

**Waystone Management (UK) Limited**  
**DMS FCM Salamanca Global Property Fund 1**  
**Interim Report and Financial Statements**  
For the interim period 1 June 2017 to 30 November 2017 (unaudited)

**DMS FCM SALAMANCA GLOBAL PROPERTY FUND 1**  
**Interim Unaudited Report 30 November 2017**

**General Information**

**COMPANY AND HEAD OFFICE**

DMS FCM Salamanca Global Property Fund 1  
2nd Floor  
20-22 Bedford Row  
Holborn  
London WC1R 4EB  
United Kingdom

**AUTHORISED CORPORATE DIRECTOR ('ACD')**

Waystone Management (UK) Limited \*  
2nd Floor  
20-22 Bedford Row  
Holborn  
London WC1R 4EB  
United Kingdom  
(Authorised and regulated by the Financial Conduct Authority)

**DIRECTORS OF THE ACD**

C. O'Donnell (appointed on 16 December 2019)  
T. K. Madigan (appointed on 7 February 2020)  
S. P. White (appointed on 7 February 2020)  
N. C. White (appointed on 5 March 2020)  
A. M. Berry (appointed on 30 April 2020)  
R. E. Wheeler (appointed on 12 July 2022)  
  
G.L. Brooks (resigned on 7 February 2020)  
C.T. Finch (resigned on 5 March 2020)  
B. Primrose (resigned on 5 March 2020)  
S. Anderson (resigned on 7 February 2020)  
S. Chaudhri (resigned on 7 February 2020)  
N. C. White (resigned on 4 September 2020)

**INVESTMENT ADVISOR**

Salamanca Group Advisors (appointed 11 May 2017)  
3 Burlington Gardens  
Mayfair  
London W1S 3EP  
United Kingdom

*Previously:*

FF & P CM Salamanca LLP  
50 Berkeley Street  
London W1J 8HA  
United Kingdom

**REGISTRAR AND TRANSFER AGENT**

JTC Fund Solutions (Guernsey) Limited \*\*  
Ground Floor  
Dorey Court  
Admiral Park  
St Peter Port  
Guernsey  
GY1 2HT

**INDEPENDENT AUDITOR**

Grant Thornton UK LLP  
30 Finsbury Square  
London EC2A 1AG  
(Authorised and regulated by the Financial Conduct Authority)

**DEPOSITARY**

Citibank Europe Plc, UK Branch  
Citigroup Center  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**FUND ACCOUNTANT**

JTC Fund Solutions (Guernsey) Limited \*\*\*  
Ground Floor  
Dorey Court  
Admiral Park  
St Peter Port  
Guernsey  
GY1 2HT

\* Name changed from DMS Investment Management Services (UK) Limited to Waystone Management (UK) Limited effective 22 March 2021.

\*\* JTC Fund Solutions (Guernsey) Limited ceased to act as Registrar and Transfer Agent effective 24 October 2018.

\*\*\* JTC Fund Solutions (Guernsey) Limited ceased to act as Fund Accountants effective 16 July 2020.

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# DMS FCM SALAMANCA GLOBAL PROPERTY FUND 1

## Interim Unaudited Report 30 November 2017

### Statement of the Authorised Status of the Company

The DMS FCM Salamanca Global Property Fund 1 (the "Company") is an open-ended investment company with variable capital established in the United Kingdom pursuant to an authorisation order of the Financial Conduct Authority (FCA) on 7 June 2005 and is a qualified investor scheme under the terms of the rules contained in Chapter 8 of the Collective Investor Schemes sourcebook published by the FCA as part of their Handbook of rules made under the Financial Services and Markets Act 2000 (the "FCA Rules").

The company is incorporated with registration number IC000391 and shareholders are not liable for the debts of the Company.

The Head Office of the Company is 2nd Floor, 20-22 Bedford Row, Holborn, London WC1R 4EB and this is also the address for service of notices or other documents required or authorised to be served on the Company.

The base currency of the Company is pounds sterling. The Company is currently being wound up. More details are given in the "Post Period End Review" section of the Authorised Corporate Director's report.

#### **Basis of Reporting**

These interim consolidated and Company financial statements are for the period from 1 June 2017 to 30 November 2017 and represent the result of the DMS FCM Salamanca Global Property Fund 1 (the "Company") and its subsidiary Baltray S.a.r.l. ("Baltray") with an adjustment to market value (where available) for each of the investments held by Baltray (together, the "Group").

These interim consolidated and Company financial statements have been prepared on a break-up basis as described in Note 21.

**Statement of the Authorised Corporate Director's Responsibilities**

The Open-Ended Investment Companies Regulations 2001 and the Collective Investment Schemes sourcebook as issued and amended by the Financial Conduct Authority require the ACD to prepare consolidated financial statements which give a true and fair view of the state of affairs of the Company and of the net revenue and the net capital gains or losses on the property of the Company for that period.

In preparing those consolidated financial statements, the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice for financial statements of Authorised Funds issued by the Investment Association (previously the Investment Management Association);
- follow generally accepted accounting principles and applicable United Kingdom accounting standards;
- keep proper accounting records, which enable it to demonstrate that the consolidated financial statements as prepared comply with the above requirements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the scheme will continue in operation; and
- make judgments and estimates that are reasonable and prudent.

The ACD is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Company, prepared in accordance with the Instrument of Incorporation, the Open-Ended Investment Companies Regulations 2001 and the Collective Investment Schemes sourcebook. The ACD is also responsible for taking all reasonable steps to prevent and detect fraud and other irregularities.

**Director's Statement**

The Authorised Corporate Director's Report and interim consolidated and Company financial statements for the period ended 30 November 2017 were signed on behalf of the ACD:

Waystone Management (UK) Limited



30 September 2022

# DMS FCM SALAMANCA GLOBAL PROPERTY FUND 1

## Interim Unaudited Report 30 November 2017

### ACD's Report for the period ended 30 November 2017

Waystone Management (UK) Limited, the Authorised Corporate Director ("ACD"), is pleased to present the ACD's interim report for the period ended 30 November 2017.

#### Company Information

DMS FCM Salamanca Global Property Fund 1 (the "Company") is an investment company with variable capital under Regulation 12 (Authorisation) of the Open-Ended Investment Companies Regulations 2001 (SI2001/1228).

Waystone Management (UK) Limited, the ACD, is the sole director of the Company.

With effect from 21 July 2014, the ACD has been appointed on behalf of the Company as the legal person responsible for managing the Company in accordance with the AIFM Directive (Alternative Investment Fund Managers Directive 2011/61/EUR of the European Parliament and Council of 8 June 2011 as amended from time to time) and the Alternative Investment Fund Managers regulations 2013.

The Company had no employees during the period ended 30 November 2017.

#### Shareholders

Shares of the Company have no par value. Under FRS 102, The Financial Reporting Standard ("FRS 102") applicable in the UK and Republic of Ireland and the Statement of Recommended Practice ("SORP") for authorised funds, the shares of the Company are puttable instruments. The net assets attributable to the shares of the Company will at all times equal the net asset value ("NAV") of the Company. Shareholders are not liable for the debts of the Company.

#### Advisors

The advisors to the Company are listed under the general information page.

#### DMS FCM Salamanca Global Property Fund 1 (the "Company")

##### Investment objective and policy

The Company aimed to achieve capital growth through investment in a diversified portfolio of real estate assets in global emerging economies. Typical assets of the Company included but were not limited to, land, real estate developments, shares, investment properties and joint ventures. The Company invested across a spectrum of property sectors including, but not limited to, residential, retail, commercial, logistics, industrial and leisure.

The Company sought to generate capital growth. Income received less expenses was reinvested. This was treated as a distribution for tax purposes.

##### Review of Investment Activities during the Accounting Period

There was no change to the Company's shareholding in its multiple investments. As at 30 November 2017 the Company held:

- 33.20% of Salokin in Poland;
- 50% of Premier Four in Bulgaria and 9.27% of Ecocil holding company in Brazil.

# DMS FCM SALAMANCA GLOBAL PROPERTY FUND 1

## Interim Unaudited Report 30 November 2017

### ACD's Report continued

#### **Ecocil, Natal, Brazil (owned 9.27%)**

As at 30 November 2017, 10 projects have been launched and completed:

- Spazzio Senna September 2011
- Porto Arena, Central Park March 2014
- Ecopark September 2014
- Solar October 2015
- Bonfim I June 2015
- Ecogarden July 2015
- Lakeside August 2015
- Ecoville 1 August 2016
- Navy June 2017

#### • 2 key projects' development progress:

- Ecoville 2 (the project was completed in Q1 2020)
- Sunset Boulevard (the project was completed in Q2 2020)

The macroeconomic environment in Brazil remained bleak, and as a result of this Ecocil has struggled to perform as expected. In order to ensure the investment was able to make it through these difficult times, the Investment Advisor formulated a 5-year strategy paper in which a solution to reduce costs at an operational and structural level and improve revenue streams has been proposed. Notwithstanding this proposal, due to the limited financial means of both Ecocil and the investment structure, the Investment Advisor asked all investors in RG Salamanca FIP 1 and all other investors in Ecocil to inject capital into the investment by way of covering costs that would allow the strategy to take effect.

#### **Salokin, Poland (owned 33.20%)**

- Salokin is a Cypriot vehicle that owned Jasna, an office development project very well located in central Warsaw, c. 90% leased to SK&S, a leading Polish law firm on a 5-year lease.
- In October 2014, the building was sold to Vienna Insurance Group with a net realised gain to the Company of EUR1,952,143 as at 30 November 2017. Further monies were expected to be delivered to investors on the release of rental guarantees in Q1 2018. The final sale price reflected a cap rate of 6.2%.
- Excluding any potential release of the rental guarantee, the IRR achieved at project level was c. 67%\*.

#### **Premier Four AD, Bulgaria (owned 50.00%)**

- Premier Four holds a plot of land of c. 11,000 sq.m located within the urbanized territory of the Sofia municipality, c. 5.5 km south of the city centre and 1.5 km north of the ring road.
- The plot was originally acquired to be developed into a modern residential complex, but this project was put on hold due to then prevailing unfavourable market conditions.
- The Investment Advisor was actively engaged in a sales process which would facilitate an exit from the investment.

\*Calculation available on request.

**ACD's Report** continued

**Post period end review**

**Winding-up**

Shareholders will be aware that the Company is predominantly invested in a residential developer called Ecocil Incorporações S.A. ("Ecocil"). This company operates in Natal, Brazil, and is generally considered to be one of Brazil's best residential developers. However, shareholders may also be aware of the material political and economic headwinds experienced throughout Brazil which in recent years have impacted the Brazilian currency and the value of the Company's holding in Ecocil. Despite some excellent management by Ecocil in difficult recessionary conditions, from the advice received, the ACD believes it will still be a number of years before there is a sustained recovery in the Brazilian economy sufficient to optimise any exit of the Company's holding in Ecocil.

In such circumstances the ACD would normally wait for a sustained recovery in the market. However, given the Company's small minority shareholding in Ecocil and the length of time that will be required to dispose of this remaining asset in Brazil as well as the Company's relatively low liquidity coupled with the ongoing cost structure of both the Company and its sub structures (relative to its size), the ACD has, in consultation with Investment Advisor, been reviewing the future of the Company. With the input of Investment Advisor, and only after consultation with the Company's Depositary, the ACD has concluded that once other minority investments Premier Four AD and Salokin Ltd are fully exited, it would be no longer in shareholders' best interests for the Company to remain in operation. This conclusion follows extensive consideration of alternative options for the Company, including its merger to a more appropriate vehicle to hold the Ecocil investment, but unfortunately, no such option has proved workable for all investors.

In the letter issued on 21 September 2018, the ACD informed shareholders of its decision to commence the winding-up of the Company as well as to change the annual accounting period end from 31 May 2019 to 30 November 2019 subject to the completion of the required regulatory process with the FCA. The extension of the accounting period end was requested to combine the usual annual audit with the required winding-up audit of the Company.

The letter to the Institutional Class shareholders has also noted that, where the shareholders requested and the ACD agreed, the ACD would distribute in-specie the remaining investment in Ecocil including any residual cash during the Company's winding-up process. Should any of the Institutional Class shareholders decide not to take up the in-specie distribution proposal, the ACD would dispose of their proportionate holding in Ecocil.

The Class B shareholders were notified in the letter that before the commencement of the Company's winding-up the Class B shares will be closed and as a result the holdings in the Class B shares will be redeemed in full. The closure of the Class B share class was completed on 24 October 2018.

The FCA authorised the ACD to commence the winding-up of the Company with effect from 25 October 2018. The Company's prospectus was subsequently updated to reflect its winding-up state as well as to note the change to the accounting period end.



**ACD's Report** continued

**Ecocil 5-Year Strategy Plan**

All Ecocil investors have approved the 5-year strategy plan that was proposed by the Investment Advisor and Ecocil management to strengthen the company and ensure its future sustainability and growth. The plan included the proposal for the restructure of the company's debt arrangements and thus sought to raise USD 10m from Ecocil investors by offering a subscription to a debenture with Ecocil warrants attached. Following presentation of the 5-year strategy plan, selected Ecocil investors took up their rights to participate in debenture financing but the Company could not participate due to insufficient liquidity available resulting in a dilution to the Company's shareholding in Ecocil. Therefore, with effect from 13 November 2018 the Company's ownership in Ecocil is 7.17%.

**RG Salamanca FIP I Closure**

The changes to the Brazilian tax regulation laws that came into effect from 2017 meant that investors would no longer enjoy the reduced withholding tax rate benefits by investing in Ecocil via the FIP funds, i.e. the capital gains on investment value will now be subject to withholding tax with or without the FIP fund in place. The Investment Advisor had therefore initiated the streamlining of the Company's investment into Ecocil by removing the FIP from the sub structure of the Company – an exercise which was completed on 9 March 2018. The closure of the FIP meant that the investment in Ecocil was now held by the Company directly.

**Salokin Ltd Rental Guarantees Distribution / Exit from Salokin Ltd**

On 8 March 2018, the Company received the last payment of EUR 66,500 in relation to the release of the remaining rental guarantees retention monies pertaining to the sale of Jasna property. As no further investment projects were to be pursued, it was decided by the company's management to close Salokin and Jasna down. The residual cash currently available at both Salokin and Jasna will be used up to settle the companies' outstanding tax liabilities as well as to cover their closure costs. No further distributions are therefore expected to be made to the investors from Salokin or Jasna. The Company's holding in the investment is therefore valued at nil in these financial statements. A combination of Salokin and Jasna upcoming closures, no further distributions due to the Company as well as the need to close the Company down as soon as possible has led the ACD to take the decision to exit the investment in Salokin. This took place on 5 March 2020 when the Company transferred its shareholding to Mermaid (MCI) Capital Investments Limited.

**Premier Four AD Disposal**

The Company's investment in Premier Four AD was sold for EUR 275,000 on 13 September 2018.

**Baltray Sarl Closure**

The Company's subsidiary Baltray Sarl was closed on 21 December 2018. Before the subsidiary's closure was completed, on 14 November 2018, the shareholding held by Baltray Sarl in the remaining Ecocil and Salokin investments was transferred to the Company. This transfer was arranged against the repayment of the remaining intercompany loans and the interest accrued on them. The residual balance of the intercompany loans and the interest accrued on them remaining after the transfer of shareholding in Ecocil and Salokin to the Company was converted to Baltray Sarl share premium account.

# DMS FCM SALAMANCA GLOBAL PROPERTY FUND 1

## Interim Unaudited Report 30 November 2017

### ACD's Report continued

#### **Ecocil In-specie Distribution into a Jersey Private Fund**

The Investment Advisor has identified and launched a vehicle, a limited partnership in the form of a Jersey Private Fund, that is able to hold Ecocil shares for the Company's shareholders as well as for other external Ecocil investors opting for the in-specie distribution of Ecocil shares for a period of years at much reduced cost.

The first and the second in-specie transfers to the Jersey Private Fund involving the move of the other external investors in Ecocil were completed on 18 March 2019 and 15 October 2019, respectively. The Company shareholders' in-specie transfer, who opted in for the in-specie distribution, was completed on 25 February 2020. The three remaining shareholders in the Company exited the Company by way of a shareholding transfer on 11 September 2020. The Company's last investor, who their shareholding was transferred to, opted for an in-specie transfer to the Jersey Private Fund on 18 September 2020 marking the completion of the Company's closure.

#### **Name Change**

Host Capital Limited, the Authorised Corporate Director of the Company, was acquired by DMS Governance in August 2019, and as such has changed its name to DMS Investment Management Services (UK) Limited with effect from 7 February 2020 ("the Effective Date"). In order to ensure consistency with the change of name of the ACD, the name of the Company has also changed to DMS FCM Salamanca Global Property Fund 1 from the effective date.

The ACD has gone through a further rebrand that has resulted in its name changing to Waystone Management (UK) Limited on 22 March 2021. Given the Company's imminent closure, it was decided not to change its name this time.

#### **Registered Office and Web-site Change**

The registered office of the ACD and the Company has changed to 2nd Floor, 20-22 Bedford Row, Holborn, London, WC1R 4EB, United Kingdom from the effective date.

The information in respect of the ACD and the Company that was previously available at [www.hostcapital.com](http://www.hostcapital.com) will be now available at [www.waystone.com](http://www.waystone.com).

#### **The ACD Directors Change**

C. O'Donnell appointed on 16 December 2019; T. K. Madigan appointed on 7 February 2020; S. P. White appointed on 7 February 2020; N. C. White appointed on 5 March 2020; A. M. Berry appointed on 30 April 2020, R. E. Wheeler appointed on 12 July 2022. S. Anderson resigned on 7 February 2020; G. L. Brooks resigned on 7 February 2020; S. Chaudhri resigned on 7 February 2020; B. Primrose resigned on 5 March 2020; C. T. Finch resigned on 5 March 2020; N. C. White resigned on 4 September 2020.

#### **Data Protection**

General Data Protection Regulation came into force on 25 May 2018, and the ACD has clarified personal data protection policies and has been implementing appropriated organisational and security measures. The Data Protection and Privacy Policies can be viewed on the ACD's website [www.waystone.com](http://www.waystone.com).

# DMS FCM SALAMANCA GLOBAL PROPERTY FUND 1

## Interim Unaudited Report 30 November 2017

**Portfolio Statement** for the period ended 30 November 2017

	<b>Open Market Value</b>	<b>% of Total Net Assets</b>
	<b>£000</b>	<b>%</b>
<b>Investments in property development companies:</b>		
Ecocil Incorporações S.A.	4,121	94.29
Salokin Ltd.	0	0.00
Premier Four AD	242	5.54
<b>Portfolio of Investments</b>	4,363	98.86
<b>Net other assets</b>	7	0.17
<b>Total net assets</b>	4,370	100.00

Investment	% Interest
Ecocil Incorporações S.A. ("Ecocil") a Brazilian property development company*	9.27% indirect interest
Premier Four AD**	50.00%
Jasna Residence Sp. z o.o. ("Jasna"), a Polish property development company***	33.20%

\* The Company's interest in Ecocil was held through Baltray S.a.r.l. 26.9% investment in RG Salamanca FIP 1 (Brazil). RG Salamanca FIP 1 (Brazil) owned 34.3% of Ecocil, therefore creating an indirect interest of the Company in Ecocil of 9.27%. The closure of RG Salamanca FIP 1 (Brazil) on 9 March 2018 resulted in the investment in Ecocil being held directly by the Company.

With effect from 13 November 2018, the Company's direct interest in Ecocil is 7.17%. The Company's shareholding in Ecocil was diluted as a result of the Company's inability to participate in Ecocil's debenture financing due to insufficient liquidity available. Ecocil valuation reflected in these financial statements is based on the Company's 7.17% shareholding value in Ecocil.

\*\* The Company's 50% interest in Premier Four AD was held through Baltray S.a.r.l.

\*\*\* The Company's interest in Jasna was held through Baltray S.a.r.l.'s 33.2% investment in Salokin Ltd., a Cypriot registered entity. Salokin Ltd. owns 100% of Jasna.

# DMS FCM SALAMANCA GLOBAL PROPERTY FUND 1

## Interim Unaudited Report 30 November 2017

### Comparative Table

#### Changes in net asset per share

Period ended	Institutional	Institutional B	Standard B	Institutional	Standard B
30 November 2017	GBP	GBP	GBP	EUR	EUR
Reporting currency	GBP	GBP	GBP	GBP	GBP
<b>Opening net asset value per share</b>	55.66	31.36	34.33	66.26	25.05
Return before operating charges <sup>1</sup>	(2.55)	(1.47)	(1.61)	(4.45)	(1.15)
Operating charges <sup>2</sup>	(2.35)	(1.33)	(1.45)	(2.80)	(1.06)
Return after operating charges <sup>3</sup>	(4.90)	(2.80)	(3.06)	(7.25)	(2.21)
<b>Closing net asset value per share<sup>4</sup></b>	<b>50.75</b>	<b>28.56</b>	<b>31.27</b>	<b>59.01</b>	<b>22.84</b>
*After direct transaction cost of <sup>5</sup>	0.00	0.00	0.00	0.00	0.00
<b>Performance</b>					
Return after charges <sup>6</sup>	-8.81%	-8.93%	-8.92%	-10.94%	-8.83%
<b>Other information</b>					
Closing net asset value	63,442.03	2,160.12	17,666.03	4,184,403.20	2,471.49
Closing number of shares	125,000.00	7,563.24	56,496.87	7,090,978.62	10,822.01
Operating Charges (%) <sup>7</sup>	3.17%	3.17%	3.17%	3.17%	3.17%
Direct transaction cost (%) <sup>8</sup>	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>					
Highest share price <sup>9</sup>	84.01	47.33	51.82	100.01	37.81
Lowest share price <sup>9</sup>	67.49	37.98	41.58	80.34	30.37

#### Notes

1. Calculated as the "Return after operating charges" plus "operating charges".
2. The Operating Charges show the relevant operating expenses for the reporting period, excluding performance fees, expressed by reference to the average number of shares in issue during the period.
3. Calculated as the "closing net asset value per share" minus the "opening net asset value per share".
4. The net asset value per share is different to the published net asset value at 12 noon as a result of additional values which may not have been known, and therefore only estimated at the last pricing point of the period.
5. Total direct transaction costs of purchasing and selling an investment asset expressed by reference to the average of the number of shares in issue at each valuation point during the period. The impact of transaction cost related to the selling of an investment asset was not reduced by dilution levy charged to the redeeming investors where applicable.
6. Calculated as the "return after operating charges" per share divided by the "opening net asset value per share."
7. The Operating Charges show the relevant annualised operating expenses for the reporting period as a single percentage of the average net asset value over the same period and are indicative of costs that are applied on an ongoing basis.
8. The Transaction Charges show the relevant cost of purchasing and selling an investment asset for the reporting period as a single percentage of the average net asset value over the same period. The impact of transaction cost related to the selling of an investment asset was not reduced by dilution levy charged to the redeeming investors where applicable.
9. The highest and lowest price from the published Net Asset Value.

**DMS FCM SALAMANCA GLOBAL PROPERTY FUND 1**  
**Interim Unaudited Report 30 November 2017**

**Comparative Table** continued

**Changes in net asset per share**

<b>Year ended</b>	<b>Institutional</b>	<b>Institutional B</b>	<b>Standard B</b>	<b>Institutional</b>	<b>Standard B</b>
<b>31 May 2017</b>	<b>GBP</b>	<b>GBP</b>	<b>GBP</b>	<b>EUR</b>	<b>EUR</b>
Reporting currency	GBP	GBP	GBP	GBP	GBP
<b>Opening net asset value per share</b>	71.67	40.43	44.25	85.32	31.29
Return before operating charges <sup>1</sup>	(11.02)	(6.24)	(6.83)	(13.12)	(4.99)
Operating charges <sup>2</sup>	(4.99)	(2.82)	(3.08)	(5.94)	(2.25)
Return after operating charges <sup>3</sup>	(16.01)	(9.07)	(9.91)	(19.06)	(7.24)
<b>Closing net asset value per share<sup>4</sup></b>	<b>55.66</b>	<b>31.36</b>	<b>34.33</b>	<b>66.26</b>	<b>25.05</b>
*After direct transaction cost of <sup>5</sup>	-	-	-	-	-
<b>Performance</b>					
Return after charges <sup>6</sup>	(22.34%)	(22.43%)	(22.42%)	(22.34%)	(22.42%)
<b>Other information</b>					
Closing net asset value	69,571	2,639	21,057	4,698,311	3,099
Closing number of shares	125,000.00	8,414.96	61,322.32	7,090,978.62	12,370.30
Operating Charges (%) <sup>7</sup>	5.77%	5.77%	5.77%	5.77%	5.77%
Direct transaction cost (%) <sup>8</sup>	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>					
Highest share price <sup>9</sup>	96.57	54.48	59.63	114.96	43.51
Lowest share price <sup>9</sup>	79.02	44.58	48.80	94.07	35.60

**Notes**

1. Calculated as the "Return after operating charges" plus "operating charges".
2. The Operating Charges show the relevant operating expenses for the reporting period, excluding performance fees, expressed by reference to the average number of shares in issue during the period.
3. Calculated as the "closing net asset value per share" minus the "opening net asset value per share".
4. The net asset value per share is different to the published net asset value at 12 noon as a result of additional values which may not have been known, and therefore only estimated at the last pricing point of the period.
5. Total direct transaction costs of purchasing and selling an investment asset expressed by reference to the average of the number of shares in issue at each valuation point during the period. The impact of transaction cost related to the selling of an investment asset was not reduced by dilution levy charged to the redeeming investors where applicable.
6. Calculated as the "return after operating charges" per share divided by the "opening net asset value per share."
7. The Operating Charges show the relevant annualised operating expenses for the reporting period as a single percentage of the average net asset value over the same period and are indicative of costs that are applied on an ongoing basis.
8. The Transaction Charges show the relevant cost of purchasing and selling an investment asset for the reporting period as a single percentage of the average net asset value over the same period. The impact of transaction cost related to the selling of an investment asset was not reduced by dilution levy charged to the redeeming investors where applicable.
9. The highest and lowest price from the published Net Asset Value.

**DMS FCM SALAMANCA GLOBAL PROPERTY FUND 1**  
**Interim Unaudited Report 30 November 2017**

**Comparative Table** continued

**Changes in net asset per share**

<b>Year ended</b>	<b>Institutional</b>	<b>Institutional B</b>	<b>Standard B</b>	<b>Institutional</b>	<b>Standard B</b>
<b>31 May 2016</b>	<b>GBP</b>	<b>GBP</b>	<b>GBP</b>	<b>EUR</b>	<b>EUR</b>
Reporting currency	GBP	GBP	GBP	GBP	GBP
<b>Opening net asset value per share</b>	97.81	55.23	60.45	116.44	44.02
Return before operating charges <sup>1</sup>	(21.37)	(12.11)	(13.24)	(25.44)	(9.57)
Operating charges <sup>2</sup>	(4.77)	(2.69)	(2.96)	(5.68)	(2.16)
Return after operating charges <sup>3</sup>	(26.14)	(14.80)	(16.20)	(31.12)	(11.73)
<b>Closing net asset value per share<sup>4</sup></b>	<b>71.67</b>	<b>40.43</b>	<b>44.25</b>	<b>85.32</b>	<b>32.29</b>
*After direct transaction cost of <sup>5</sup>	-	-	-	-	-
<b>Performance</b>					
Return after charges <sup>6</sup>	(26.73%)	(26.79%)	(26.79%)	(26.73%)	(26.62%)
<b>Other information</b>					
Closing net asset value	89,588	3,872	29,814	6,050,019	3,994
Closing number of shares	125,000.00	9,576.67	67,366.56	7,090,978.62	12,370.30
Operating Charges (%) <sup>7</sup>	5.67%	5.67%	5.66%	5.67%	5.66%
Direct transaction cost (%) <sup>8</sup>	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>					
Highest share price	105.24	59.42	65.04	125.28	47.36
Lowest share price	71.67	40.43	44.25	85.32	32.29

**Notes**

1. Calculated as the "Return after operating charges" plus "operating charges".
2. The Operating Charges show the relevant operating expenses for the reporting period, excluding performance fees, expressed by reference to the average number of shares in issue during the period.
3. Calculated as the "closing net asset value per share" minus the "opening net asset value per share".
4. The net asset value per share is different to the published net asset value at 12 noon as a result of additional values which may not have been known, and therefore only estimated at the last pricing point of the period.
5. Total direct transaction costs of purchasing and selling an investment asset expressed by reference to the average of the number of shares in issue at each valuation point during the period. The impact of transaction cost related to the selling of an investment asset was not reduced by dilution levy charged to the redeeming investors where applicable.
6. Calculated as the "return after operating charges" per share divided by the "opening net asset value per share."
7. The Operating Charges show the relevant annualised operating expenses for the reporting period as a single percentage of the average net asset value over the same period and are indicative of costs that are applied on an ongoing basis.
8. The Transaction Charges show the relevant cost of purchasing and selling an investment asset for the reporting period as a single percentage of the average net asset value over the same period. The impact of transaction cost related to the selling of an investment asset was not reduced by dilution levy charged to the redeeming investors where applicable.

## **Alternative Investment Fund Manager's Directive**

In accordance with the Alternative Investment Fund Manager's Directive (the 'Directive'), the ACD in its capacity as Alternative Investment Fund Manager ('AIFM') is required to disclose specific information in relation to the following aspects of the Company's management:

### **Leverage and Borrowing**

Leverage is defined as any method by which the Company increases its exposure through borrowing or the use of derivatives.

'Exposure' is defined in two ways – 'Gross method' and 'Commitment method' – and the Company must not exceed maximum exposures under both methods.

The ACD is required to calculate and monitor the level of leverage of the Company, expressed as a ratio between the exposure of the Company and its Net Asset Value (Exposure/NAV), under both the Gross method and the Commitment method.

'Gross method' exposure is calculated as the sum of all positions of the Company (both positive and negative), that is, all eligible assets, liabilities and derivatives, including derivatives held for risk reduction purposes.

'Commitment method' exposure is also calculated as the sum of all positions of the Company (both positive and negative), but after netting off derivative and security positions as specified by the Directive.

For the "Gross method", the following has been excluded:

- the value of any cash and cash equivalents which are highly liquid investments held in the local currency of the Company that are readily convertible to a known amount of cash, subject to an insignificant risk of changes in value and which provide a return no greater than the rate of the 3-month high quality government bond;
- cash borrowings that remain in cash or cash equivalents as defined above and where the amounts of that payable are known.

The maximum level of leverage for the Company expressed as a ratio of the Company's total exposure to its Net Asset Value:

- (a) under the Gross method is 1.1:1; and
- (b) under the Commitment method is 1.1:1.

The total amount of leverage calculated as at 30 November 2017 is as follows:

Gross method 1:1;  
Commitment method 1.02:1.

### **Liquidity**

The Company is managed so that the liquidity profile of the Company is aligned with the requirement to meet redemption requests from Shareholders on each Dealing Day. In normal circumstances, redemption requests will be processed as set out in paragraph 4.5.4 of the Company's Prospectus. However, in exceptional circumstances, if there is insufficient liquidity to meet redemption requests, the ACD may start deferral of redemption requests or may ultimately need to temporarily suspend dealing in the Company.

**Alternative Investment Fund Manager's Directive** continued

**Liquidity** continued

The ACD has other tools to deal with temporary liquidity constraints in relation to the Company. The Company may, in accordance with provisions of its Prospectus, borrow cash to meet redemptions within the limits stated in paragraph 4.4.

To manage and monitor liquidity risk, the ACD maintains liquidity risk management policies and procedures. The liquidity risk management policies and procedures include the management, implementation and maintaining of appropriate liquidity limits for the Company and periodic stress testing of the liquidity risk of the Company under both normal and exceptional liquidity conditions to ensure that anticipated redemption requests can be met.

**Remuneration**

The ACD is subject to a remuneration policy which is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under the Directive. The fixed remuneration paid by the ACD to its staff in respect of all funds that it manages in the interim period ended 30 November 2017 was £467,103 and was shared amongst 11 members of staff. All 11 ACD staff members were fully or partially involved in the activities of the Company. The ACD did not pay any variable remuneration. The ACD staff remuneration is established with reference to the market remuneration of each equivalent position and is not linked to the performance of the Company or any other alternative investment fund the ACD is the AIFM of. None of the ACD's staff actions had a material impact on the risk profile of the Company. As at 30 November 2017 the ACD managed 19 funds.



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**Interim Financial Statements (Unaudited)**

**Consolidated Statement of Total Return**

For the period ended 30 November 2017

		<b>The Group</b>			
		<b>Period ended</b>		<b>Year ended 31.05.17</b>	<b>Period ended 30.11.16</b>
<b>Note</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Income</b>					
	Net capital gains/(losses)	3	(220)	(1,087)	773
	Revenue	4	-	136	108
	Expenses	5	(198)	(418)	(214)
	Interest payable	5	(4)	(9)	(5)
	<b>Net expense before taxation</b>		<b>(202)</b>	<b>(291)</b>	<b>(111)</b>
	Taxation	6	-	-	-
	Net expense after taxation		(202)	(291)	(111)
	<b>Total (loss) / return before distributions</b>		<b>(422)</b>	<b>(1,378)</b>	<b>662</b>
	Finance costs: Distributions		-	-	-
<b>Change in net assets attributable to</b>			<b>(422)</b>	<b>(1,378)</b>	<b>662</b>

**Consolidated Statement of Changes in Net Assets Attributable to Shareholders**

For the period ended 30 November 2017

		<b>The Group</b>			
		<b>Period ended</b>		<b>Year ended 31.05.17</b>	<b>Period ended 30.11.16</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	<b>Opening net assets attributable to shareholders</b>		<b>4,795</b>	<b>6,177</b>	<b>6,177</b>
<b>Shareholder transactions</b>					
	Amounts receivable on Issue of shares		-	-	-
	Amounts payable on cancellation of shares		(3)	(4)	(1)
	<b>Net change from transactions with shareholders</b>		<b>(3)</b>	<b>(4)</b>	<b>(1)</b>
	Dilution Levy		-	-	-
	<b>Change in net assets attributable to shareholders from investment</b>		<b>(422)</b>	<b>(1,378)</b>	<b>662</b>
	<b>Closing net assets attributable to shareholders</b>		<b>4,370</b>	<b>4,795</b>	<b>6,838</b>

The accompanying notes form an integral part of these interim consolidated financial statements.

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**Statement of Total Return for the Company**

For the period ended 30 November 2017

		<b>The Company</b>					
		<b>Period ended</b>		<b>Year ended 31.05.17</b>		<b>Period ended 30.11.16</b>	
<b>Note</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Income</b>							
Net capital gains/(losses)	3		(302)	(1,105)		802	
Revenue	4	63		126		64	
Expenses	5	(183)		(399)		(204)	
Interest payable	5	-		-		-	
<b>Net expense before taxation</b>		<b>(120)</b>		<b>(273)</b>		<b>(140)</b>	
Taxation	6	-		-		-	
Net expense after taxation		(120)		(273)		(140)	
<b>Total (loss) / return before distributions</b>		<b>(421)</b>		<b>(1,378)</b>		<b>662</b>	
Finance costs: Distributions							-
<b>Change in net assets attributable to shareholders</b>			<b>(421)</b>	<b>(1,378)</b>		<b>662</b>	

**Statement of Changes in Net Assets Attributable to Shareholders of the Company**

For the period ended 30 November 2017

		<b>The Company</b>					
		<b>Period ended</b>		<b>Year ended 31.05.17</b>		<b>Period ended 30.11.16</b>	
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Opening net assets attributable to shareholders</b>			4,795	6,177		6,177	
<b>Shareholder transaction</b>							
Amounts receivable on issue of shares		-		-		-	
Amounts payable on cancellation of shares		(3)		(4)		(1)	
<b>Net change from transactions with</b>		<b>(3)</b>		<b>(4)</b>		<b>(1)</b>	
Dilution Levy		-		-		-	
<b>Change in net assets attributable to shareholders</b>		<b>(421)</b>		<b>(1,378)</b>		<b>662</b>	
<b>Closing net assets attributable to shareholders</b>		<b>4,370</b>		<b>4,795</b>		<b>6,838</b>	

The accompanying notes form an integral part of these interim consolidated financial statements.

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**Interim Financial Statements (Unaudited)**

**Consolidated Balance Sheet**

as at 30 November 2017

		<b>The Group</b>		
Note	Period ended 30.11.17	Year ended 31.05.17	Period ended 30.11.16	
	£000	£000	£000	
<b>Assets</b>				
Investment assets	4,363	4,605	6,485	
Debtors	3	3	1	
Cash and cash equivalents	94	291	464	
<b>Total assets</b>	<b>4,460</b>	<b>4,899</b>	<b>6,950</b>	
<b>Liabilities</b>				
Creditors	(90)	(104)	(112)	
<b>Total liabilities</b>	<b>(90)</b>	<b>(104)</b>	<b>(112)</b>	
<b>Net assets attributable to shareholders</b>	<b>4,370</b>	<b>4,795</b>	<b>6,838</b>	

**Balance Sheet of the Company**

as at 30 November 2017

		<b>The Company</b>		
Note	Period ended 30.11.17	Year ended 31.05.17	Period ended 30.11.16	
	£000	£000	£000	
<b>Assets</b>				
Investments in Baltray	2,924	3,261	5,414	
Interest receivable on intercompany loans	1,471	1,399	1,306	
Debtors	-	-	-	
Cash and cash equivalents	56	239	228	
<b>Total assets</b>	<b>4,452</b>	<b>4,899</b>	<b>6,948</b>	
<b>Liabilities</b>				
Creditors	(82)	(104)	(110)	
<b>Total liabilities</b>	<b>(82)</b>	<b>(104)</b>	<b>(110)</b>	
<b>Net assets attributable to shareholders</b>	<b>4,370</b>	<b>4,795</b>	<b>6,838</b>	

The accompanying notes form an integral part of these interim consolidated financial statements.

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**Interim Financial Statements (Unaudited)**

**Consolidated Statement of Cash Flows**

For the period ended 30 November 2017

	Note	The Group					
		Period ended		Year ended 31.05.17		Period ended	
		30.11.17	30.11.17	31.05.17	31.05.17	30.11.16	30.11.16
		£000	£000	£000	£000	£000	£000
<b>Net cash flows from operating activities</b>	12		(212)		(372)		(208)
<b>Cash flows from investing activities</b>							
Dilution levy		-		-		-	
Dividends received		-		136		108	
<b>Net cash flows from investing activities</b>			-		136		108
<b>Cash flows from financing activities</b>							
Net amounts paid on cancellation of shares		(3)		(4)		(1)	
Interest paid		(4)		(9)		(5)	
<b>Net cash flows from financing activities</b>			(7)		(13)		(6)
<b>Net (decrease) in cash and bank balances</b>			(219)		(249)		(106)
<b>Effect of exchange rate changes on cash and cash equivalents</b>			22		29		59
Cash and bank balances at the beginning of period			291		511		511
<b>Cash and bank balances at the end of the period</b>			94		291		464

The accompanying notes form an integral part of these interim consolidated financial statements.

**DMS FCM SALAMANCA GLOBAL PROPERTY FUND 1**  
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**Interim Financial Statements (Unaudited)**

**Statement of Cash Flows of the Company**

For the period ended 30 November 2017

	Note	The Company			
		For the period ended 30.11.17		For the year ended 31.05.17	For the period ended 30.11.16
		£000	£000	£000	£000
<b>Net cash flows from operating activities</b>	12		(205)	(343)	(202)
<b>Cash flows from investing activities</b>					
Dilution levy		-	-	-	-
Dividends received		135	167	188	188
<b>Net cash flows from investing activities</b>		135			188
<b>Cash flows from financing activities</b>					
Net amounts paid on cancellation of shares		(3)	(4)	(1)	(1)
Interest paid		-	-	-	-
<b>Net cash flows from financing activities</b>		(3)	(4)	(1)	(1)
<b>Net (decrease) in cash and bank balances</b>		(73)	(180)	(15)	(15)
<b>Effect of exchange rate changes on cash and cash equivalents</b>		(110)		25	(151)
Cash and bank balances at the beginning of period		239		394	394
<b>Cash and bank balances at the end of the period</b>		56		239	228

The accompanying notes form an integral part of these interim consolidated financial statements.

## **Notes to the Interim Financial Statements**

### **1. Basis of Preparation**

#### **a) Statement of compliance**

These are condensed consolidated and Company financial statements prepared in accordance with pronouncements on half-yearly reports as issued by the Accounting Standards Board. These interim accounts do not include all of the information required for full annual financial statements and should be read in conjunction with the most recent published annual consolidated and Company financial statements.

These interim financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and in accordance with the Statement of Recommended Practice “Financial Statements of UK Authorised Funds”, issued by the Investment Association, (the “IA SORP”) in May 2014.

The principal accounting policies are the same as per the annual audited financial statements for the year ended 31 May 2017.

#### **b) Basis of preparation**

The consolidated and Company financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and have been prepared on a break-up basis.

The consolidated and Company’s balance sheet comprises cash and cash equivalents, short term receivables and short term payables whose carrying values approximate fair value. The valuation of the Company’s investments have been reflected at their realised value (Premier Four AD and Ecocil Incorporações S.A.) and at the best estimate of their realisable value (Salokin Ltd). Therefore, there is no impact of adopting a break-up basis of accounting on these financial statements as at 30 November 2017.

#### **c) Functional and presentation currency**

The interim consolidated and Company financial statements are presented in Great Britain Pound (“GBP”), which is the functional currency of the Company.

#### **d) Basis of consolidation**

The interim consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertaking made up to 30 November 2017. Material intra group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. A subsidiary undertaking is an entity over which the Company has the power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

An acquired subsidiary undertaking is subject to application of the purchase method. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary undertaking, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary undertaking prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary undertaking are included in the consolidated balance sheet at their revalued amounts, which are also used as the basis for subsequent measurement in accordance with the Company’s accounting policies.

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**Notes to the Interim Financial Statements** continued

**d) Basis of consolidation** continued

As at 30 November 2017, the financial statements consolidate the following subsidiary of the Company.

Name of subsidiary	Ownership Interest %	Principal Activity
Baltray S.a.r.l	100%	Holding company

**2. Significant Accounting Policies**

**a) Basis of valuation of investments**

The subsidiary has investments in associates and is also party to joint venture arrangements. In accordance with paragraph 14.4B as per Section 14, Investments in Associates, and paragraph 15.9B as per Section 15, Investments in Joint Ventures of FRS 102, the Company's investments in associates and joint ventures are treated as investments at fair value through profit or loss.

Investments in entities are fair valued by the ACD taking into account the market valuation of the underlying property assets and after deduction of liabilities. The underlying property valuations are reported/provided by an independent property surveyor and/or an accountant as appropriate.

Changes in the value of investments are included in the consolidated and Company statement of total return and added to or deducted from the brought forward carrying values as appropriate.

**b) Cash and cash equivalents**

Cash and cash equivalents are short-term, highly liquid investments, with contractual maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to insignificant changes in value and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

**c) Revenue and expenses**

Interest is accounted for on an accrual basis using the effective interest method. All expenses, other than those relating to the purchase and sale of investments, are charged against revenue.

**d) Taxation**

Provision is made for any taxation liability arising in respect of the income recognised in the accounting year. Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the interim consolidated financial statements. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**e) Exchange rates**

The values of assets and liabilities have been converted into GBP at the exchange rates prevailing at 12:00 noon on the last business day of the period. Transactions denominated in foreign currencies are translated at the rate of exchange prevailing on these dates.

**f) Distribution policy**

When appropriate the Company distributes any surplus revenue as an accumulation. Distributions are based only on the Company's own revenues.

**Notes to the Interim Financial Statements** continued

**2. Significant Accounting Policies** continued

**g) Allocation of income and expenses between different share classes**

All income and expenses are recognised in the statement of total return on an accrual basis.

Income and expense as well as realised and unrealised gains and losses are allocated to each share class pro rata to the value of net assets of each class in which the income, expense, gain or loss is recognised.

**h) Shareholders' funds**

All shares issued by the Company provide the investors with the right to require redemption for cash at the value proportionate to the investors' share in the Company's net assets at the redemption date. In accordance with FRS 102, The Financial Reporting Standard ("FRS 102") applicable in the UK and Republic of Ireland, such instruments meet with the definition of puttable instruments. The shares of the Company do not meet the criteria of an equity instrument under FRS 102 and are classified as a financial liability.

**i) Currency hedging**

The currency exposure of EUR and GBP investors may be hedged to reduce currency risk. Any gains and losses on any hedging are allocated to the relevant share class.

**j) New accounting standards not yet adopted**

There are no new or amended standards that have not been adopted that have significant impact on the interim consolidated financial statements.

**k) Use of estimates and judgements**

The preparation of interim financial statements in conformity with FRS 102 and the SORP requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods effected.

A key judgement relates to the estimated fair value of the investments. All investments are measured at fair value using underlying property valuations as reported/provided by an independent property surveyor and/or an accountant as appropriate.

**l) Going concern**

The ACD is currently in the process of winding up the Company. Therefore, for the purposes of the financial period ended 30 November 2017 the accounts have been prepared on a break-up basis.

**m) Dilution Levy**

The ACD may require a dilution levy on the purchase and redemption of shares if, in its opinion, the existing shareholders (for purchases) or remaining shareholders (for redemptions) might otherwise be adversely affected. The dilution levy may be charged where the scheme property of a fund is in continual decline or in any case where the ACD is of the opinion that the interests of existing or remaining shareholders require the imposition of a dilution levy.



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**Notes to the Interim Financial Statements** continued

**m) Dilution Levy** continued

A Dilution Levy will not be applied where the total value of subscriptions received prior to the dealing date exceeds the total value of redemptions for the relevant dealing point or if in exceptional circumstances the Company has in excess of 25% of its assets in uncommitted cash, no Dilution Levy will be applied.

No dilution levy has been charged during the period ended 30 November 2017 (2016: £175,000).

**3. Net Capital Gains/(Losses) on Investments and Foreign Currency Translation**

The net capital gains/(losses) on investments and foreign currency translation during the period:

	<b>The Group</b>		
	Period ended 30.11.17 £000	Year ended 31.05.17 £000	Period ended 30.11.16 £000
Unrealised gains/(losses) on investments during the period	1,067	(2,929)	310
Net foreign currency exchange gains/(losses)	(1,232)	1,896	463
Impairments	(54)	(54)	-
<b>Net gains/(losses) on investments and foreign currency translation</b>	<b>(220)</b>	<b>(1,087)</b>	<b>773</b>

	<b>The Company</b>		
	Period ended 30.11.17 £000	Year ended 31.05.17 £000	Period ended 30.11.16 £000
Unrealised gains/(losses) on investments during the period	(1,269)	(810)	41
Net foreign currency exchange gains/(losses)	967	(295)	761
Impairments	-	-	-
<b>Net gains/(losses) on investments and foreign currency translation</b>	<b>(302)</b>	<b>(1,105)</b>	<b>802</b>

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**Notes to the Interim Financial Statements** continued

**4. Revenue**

	<b>The Group</b>		
	Period ended 30.11.17 £000	Year ended 31.05.17 £000	Period ended 30.11.16 £000
Loan interest and dividend income	-	136	108
	<u>-</u>	<u>136</u>	<u>108</u>

	<b>The Company</b>		
	Period ended 30.11.17 £000	Year ended 31.05.17 £000	Period ended 30.11.16 £000
Loan interest and dividend income	63	126	64
	<u>63</u>	<u>126</u>	<u>64</u>

**DMS FCM SALAMANCA GLOBAL PROPERTY FUND 1**  
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**Notes to the Interim Financial Statements** continued

**5. Expenses**

	<b>The Group</b>		
	Period ended 30.11.17 £000	Year ended 31.05.17 £000	Period ended 30.11.16 £000
<b>ACD</b>			
ACD's service charge	(59)	(150)	(75)
	<u>(59)</u>	<u>(150)</u>	<u>(75)</u>
<b>Depository</b>			
Depository's fees	(15)	(30)	(15)
	<u>(15)</u>	<u>(30)</u>	<u>(15)</u>
<b>Other expenses</b>			
Investment advisor's fees	(51)	(149)	(76)
Investment advisor's performance fees	-	20	11
Legal fees	-	-	(1)
Audit fees	(14)	(28)	(14)
Accounting and administration	(11)	(22)	(11)
General fees	(4)	(8)	(2)
Advisory fees	(7)	(4)	(3)
Non-audit - tax advisory	(3)	(1)	(1)
Professional fees	(14)	(27)	(15)
Research and advisory fees	-	(1)	-
Domiciliation and company secretarial fees	(2)	(4)	(2)
Other taxes	(7)	(9)	(6)
Loan reclassification fees	(10)	-	-
Printing and typesetting costs	(1)	(2)	(1)
Regulatory fees	-	(3)	(3)
	<u>(124)</u>	<u>(238)</u>	<u>(124)</u>
<b>Total expenses</b>	<u>(198)</u>	<u>(418)</u>	<u>(214)</u>
<b>Interest payable</b>	<u>(4)</u>	<u>(9)</u>	<u>(5)</u>

**DMS FCM SALAMANCA GLOBAL PROPERTY FUND 1**  
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**Notes to the Interim Financial Statements** continued

**5. Expenses continued**

	<b>The Company</b>		
	Period ended	Year ended	Period ended
	30.11.17	31.05.17	30.11.16
	£000	£000	£000
<b>ACD</b>			
ACD's service charge	(59)	(150)	(75)
	<u>(59)</u>	<u>(150)</u>	<u>(75)</u>
<b>Depository</b>			
Depository's fees	(15)	(30)	(15)
	<u>(15)</u>	<u>(30)</u>	<u>(15)</u>
<b>Other expenses</b>			
Investment advisor's fees	(51)	(149)	(76)
Investment advisor's performance fees	-	20	11
Audit fees	(14)	(28)	(14)
Accounting and administration	(8)	(16)	(8)
General fees	(3)	(8)	(2)
Advisory	(7)	(4)	(3)
Professional fees	(11)	(22)	(15)
Research and advisory fees	-	(1)	-
Loan reclassification fees	(10)	-	-
Other taxes	(3)	(6)	(3)
Printing and typesetting costs	(1)	(2)	(1)
Regulatory fees	-	(3)	(3)
	<u>(108)</u>	<u>(219)</u>	<u>(114)</u>
<b>Total expenses</b>	<u>(182)</u>	<u>(399)</u>	<u>(204)</u>
<b>Interest payable</b>	<u>-</u>	<u>-</u>	<u>-</u>

**Notes to the Interim Financial Statements** continued

**5. Expenses continued**

**ACD's service charge and Fund Accountant fees**

The ACD receives an annual management charge for managing the Company at a percentage rate per annum of the value of the property of the Company accruing daily and payable out of the property of the Company. The current percentage rate of the periodic charge is 0.25%.

The ACD will apply a minimum annual fee of £150,000 and will deduct from this fee the charges of the Fund Accountant (10 basis points or £35,000 whichever the higher for the period) and pay this monthly in arrears.

The annual management charges will be treated as an income charge and will be accrued daily and payable monthly in arrears.

**Investment advisor's fee**

The investment advisor receives 2% p.a. of NAV paid monthly in arrears.

In addition, the investment advisor is entitled to a performance fee of 20% of the net profit (i.e. net = after the deduction of all project related expenses) which is generated by each project subject to a minimum IRR of 12.5% being achieved for the relevant project.

The performance fee on the Company's investment stakes in Premier 4 and 33.2% Salokin that were acquired in a related party transaction from the European Residential Property Fund ("the ERPF") at a discount to their valuation at acquisition is, to avoid any conflicted interest, based on profit measured against the higher valuation at acquisition of these investments instead of the lower investment cost to the Company.

In respect of the Standard B and the Institutional B share classes (which comprise of former ERPF investors who took up the offer to reinvest in the Company in the course of the ERPF's termination), net profit for the purposes of performance fee calculation is measured based on the original cost (and data) of acquisition by the ERPF. This net profit calculation is relevant for the performance fee on Premier 4 and 33.2% of Salokin projects which were acquired by the Company from the ERPF. For all other projects the performance fee for the Standard B and Institutional B share classes is calculated on the same basis as for all other share classes.

**Audit fee**

The Company's auditor is Grant Thornton UK LLP. The independent auditor is entitled to a fee in accordance with the terms of the audit engagement. The auditor has not expressed an opinion nor have they reviewed the unaudited interim financial statements.

**Depositary's fee**

As payment for the services it performs, the Depositary is entitled to receive a fee from the Company (plus VAT thereon where applicable).

The remuneration is an annual fee based on the NAV of the Company, and will be 0.05%, subject to a minimum fee of £25,000 per annum. The remuneration is calculated and accrued daily and is paid monthly in advance on the last business day of the month. The rates of the Depositary fee may be increased up to a maximum of 0.20% of the NAV of the Company.

The Depositary is also entitled to receive other fees from the Company related to custody services in accordance with its customary charges.

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**Notes to the Interim Financial Statements** continued

**6. Taxation**

	<b>The Group</b>		
	Period ended 30.11.17	Year ended 31.05.17	Period ended 30.11.16
	£000	£000	£000
Total tax charge for the period	-	-	-

	<b>The Company</b>		
	Period ended 30.11.17	Year ended 31.05.17	Period ended 30.11.16
	£000	£000	£000
Total tax charge for the period	-	-	-

	<b>The Group</b>		
	Period ended 30.11.17	Year ended 31.05.17	Period ended 30.11.16
	£000	£000	£000
<b>Net expense before tax</b>	(202)	(291)	(110)
Total return multiplied by tax rate for authorised funds of 20% (2016: 20%)	(40)	(58)	(22)
<b>Effects of:</b>			
Unused overseas losses	20	29	11
Unused UK tax losses	20	29	11
<b>Current tax charge for the period</b>	-	-	-

	<b>The Company</b>		
	Period ended 30.11.17	Year ended 31.05.17	Period ended 30.11.16
	£000	£000	£000
<b>Net expense before tax</b>	(120)	(273)	(140)
Total return multiplied by tax rate for authorised funds of 20% (2016: 20%)	(23)	(54)	(28)
<b>Effects of:</b>			
Unused overseas losses	23	54	28
<b>Current tax charge for the period</b>	-	-	-

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**7. Investments**

	<b>The Group</b>		
	Period ended 30.11.17	Year ended 31.05.17	Period ended 30.11.16
	£000	£000	£000
Ecocil Incorporações S.A.	4,121	4,365	6,019
Salokin Ltd.	-	-	148
Premier Four AD	242	240	318
<b>Investments</b>	<u>4,363</u>	<u>4,605</u>	<u>6,485</u>

	<b>The Company</b>		
	Period ended 30.11.17	Year ended 31.05.17	Period ended 30.11.16
	£000	£000	£000
Baltray**	2,924	3,261	5,414
<b>Investments</b>	<u>2,924</u>	<u>3,261</u>	<u>5,414</u>

**Baltray Sarl**

\*\*The intercompany loans receivable between Baltray and the Company are included. These intercompany loans bore the interest at a variable rate of Euribor + 2.9% and were repayable on 31 December 2018.

As noted in the ACD's report on page 7, on 14 November 2018, the remaining intercompany loans together with the interest accrued on them were repaid to the Company by way of transfer from Baltray Sarl to the Company of its shareholding in Ecocil and Salokin. The residual balance of the intercompany loans and the interest accrued on them remaining after the transfer of Baltray Sarl shareholding in Ecocil and Salokin to the Company have been converted to Baltray Sarl share premium account.

**Ecocil Incorporações S.A.**

As at 30 November 2017 and up until 9 March 2018, when the closure of RG Salamanca FIP 1 ("the FIP") was completed, the value of the Company's 26.98% holding in the FIP was derived from the value of the FIP's investee company, Ecocil, after deduction of the net liabilities of the FIP. The FIP held 34.3% interest in Ecocil resulting in an indirect overall interest of 9.27% for the Company. The FIP closure on 9 March 2018 resulted in the Company now holding the investment in Ecocil directly.

It is May 2018 valuation of Ecocil that has been reflected in these financial statements. The 2018 valuation was used because it provides a more appropriate set of assumptions and reflection of conditions that existed as at 30 November 2017 and therefore the investment's value and because the in-specie distribution of the shareholders into the Jersey Private Fund as a part of the Company's winding-up was to be also effected at this valuation.

**Notes to the Interim Financial Statements** continued

**7. Investments continued**

**Salokin Ltd.**

The Company holds 33.2% in an associate Salokin the value of which is derived from the value of Salokin investee company Jasna. The development of the underlying property of Jasna was completed in June 2014 and the property was sold at the end of October 2014 at a net gain to the Company. Until the balance sheet date, the Company received net cash proceeds of EUR 2,780,143.

Salokin together with its investee company Jasna have closed. The residual cash available at Salokin / Jasna structure level was used to settle the outstanding tax liabilities and to cover the companies' closure costs. The distribution of the remaining rental guarantees retention monies of EUR 66,500 pertaining to the sale of Jasna property was received by the Company on 8 March 2018 and no further distributions were expected from Salokin.

Therefore, the Company's holding in the investment is valued at nil.

**Premier Four AD**

On 13 September 2018, the Company sold its interest in the investment for EUR 275,000.



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**Notes to the Interim Financial Statements** continued

**8. Cash and Cash Equivalents**

	<b>The Group</b>		
	Period ended 30.11.17 £000	Year ended 31.05.17 £000	Period ended 30.11.16 £000
<b>Cash balances</b>			
Sterling balances	5	6	11
Euro balances	72	264	445
Brazilian real balances	17	21	8
<b>Total cash and cash equivalents</b>	<u>94</u>	<u>291</u>	<u>464</u>

	<b>The Company</b>		
	Period ended 30.11.17 £000	Year ended 31.05.17 £000	Period ended 30.11.16 £000
<b>Cash balances</b>			
Sterling balances	5	6	11
Euro balances	51	233	217
<b>Total cash and cash equivalents</b>	<u>56</u>	<u>239</u>	<u>228</u>

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**9. Debtors**

	<b>The Group</b>		
	Period ended	Year ended	Period ended
	30.11.17	31.05.17	30.11.16
	£000	£000	£000
<b>Due within one year</b>			
Prepaid expenses	3	3	1
<b>Total debtors</b>	<u>3</u>	<u>3</u>	<u>1</u>

	<b>The Company</b>		
	Period ended	Year ended	Period ended
	30.11.17	31.05.17	30.11.16
	£000	£000	£000
<b>Due within one year</b>			
Prepaid expenses	-	-	-
<b>Total debtors</b>	<u>-</u>	<u>-</u>	<u>-</u>

**10. Creditors**

	<b>The Group</b>		
	Period ended	Year ended	Period ended
	30.11.17	31.05.17	30.11.16
	£000	£000	£000
<b>Due within one year</b>			
Accruals	(90)	(104)	(112)
<b>Total creditors</b>	<u>(90)</u>	<u>(104)</u>	<u>(112)</u>

	<b>The Company</b>		
	Period ended	Year ended	Period ended
	30.11.17	31.05.17	30.11.16
	£000	£000	£000
<b>Due within one year</b>			
Accruals	(82)	(104)	(110)
<b>Total creditors</b>	<u>(82)</u>	<u>(104)</u>	<u>(110)</u>

**Notes to the Interim Financial Statements** continued

**11. Share Capital**

When appropriate the Company distributes any surplus revenue as an accumulation. Distributions are based only on the Company's own revenues.

There is no accumulation of income or distributions payable for the period as expenses have exceeded income.

During the termination of the Company, the ACD has successfully sold or distributed in-specie, as requested by the shareholders, the remaining investment of the Company proportionally to the shareholders' respective interests in the Company. The cash balance held by the Company will be used to settle the winding-up expenses.

Apart from the annual management charge, investment advisor's fee, renewal commission, gains and losses on forward currency contracts and share class set up fees, all other expenses and income are allocated pro rata across share classes according to their NAV.

The currency exposure of Euro and GBP investors may be hedged to reduce currency risk. Gains and losses on any hedging are allocated to the relevant share class.

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**Notes to the Interim Financial Statements** continued

**12. Net Cash Flow From Operating Activities**

	<b>The Group</b>		
	Period ended	Year ended	Period ended
	30.11.17	31.05.17	30.11.16
	£000	£000	£000
Total gain/(loss) before distributions	(422)	(1,378)	662
Net (gains)/losses on investments	(1,067)	2,929	(310)
Net foreign currency exchange (gains)/losses	1,232	(1,844)	(463)
Dividend received	-	(136)	(108)
Interest paid	4	9	5
Impairments	4	54	-
Decrease/(increase) in debtors	-	3	5
Increase/(decrease) in creditors	(14)	(9)	1
<b>Net cash flow from operating activities</b>	<b>(212)</b>	<b>(372)</b>	<b>(208)</b>

	<b>The Company</b>		
	Period ended	Year ended	Period ended
	30.11.17	31.05.17	30.11.16
	£000	£000	£000
Total gain/(loss) before distributions	(421)	(1,378)	662
Net (gains)/losses on investments	1,269	810	(41)
Net foreign currency exchange (gains)/losses	(967)	355	(761)
Dividend received	(63)	(126)	-
Interest received	-	-	(64)
Decrease/(increase) in debtors	-	1	1
Increase/(decrease) in creditors	(22)	(5)	1
<b>Net cash flow from operating activities</b>	<b>(205)</b>	<b>(343)</b>	<b>(202)</b>

**Notes to the Interim Financial Statements** continued

**13. Contingent Liabilities**

There were no contingent liabilities as at 30 November 2017.

**14. Related Party Transactions**

Waystone Management (UK) Limited, the ACD, is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Company. During the period fees of £59,486 (2016: £75,000) were paid to the ACD.

Waystone Management (UK) Limited also acts as principal on all transactions of shares in the Company. The aggregate monies received through subscriptions and paid through redemptions are disclosed in the statement of movements in shareholders' funds.

The Company was advised by Salamanca Group Advisers Limited ("SGA") ("Investment Advisor, "IA"). During the period fees of £51,229 (2016: £76,000) were paid to the investment advisor. Performance fees payable for the period were £NIL (2016: £NIL). The performance fees were payable to the Investment Advisor.

Up until 11 May 2017, the Company was advised by FF&P CM Salamanca LLP ("FF&P"), a joint venture between Salamanca Group Cyprus Ltd ("SGC") and Fleming Family & Partners Capital Management LLP. In April 2017, the Company consented to FF&P CM Salamanca LLP assigning its position as investment advisor to Salamanca Group Advisers Limited, and on 11 May 2017 such assignment took effect.

The Company held a 26.98% shareholding in RG SALAMANCA I FUNDO DE INVESTIMENTO EM PARTICIPACOES FIP I ("RG Salamanca FIP I"), that owned 34.34% of Ecocil. RG Salamanca FIP I was administered and managed by OLIVEIRA TRUST SERVICER ("Administrator"), and has until 9 March 2018 retained RG Salamanca Consultoria Empresarial Ltda ("RG Salamanca") as a specialized consultant company to assist the Administrator in the exercise of its functions. RG Salamanca is a subsidiary of SGC.

The Investment Advisor proposed the Ecocil investment to the ACD and the Investment Committee in a letter of recommendation dated 1 December 2008. In the first paragraph of the letter "Related parties", the Investment Advisor clearly discloses the fact that SGC through their stake in RG Salamanca have an active role in managing RG Salamanca FIP I. The letter mentions that neither SGC nor the Investment Advisor will benefit financially from the purchase of the asset in question, other than from the benefits associated with performing their roles as Investment Advisor to the Company and RG Salamanca FIP I respectively. The Investment Advisor has waived their performance fee on this investment to avoid fees on fees for investors. The investment was then discussed at length during the 3 December 2008 IC meeting, and the IC agreed to commit €3.5 million to the deal as recorded in the minutes.

The Company held 33.20% of Salokin. Mermaid Properties Sp. Z.o.o. ("MP"), the developer of the sold building, also owns 3.60% of Salokin. Marcus Bernie is Managing Director of Salamanca Capital Sp. Z.o.o. in Poland and is responsible for managing Salamanca Capital Limited's (wholly owned UK subsidiary of SGC) operations in Poland, including the Company's investment in Salokin. MP is 25.07% owed by Salamanca 11, a Cypriot company that is in turn owned 75% by SGC, and 25% by Marcus Bernie through the UK Company Mabco Consulting Ltd.

## **15. Events After The Reporting Date**

### **Winding-up**

Shareholders will be aware that the Company is predominantly invested in a residential developer called Ecocil Incorporações S.A. ("Ecocil"). This company operates in Natal, Brazil, and is generally considered to be one of Brazil's best residential developers. However, shareholders may also be aware of the material political and economic headwinds experienced throughout Brazil which in recent years have impacted the Brazilian currency and the value of the Company's holding in Ecocil. Despite some excellent management by Ecocil in difficult recessionary conditions, from the advice received, the ACD believes it will still be a number of years before there is a sustained recovery in the Brazilian economy sufficient to optimise any exit of the Company's holding in Ecocil.

In such circumstances the ACD would normally wait for a sustained recovery in the market. However, given the Company's small minority shareholding in Ecocil and the length of time that will be required to dispose of this remaining asset in Brazil as well as the Company's relatively low liquidity coupled with the ongoing cost structure of both the Company and its sub structures (relative to its size), the ACD has, in consultation with Investment Advisor, been reviewing the future of the Company. With the input of Investment Advisor, and only after consultation with the Company's Depositary, the ACD has concluded that once other minority investments Premier Four AD and Salokin Ltd are fully exited, it would be no longer in shareholders' best interests for the Company to remain in operation. This conclusion follows extensive consideration of alternative options for the Company, including its merger to a more appropriate vehicle to hold the Ecocil investment, but unfortunately, no such option has proved workable for all investors.

In the letter issued on 21 September 2018, the ACD informed shareholders of its decision to commence the winding-up of the Company as well as to change the annual accounting period end from 31 May 2019 to 30 November 2019 subject to the completion of the required regulatory process with the FCA. The extension of the accounting period end was requested to combine the usual annual audit with the required winding-up audit of the Company.

The letter to the Institutional Class shareholders has also noted that, where the shareholders requested and the ACD agreed, the ACD would distribute in-specie the remaining investment in Ecocil including any residual cash during the Company's winding-up process. Should any of the Institutional Class shareholders decide not to take up the in-specie distribution proposal, the ACD would dispose of their proportionate holding in Ecocil.

The Class B shareholders were notified in the letter that before the commencement of the Company's winding-up the Class B shares will be closed and as a result the holdings in the Class B shares will be redeemed in full. The closure of the Class B share class was completed on 24 October 2018.

The FCA authorised the ACD to commence the winding-up of the Company with effect from 25 October 2018. The Company's prospectus was subsequently updated to reflect its winding-up state as well as to note the change to the accounting period end.

**Notes to the Interim Financial Statements** continued

**15. Events After The Reporting Date**

**Ecocil 5-Year Strategy Plan**

All Ecocil investors have approved the 5-year strategy plan that was proposed by the Investment Advisor and Ecocil management to strengthen the company and ensure its future sustainability and growth. The plan included the proposal for the restructure of the company's debt arrangements and thus sought to raise USD 10m from Ecocil investors by offering a subscription to a debenture with Ecocil warrants attached. Following presentation of the 5-year strategy plan, selected Ecocil investors took up their rights to participate in debenture financing but the Company could not participate due to insufficient liquidity available resulting in a dilution to the Company's shareholding in Ecocil. Therefore, with effect from 13 November 2018 the Company's ownership in Ecocil is 7.17%.

**RG Salamanca FIP I Closure**

The changes to the Brazilian tax regulation laws that came into effect from 2017 meant that investors would no longer enjoy the reduced withholding tax rate benefits by investing in Ecocil via the FIP funds, i.e. the capital gains on investment value will now be subject to withholding tax with or without the FIP fund in place. The Investment Advisor had therefore initiated the streamlining of the Company's investment into Ecocil by removing the FIP from the sub structure of the Company – an exercise which was completed on 9 March 2018. The closure of the FIP meant that the investment in Ecocil was now held by the Company directly.

**Salokin Ltd Rental Guarantees Distribution / Exit from Salokin Ltd**

On 8 March 2018, the Company received the last payment of EUR 66,500 in relation to the release of the remaining rental guarantees retention monies pertaining to the sale of Jasna property. As no further investment projects were to be pursued, it was decided by the company's management to close Salokin and Jasna down. The residual cash currently available at both Salokin and Jasna will be used up to settle the companies' outstanding tax liabilities as well as to cover their closure costs. No further distributions are therefore expected to be made to the investors from Salokin or Jasna. The Company's holding in the investment is therefore valued at nil in these financial statements.

A combination of Salokin and Jasna upcoming closures, no further distributions due to the Company as well as the need to close the Company down as soon as possible has led the ACD to take the decision to exit the investment in Salokin. This took place on 5 March 2020 when the Company transferred its shareholding to Mermaid (MCI) Capital Investments Limited.

**Premier Four AD Disposal**

The Company's investment in Premier Four AD was sold for EUR 275,000 on 13 September 2018.

**Baltray Sarl Closure**

The Company's subsidiary Baltray Sarl was closed on 21 December 2018. Before the subsidiary's closure was completed, on 14 November 2018, the shareholding held by Baltray Sarl in the remaining Ecocil and Salokin investments was transferred to the Company. This transfer was arranged against the repayment of the remaining intercompany loans and the interest accrued on them. The residual balance of the intercompany loans and the interest accrued on them remaining after the transfer of shareholding in Ecocil and Salokin to the Company was converted to Baltray Sarl share premium account.

## **15. Events After The Reporting Date**

### **Ecocil In-specie Distribution into a Jersey Private Fund**

The Investment Advisor has identified and launched a vehicle, a limited partnership in the form of a Jersey Private Fund, that is able to hold Ecocil shares for the Company's shareholders as well as for other external Ecocil investors opting for the in-specie distribution of Ecocil shares for a period of years at much reduced cost.

The first and the second in-specie transfers to the Jersey Private Fund involving the move of the other external investors in Ecocil were completed on 18 March 2019 and 15 October 2019, respectively.

The Company shareholders' in-specie transfer, who opted in for the in-specie distribution, was completed on 25 February 2020. The three remaining shareholders in the Company exited the Company by way of a shareholding transfer on 11 September 2020. The Company's last investor, who their shareholding was transferred to, opted for an in-specie transfer to the Jersey Private Fund on 18 September 2020 marking the completion of the Company's closure.