



MARWYN VALUE INVESTORS LIMITED

UNAUDITED INTERIM RESULTS

FOR THE PERIOD TO 30 JUNE 2015

MARWYN

# MARWYN VALUE INVESTORS LIMITED

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# MARWYN VALUE INVESTORS LIMITED

## INVESTMENT POLICY AND PERFORMANCE SUMMARY

### Investment Objective

The investment objective of Marwyn Value Investors Limited (LSE: MVI) (the "Company") is to maximise total returns on its capital primarily through the capital appreciation of its investments.

The Company is traded on the Specialist Fund Market of the London Stock Exchange.

### Investment Policy

The Company seeks to achieve its investment objective by investing up to 100% of its available capital into Marwyn Value Investors LP (the "Master Fund" or the "Fund") through the acquisition of limited partnership interests in the Master Fund. The capital of the Company's Ordinary share class is invested in Class F partnership interests of the Master Fund and up to its redemption on 21 November 2014 the capital of the Company's B Ordinary share class was invested in Class B1 partnership interests of the Master Fund.

The various classes of interest in the Master Fund (including Class F) are not segregated classes, but, instead, each class is entitled to a pro-rata proportion of the assets of the Master Fund. Certain liabilities, such as its management fees, incentive allocation or the costs of MVIL are specific to Class F, but others are shared proportionately between all classes. The Class F interest is responsible for its share of the liabilities of the Master Fund, including borrowings. Upon the disposal of any asset, the net consideration received on the disposal is attributed on a pro-rata basis between the various Master Fund interests.

The Master Fund's investment strategy is to identify, support, invest in and work alongside experienced operational management teams to manage, build and grow small and mid cap UK, European and North American businesses (target enterprise value of £150 million to £1.5 billion) through multi-year active participation where Marwyn's day-to-day collaborative involvement with management significantly enhances strategic alignment.

### Investment Strategy

The Master Fund focuses on private equity style investment in listed and unlisted companies where it acquires equity stakes typically as a cornerstone investor, with a

"Buy-and-Build" strategy executed primarily via publicly-listed, sector-specific acquisition vehicles focused on industries or sectors where there is significant opportunity for growth, created by structural change and/or dislocation.

Investment opportunities are identified considering potential for operational improvement, strategic re-focus, development of revenue and cost synergies and accretive and synergistic M&A activity. The use of public markets is an efficient and liquid source of capital at all stages of an investment's life cycle and also ultimately enables efficient execution of the Master Fund's exit strategy, at the right time and under the best terms possible.

Co-investor capital is strategically important and historically the investments have attracted a high calibre universe of co-investors which enhances the Master Fund's influence on portfolio companies, augments purchasing power when pursuing new deals and is a validation of the investment thesis.

### The Manager

Marwyn Asset Management Limited (the "Manager"), the manager of the Master Fund, also acts as manager to the Company. The Manager is advised by Marwyn Investment Management LLP (the "Investment Adviser") in respect of both the Company and the Master Fund.

The Management Agreement between the Manager and the Master Fund allows for the investment strategies that the Manager may employ on behalf of the Master Fund to be in any securities, instruments, obligations, guarantees, derivative instrument or property of whatsoever nature in which the Master Fund is empowered to invest and as contemplated by the Investment Policy.

The Company does not pay a management fee or performance fee to the Manager in respect of the Company's investment in the Master Fund. The valuation of the Company's investment in the Master Fund takes into account the management fee and performance fee payable by the Master Fund that is applicable to the class in which the Company invests.

## MARWYN VALUE INVESTORS LIMITED

### INVESTMENT POLICY AND PERFORMANCE SUMMARY

#### Performance Summary

For the six months ended 30 June 2015, the reported Net Asset Value ("NAV") of the Ordinary shares increased by 5.50% compared with an increase in value of the FTSE All-Share of 1.07% over the same period. Since inception, the reported NAV has increased by 303.04% compared with an increase in value of the FTSE All-Share of 20.79% over the same period.

# MARWYN VALUE INVESTORS LIMITED

## REPORT OF THE CHAIRMAN

I am pleased to present to the shareholders the unaudited interim results of the Company for the six months ended 30 June 2015.

### Introduction

The Master Fund's underlying portfolio companies continued to perform well during 2015 and this has been reflected in the overall performance of the NAV, as detailed later in my report.

In January 2015, a return of capital was made equal to 8.255 pence per Ordinary share, effected by way of a partial cash redemption of the Ordinary shares in accordance with the Company's distribution policy. Further information regarding the annual return of capital is contained in Note 8 to these unaudited interim results.

A detailed review of the performance of the portfolio companies is set out in the Report of the Manager.

### Discount

The Manager, together with the Board and the Investment Adviser, continues to monitor the discount of the Company's share price to the NAV per share on a regular basis as we are committed to exploring, and where appropriate pursuing, every avenue in order to narrow the discount.

As at 30 June 2015, the discount to NAV of the Ordinary Shares was 27.0%, a reduction on the 28.3% discount as at 31 December 2014.

Following the period end the discount has continued to reduce and at 14 August 2015 (the latest published NAV prior to the release of these financial statements) it was 20.2%.

### Partial Disposal of Entertainment One Limited ("ETO")

On 15 July 2015, the Company announced that the Master Fund had sold 26.5 million depository interests representing common shares in Entertainment One at a price of £3.30 per share, raising gross proceeds of approximately £87.5 million, of which approximately £61.1 million was attributable to the Company. The Master Fund remains beneficially interested in approximately 52.9 million common shares in ETO, representing approximately 17.9% of the issued common share capital of ETO.

Approximately £5.3 million is to be returned to shareholders under the Company's distribution policy for net capital gains.

### Board changes

On 8 May 2015, Paul Everitt retired from the board and Martin Adams was appointed as a non-executive director of the Company. I would like to take this opportunity to thank Paul for his considerable contribution to the Company and wish him well for the future. I am delighted that Martin has joined the board and look forward to working with him and utilising his extensive experience.

### Prior period restatement

As detailed in note 2 to the financial statements, the 30 June 2014 interim financial statements reported the fair value of investments net of a liquidity discount in accordance with the accounting policy applicable at that time. This accounting policy was amended in the 31 December 2014 financial statements and the liquidity discount removed. Accordingly, the 30 June 2014 comparative numbers have been restated to remove the liquidity discount previously applied.

### Applicable Legislation

Certain disclosures are required to be made to investors on an annual basis pursuant to the Codes of Practice for Alternative Investment Funds and AIF Services Business (the "Codes") as required as a condition under the Financial Services Business license held by the Manager. The Company's audited Financial Statements for the twelve months ended 31 December 2015 will include all relevant disclosures that would constitute an annual report in accordance with the Codes.

### Master Fund Facility

The Master Fund holds a £45 million secured revolving credit facility with Credit Suisse (the "Facility"). The Facility is not allocated to any particular class of interests in the Master Fund and may be used to make investments for any class open for investment and for general corporate purposes. It has a three year term and is repayable in full at final maturity. Drawdown under the Facility is subject to certain covenants and other conditions precedent. In March 2015, certain conditions to the loan were re-negotiated and amended accordingly. The amount currently available for drawdown is approximately £15.5 million. Pursuant to the Facility, a commitment fee of 0.6% is payable on all undrawn amounts and interest at a rate of 3 month LIBOR plus 2.10% is payable on all drawn amounts.

### Outlook

The Board believes that the Company offers a unique and attractive proposition for investing

## MARWYN VALUE INVESTORS LIMITED REPORT OF THE CHAIRMAN

in actively managed investment opportunities and acquisition-led growth strategies in selected industries. Accordingly, the Board further believes that the Company is well placed to continue to deliver significant investment returns to Ordinary shareholders as the Master Fund continues to execute its

strategy as demonstrated by recent investment into BCA Marketplace plc, Zegona Communications plc and Gloo Networks plc and the partial disposal of Entertainment One Limited.

### Performance of Ordinary shares

The NAV per Ordinary share of the Company increased during the period by 16.3p to £3.1301, an increase of 5.50%. As at 30 June 2015, the discount of the share price to NAV per share was 27.0% a decrease over the period from 28.3% as at 31 December 2014.

	NAV	FTSE All Share
Since inception <sup>1</sup> (01/03/2006 to 30/06/2015)	+303.04%	+20.79%
Six months (to 30/06/2015)	+5.50%	+1.07%

Robert Ware  
Chairman  
28 August 2015

<sup>1</sup> Illustrative performance excludes issue costs and takes into account the performance of the respective share classes prior to the amalgamation and the impact of the amalgamation. If issue costs are taken into consideration the equivalent performance would be 282.9%.

# MARWYN VALUE INVESTORS LIMITED

## REPORT OF THE MANAGER

### DISCLAIMER

The report of the Manager ("Manager's Report") is issued by Marwyn Asset Management Limited (the "Manager") which has been registered as a fund service business provider under the Financial Services (Jersey) Law 1998 by the Jersey Financial Services Commission (the "Commission"), in connection with Marwyn Value Investors L.P. (the "Master Fund"), a limited partnership with one or more feeder vehicles at any time, including the listed feeder Marwyn Value Investors Limited (the "Company") whose shares are listed on the Specialist Fund Market of the London Stock Exchange. The Commission is protected by the Financial Services (Jersey) Law 1998 against liability arising from the discharge of its function under that law. This Manager's Report does not constitute a prospectus or offering document relating to the Master Fund or the Company, nor does it constitute or form part of any offer or invitation to purchase, sell or subscribe for, or any solicitation of any such offer to purchase, sell or subscribe for, any securities in the Master Fund or the Company (an "Investment") nor shall this Manager's Report or any part of it, or the fact of its distribution, form the basis of, or be relied on in connection with, any contract therefor.

Persons who wish to make an Investment are reminded that any such Investment should only be made on the basis of the information contained in materials provided for that purpose for your consideration and not on the information contained in this Manager's Report. No reliance may be placed, for any purposes whatsoever, on the information contained in this Manager's Report or on its completeness and this Manager's Report should not be considered a recommendation by Marwyn Investment Management LLP, the Manager or any member of the Marwyn group or any of their respective advisers or affiliates, the Master Fund or the Company (the "Relevant Entities") in relation to an Investment. No representation or warranty, express or implied, is given by or on behalf of the Relevant Entities or any of their respective directors, partners, officers, employees, advisers or any other persons as to the accuracy, fairness or sufficiency of the information or opinions contained in this Manager's Report and none of the information contained in this Manager's Report has been independently verified by the Relevant Entities or any other person. Save in the case of fraud, no liability is accepted for any errors, omissions or inaccuracies in such information or opinions.

The distribution of this document in certain jurisdictions may be restricted by law and the persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.

This Manager's Report includes "forward-looking statements" which includes all statements other than statements of historical facts, including, without limitation, those regarding the Master Fund's and the Company's financial position, business strategy, plans and objectives of management for future operations and any statements preceded by, followed by or that include forward-looking terminology such as the words "targets", "believes", "estimates", "expects", "aims", "intends", "can", "may", "anticipates", "would", "should", "could" or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Master Fund's and the Company's control that could cause the actual results, performance or achievements of the Master Fund or the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Master Fund's and the Company's present and future business strategies and the environment in which the Master Fund or the Company will operate in the future.

These forward-looking statements speak only as at the date of this Manager's Report.

Investing in the Company involves certain risks, as detailed in these Financial Statements, and as described more fully in the admission document published by the Company at the time of admission of its shares to trading on the Specialist Fund Market of the London Stock Exchange.

## MARWYN VALUE INVESTORS LIMITED REPORT OF THE MANAGER

The Manager is pleased to present its 2015 interim report to the shareholders of the Company.

We manage both the Company and the Master Fund into which the Company invests all of its available capital. The review that follows refers to the portfolio of the Master Fund, in which the Company is invested, except where noted.

We have engaged Marwyn Investment Management LLP as the Investor Adviser to the Manager in relation to the Master Fund and the Company. We work very closely with the Investment Adviser in executing the investment strategy of the Master Fund.

### What the Master Fund invests in

One of the founding principles of the Master Fund's investment strategy is to identify, support, invest in and work alongside experienced operational management teams to manage, build and grow small and mid cap UK, European and North American businesses with a target enterprise value of £150 million to £1.5 billion. The Investment Adviser actively engages with the portfolio companies and has day-to-day collaborative involvement with management which significantly enhances strategic alignment.

The Master Fund is permitted to make both follow-on investments in existing portfolio companies and investments in new portfolio companies.

### How the Master Fund invests

The investment criteria help to identify opportunities with potential, but it is management teams that ultimately deliver that value. The Manager backs proven management teams that have demonstrated a thorough understanding of how to create value within their sector.

The Marwyn Group works particularly closely with the management teams of the Master Fund's portfolio companies. Their role is to act in support of management teams where appropriate, providing additional financial and advisory and other administrative resources not ordinarily available to the portfolio companies, particularly in the earlier stages of their development.

The Manager believes this provides significant benefits to the portfolio companies and forms an integral part of the Manager's risk management process.

### Investment performance

To 30 June 2015, The Master Fund's investee companies (both current and exited investments) have together delivered an average equity IRR to all investors (including the Master Fund and third party investors) of 21.0% on a total of approximately £2.3 billion of invested equity.

### Ordinary shares

We are pleased with the performance of the Master Fund during the period. The performance has again demonstrated the resilience of an investment model that concentrates on working closely with management and adding operational value to our investee companies.

Global equity markets have experienced positive returns during the six month period to 30 June 2015, and the NAV of the Master Fund has still outperformed its comparative index, the FTSE All-Share.

The Investment Adviser continues to evaluate new investment opportunities with a view to the Master Fund making new investments in due course.



# MARWYN VALUE INVESTORS LIMITED

## REPORT OF THE MANAGER

### Allocation of Marwyn Value Investors Limited NAV by company at 30 June 2015

Based upon the Company's investments in the Master Fund, the Company's total NAV is broken down across the following companies in the following percentages as at 30 June 2015:

Company	Ticker	Sector	% of NAV
Entertainment One Limited	ETO LN	Entertainment Rights	104.79%
Zegona Communications plc	ZEG LN	European TMT	5.80%
BCA Marketplace plc	BCA LN	Automotive	9.92%
Marwyn Management Partners plc	MMP LN	Luxury Goods	9.42%
Other assets of the Master Fund			9.60%
Liabilities of the Master Fund			-39.53%
Net assets			100.00%

### Allocation of Marwyn Value Investors Limited NAV by company at 14 August 2015

Since 30 June, the Master Fund has sold 26.5 million shares in Entertainment One Limited, made a further investment of £55 million in Zegona Communications plc and invested £10 million in Gloo Networks plc as part of that company's initial public offering of shares on AIM. In order to provide an updated position, the breakdown of the Company's NAV based on its investment in the Master Fund, the NAV as at 14 August 2015 (being the latest published NAV prior to the date of these financial statements) is shown in the table below:

Company	Ticker	Sector	% of NAV
Entertainment One Limited	ETO LN	Entertainment Rights	66.90%
Zegona Communications plc	ZEG LN	European TMT	34.43%
BCA Marketplace plc	BCA LN	Automotive	11.44%
Marwyn Management Partners plc	MMP LN	Luxury Goods	9.81%
Gloo Networks plc	GLOO LN	Media	5.19%
Other assets of the Master Fund			7.90%
Liabilities of the Master Fund			-35.67%
Net assets			100.00%

# MARWYN VALUE INVESTORS LIMITED REPORT OF THE MANAGER

## INVESTMENTS

Company: Entertainment One Limited ("ETO")  
Sector: Entertainment Rights  
Ticker: ETO LN  
Website: [www.entertainmentone.com](http://www.entertainmentone.com)  
% ownership by the Master Fund: 26.9%  
(17.9% following the partial disposal on 15 July 2015)  
Average entry price per share: £0.6599

ETO is a leading independent entertainment group, which produces and acquires entertainment content rights for exploitation across all consumer media worldwide including international brand management. The Company's comprehensive network extends around the globe including – Canada, the U.S., the UK, Ireland, Australia, New Zealand, Benelux, Spain, France, Germany, Scandinavia and South Africa.

At 30 June 2015, ETO had a market capitalisation close to £1.0bn and is a member of the FTSE 250. The business is still run by the same executive management team who led the business following the Master Fund's original investment in 2007 and the Master Fund remains the company's largest shareholder.

James Corsellis, a non-executive director of the Manager and a managing partner of the Investment Adviser, stepped down from the board on 15 July 2015 following the partial disposal by the Master Fund.

### Progress over the Period:

ETO announced its results for the financial year ended 31 March 2015, with the business generating revenues of £785.8m (-5% YoY) and EBITDA of £107.3m (+16% YoY).

EBITDA growth was primarily driven by a strong performance in the television division, notably Peppa Pig's international expansion and the success of a number of deals with production companies and growth in digital. Other highlights included:

- The Family division continued its track record of delivering strong growth, highlighted by Peppa Pig achieving over US\$1bn in retail sales and its successful roll-out into Latin America and the Far East.
- ETO maintained its progressive dividend policy, with a dividend of 1.1p per share declared (1.0p PY).
- The directors believe that on-going investment in content (both acquired and produced) has positioned the business well for future growth.
- ETO reiterated its stated strategy of creating a globally integrated TV and Film business, building its international distribution network, and gaining financial exposure earlier in the film production process.
- Management remains optimistic on the business' growth prospects and reiterated their strategy to double the size of the business by 2020, both organically and via acquisitions.

ETO acquired a 51% stake in the Mark Gordon Company ("MGC"), for \$132.6m (96% cash offer) on 6 January 2015. MGC is a TV production business, renowned for television shows such as Grey's Anatomy and Criminal Minds. This creates a new independent studio venture that will both finance and produce film, network, cable and digital content, while ETO will distribute the content created. ETO have an option to buy the rest of the business in seven years.

On 15 July 2015, Marwyn Value Investors LP sold 26.5 million depositary interests representing common shares in Entertainment One at a price of £3.30 per share, raising gross proceeds of approximately £87.5 million. The Master Fund is now beneficially interested in approximately 52.9 million common shares in ETO, representing approximately 17.9% of the issued common share capital of ETO.

### Investment Performance:

During the six month period to 30 June 2015, ETO's share price increased from 322.40p to 356.0p, an increase of 10.42%.

# MARWYN VALUE INVESTORS LIMITED

## REPORT OF THE MANAGER

Company: Marwyn Management Partners  
plc ("MMP")  
Sector: Luxury Goods  
Ticker: MMP LN  
Website: [www.marwynmp.com](http://www.marwynmp.com)  
% ownership by  
the Master Fund: 90.1%  
Average entry  
price per share: £0.0622

MMP is a holding company listed on AIM, a market of the London Stock Exchange, established to acquire interests in one or more operating companies or businesses. The Master Fund is MMP's largest shareholder with a 90.1% stake.

MMP is the majority shareholder in Le Chameau, the French premium rubber boot company. Le Chameau is well placed to capitalise on its unique 85 year heritage and become a premium brand leader for boots and accessories in the active lifestyle market. The business continues to make considerable progress with respect to product development, manufacturing, distribution and marketing whilst the UK market is also a key immediate priority for the business.

Mark Brangstrup Watts and James Corsellis are directors of MMP as well as being non-executive directors of the Manager and partners in the Investment Adviser, Robert Ware the Chairman of the Company is also the Chairman of MMP.

### MMP Strategy

On 12 February 2015, MMP provided investors with a trading update in respect of Le Chameau and a proposal regarding an issue of equity.

The Le Chameau management team developed a cohesive five year business plan for which additional funding was raised. On 3 March 2015, the Master Fund subscribed for £11 million of new ordinary shares in MMP (of a total issue of £11.65 million) in order to provide MMP with capital to support the Le Chameau business plan.

MMP released its results for the year to 31 December 2014. Following the sale of MET, MMP's only operating subsidiary is Le Chameau which generated revenue of £18.4 million and an EBITDA loss of £3.2 million during the period.

### Performance:

During the six month period to 30 June 2015, MMP's share price decreased from 4.25p to 3.13p, a fall of 26.35%.

## MARWYN VALUE INVESTORS LIMITED REPORT OF THE MANAGER

Company: BCA Marketplace plc  
("BCAM plc")  
Sector: Automotive  
Ticker: BCA-LN  
Website: [www.british-car-auctions.co.uk](http://www.british-car-auctions.co.uk)  
% ownership by  
the Master Fund: 1.82%  
Average entry  
price per share: £1.3411

BCAM plc (formerly Haversham Holdings plc) is a group formed by Avril Palmer-Baunack (Executive Chairman) and Marwyn to create value for its investors through the acquisition and subsequent development of target businesses.

Mark Brangstrup Watts and James Corsellis are non-executive directors of BCAM plc as well as being non-executive directors of the Manager and partners in the Investment Adviser.

### BCAM plc strategy:

At the time of BCAM plc's admission to trading on AIM the directors stated the company's intention to invest in businesses or companies conducting their activities wholly or mainly in the UK and Europe in the automotive, support services, leasing, engineering or manufacturing sectors. Following the completion of any acquisitions, the directors will work in conjunction with incumbent management teams to develop and deliver a strategy for performance improvement and/or acquisition-led strategic and operational enhancements.

Following the acquisition of the BCA Group, the enlarged Group will seek to maintain and strengthen its position as the operator of Europe's largest used vehicle marketplace. To achieve this goal, the enlarged Group will focus on achieving volume growth, increasing the range and penetration of its value-added services and improving efficiency.

### Progress over the period:

In March 2015, the proposed acquisition of the BCA Group was announced and following the approval of the company's shareholders the company was renamed BCA Marketplace plc. On 2 April 2015 the acquisition was completed and trading of the company's shares moved from AIM to the standard listing segment of the Official List.

The BCA Group owns and operates Europe's largest used vehicle marketplace, providing vehicle remarketing and/or vehicle buying services across 12 countries in Europe. The BCAM plc directors consider that this provides the BCA Group with an extremely robust position in a market forecast to grow strongly in the coming years, as recent growth in new car sales translates into increased volumes of used car transactions. Furthermore, the BCAM plc directors expect changes in the European automotive market, in particular trends towards consumers purchasing cars on personal contract purchases ("PCPs"), to drive greater volume through the auction channel, increasing demand for the BCA Group's services.

BCAM plc's management team has considerable experience and extensive relationships within the European automotive market and believes that it will complement the existing BCA management team, creating an enlarged team capable of taking full advantage of the opportunities that they expect will be created by the changes in the marketplace.

The BCAM plc directors consider the BCA Group to be a very well-managed, high quality business providing an essential liquidity function to buyers and sellers of vehicles in its chosen markets. They believe that the strength of this position, coupled with its ability to capture a significant part of the growth that the directors expect the auction market in Europe to experience, made it a very attractive acquisition opportunity for the company.

On 1 June, BCAM plc, announced the acquisition of Scottish Motor Auctions ("SMA"). SMA operates vehicle auctions from five sites within the UK. The acquisition is currently subject to a review by the Competition and Mergers Authority ("CMA").

BCAM plc also announced the successful syndication of its existing £200m term loan and £100 revolving credit facility and, following strong lender support, a £75m extension to the term loan providing additional headroom for future projects.

On 11 June, BCAM plc announced the appointment of Tim Lampert as CFO and Tim Richmond as Head of Investor Relations.

## MARWYN VALUE INVESTORS LIMITED REPORT OF THE MANAGER

On 23 June, BCAM plc released a trading update confirming that the Group's adjusted EBITDA for the year to December 2014 was £82m. The announcement also contained the confirmation that the Company's year-end will be changed from 31 December to 31 March, such that the first set of annual financial statements to be published after completion of the acquisition of the BCA Group will be for the year to 31 March 2016.

### Performance:

During the six month period to June 2015, BCAM plc's share price increased from 126.5p at 31 December 2014 to 158.0p, an increase of 24.9%.

## MARWYN VALUE INVESTORS LIMITED REPORT OF THE MANAGER

Company: Zegona Communications plc  
("Zegona")  
Sector: TMT  
Ticker: ZEG LN  
Website: [www.zegona.com](http://www.zegona.com)  
% ownership by  
the Master Fund: 40.0%  
(23.8% following the Telecable acquisition and  
placing on 14 August 2015)  
Average entry  
price per share: £1.4357

Zegona is an acquisition vehicle formed by Eamonn O'Hare (Chairman and CEO) and Robert Samuelson (COO) with the support of the Master Fund and other leading investors to acquire businesses with an enterprise value of between £1 billion and £3 billion in the European TMT sector.

Mark Brangstrup Watts is a non-executive director of Zegona as well as being a non-executive director of the Manager and a managing partner of the Investment Adviser.

### Zegona strategy:

Zegona has been established to execute a 'Buy-Fix-Sell' strategy in the European TMT sector, focusing on network-based communications and entertainment opportunities. Zegona's investments will target strategically sound businesses that require active change to realise full value, creating significant long-term returns through fundamental business improvements. Zegona's strategic objective is to create a concentrated portfolio of sizeable assets with enterprise values in the range of £1 billion to £3 billion. The Zegona directors believe the current dynamics of the European TMT sector, with the rapid growth of data consumption, convergence of services and consolidation of operators, will create multiple investment opportunities and the potential to realise attractive returns with Zegona's 'Buy-Fix-Sell' strategy.

### Progress over the period:

Zegona shares were admitted to trading on AIM on 19 March 2015 with the support of leading institutional investors raising £30 million to provide due diligence and operating capital prior to a subsequent acquisition.

On 27 July 2015, Zegona Communications plc announced it had reached an agreement with The Carlyle Group and Liberbank S.A. to acquire Telecable De Asturias S.A. ("Telecable"), the leading "quad-play" telecommunications operator in Asturias, North West Spain, for an enterprise value of €640 million.

Telecable offers television, broadband internet, mobile and fixed-line telecommunications services to over 164,000 residential and business customers, and operates a network of over 2,400 km of fibre optic cable and 2,600 km of coaxial cable, reaching more than 450,000 homes across Asturias.

To fund the acquisition Zegona raised £251 million from a range of blue-chip international investors including Fidelity, Standard Life, AXA Framlington, Capital Research and Invesco, and will draw upon a debt facility arranged by Goldman Sachs. As part of the equity raising, the Master Fund invested a further £55 million into Zegona, and now holds 23.8% of the enlarged group following completion.

On 31 July 2015, Zegona announced it had appointed Murray Scott to the board as an independent non-executive director.

## MARWYN VALUE INVESTORS LIMITED REPORT OF THE MANAGER

Company: Gloo Networks plc ("Gloo")  
Sector: Media  
Ticker: GLOO LN  
Website: [www.gloonetworks.com](http://www.gloonetworks.com)  
% ownership by the Master Fund: 34.9% on admission to AIM on 11 August 2015  
Average entry price per share: £1.2000

Gloo is a technology company established to acquire and operate companies in the media sector, with the aim of connecting some of the world's most-loved content with its most-valued consumers.

At a time of industry convergence, Gloo intends to acquire trusted consumer brands in the media sector and marry content creation, sophisticated technology and data analysis capabilities to unlock value for shareholders and consumers.

### Gloo strategy:

Gloo intends to acquire and operate businesses initially with an enterprise value in the range of £250 million to £1 billion and will be led by digital transformation experts Rebecca Miskin and Juan Lopez-Valcarcel. Rebecca and Juan will sit alongside James Corsellis and Mark Brangstrup Watts on Gloo's board.

Mark Brangstrup Watts and James Corsellis are directors of Gloo as well as being non-executive directors of the Manager and managing partners of the Investment Adviser.

### Progress over the period:

On 28 July 2015, Gloo announced its intention to list on AIM, with admission occurring on 11 August 2015. Gloo successfully raised £30 million with the support of leading institutional investors, funding general working capital and due diligence on potential target acquisitions. The Master Fund was the cornerstone investor holding 34.9% of the equity immediately following admission

## MARWYN VALUE INVESTORS LIMITED DIRECTOR'S RESPONSIBILITIES

### Directors' Responsibilities

The directors are responsible for preparing the unaudited interim results in accordance with applicable law and IAS 34 'Interim Financial Reporting'.

We confirm to the best of our knowledge that:

- The interim report gives a true and fair view of the assets, liabilities and financial position at 30 June 2015 and total comprehensive income for the period then ended; and
- The information contained in the interim report includes:
  - a fair review of important events that have occurred during the period and their impact on the unaudited interim results as required by DTR4.2.7; and

- a fair review of related party transactions that have taken place during the period that have had a material effect on the financial position or performance of the Company, together with disclosure of any changes in related party transactions in the last annual financial statements that have had a material effect on the financial position or performance of the Company in the current period as required by DTR4.2.8.

By order of the Board

Robert Ware  
Chairman  
28 August 2015



# MARWYN VALUE INVESTORS LIMITED

## CONDENSED STATEMENT OF FINANCIAL POSITION

For the period ended 30 June 2015 (unaudited)

	Note	For the six month period ended 30 June 2015 £	Restated <sup>1</sup> for the six month period ended 30 June 2014 £
<b>INCOME</b>			
Interest income		94	90
Net gain on financial assets at fair value through profit or loss	5	<u>10,165,747</u>	<u>20,602,710</u>
<b>TOTAL NET INCOME</b>		<u>10,165,841</u>	<u>20,602,800</u>
<b>EXPENSES</b>			
Bank charges		25	17
Loan interest		<u>69</u>	<u>73</u>
<b>TOTAL OPERATING EXPENSES</b>		<u>94</u>	<u>90</u>
<b>PROFIT FOR THE PERIOD</b>		<u>10,165,747</u>	<u>20,602,710</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>10,165,747</u>	<u>20,602,710</u>
<b>RETURNS PER SHARE</b>			
Attributable to holders of Ordinary shares		10,165,747	20,683,923
Ordinary shares in issue	8	62,282,730	64,065,256
Return per Ordinary share - Basic and diluted		16.32p	32.29p
Attributable to holders of B Ordinary shares		-	(81,213)
B Ordinary shares in issue		-	5,005,870
Return per Ordinary share - Basic and diluted		-	(1.62p)

These condensed interim results are unaudited and are not the Company's statutory financial statements.

All items in the above statement derive from continuing operations. There was no other comprehensive income in the period.

The notes 1 to 13 form an integral part of these unaudited interim results.

<sup>1</sup> Further detail on the restatement is provided in note 2.

# MARWYN VALUE INVESTORS LIMITED

## CONDENSED STATEMENT OF FINANCIAL POSITION

At 30 June 2015 (unaudited)

		30 June 2015 (unaudited) £	31 December 2014 (audited) £
<b>NON CURRENT ASSETS</b>	Note		
Financial assets at fair value through profit or loss	5	194,952,407	190,075,247
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		127,329	127,260
<b>TOTAL ASSETS</b>		195,079,736	190,202,507
<b>CURRENT LIABILITIES</b>			
Loan payable	6	(125,000)	(125,000)
Accruals		(2,329)	(2,260)
<b>TOTAL LIABILITIES</b>		(127,329)	(127,260)
<b>NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS</b>		194,952,407	190,075,247
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>			
Share capital	8	78	80
Share premium		41,248,122	42,428,639
Special distributable reserve		26,346,979	26,346,979
Exchange reserve		54,386	54,386
Capital reserve		128,188,555	125,452,704
Revenue reserve		(885,713)	(4,207,541)
<b>TOTAL EQUITY</b>		194,952,407	190,075,247
<b>Net assets attributable to Ordinary shares</b>	5	194,952,407	190,075,247
<b>Ordinary shares in issue</b>	8	62,282,730	64,065,256
<b>Net assets per Ordinary share</b>		313.01p	296.69p

These condensed interim results are unaudited and are not the Company's statutory financial statements.

The notes 1 to 13 form an integral part of these unaudited interim results.

# MARWYN VALUE INVESTORS LIMITED

## CONDENSED STATEMENT OF CASHFLOWS

For the period ended June 2015 (unaudited)

	Note	For the six month period to 30 June 2015 £	For the six month period to 30 June 2014 £
<b>Cash flows from operating activities</b>			
Interest received		94	90
Bank charges paid		(25)	(17)
Cash received on redemption of interests in MVI LP		<u>5,288,587</u>	<u>5,288,479</u>
Net cash inflow from operating activities		5,288,656	5,288,552
<b>Cash flows from capital transactions</b>			
Cash paid to investors on partial redemption of Ordinary shares		<u>(5,288,587)</u>	<u>(5,288,479)</u>
Net cash flow from capital transactions		(5,288,587)	(5,288,479)
<b>Net increase in cash and cash equivalents</b>		69	73
Cash and cash equivalents at the beginning of the period		<u>127,260</u>	<u>263,969</u>
Cash and cash equivalents at the end of the period		<u>127,329</u>	<u>264,042</u>

These condensed interim results are unaudited and are not the Company's statutory financial statements.

The notes 1 to 13 form an integral part of these unaudited interim results.

# MARWYN VALUE INVESTORS LIMITED

## CONDENSED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2015

	Share capital	Share premium	Special distributable reserve	Exchange reserve	Capital reserve	Revenue reserve	Total
	£	£	£	£	£	£	£
Opening balance	80	42,428,639	26,346,979	54,386	125,452,704	(4,207,541)	190,075,247
Redemptions (note 8)	(2)	(1,180,517)			(4,108,068)		(5,288,587)
Result for the period					6,843,918	3,321,828	10,165,747
Closing Balance	<u>78</u>	<u>41,248,122</u>	<u>26,346,979</u>	<u>54,386</u>	<u>128,188,555</u>	<u>(885,713)</u>	<u>194,952,407</u>

For the period ended 30 June 2014

	Share capital	Share premium	Special distributable reserve	Exchange reserve	Restated Capital reserve	Revenue reserve	Total
	£	£	£	£	£	£	£
Restated opening balance	87	48,384,287	26,346,979	54,386	103,064,423	(4,269,162)	173,581,000
Redemptions (note 9)	(2)	(1,351,841)	-	-	(3,936,635)	-	(5,288,478)
Result for the year	-	-	-	-	17,566,408	3,036,302	20,602,710
Closing balance	<u>85</u>	<u>47,032,446</u>	<u>26,346,979</u>	<u>54,386</u>	<u>116,694,196</u>	<u>(1,232,860)</u>	<u>188,895,232</u>

These condensed interim results are unaudited and are not the Company's statutory financial statements.

The notes 1 to 13 form an integral part of these unaudited interim results.

# MARWYN VALUE INVESTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1. General information

Marwyn Value Investors Limited is a closed-ended investment fund registered by way of continuation in the Cayman Islands (registered number MC-228005). The rights of the shareholders are governed by Cayman Islands law and may differ from the rights and duties owed to shareholders in a UK incorporated company. The address of its registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

These unaudited interim results, which have not been reviewed by an independent auditor, have been prepared in accordance with International Accounting Standard 34: *Interim Financial Reporting*. They do not include all the required information for full financial statements and should be read in conjunction with the Company's financial statements for the year ended 31 December 2014.

The unaudited interim results were authorised for issue by the Board of Directors (the "Board") on 28 August 2015.

### 2. Accounting policies

The accounting policies applied in these unaudited interim results are the same as those applied in the Company's financial statements for the year ended 31 December 2014. The accounting policy applied in the interim financial statements to 30 June 2014 in relation to the fair value of the investments has been amended. As detailed in the 2014 year end financial statements, the Company made the decision to remove the liquidity discount adjustment from the fair value calculation.

Accordingly, in these interim financial statements, the results for the period ended 20 June 2014 have been restated to remove the liquidity discount applied. This has resulted in an adjustment of £2,278,544 to net gain on financial assets at fair value through profit or loss reported in the condensed statement of comprehensive income, with the remaining brought forward adjustment being taken to the capital reserve.

Furthermore, as detailed in the 2014 year end financial statements, the Company's B Ordinary share class was redeemed in full on 21 November 2014 as it neared the end of its mandatory liquidation period. It is noted that the results for the period ended 30 June 2014 include the B Ordinary share class.

### New standards, amendments and interpretations

A number of new standards, amendments and interpretations are effective for annual periods beginning after 1 January 2015. None of these have had a significant effect of the financial statements of the Company.

### 3. Segment reporting

The Company is organised and operates as one segment by allocating its assets to investment funds managed by managers, which are not actively traded.

### 4. Critical accounting estimates and judgements

The Company makes estimates, judgements and assumptions that affect the reported amounts of assets and liabilities. Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The fair value of the investments held in the Master Fund is determined by the Directors on the basis of the NAV of the Master Fund as provided by the Master Fund administrator at the period end.

### 5. Financial assets at fair value through profit or loss

As at 30 June 2015, 100% (2014: 100%) of the financial assets at fair value through profit or loss relate to the Company's investment in the Master Fund that has been fair valued in accordance with policies set out herein, noting the change in accounting policy in the 2014 year end financial statements as detailed above. The limited partnership interests in the Master Fund are not publicly traded; redemptions can only be made by the Company subject to the requirements specified in the offering document and pursuant to the terms of the distribution policy adopted on 19 November 2013 as detailed in the circular sent to shareholders on 1 November 2013 (the "Circular"). As detailed in this note, a redemption of interests in the Master Fund was made in the period in order to fund the January 2015 return to Ordinary shareholders as discussed in note 8.

## MARWYN VALUE INVESTORS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

The fair value of the investment in the Master Fund is based on the latest available valuation of Class F in the Master Fund as reported by the administrator of the Master Fund.

As a result, the carrying value of the Master Fund may not be indicative of the value ultimately realised on redemption.

#### Net Asset Value – investment movements

	30 June 2015	31 December 2014
Marwyn Value Investors L.P.	£	£
Opening cost	70,686,705	77,776,366
Redemption relating to the January return to Ordinary Shareholders	(1,966,758)	(2,252,177)
Closing cost	<u>68,719,947</u>	<u>70,686,705</u>
Unrealised gain brought forward	119,388,542	95,804,635
Movement in unrealised gain	6,843,918	23,583,907
Unrealised gain carried forward	<u>126,232,460</u>	<u>119,388,542</u>
At fair value in accordance with IFRS 13	<u>194,952,407</u>	<u>190,075,247</u>
Class F	<u>194,952,407</u>	<u>190,075,247</u>
At fair value in accordance with IFRS 13	<u>194,952,407</u>	<u>190,075,247</u>
Realised gain on redemption of Class F	<u>3,321,828</u>	<u>3,036,302</u>
Net gain recognised in the statement of comprehensive income	<u>10,165,747</u>	<u>23,645,528</u>

The net gain on financial assets at fair value through profit or loss reported in the Statement of Comprehensive Income consists of the movement in the unrealised gain.

In order to effect the partial redemption of Ordinary shares as detailed in note 8, the Company redeemed interests in the Master Fund to the value of £5,288,587. A realised gain of £3,321,828 is included within net gain on financial assets at fair value through profit or loss and has been taken to the Revenue reserve in the condensed statement of changes in net assets attributable to equity holders of the Company.

The Company holds 100% of the Class F interests which represent 69.88% of the net asset value of the Master Fund. As the Company has no control over the Master Fund's activities and has no voting power in its affairs, the Master Fund is not considered to be a subsidiary.

#### 6. Loan payable

The Master Fund has made a loan to the Company of £125,000 (2014: £125,000) for which the Company pays interest received on the corresponding cash amount held. The loan will be repaid by set-off on the date that all of the Company's interests in the Master Fund are redeemed. As a cash balance is held to the value of the loan payable and all interest earned on the cash balance is added to the amount payable, the effect of discounting is not material to the cash flows or balance sheet position.

# MARWYN VALUE INVESTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 7. Reconciliation of net profit for the year to net cash outflow from operating activities

	30 June 2015 £	30 June 2014 £
Profit for the period	10,165,747	18,320,068
Gain on investments held at fair value through profit or loss	(10,165,747)	(18,320,068)
Proceeds on redemption of interests in the Master Fund	5,288,587	5,288,479
Increase in accruals	69	73
<b>Net cash inflow from operating activities</b>	<b>5,288,656</b>	<b>5,288,552</b>

### 8. Share capital and distributions

On 19 January 2015, the Company completed a return of capital pursuant to the progressive distribution policy for holders of Ordinary shares, equal to 8.255 pence per Ordinary share which equated to a value of £5,288,587 (January 2014: 8 pence per share equating to £5,288,479). Following a partial redemption of the Company's interests in Class F of the Master Fund to the value of £5,288,587 the distribution to Ordinary shareholders was effected by way of a partial redemption of 1,782,526 (January 2014: 2,041,217) Ordinary shares (with a nominal value of 0.0001p) which were subsequently cancelled. As required by IAS32, this has been reflected through the statement of changes in equity and the net redemption cost is included in the redemption reserve.

Accordingly, the issued ordinary share capital of the Company is as follows:

	At 31 December 2014	Redemption	At 30 June 2015
Ordinary shares	64,065,256	(1,782,526)	62,282,730

### Special distributable reserve

A special distributable reserve was created when the Company cancelled all of its share premium account in existence as at 26 January 2007, transferring it to a distributable reserve to allow, among other things, the buy-back and cancellation of up to 14.99% of the Ordinary shares.

### Exchange reserve

Movements in capital in respect of shareholders exchanging into and out of the Company are recognised in the exchange reserve. There were no movements in the current or prior year.

Where the Company's partnership interests in the Master Fund are cancelled following exchanges by the Master Fund out of Ordinary shares, the capital amount previously transferred to the exchange reserve is transferred to the revenue reserve. There were no movements in the current or prior year.

### Revenue reserve

Realised gains and losses on redemptions of interests in the Master Fund made during the year are recognised in the result for the year movement in the revenue reserve.

## MARWYN VALUE INVESTORS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 9. Instruments and associated risks

The Company invests substantially all its assets in the Master Fund, which is exposed to market risk (including currency risk, interest risk and price risk), credit risk and liquidity risk arising from financial instruments it holds.

As at 30 June 2015, the Company owned 69.88% (31 December 2014: 71.90%) of the net assets of Master Fund. There has been no significant change in the risks associated with the Company's investment.

#### 10. Material contracts and related-party transactions

In the opinion of the Directors on the basis of shareholdings advised to them, the Company has no ultimate controlling party.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, or the parties are under common control or influence, in making financial or operational decisions.

##### (a) Management, investment advisory and incentive fees

Under the Management Agreement dated 29 November 2013, the Manager shall not receive any fees from the Company to the extent that it invests its assets only in the Master Fund. In respect of any assets of the Company not invested in the Master Fund, the Manager shall receive aggregate performance and management fees on the same basis as those to which it would have been entitled if such assets had been those of the Master Fund. The Company has not made any such investments during the six months to 30 June 2015 and as such no fees were paid by the Company or payable at the year end (2014: Nil).

Under the Master Fund Management Agreement, the Manager will receive monthly management fees from the Master Fund of 2.0 per cent, per annum of the NAV before performance and incentive fees (calculated monthly), payable monthly in arrears. The total management fee expense and payable by the Master Fund for the period ended 30 June 2015 was £2,502,900 (30 June 2014: £2,432,239). The Manager is also entitled to reimbursement of certain expenses incurred by it in connection with its duties.

During the period to 30 June 2015, the Investment Adviser to the Manager, Marwyn Investment Management LLP earned a fee of £1,416,641 for providing investment advisory services (30 June 2014: £2,066,619).

The incentive allocation to be borne by the Class F interests in the Master Fund will only be payable on Returns being made, however, in relation to Class F Interests, there are provisions allowing for the acceleration of incentive fee payments due to retired partners (subject to performance criteria being met). For these purposes "Returns" shall mean any distribution, dividend or return of capital by the Master Fund to holders of the Class F Interests (either indirectly or directly through the Company) and purchases of Ordinary shares by the Company or the Master Fund (which are subsequently cancelled through the Exchange procedure or otherwise).

The incentive allocation recognised by the Master Fund relating to the Ordinary shares in the Company for the period ended 30 June 2015 was £2,541,416 (30 June 2014: £5,341,605). The total incentive fee accrued as at 30 June 2015 amounted to £43,012,387 (30 June 2014: £39,618,923 and 31 December 2014 £40,470,970).



## MARWYN VALUE INVESTORS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

As noted in the 31 December 2014 financial statements, investors can assess remuneration and incentives by reference to the disclosure of the basis of calculation of the incentive fee which was made in the Circular dated 1 November 2013 in relation to the Company's investment in Class F of the Master Fund.

#### (b) Administration fee

With effect from 30 September 2014 Lumiere Fund Services Limited (formerly Fund Corporation of the Channel Islands) resigned as the Administrator of the Company and Axio Capital Solutions Limited ("Axio") was appointed Administrator (previously Axio had provided outsourced administration and exchange administration services). Axio is considered to be a related party. Axio and the Manager are under common control.

Axio receive an annual fee of £85,000 (2014: £42,500) for the administration of the Ordinary shares, monthly in arrears. The Administrator is entitled to reimbursement of certain expenses incurred by it in connection with its duties. These fees are paid by the Master Fund as they were in 2014.

#### (c) Board of Directors' remuneration

Directors' fees are paid by the Master Fund. The Directors received the following annual fees:

	Annual Fee	Payable from 1 January 2015 to 30 June 2015
Robert Ware <sup>1</sup>	£45,000	£34,210
Paul Everitt	£40,000	£22,500
Ronald Hobbs	£40,000	£20,000
Louisa Bonney	£40,000	£20,000
Martin Adams	£40,000	£5,854

<sup>1</sup> As at 30 June 2015, Robert Ware owned 432,180 Ordinary shares in the Company.

All Directors' are entitled to receive reimbursement for all travel and other costs incurred as a direct result of carrying out their duties as Directors.

#### 11. Capital management policies and procedures

The Company's capital management objectives are to ensure that it will be able to continue as a going concern and to maximise capital return to its equity shareholders.

The Board, with the assistance of the Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. The Company's objectives, policies and processes for managing capital remain unchanged from the previous year.

#### 12. Commitments and contingent liabilities

There were no commitments or contingent liabilities outstanding at 30 June 2015, or 31 December 2014 that require disclosure or adjustment in these financial statements.

#### 13. Subsequent events

There were no material events after the 30 June 2015 that required disclosure in these unaudited interim results.

## MARWYN VALUE INVESTORS LIMITED

### RISK

#### Risks applicable to investing in the Company and the Master Fund

##### Past performance

The past performance of the Company, Manager and Investment Adviser may not be indicative of future performance.

##### Dependence on key individuals

The success of the Company and the Master Fund depends upon the ability of the Manager and Investment Adviser to develop and implement investment strategies that achieve the Master Fund's investment objective. If the Manager or Investment Adviser were to become unable to participate in the investment management of the Master Fund, the consequence for the Company and the Master Fund would be material and adverse and could lead to the premature winding-up of the Company and/or Master Fund.

##### Terrorist action

There is a risk of terrorist attacks in Europe and elsewhere causing significant loss of life and property damage and disruptions in global markets. Economic and diplomatic sanctions may be in place or imposed on certain states and military action may be commenced. The impact of such events is unclear, but could have a material effect on general economic conditions and market liquidity.

##### Exchange Administrator's consent required to utilise the Exchange Procedure

Use of the Exchange Procedure is at the sole and absolute discretion of the General Partner of the Master Fund who has delegated that authority to the Exchange Administrator. The Exchange Administrator may refuse consent to a proposed exchange for any reason or no reason and is not required to give any reasons for such a refusal. The Exchange Notice which will be required to be completed and delivered by any investor wishing to effect an Exchange includes certain warranties and representations which are required to be made by such investors. Investors who are unable to make such warranties and representations or for whom the Exchange Administrator refuses to give consent will be unable to effect an Exchange.

##### Handling of mail

Mail addressed to the Company and/or the Master Fund and received at their respective registered offices will be forwarded unopened to the administrator or Master Fund administrator as the case may be, to be dealt with. None of the Company, the Master Fund, the General Partner or any of its or their directors, officers, or service providers will bear any responsibility for any delay howsoever caused in mail reaching the Company's administrator or Master Fund administrator as the case may be.

##### Net asset value considerations

The net asset value per share of both the Master Fund and the Company is expected to fluctuate over time with the performance of the Master Fund's and/or Company's investments. A shareholder may not fully recover his initial investment when he chooses to redeem his shares or upon compulsory redemption if the net asset value per share of the relevant class of shares at the time of such redemption is less than the subscription price or purchase price paid by that shareholder.

In addition, where in relation to the calculation of the net asset value there is any conflict between IFRS and the valuation principles set out in the Articles and any Admission document(s) in relation to the Company or US GAAP, and the valuation principles set out in the limited partnership agreement of the Master Fund or its offering memorandum in the case of the Master Fund, the latter principles shall take precedence.

##### Gearing

The Master Fund has in place a loan facility which may be drawn down as deemed appropriate to fund working capital and/or investment opportunities. In the event that the Master Fund does draw down on this facility, the Company will be exposed to this borrowing through its investment in Class F interests.

Whilst borrowings may enhance the net asset value of the Class F interests and therefore the net asset value of the Company when the value of investments attributable to Class F is rising. It will, however, have the opposite effect where the underlying asset value is falling. The Master Fund will pay interest on its borrowings and will therefore be exposed to interest rate risk due to fluctuations in the prevailing market rates. The facility contains certain covenants typical for a revolving credit facility which, if breached, could accelerate its repayment and require investments to be sold immediately to avoid default. There is no guarantee that any borrowings of the Master Fund will be refinanced on their maturity either on terms which are acceptable to the Master Fund or at all.

# MARWYN VALUE INVESTORS LIMITED

## RISK

### Risks applicable to investments in the Company

#### Sole purpose

The Company has been established with the sole purpose of investing in the Master Fund. The success of the Company therefore depends on the success of the Master Fund and its ability to successfully implement its investment strategy. Identification and exploitation of the investment strategies to be pursued by the Master Fund involve a high degree of uncertainty.

#### Limited redemption rights

The Company has no right of redemption in relation to the Master Fund's Class F Interests or Class B1 Interests. Returns relating to Class F will be in accordance with the distribution policy adopted on 19 November 2013.

#### Cayman Islands registration

The Company is registered in the Cayman Islands. As a result, the rights of the shareholders are governed by the laws of the Cayman Islands and the Articles. The rights of shareholders under Cayman Islands law may differ from the rights of shareholders of companies incorporated in other jurisdictions and the enforcement of such rights may involve different considerations and may be more difficult than would be the case if the Company had been incorporated in England and Wales or the jurisdiction of a shareholder's residence. The following are examples: (i) subject only to the Articles, the allotment and issue of securities is under the exclusive control of the Directors and there are no pre-emption rights under the Cayman Islands law; (ii) there is no statutory prohibition on the Company providing financial assistance on the acquisition of its own shares; (iii) subject only to the Articles, there are no shareholder interest disclosure requirements under the Cayman Islands law; (iv) there is no express restriction on the Company making loans to Directors nor the equivalent of substantial property rules for transactions involving Directors under the Cayman Islands law; and (v) assets of the Company are under the exclusive control of the Directors and the Companies Law does not expressly restrict the powers of the Directors to dispose of assets. Examples (i) to (v) above are intended for the purposes of illustration only and are not an exhaustive list. Investors should take appropriate independent legal advice to determine if they are afforded protections they consider are necessary for their specific circumstances.

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (i) an act which is ultra vires the company or illegal, (ii) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (iii) an irregularity in the passing of a resolution which requires a qualified (or special) majority. In the case of a company (not being a bank) having a share capital divided into shares, the

courts may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and to report thereon in such manner as the courts will direct. Any shareholder of a company may petition the courts which may make a winding-up order if the courts are of the opinion that it is just and equitable that the company should be wound up. Generally, claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

#### United Kingdom tax considerations

Although the Directors intend that, insofar as it is within their respective control, the affairs of the Company are conducted so that the Company does not become subject to United Kingdom tax on its profits or gains, there can be no guarantee that all of the requirements to ensure this will at all times be satisfied.

#### Takeover code

The Company is not subject to the UK City Code on Takeovers and Mergers, notwithstanding that the Company's shares are admitted to trading on the Specialist Fund Market of the London Stock Exchange. There are no equivalent rules or regulations applicable under the applicable laws of the Cayman Islands. The Ordinary Shares are subject to the compulsory acquisition provisions set out in section 88 of the Companies Laws (2013 Revision) of the Cayman Islands. Under these provisions where an offeror makes a takeover offer and within four months of making the offer it has been approved by the holders of not less than 90 per cent, in value of the shares to which the offer relates, that offeror is entitled to acquire compulsorily from dissenting shareholders those shares that have not been acquired or contracted to be acquired on the same terms as under the offer.

## MARWYN VALUE INVESTORS LIMITED

### RISK

#### Control over the Master Fund

The Company, in its capacity as an investor in the Master Fund, has no opportunity to control the day-to-day operation, including investment and disposition decisions, of the Master Fund. The Company does not have the opportunity to evaluate the relevant economic, financial and other information that is utilised by the Manager in its selection of investments and does not receive the detailed financial information regarding investments that is available to the Manager.

#### Class consents

Certain actions by the General Partner in respect of the Master Fund require the written consent of investors in that class. Where the Directors allow holders of shares of a series which has invested in the corresponding class to vote on a matter for which the General Partner is seeking investor consent and, if the resolution is passed by a simple majority of those voting in person or by proxy at a meeting of the holders of the relevant series of shares, the Directors will give consent to the General Partner in respect of all of the Company's interests in the relevant class. The Company will not split its consent in accordance with the votes of the holders of the relevant series of shares.

#### Value and liquidity of the shares

An investment in shares traded on the Specialist Fund Market is perceived to involve a higher degree of risk and be less liquid than an investment in companies whose shares are listed on the Official List of the Financial Conduct Authority. It may be difficult for an investor to realise his or her investment. The shares of publicly traded emerging companies have limited liquidity and their share prices can be highly volatile. The price at which the shares will be traded and the price at which investors may realise their investment will be influenced by a large number of factors, some specific to the Company and its operations, and others which may affect companies operating within a particular sector or quoted companies generally. Investors should be aware that the value of the shares could go down as well as up, and investors may therefore not recover their original investment. Furthermore, the market price of the shares may not reflect the underlying value of the Company's net assets.

If the Company issues further classes of ordinary shares, whilst these will not dilute the economic interests of the existing classes in the Master Fund, the additional ordinary shares will carry rights to vote at general meetings of the Company and will therefore dilute shareholders' voting rights accordingly. The Directors may seek debt finance to fund the expansion of the Company. There can be no assurance that the Company will be able to raise such debt funds, whether on acceptable terms, or at all. If debt financing is obtained, the Company's ability to raise further finance, and its ability to operate its business, may be subject to restrictions.

#### Registration under the US Investment Company Act and the US Advisers Act

The Company has not been and it is extremely unlikely it will ever be registered under the US Investment Company Act. In addition, the Manager and the Investment Adviser have not been and it is extremely unlikely that they will ever be registered as "Investment Advisers" under the US Investment Advisers Act.

#### Depository Interests

Securities issued by non-UK registered companies, such as the Company, cannot be held or transferred in the CREST system. However, to enable shareholders to settle such securities through the CREST system, a depository or custodian (the "Depository") can hold the relevant securities and issue dematerialised Depository Interests representing the underlying shares which are held on trust for the holders of these Depository Interests.

#### Voting rights

Under the Articles, only those persons who are shareholders of record are entitled to exercise voting rights. Persons who hold shares in the form of Depository Interests will not be considered to be record holders of such shares that are on deposit with the Depository and, accordingly, will not be able to exercise voting rights. However, the agreement governing the terms relating to the issue of the Depository Interests (the "Deed Poll") provides that the Depository shall pass on, as far as it is reasonably able, rights and entitlements to vote. In order to direct the delivery of votes, holders of Depository Interests must deliver instructions to the Depository by the specified date.

## MARWYN VALUE INVESTORS LIMITED RISK

Neither the Company nor the Depository can guarantee that holders of Depository Interests will receive the notice in time to instruct the Depository as to the delivery of votes in respect of shares represented by Depository Interests and it is possible that they will not have the opportunity to direct the delivery of votes in respect of such shares. In addition, persons who beneficially own shares that are registered in the name of a nominee must instruct their nominee to deliver votes on their behalf.

Neither the Company nor any nominee can guarantee that holders of Depository Interests will receive any notice of a solicitation of votes in time to instruct nominees to deliver votes on behalf of such holders and it is possible that holders of Depository Interests and other persons who hold ordinary shares or exchange shares through brokers, dealers or other third parties will not have the opportunity to exercise any voting rights.

### Limitation of liability

The Deed Poll contains provisions excluding and limiting the Depository's liability to holders of Depository Interests. For example, the Depository will not be liable to any holder of Depository Interests or any other person for liabilities in connection with the performance or non-performance of obligations under the Deed Poll or otherwise except as may result from its negligence or wilful default or the fraud of any custodian or agent which is not a member of its group unless it has failed to exercise reasonable care in the appointment and continued use and supervision of such custodian or agent. Furthermore, except in the case of personal injury or death, the Depository's liability to a holder of Depository Interests will be limited to the lesser of the value of shares and other deposited property properly attributable to the Depository Interests to which the

liability relates; and that proportion of £10 million which corresponds to the portion which the amount the Depository would otherwise be liable to pay to the holder of the Depository Interests bears to the aggregate of the amounts the Depository would otherwise be liable to pay all such holders in respect of the same act, omission or event which gave rise to such liability or, if there are no such amounts, £10 million. The Depository is entitled to charge fees and expenses for the provision of its services under the Deed Poll without passing any such profit from such fees to holders of Depository Interests.

### Indemnification

Each holder of Depository Interests is liable to indemnify the Depository and any custodian (and their agents, officers and employees) against all costs and liabilities arising from or incurred in connection with, or arising from any act related to, the Deed Poll so far as they relate to the property held for the account of Depository Interests held by that holder, other than those resulting from the wilful default, negligence or fraud of the Depository, or the custodian or any agent, if such custodian or agent is a member of the Depository's group, or, if not being a member of the same group, the Depository has failed to exercise reasonable care in the appointment and continued use and supervision of such custodian or agent.

### United States ownership and transfer restrictions

There are restrictions on the purchase of securities by or to investors who are located in the United States or who are US Persons or who acquire securities for the account or benefit of US Persons. In the event that securities are acquired by persons who are not qualified to hold the securities, such securities are subject to provisions requiring forfeiture and/or compulsory transfer.

## MARWYN VALUE INVESTORS LIMITED ADVISERS

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