total of $65m. GSO1 did not make any commitments during Q1 2009, preferring to evaluate strategies, managers, asset classes and opportunities given the new market reality.

The Investment Manager has sourced and evaluated several managers and strategies in the Distressed Opportunities and Real Estate segments where IBSAG believe there are compelling investment opportunities and are looking to commit further capital in the second half of 2009. The Investment Manager believes that these sectors provide extremely attractive opportunities especially considering the enormous amount of leverage employed in private equity and property transactions in 2006 and 2007, which is due to be refinanced in the near future. Based on the assumption that these re-financings are unlikely to be successfully placed in the current credit environment, the selected managers believe that there will be a large number of company restructurings over the next three years, providing those managers with an opportunity to pick-up good assets at attractive prices. At the end of the quarter, GSO1's 9 private equity vehicles had drawn 44% on average of their capital commitments, leaving them with the majority of their commitments available to acquire discounted assets in the current distressed markets.

**REPORT OF THE DIRECTORS**

The directors present their annual report and the financial statements for the period from incorporation on 16 April 2008 to 31 March 2009.

**Incorporation**
Global Specialised Opportunities 1 Limited was incorporated with limited liability in Guernsey under the Companies (Guernsey) Law, 1994.

**Results**
The results for the period are shown in the statement of total return on page 6.

**Dividends**
The directors do not recommend the payment of a dividend.

**Directors**
The directors of the Company during the period and to the date of this report were as follows:

Mr Stephen Henry
Mr Oliver Betz-Fletcher
Mr Martin Tolcher

**Directors' responsibilities**
The Companies (Guernsey) Law, 2008 requires the Directors to prepare Financial Statements for each financial period which give a true and fair view of the state of affairs of the company and the revenue or deficit of the company for that period and are in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP") and applicable laws. In preparing these statements the directors are required to:

- select suitable accounting standards and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Company and hence for taking steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE DIRECTORS (continued)**

**Auditor:**

Each of the Directors at the date of approval of the financial statements, confirms that:

1. So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
2. He has taken all steps he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 249 of The Companies (Guernsey) Law, 2008.

A resolution for re-appointment of Saffery Champness as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

| | |
|---|---|
| S Henry | M Tolcher |
| Director | Director |

Date: 9 December 2009

## Independent Auditor's Report to the Shareholders of Global Specialised Opportunities 1 Limited

We have audited the financial statements of Global Specialised Opportunities 1 Limited for the period from incorporation on 16 April 2008 to 31 March 2009 which comprise the statement of total return, the statement of changes in shareholders' net assets, the portfolio statement, the summary of significant portfolio changes, the statement of assets and liabilities, the Cash Flow Statement and the related notes.

This report is made solely to the company's shareholders, as a body, in accordance with section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective Responsibilities of Directors and Auditor

As described on page 3, the Company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with The Companies (Guernsey) Law, 2008. We also report to you if in our opinion the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Manager's Report and the Report of the Directors. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2009 and of its net loss for the period then ended; and
- the financial statements have been properly prepared in accordance with The Companies (Guernsey) Law, 2008.

### Emphasis of Matter - Reissue of Audit Report and Finanacial Statements

Without qualifying our opinion we draw your attention to Note 17 to the financial statements. The Company has revised the previously issued financial statements dated 29 September 2009. There was an error in Note 14, Interest in Shares, which has been corrected. Other than formating changes and an additional paragraph in Note 1, General Information, there have been no other changes.

SAFFERY CHAMPNESS
CHARTERED ACCOUNTANTS
La Tonnelle House
Les Banques
St Sampson
Guernsey
9 December 2009

## Statement of Total Return for the period ended 31 March 2009

| | | **16 April 2008 to 31 March 2009** |
|---|---|---|
| **Revenue** | Notes | USD |
| Net loss on investments during the period | 5 | (8,279,083) |
| Other income | 6 | 449,197 |
| Expenses | 7 | (1,082,319) |
| Other losses | 10 | (1,959) |
| **Decrease in net assets attributable to Participating Redeemable Preference shares** | | (8,914,164) |

In arriving at the results for the financial period, all amounts above relate to continuing operations.

There are no recognised gains or losses for the period other than those disclosed above.

## Statement of Changes in Net Assets Attributable to Participating Redeemable Preference Shares for the period ended 31 March 2009

| | | |
|---|---|---|
| **Decrease in net assets attributable to Participating Redeemable Preference shares** | | (8,914,164) |
| **Movement due to issue of shares** | | |
| Amounts received on issue of shares | 13 | 55,164,907 |
| **Net assets at beginning of the period** | | - |
| **Net assets at end of the period** | 11 | 46,250,743 |

Under Financial Reporting Standard 25, the Participating Redeemable Preference shares are classified as debt and the Management shares are classified as equity.

The notes on pages 11 to 17 form an integral part of these financial statements.

**Portfolio Statement at 31st March 2009**

| **Investments at Market Value** | **Nominal** | **2009 Valuation USD** |
|---|---|---|
| **Equity** | | |
| Apollo Investment VII | 824,113.00 | 486,005 |
| Ashmore Global Special Situations IV | 5,850,000.00 | 5,322,307 |
| Carlyle Asia Growth IV | 215,704.00 | 146,209 |
| Oaktree European Principal Opportunites II | 1,697,500.00 | 1,201,517 |
| Oaktree Opportunities VII (b) | 4,095,000.00 | 3,480,955 |
| Riverstone Global Energy and Power IV | 954,834.00 | 924,476 |
| Riverstone Renewable and Alternative Energy II | 599,015.77 | 494,774 |
| Tishman Speyer Brazil II | 1,518,215.00 | 1,016,647 |
| Tishman Speyer China I | 802,976.00 | 681,608 |
| | | 13,754,497 |
| **Managed Funds** | | |
| Fairfield Sentry Limited | 2,060.8465 | 0 |
| GEMS Low Volatility Portfolio | 403.7356 | 1,096,534 |
| Permal Fixed Income Holdings | 2,478.7500 | 2,305,560 |
| Permal Fixed Income Special Opportunities | 509.9210 | 2,283,044 |
| Permal Macro Holdings | 988.7080 | 3,578,134 |
| | | 9,263,272 |
| | Total Portfolio | 23,017,769 |

## Summary of Significant Portfolio Changes for the period ended 31st March 2009

| Sales | Nominal | 2009 Proceeds USD |
|---|---|---|
| Tishman Speyer Brazil II | 323,661.0000 | 323,661 |
| Riverstone Renewable and Alternative Energy II | 610,246.7700 | 610,247 |
| Riverstone Global Energy and Power IV | 961,502.0000 | 954,834 |
| GEMS Low Volatility Portfolio | 1,620.0017 | 4,659,020 |
| Apollo Investment VII | 30,469.0000 | 30,469 |
| Permal Macro Holdings | 428.0000 | 1,561,258 |
| Permal Systematic Macro Ltd | 1,169.0090 | 1,615,383 |
| Stenham Universal II Portfolio | 44,264.3966 | 6,282,036 |
| | | 16,036,909 |
| | Cost of Investments sold | 17,340,915 |
| | Loss on Investments | (1,304,006) |

| Purchases | Nominal | 2009 Cost USD |
|---|---|---|
| Carlyle Asia Growth IV | 215,704.00 | 215,704 |
| Fairfield Sentry Limited | 2,060.8465 | 2,750,000 |
| Permal Fixed Income Holdings | 2,478.7500 | 2,750,000 |
| Permal Fixed Income Special Opportunities | 509.9210 | 2,750,000 |
| Permal Systematic Macro Ltd | 1,169.0090 | 1,375,000 |
| Permal Macro Holdings | 1,416.7080 | 5,500,000 |
| GEMS Low Volatility Portfolio | 2,023.7373 | 6,875,000 |
| Oaktree Opportunities VII (b) | 1,697,500.0000 | 1,697,686 |
| Tishman Speyer Brazil II | 1,841,876.0000 | 1,841,876 |
| Ashmore Global Special Situations IV | 5,850,000.0000 | 5,850,000 |
| Oaktree Opportunities VII (b) | 4,095,000.0000 | 4,095,000 |
| Tishman Speyer China I | 802,976.0000 | 802,976 |
| Riverstone Renewable and Alternative Energy II | 1,209,262.5400 | 1,198,115 |
| Riverstone Global Energy and Power IV | 1,916,336.0000 | 1,902,822 |
| Apollo Investment VII | 854,582.0000 | 854,582 |
| Stenham Universal II Portfolio | 44,264.3966 | 6,875,000 |
| | | 47,333,761 |

**Statement of Assets and Liabilities as at 31st March 2009**

| | | |
|---|---|---|
| | | **31 March 2009** |
| **Assets** | Notes | USD |
| **Fixed assets** | | |
| Investments | | 13,754,497 |
| | | 13,754,497 |
| **Current assets** | | |
| Sundry debtors | 8 | 2 |
| Investments | | 9,263,272 |
| Cash and bank balances | | 23,939,760 |
| | | 33,203,034 |
| **Current liabilities** | | |
| Loans and other creditors | 9 | (706,788) |
| **Net current Assets** | | 32,496,246 |
| **Net assets attributable to holders of Participating Redeemable Preference shares** | | 46,250,743 |
| **Participating Redeemable Preference shares in issue** | 13 | 55,165 |
| Net asset value per share | 11 | 838.4088 |

The financial statements were approved by the Board of Directors and authorised for issue on 9 December 2009.

S Henry
Director

M Tolcher
Director

The notes on pages 11 to 17 form an integral part of these financial statements.

**Cash Flow Statement**
**for the period ended 31 March 2009**

| **Cash flows from Operating Activities** | **16 April 2008 to 31 March 2009** |
|---|---|
| | **USD** |
| Bond interest | 757 |
| Dividend | 66,235 |
| Bank interest | 381,775 |
| Other income | 430 |
| Currency loss | (1,959) |
| Expenses | (1,082,319) |
| Operating loss | (635,081) |
| Movements in working capital | |
| Increase in debtors | (2) |
| Increase in creditors | 706,788 |
| | 706,786 |
| **Net cash inflow from operating activities** | **71,705** |
| **Cash flows from capital expenditure and financial investment** | |
| Purchase of investments | (47,333,761) |
| Sale of investments | 16,036,909 |
| | (31,296,852) |
| **Cash flows from financing** | |
| Issue of shares | 55,164,907 |
| Net increase in cash and cash equivalents | **23,939,760** |
| **Cash at the beginning of the period** | **-** |
| **Cash at the end of the period** | **23,939,760** |

**Notes to the Financial Statements for the period ended 31 March 2009**

## 1. General Information

Global Specialised Opportunities 1 Limited is a closed-ended investment fund established under the laws of Guernsey with limited liability on 16 April 2008.

The Company's main objective is to invest in a diversified portfolio of private equity, distressed debt and other specialised opportunities. The Company will capitalise on the expertise of some of the leading global specialised advisors and managers and will focus on key themes identified by the Investment Manager as areas of potential out performance over the next 3-5 years.

The Company will target investment opportunities in four key investment strategies which are collectively defined as the "Specialised Opportunities Portfolio". The targeted Investment Strategies are as follows:
(a) Distressed opportunities
(b) Special situations and sector specific opportunities
(c) Niche private equity
(d) Niche property

Surplus liquidity within the Company will be managed in an Investment Portfolio pending draw down by or commitment to the Specialised Opportunities Portfolio. The investment Portfolio will be managed under a discretionary mandate by the Investment Manager. The Investment Portfolio will benefit from the input, expertise and monitoring of the Investment Manager's investment forum made up of several experienced investment practitioners and led by the Chief Investment Officer and will utilise a broad range of investment products aimed at delivering an optimal strategic solution for achieving cash plus returns with carefully managed risk.

The company's participating redeemable preference shares are listed on the Bermuda Stock Exchange.

## 2. Accounting Policies

**(a) Basis of preparation**

These financial statements are prepared under the historical cost convention as modified by the revaluation of investments and in accordance with United Kingdom Accounting Standards, the Statement of Recommended Practice Financial Statements of Authorised Funds issued in November 2008 and applicable Guernsey Law. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently during the period unless otherwise stated.

**(b) Foreign exchange**

Foreign currency assets and liabilities are translated into US dollars at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the rate of exchange ruling at the date of transaction. Foreign exchange gains and losses are included in the statement of total return.

**(c) Investments**

Listed investments that are regularly traded shall be valued at their last traded price on the relevant business day. Unlisted investments and those in investment vehicles will generally have independent valuers and administrators and report quarterly to their investors. The Directors shall use their discretion to determine which of those prices shall apply.

The difference between cost and valuation, being an unrealised surplus/deficit on investments, is recognised in the statement of total return. Realised surpluses and deficits on part sales of investments are arrived at by deducting the average costs of such investments from their sale proceeds and are recognised in the statement of total return.

**Notes to the Financial Statements for the period ended 31 March 2009 (continued)**

## 2. Accounting Policies (continued)

**(d) Income recognition**

Interest on bonds, deposits and other money market instruments is accounted for on an accruals basis. Dividend income arising on the Company's investments is recognised as the underlying investments become ex-dividend.

**(e) Going concern**

These financial statements have been prepared on a going concern basis.

## 3. Taxation

With effect from 1 January 2008, Guernsey abolished the exempt company regime and the standard rate of income tax for companies has moved from 20% to 0%. To the extent that the Company meets certain conditions it is able to continue to apply exempt status after 1 January 2008 upon payment of an annual fee. The Company has taken this option. Therefore, in the current period the Company is exempt from taxation under the terms of the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and is liable to an annual fee of £600.

## 4. Fees

The Investment Management fee is to equal 1.35% per annum of the Net Asset Value of the Fund calculated quarterly and payable annually in arrears. The Investment Manager is also entitled to a Performance Incentive Fee which is calculated at 15% on the Company's performance over and above the Hurdle rate, which amount (whether positive or negative) shall be accrued quarterly and paid out on the Termination date. The Company's performance shall be calculated as the Internal Rate of Return of the Company's quarterly NAV plus any amounts paid out as distributions, share purchases and redemptions.

The Administrator is entitled to a fixed annual fee of USD67,500 for providing administration, valuation, compliance and accounting functions and an additional USD5,000 per Board meeting and USD2,500 per additional ad hoc meeting.

The Director's fees are equal to USD13,000 per annum per Director. Stephen Henry and Oliver Betz-Fletcher have agreed to waive their fee.

The Distributors shall be entitled to an annual fee of 0.4% of the NAV of the Company payable annually in arrears.

## 5. Net Loss on Investments

| | **2009** |
|---|---|
| | **USD** |
| **The net loss on investments during the period comprises:** | |
| Proceeds from sales of investments during the period | 16,036,909 |
| Original cost of investments sold during the period | 17,340,915 |
| Losses realised on investments sold during the period | (1,304,006) |
| Net unrealised movement in depreciation in value of investments for the period | (6,975,077) |
| Total | (8,279,083) |

**Notes to the Financial Statements for the period ended 31 March 2009 (continued)**

## 6. Other income

| | 2009 |
|---|---|
| | USD |
| Interest receivable | 381,775 |
| Bond interest received | 757 |
| Dividend received | 66,235 |
| Other income | 430 |
| | 449,197 |

## 7. Expenses

| | |
|---|---|
| Administration and secretarial fees | 59,462 |
| Audit fees | 21,449 |
| Bank charges | 1,614 |
| Carry cost expense | 112,885 |
| Directors' remuneration | 9,866 |
| Formation expenses | 98,730 |
| Intermediary's distribution fee | 148,664 |
| Investment management fee | 501,742 |
| Legal expenses | 7,931 |
| Listing sponsor fees | 5,550 |
| Other fees | 96,070 |
| Regulatory fees | 18,356 |
| | 1,082,319 |

## 8. Loans and other receivables

| | 2009 |
|---|---|
| | USD |
| Sundry debtors | 2 |
| | 2 |

## 9. Loans and other payables

| | 2009 |
|---|---|
| | USD |
| Investment management fee | 650,406 |
| Administration and secretarial fee | 25,067 |
| Audit fee | 21,449 |
| Directors' fee | 9,866 |
| | 706,788 |

**Notes to the Financial Statements for the period ended 31 March 2009 (continued)**

| | 2009 |
|---|---|
| **10. Other (losses)** | **USD** |
| Currency (loss) | (1,959) |

| | |
|---|---|
| **11. Net Asset Value per share** | **2009** |
| | **USD** |
| Traded Net Asset Value at 31 March 2009 | 46,241,077 |
| Differences between Valuation and Financial Statements due | 9,666 |
| Reported Net Assets Value at 31 March 2009 | 46,250,743 |
| Traded Net Assets per share | 838.1680 |
| Reported Net Assets per share | 838.4088 |

**12. Financial Instruments**

The Company, during the normal course of business, enters into investment transactions in financial instruments, the holding of which gives exposure to the following risks:

**(a) Interest rate risk**

The fund is exposed to interest rate risk associated with the effects of fluctuations in the prevailing levels of market interest rates on cash balances. All of these cash balances receive interest at a floating rate. This interest rate risk is not considered to be significant.

**(b) Liquidity risk**

The Company is likely to be committing the company's funds to investments of a long-term and illiquid nature whose shares are not listed on any stock exchange. Such investments are likely to involve a relatively high degree of risk, and the timing of cash distributions to investors is uncertain and unpredictable. Liquidity risk is mitigated by the fact that prior to the Redemption date, investors have no right to have their shares redeemed by the Company.

**(c) Foreign currency risk**

Foreign currency risk is the risk that the value of the financial instrument or cash will fluctuate because of changes in foreign currency rates. Investments may be in currencies other than United States Dollars and unfavourable exchange rates between those currencies and United States Dollars will affect the fair market value per share of the Company. To mitigate the risk the Company may seek to hedge any exposure to fluctuations in currency exchange rates. Currently all of the Company's investments and cash are in United States Dollars.

**Notes to the Financial Statements for the period ended 31 March 2009 (continued)**

## 12. Financial risk management objectives (continued)

### (d) Market risk

Market risk arises because the Company's investments are exposed to market price fluctuations and these are monitored by the Company's investment manager. The investment manager has a team dedicated to sourcing and carrying out the diligence necessary to select Investments aimed at delivering consistent and outstanding performance.

The Company has adopted the following investment restrictions to manage its risk:

i) No single investment may exceed 20% of the aggregate subscription proceeds received by the Company (and including any returns on such proceeds while in the Investment portfolio).

ii) No single investment strategy may exceed 20% of the aggregate subscription proceeds received by the Company (and including any returns on such proceeds while in the Investment portfolio).

iii) Investments within the Specialised Opportunities Portfolio will be implemented or committed to within the Investment Period, as defined in the prospectus, thereafter Specialised Opportunities Investments shall only be made if they do not potentially extend the life of the Company past the 20 June 2019.

iv) The investment portfolio may only invest in investments which can under normal circumstances be liquidated within a six month period.

### (e) Capital management

The Company may be geared through borrowings of up to 30% of the Company's assets, which borrowings may be secured by the Company's assets. The Company is likely to borrow money through a credit facility to fund investments as well as to bridge drawdowns. The cost of this borrowing is linked to interest rates which may fluctuate, and, as such, impact returns. In the event that the cost of borrowings exceeds the return on investments, the borrowings will have a negative effect on the Company's performance. In the event that the Company enters into a banking facility agreement or funding agreement, such agreement may contain financial covenants. Should any such covenants be breached the Company may be required to repay the borrowings in whole, or in part, together with any attendant costs.

In order to manage such risk the Investment manager will source investments aimed at delivering consistent and outstanding performance and as such the likelihood of borrowing having a negative effect on the Company will have been reduced.

## 13. Analysis of Shares

**Management shares**

| | No. of shares | 2009 USD |
|---|---|---|
| **Authorised** | | |
| Management shares of USD1 each | 10 | 10 |

| | No. of shares | 2009 USD |
|---|---|---|
| **Issued** | | |
| Management shares of USD1 each | 2 | 2 |

Management shares are not redeemable, do not carry any right to dividends and in a winding up rank only for a return of the amount of paid up capital after return of capital on participating redeemable preference shares.

**Notes to the Financial Statements for the period ended 31 March 2009 (continued)**

13. **Analysis of Shares (continued)**

**Participating redeemable preference shares**

| | No. of Shares | 2009 USD |
|---|---|---|
| Balance brought forward | - | - |
| Shares issued | 55,164.9070 | 55,164,907 |
| Balance at 31 March 2009 | 55,164.9070 | 55,164,907 |

The participating shares have no par value.

Participating redeemable preference shares are redeemable on the 11th anniversary of the initial closing date (20 June 2008), unless the board of directors chooses to extend the duration of the company for up to two years. The company is closed-ended and therefore shareholders have no right to redeem the shares or request that the company repurchase them prior to the redemption date. However, the Directors have discretion to accept redemptions if certain criteria are met:

a) redemptions are effected pro rata to all investors, for part of their shares, at the audited fair market value per share less costs associated with redemption.

b) there is sufficient cash or gearing available to fund such redemptions; and

c) the number of shares to be redeemed shall be proportionate to the value that the realisation proceeds received by the Company (less any disposal costs and performance incentive, if applicable) represents to the NAV of the Company as a whole prior to such redemption.

Dividends may be paid on the shares at a level recommended by the directors and provided that they are covered by funds that may be lawfully distributed as dividends.

14. **Interest in shares**

The directors have no direct interests in the participating redeemable preference shares of the Company although, Oliver Betz-Fletcher is also a director of Investec Bank (Switzerland) AG which holds 22.853% of the redeemable preference shares.

The shareholders listed below have interests in the participating redeemable preference shares of the Company greater than 10% as follows:

| | |
|---|---|
| Investec Securities Asset Swap | 15.240% |
| Mine Employees Pension Fund | 16.315% |
| Sentinel Mining Ind Ret Fund | 29.000% |
| Investec Bank (Switzerland) AG | 22.853% |

15. **Related party transactions**

During the period under review accruals have been made for the directors' fees as follows:

| | USD |
|---|---|
| Martin Tolcher | 9,866 |

The related party transactions with the manager, administrator and investment adviser are detailed in Notes 4 and 7.

**Notes to the Financial Statements for the period ended 31 March 2009 (continued)**

## 16. Commitments

At the year end the Company had committed to Invest USD37,350,000 of which USD20,792,642 was outstanding. The amounts remaining on commitments are broken down as follows:

**Apollo Investment VII**
The Company has made a commitment to invest USD3,250,000, at the year end USD2,471,261 was outstanding.

**Carlyle Asia Growth IV**
The Company has made a commitment to invest USD4,550,000, at the year end USD 4,334,296 was outstanding.

**Oaktree European Principal Opportunities II**
The Company has made a commitment to invest USD 4,850,000, at the year end USD2,667,500 was outstanding.

**Oaktree Opportunities Vll (b)**
The Company has made a commitment to invest USD5,850,000, at the year end USD1,755,000 was outstanding. In June 2009 a further USD292,500 was contributed leaving an outstanding commitment at the date of signing the accounts of USD1,462,500.

**Riverstone Global Energy and Power IV**
The Company has made a commitment to invest USD3,250,000, at the year end USD2,295,166 was outstanding. In June 2009 a further USD 14,621 was contributed leaving an outstanding commitment of USD2,280,545 at the date of signing the accounts.

**Riverstone Renewable and Alternative Energy II**
The Company has made a commitment to invest USD3,250,000, at the year end USD2,650,984 was outstanding. In June 2009 a further USD142,430 was contribued leaving an outsanding commitment of USD2,508,554 at the date of signing the accounts.

**Tishman Speyer Brazil Feeder II**
The Company has made a commitment to invest USD3,250,000, at the year end USD1,731,785 was outstanding.

**Tishman Speyer China Fund I**
The Company has made a commitment to invest USD3,250,000, at the year end USD2,447,024 was outstanding.

**Mount Kellet Capital**
The Company made a commitment to invest USD5,850,000 on 19 June 2009.

## 17. Re-issue of Financial Statements

It was noted that the original accounts sent to shareholders on 30 September 2009 contained an error in note 14, showing a non-existent shareholder and his percentage holding. The error has been corrected and other formatting issues have been addressed. None of the figures on the Balance Sheet or Statement of Total Return have been affected. Due to this error the Directors have taken the decision to withdraw the earlier statements signed on 29 September 2009.

## 18. Post Balance Sheet Events

There are no Post Balance Sheet Events that the directors are aware of the would impact these accounts.