This document (the "**Listing Document**") include particulars given in compliance with the listing rules (the "**CISX Listing Rules**") of the Channel Islands Stock Exchange, LBG (the "**CISX**") for the purpose of giving information with regard to Greenwich Loan Income Fund Limited (the "**Company**" or "**GLIF**"). The directors of the Company (the "**Directors**"), whose names appear on page 19 of this document, accept full responsibility for the information contained in this Listing Document and confirm, having made all reasonable enquiries, that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Listing Document misleading.

Application will be made to the London Stock Exchange for the Consideration Shares to be admitted to trading on AIM. Application will also be made to the CISX for the purposes of admitting such shares to the Official List of the CISX. It is expected that Admission to AIM and to the Official List of the CISX will become effective and that dealings in the Consideration Shares will commence on 12 November 2012.

You should read the whole of this document. In particular, you should take account of the section entitled "Risk Factors" on pages 7 to 16 of this document for a discussion of the risks that might affect the value of an investment in GLIF. Capitalised terms used throughout this document have the meanings set out in Part VII of this document.

GREENWICH LOAN INCOME FUND LIMITED

(an authorised closed-ended investment company incorporated in Guernsey with registration number 43260)

Consideration Issue of up to 23,322,056 Consideration Shares in connection with the acquisition of the assets of BMS Specialist Debt Fund Limited including a Placing of up to 5,294,928 Consideration Shares

Nominated Adviser and Broker

Investec Bank plc

CISX Listing Sponsor

Mourant Ozannes Securities Limited

Investec Bank plc, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for GLIF and for no-one else in connection with the Consideration Issue and will not be responsible to any other person for providing the protections afforded to clients of Investec Bank plc or for providing advice in connection with the Consideration Issue, the contents of this document or any matters referred to in this document. Investec Bank plc is not responsible for the contents of this document. This does not exclude or limit any responsibilities which Investec Bank plc may have under the Financial Services and Markets Act 2000 or the regulatory regime established thereunder.

This Listing Document includes particulars given in compliance with chapter VII of the listing rules of the CISX for the purpose of giving information with regard to GLIF. Neither the admission of the Consideration Shares to the Official List of the CISX nor the approval of this document pursuant to the requirements of the CISX shall constitute a warranty or representation by the CISX as to the competence of the service providers to or any other party connected with GLIF, the adequacy and accuracy of the information contained in this document or the suitability of GLIF for investment or for any other purpose. The CISX has been recognised by HMRC under section 1137 of the Corporation Tax Act 2010 and the FSA has approved the CISX as a Designated Investment Exchange within the meaning of FSMA.

GLIF has been declared by the Guernsey Financial Services Commission (the "**GFSC**") to be an authorised closed-ended investment scheme pursuant to section 8 of The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended) (the "**POI Law**"). GLIF is subject to compliance with The Authorised

Closed-Ended Investment Schemes Rules 2008 (the "**Rules**") and in particular the ongoing notification requirements contained within part 5 of the Rules and as such GLIF is subject to continuing supervision by the GFSC. GLIF is domiciled in Guernsey. As an existing closed-ended investment scheme GLIF is deemed to be granted an authorisation declaration in accordance with Section 8 of the POI Law and Rule 6.02 of the Rules on the same date as GLIF obtained consent under The Control of Borrowing (Bailiwick of Guernsey) Ordinances 1959-1989, as if the Rules had been in operation on that date. The GFSC has not reviewed this document and neither it nor the States of Guernsey Policy Council take any responsibility for the financial soundness of GLIF or for the correctness of any of the statements made or opinions expressed with regard to it in this document. Notification of the Admission has been made to the GFSC.

Neither the Consideration Issue nor the Placing is being made, directly or indirectly, in or into, or by the use of the mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facilities of a national state or other securities exchange of, an Excluded Territory and neither the Consideration Issue nor the Placing is capable of acceptance by any such use, means, instrumentality or facilities, or from within an Excluded Territory subject to certain exceptions. Accordingly, copies of this document and any other related documents are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed, transmitted or sent in or into or from an Excluded Territory and persons receiving this document and any other related document (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions as doing so may invalidate any purported acceptance of the Consideration Issue and the Placing. The availability of the Consideration Issue and the Placing to persons who are not resident in the Channel Islands may be affected by the laws of their relevant jurisdiction. Such persons should inform themselves about and observe any applicable legal or regulatory requirements of their jurisdiction.

None of the Consideration Shares (including the Placing Shares) has been or will be registered under the US Securities Act or under any relevant securities laws of any state or other jurisdiction of the United States and may not be offered, directly or indirectly, in the United States, except in a transaction exempt from the registration requirements of the US Securities Act and in compliance with state securities laws.

THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER OF, OR THE SOLICITATION OF AN OFFER TO SUBSCRIBE FOR OR BUY, ANY CONSIDERATION SHARES OR PLACING SHARES TO ANY PERSON IN ANY JURISDICTION TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION IN SUCH JURISDICTION AND IS NOT FOR DISTRIBUTION IN OR INTO ANY EXCLUDED TERRITORY, EXCEPT AS DETERMINED BY THE COMPANY IN ITS SOLE DISCRETION AND PURSUANT TO APPLICABLE LAWS.

7 November 2012

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SUMMARY

The following summary information should be read as an introduction to the more detailed information appearing elsewhere in this document. Any decision by a prospective investor to invest in the Consideration Shares and/or the Placing Shares should be based on consideration of the document as a whole and not solely on this summarised information.

Introduction

GLIF is a Guernsey-domiciled authorised closed-ended investment company. The Company's investment objective is to produce a stable and predictable dividend yield, with long term preservation of net asset value.

The Company seeks to achieve its investment objective through a policy of investing principally in syndicated corporate loans issued primarily by companies with experienced management, a significant financial or strategic sponsor, a strong competitive position and positive cash flow. The main focus of these investments is US middle-market companies.

Investment will be either direct or indirect. Indirect investment will be effected by investment in collateralised loan obligations ("**CLOs**"). The Company may invest up to 100 per cent. of its assets in CLOs and will not seek to limit its exposure to any one issuer of CLOs.

The Company has appointed T2 Advisers to act as the discretionary Investment Manager of the assets of the Company. T2 Advisers is located in Greenwich, Conneticut and registered under the US Advisers Act. The principals of T2 Advisers also manage TICC Capital Corp. and Oxford Lane Capital Corporation, both NASDAQ-listed investment companies.

The majority of the Company's portfolio (68.93 per cent. as at 30 September 2012) is held in a CLO vehicle, T2 Income Fund CLO I Ltd, in which the Company holds all of the residual economic interest.

As at 31 December 2011, the Group's investment portfolio was £193.3 million (2010: £161.5 million) and the consolidated total assets were £217.9 million (2010: £199.0 million). Total consolidated Net Asset Value as at 31 December 2011 was £72.4 million (2010: £69.2 million).

The Net Asset Value of the Company on the Restated Basis on 30 September 2012 was £48.9 million and the Net Asset Value per Ordinary Share on the Restated Basis as at that date was 49.7 pence.

Directors

The Board consists of three non-executive directors and one executive director. The Board considers each of the Directors to be independent of, and free of any material relationship with, the Investment Manager, T2 Advisers.

The Acquisition

On 6 November 2012, the Company entered into an asset sale and purchase agreement with BMS Specialist Debt Fund Limited (the "**Seller**") to acquire certain of its assets (the "**Asset Sale and Purchase Agreement**"). The Assets comprise all of the issued share capital of BMS Finance AB Limited ("**BMS Finance AB**"), which is a UK-based specialist private finance company. BMS Finance AB is currently financed by a deep discount bond issued to the Seller currently standing in the nominal sum of £20,738,000 (the "**DDB**"), which is also being acquired by the Company pursuant to the Asset Sale and Purchase Agreement.

In addition to the shares in BMS Finance AB and the DDB, the Company is also acquiring the Seller's interest in Noble Venture Finance II Limited Partnership ("**NVF II L.P.**"), and legacy warrants to subscribe for shares in Eazyfone Limited and EGS Group Limited (the "**Warrants**").

The value ascribed to the Assets will be £1 in respect of the shares of BMS Finance AB, £9,977,954 in respect of the DDB, £1,613,106 in respect of the interest in NVF II L.P. and £1 in respect of all of the

Warrants. The Company will pay for these Assets by issuing Ordinary Shares at their Net Asset Value as at 30 September 2012 (being equal to the Net Asset Value per Ordinary Share of the Company) although the Company may, in its discretion, elect to settle part of the consideration for the Assets (other than the DDB) in cash up to a maximum amount of £1,613,108.

Arrangements with the Management Team

In connection with the Acquisition described above, the Company has agreed that, following completion, the business of BMS Finance AB will be managed on behalf of the Group by the Management Team. The Company has agreed that the following arrangements will apply to the Management Team going forward.

Immediately upon completion of the Asset Sale and Purchase Agreement, GLIF has agreed to transfer the Assets to a newly established joint venture vehicle called GLIF BMS Holdings Limited ("**Newco**") pursuant to the Transfer Agreement.

The Company will subscribe £666,666 for 666,666 ordinary shares of £1 each in the capital of Newco and, at the same time, the Management Team will, in aggregate, subscribe £333,334 for 333,334 ordinary shares of £1 each in the capital of Newco.

In connection with the operation of Newco, GLIF has entered into a Subscription and Shareholders' Agreement with the Management Team pursuant to which:

- GLIF will have the right to appoint a majority of the directors to the board of Newco;
- the Management Team will have a right to veto certain material decisions affecting the operation of Newco; and
- each member of the Management Team will be a director of BMS Finance AB for so long as he remains employed by that company.

The Subscription and Shareholders' Agreement provides that, upon a proposed transfer of shares in Newco, existing shareholders will have pre-emption rights. The members of the Management Team have agreed to enter into new service agreements with BMS Finance AB, terminable on six months' notice by either party. Each member of the Management Team will be entitled to a salary of £100,000 per annum (pro rated where necessary). There is also a discretionary bonus pool arrangement of 35 per cent. of profits exceeding £450,000 per annum which is capped at 30 per cent. of salary.

Under the Transfer Agreement, Newco will acquire the Assets from the Company in consideration for the issue of a loan note to the Company with a nominal value of £11,591,062, being equivalent to the consideration for the original acquisition by the Company of the Assets (the "**Loan Note**"). Under the terms of the Loan Note, interest will be payable quarterly at a rate of 8 per cent. per annum and the principal amount of the loan will be repayable in six equal quarterly instalments commencing on the sixth anniversary of completion of the acquisition of the Assets by Newco.

Reasons for the Acquisition and the Consideration Issue

GLIF is seeking new investment opportunities in order to: (a) put the capital that is becoming available to work; and (b) diversify its portfolio.

The Acquisition is in line with GLIF's corporate strategy and objectives:

(i) ***Geographical diversification.*** GLIF's corporate strategy is to seek geographical diversification of its assets, rather than using hedging, to reduce the currency and geographical risks associated with the exposures of its investments. The Acquisition will enable GLIF to increase its asset base outside of its core U.S. investments, which will diversify the portfolio geographically;

(ii) ***Asset diversification.*** The Assets to be acquired differ from the existing portfolio and, therefore, the Acquisition provides asset diversification, whilst remaining within the investment policy of GLIF;

(iii) ***Existing asset pool.*** The Acquisition is of an existing, mature pool of assets, giving greater visibility to the nature of the Acquisition;

(iv) ***Existing team with established track record.*** The Management Team have an established track record managing loans; and

(v) ***Target 10-15% net returns.*** The target returns are in line with those sought by GLIF and thus are complementary to the existing investments.

The Placing

The Seller intends to sell some of the Consideration Shares in the Company received by it pursuant to the Asset Sale and Purchase Agreement. To this end, prior to Admission, irrevocable letters of commitment have been sought from Placees confirming that they will purchase some of the Consideration Shares which are to be issued to the Seller pursuant to the terms of the Asset Sale and Purchase Agreement. Under the CISX Listing Rules, the marketing by or on behalf of sellers of securities allotted to them as consideration for an acquisition is treated as a placing. The transfer of those Consideration Shares agreed to be purchased by investors (the "**Placing Shares**") will take place immediately following Admission (the "**Placing**").

The Placing Shares will be placed at the Placing Price, being 47.215 pence per Placing Share. Completion of the Asset Sale and Purchase Agreement is conditional on Admission.

Dividends

It is the intention of the Directors to pay dividends to Shareholders quarterly. The Consideration Shares (including the Placing Shares) will rank for the dividend of 1.25 pence per Ordinary Share in respect of the third quarter of 2012 which was announced on 29 October 2012 and which will be paid on 23 November 2012.

Risk Factors

An investment in the Ordinary Shares is subject to a number of risks that could materially and adversely affect GLIF's business, financial condition or results of operations. Material risks are highlighted below but investors should also refer to the section entitled "Risk Factors" set out on pages 7 to 16 of this document:

- Past performance of the Company should not be taken to be a guide to the future performance of the Company. Prospective investors should be aware that the market value of the Ordinary Shares and the income derived from them may go down as well as up.
- There can be no guarantee that GLIF's investment objective will be achieved.
- As a substantial proportion of the assets of GLIF continue to be invested directly in T2 CLO, GLIF is exposed to the performance of T2 CLO.
- The Group's investments will not generally be in publicly traded securities. Substantially all of the securities in which the Group invests will be subject to legal and other restrictions on resale or will otherwise be less liquid than publicly traded securities.
- The Ordinary Shares may trade at a discount to Net Asset Value and Shareholders may be unable to realise their investments on the market at Net Asset Value.
- Any change in GLIF's tax status or in tax legislation could affect the value of the investments held by GLIF, affect GLIF's ability to provide returns to Shareholders, or alter the post-tax returns to Shareholders.

RISK FACTORS

This section addresses certain risks to which the Company is and will be exposed, which could materially and adversely affect the business, results of operations, cash flow, financial condition, turnover, profits, assets, liquidity and capital resources of the Company.

The risks and uncertainties described below represent all of those known to the Directors as at the date of this document which the Directors consider to be material. However, the risks listed do not necessarily comprise all those facing the Company and are not set out in order of priority. Additional risks and uncertainties currently unknown to the Company and the Directors, or which the Company and the Directors currently deem immaterial, may also have an adverse effect on the financial condition or business of the Company. If any or a combination of these risks actually occurs, the business, financial condition and operating results of the Company could be adversely affected. In such cases, the market price of the Ordinary Shares may decline and investors may lose all or part of their investment.

In addition to all other information set out in this document, potential investors in the Company should carefully consider the risk factors below before making a decision to invest in the Company.

If you are in any doubt about the action you should take, you should consult a professional adviser authorised under FSMA if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser.

Risks relating to the Company and T2 CLO

There can be no guarantee that GLIF's investment objective will be achieved

There is no guarantee that the investment objective and policy adopted by the Company will provide the returns sought by the Company. Meeting its objectives should not be considered as an assurance or guarantee that they can or will be met in relation to the Company's portfolio in general or in relation to any part of it.

Past performance of the Company should not be taken to be a guide to the future performance of the Company. Prospective investors should be aware that the market value of the Ordinary Shares and the income derived from them may go down as well as up.

The Company is exposed to the performance of T2 CLO and the Income Notes

T2 CLO issued the Rated Notes and the Income Notes in 2007. All the Income Notes were subscribed by the Company. The Rated Notes were subscribed by financial institutions. The Income Notes are subordinated in right of payment to the Rated Notes and to the payments of all other amounts due under the Indenture pursuant to which the Notes were created and secured, on each quarterly payment date, including expenses of T2 CLO and fees and expenses of the trustee and T2 Advisers, which acts as Collateral Manager to T2 CLO.

A substantial proportion of the assets of the Company will continue to be invested directly in T2 CLO. T2 Advisers allocates all of T2 CLO's assets in accordance with the restrictions applicable to it as Collateral Manager of T2 CLO under the Indenture. The Company has no control over the allocations between investments undertaken by T2 Advisers as Collateral Manager of T2 CLO.

The Company is exposed to the performance of T2 CLO to a significant degree. Due to this correlation, investors should therefore be aware of the particular risks associated with T2 CLO. These risks are considered in further detail below.

The Company's interest in T2 CLO is through the Income Notes issued by T2 CLO and subscribed by the Company. Distributions on the Income Notes are subordinated to other payments to the Rated Notes under a priority of payments. In addition, in the case of a default or event of default under the Indenture, if there are any Rated Notes remaining, the holders of such Rated Notes will be entitled to determine the remedies to be exercised under the Indenture. Remedies pursued by holders of Rated Notes could be adverse to the interests of the Company as the holder of Income Notes. Holders of the Income Notes are not entitled to be paid any distributions until the holders of the Rated Notes have been paid in full in cash.

The Income Notes are payable solely from the assets of T2 CLO and are not secured. T2 CLO, as a special purpose company, has no significant assets other than the assets which are pledged to secure the Rated Notes. Except for T2 CLO, no person or entity will be obligated to make any payments on the Income Notes. Consequently, the Company must rely solely upon distributions on the Investments and any other collateral pledged to secure the Rated Notes for the payment of amounts payable in respect of the Rated Notes. If distributions on such collateral are insufficient to make payments on the Notes, no other assets of T2 CLO or any other person or entity will be available for the payment of the deficiency.

The ability of the Company to pay dividends will depend on the income received from its investments

While it is the intention of the Directors to pay dividends to Shareholders quarterly, the ability of the Company to pay any dividends in respect of the Ordinary Shares will depend primarily on the level of income received from its Investments and the timing of receipt of such income by the Company. Accordingly the amount of any dividends paid to Shareholders may fluctuate. Any change in the tax or accounting treatment of dividends or other investment income received by the Company may also reduce the level of yield received by Shareholders.

The Company and T2 CLO operate in a highly competitive market for investment opportunities

A large number of entities will compete with the Company and T2 CLO to make the types of investments that the Company and T2 CLO intend to make. The Company and T2 CLO will compete with a large number of private equity and venture capital funds, other equity and non-equity based investment funds, investment banks and other sources of financing, including traditional financial services companies such as commercial banks and speciality finance companies. Many of the Company's competitors are substantially larger and have considerably greater financial, technical and marketing resources than the Company. For example, some competitors might have a lower cost of funds and access to funding sources that are not available to the Company. In addition, some competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than the Company, T2 CLO and T2 Advisers. There can be no assurance that the competitive pressures the Company faces will not have a material adverse effect on the Company's business, financial condition and results of operations. Also, as a result of this competition, the Company may not be able to take advantage of attractive investment opportunities from time to time, and the Company can offer no assurance that it will be able to identify and make investments that are consistent with the Company's investment objective.

Shareholders may be adversely affected by the Company's hedging arrangements and currency movements

The Company and/or T2 CLO may, but will not be required to, hedge against interest rate fluctuations by using standard hedging instruments such as futures, options and forward contracts, subject to applicable legal requirements. These activities may limit the Company's and/or T2 CLO's ability to participate in the benefits of lower interest rates with respect to the hedged portfolio. Adverse developments resulting from changes in interest rates or losses on hedging transactions could have a material adverse effect on the Company's and/or T2 CLO's business, financial condition and results of operations.

The Ordinary Shares are quoted in sterling. Certain of the assets of the Company and/or T2 CLO may, however, be invested in securities and other investments which are denominated in currencies other than sterling, primarily US Dollars. Accordingly, the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates.

Whilst the Company may choose to utilise financial instruments such as forward contracts, options and interest rate swaps, caps and floors to seek to hedge against declines in the values of its investments (measured in terms of their base currencies) as a result of changes in currency exchange rates, it is not required to do so and there can be no guarantee that it will take any such actions. In addition, it may not be possible or appropriate for the Company to hedge against a change or event at attractive prices or at a price sufficient to protect the assets of the Company or T2 CLO from the decline in value of its investments anticipated as a result of changes in currency exchange rates.

Changes in laws or regulations governing the Company's operations may adversely affect the Company's business

The Company and its portfolio companies will be subject to regulation and laws imposed by the countries in which they operate. These laws and regulations, as well as their interpretation, may be changed from time to time. Accordingly, any change in these laws or regulations could have a material adverse effect on the Company's business.

The United States Congress recently enacted legislation that, if the Company is characterised as a "foreign financial institution", will require the Company to enter into an agreement with the US Internal Revenue Service (the "**IRS**") that may require the Company to obtain information about its Shareholders and to disclose information about its US Shareholders to the IRS. The Company could become subject to a 30 per cent. withholding tax on certain payments of (or attributable to) US source income to the Company if it does not enter into such an agreement, is unable to obtain required information about its US Shareholders, or otherwise fails to satisfy obligations under the agreement. Additionally, if the Company does enter into such an agreement with the IRS, the 30 per cent. withholding tax could be imposed on some or all of the payments made to Shareholders that do not provide the required information. Further, if the Company is not characterised as a "foreign financial institution" it nevertheless may become subject to such 30 per cent. withholding tax on certain payments of (or attributable to) US source income unless it either provides information to withholding agents with respect to its "substantial US owners" or makes certain certifications. As a result, Shareholders may be required to provide any information that the Company determines necessary to avoid the imposition of such withholding tax or in order to allow the Company to satisfy such obligations.

The use of gearing may expose the Company to additional levels of risk

The Company may borrow funds for investment purposes. The Company is also exposed to a high level of gearing through its exposure to CLOs. The maximum allowable gearing is 500 per cent. of the Net Asset Value of the Company and its subsidiaries on a consolidated basis. Where investment is made into CLOs that are not considered subsidiaries of the Company, the borrowings of such CLOs will not be accounted for in the Company's consolidated balance sheet and such gearing is not taken into account in calculating the maximum allowable gearing of the Company. The Company may only invest a maximum of 50 per cent. of its consolidated Net Asset Value at the time of investment in CLOs that are not considered subsidiaries of the Company for accounting purposes.

Prospective investors should be aware that, whilst the use of gearing (including at the T2 CLO level) should enhance the Net Asset Value per Ordinary Share when the value of the Company's underlying assets is rising, it will have the opposite effect where the underlying asset value is falling. In addition, in the event that the Company's income falls for whatever reason, the use of gearing will increase the impact of such a fall on the net revenue of the Company and accordingly will have an adverse effect on the Company's ability to pay dividends to Shareholders.

The Company's returns will depend upon the difference between the rate of interest the Company and/or T2 CLO is required to pay on borrowed funds and the rate of interest which it receives on the securities in which it invests. To the extent that the Company's or T2 CLO's interest expense on its borrowings increases to a greater extent than the interest income on their investments, including as a result of defaults by portfolio companies, this may reduce the value of the Ordinary Shares, the Company's net income and the Company's ability to pay dividends.

Risks relating to the Investments

The lack of liquidity in its investments may adversely affect the Group's business

The Group's investments will not generally be in publicly traded securities. Substantially all of the securities in which the Group invests will be subject to legal and other restrictions on resale or will otherwise be less liquid than publicly traded securities. The illiquidity of the Group's investments may make it difficult for the Group to sell such investments if the need arises. Also, if the Group is required to liquidate all or a portion of its portfolio quickly, the Group may realise significantly less than the value at which it has previously recorded its investments. Accordingly, if the Group were required to liquidate all or a portion of its portfolio quickly, the Group may struggle to do so and, where it is able to dispose of investments, disposing of such investments at less than the value at which they were previously recorded would have an adverse effect on the Net Asset Value of the Company.

The Group's portfolio companies may incur debt that ranks equally with, or senior to, the Group's own investments in such companies

The Group intends to invest primarily in senior ranking debt securities, but may also invest in subordinated debt securities, issued by its portfolio companies. In some cases portfolio companies will be permitted to have other debt that ranks equally with, or senior to, the debt securities in which the Group invests. By their terms, such debt instruments may provide that the holders thereof are entitled to receive payment of interest or principal on or before the dates on which the Group is entitled to receive payments in respect of the debt securities in which the Group invests. Also, in the event of insolvency, liquidation, dissolution, reorganisation or bankruptcy of a portfolio company, holders of debt instruments ranking senior to the Group's investment in that portfolio company would typically be entitled to receive payment in full before the Group receives any distribution in respect of its investment.

After repaying such senior creditors, the portfolio company may not have any remaining assets to use to repay its obligation to the Group. In these circumstances, the Company may realise significantly less than the value at which it has previously recorded its investments which would have an adverse effect on the Net Asset Value of the Company. In the case of debt ranking equally with debt securities in which the Group invests, the Group would have to share on an equal basis any distributions with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganisation or bankruptcy of the relevant portfolio company.

The Investments will consist predominantly of Loans which may expose the Company to additional levels of risk

The Investments will consist predominantly of loans. A substantial portion of the loans to be acquired by the Group will be rated below investment grade and will have greater credit and liquidity risk than loans with an investment grade rating. The risks of loans include (among others): (a) limited liquidity and secondary market support, (b) the possibility that earnings of the obligor may be insufficient to meet its debt service, (c) the declining creditworthiness and potential for insolvency of the borrower of such loan during periods of economic downturn, (d) the obligor is often a small or mid-size company representing only local or regional interests, (e) spread compression over the reference interest rate available for reinvestment during any period in which prepayments are received and (f) if subordinated, subordination to the prior claims of other loans or senior lenders. Loans are generally subject to market value volatility that may not be apparent from historical volatility studies and that could be significant at times. An economic downturn could severely disrupt the market for loans and adversely affect the value of outstanding loans and the ability of the borrowers thereof to repay principal and interest. Moreover, the default history for loans is limited, actual defaults may be greater than indicated by historical data and the timing of defaults may vary significantly from historical observations.

Loans are generally illiquid and possess credit risks. Loans may become non-performing for a variety of reasons. Non-performing loans may require substantial workout negotiations or restructuring that may entail, among other things, a substantial reduction in the interest rate and/or a substantial write-down of the principal of the loan. In addition, because of the unique and customized nature of a loan and the private syndication of a loan, certain loans may not be purchased or sold as easily as publicly traded securities, and historically the trading volume in the loan market has been small relative to the market for high yield bonds. Trading in loans is subject to delays due to their unique and customized nature, and transfers may require extensive documentation, the payment of significant fees and the consent of an agent bank or the underlying borrower. In addition, the Group may incur additional expenses to the extent it is required to seek recovery upon a default or to participate in the restructuring of a loan. Although the Group may have voting rights with respect to an individual loan, there can be no certainty that the Group will be able to exercise votes in respect of a sufficient percentage of voting rights with respect to such Loan to determine the outcome of such vote.

Participations in loans will expose the Group to the credit risk of the borrower as well as the Selling Institution

The Group may purchase assignments of, or participations in, loans. The purchaser of an assignment of a loan typically succeeds to all the rights and obligations of the selling institution and becomes a lender under the loan or credit agreement with respect to the loan. In contrast, a participation acquired by the Group in a portion of a loan held by a selling institution (a "Selling Institution") typically results in a contractual relationship only with such Selling Institution, not with the borrower. The Group would have the right to receive payments of principal, interest and any fees to which it is entitled under the participation only from the Selling Institution and only upon receipt by the Selling Institution of such payments from the borrower.

In purchasing a participation, the Group generally will have no right to enforce compliance by the borrower with the terms of the loan or credit agreement or other instrument evidencing such loan, nor any rights of set-off against the borrower, and the Group may not directly benefit from the collateral supporting the loan in which it has purchased the participation. As a result, the Group will assume the credit risk of both the borrower and the Selling Institution. In the event of the insolvency of the Selling Institution, the Group may be treated as a general creditor of the Selling Institution in respect of the participation, may not benefit from any set-off exercised by the Selling Institution against the borrower and may be subject to any set-off exercised by the borrower against the Selling Institution. In these circumstances, the Company may realise significantly less than the value at which it has previously recorded such investment which would have an adverse effect on the Net Asset Value of the Company.

Assignments and participations are sold strictly without recourse to the seller or Selling Institution, and the seller and Selling Institution will generally make no representations or warranties about the loan, the borrower, the documentation of the loan or any collateral securing the loan. In addition, the Group will be bound by provisions of the loan agreements that require the preservation of the confidentiality of information provided by the borrower.

When the Group holds a participation in a loan, the Group may not have the right to vote to waive enforcement of any default by a borrower. Selling Institutions may reserve the right to administer the Investments sold by them as they see fit and to amend the documentation evidencing such Investments in all respects. However, most participation agreements with respect to loans provide that the Selling Institution may not vote in favour of any amendment, modification or waiver that forgives principal, interest or fees, reduces principal, interest or fees that are payable, postpones any payment of principal (whether a scheduled payment or a mandatory prepayment), interest or fees or releases any material guarantee or collateral without the consent of the participant (at least to the extent the participant would be affected by any such amendment, modification or waiver). A Selling Institution voting in connection with a potential waiver of a default by a borrower may have interests different from those of the Group, and the Selling Institution might not consider the interests of the Group in connection with its vote. In addition, many participation agreements with respect to loans that provide voting rights to the participant further provide that if the participant does not vote in favour of amendments, modifications or waivers, the Selling Institution may repurchase such participation at par. In these circumstances, the Company may realise significantly less than the value at which it has previously recorded such investment which would have an adverse effect on the Net Asset Value of the Company.

The rights of the Company may be limited as the holder of second lien loans rather than first lien loans

Generally, second lien loans are structured as senior debt obligations that rank *pari passu* in right of payment with the first lien debt. However, second lien loans are secured by a junior lien on the same pool of collateral that secures the first priority debt.

Second lien loans are typically subject to inter-creditor arrangements, the provisions of which may prohibit or restrict the ability of the second lien creditors to (a) exercise remedies against the collateral with respect to their second liens; (b) challenge any exercise of remedies against the collateral by the first lien lenders with respect to their first liens; (c) challenge the enforceability or priority of the first liens on the collateral; and (d) exercise certain other secured creditor rights, both before and during a bankruptcy of the borrower. In addition, during a bankruptcy of the obligor, the holder of a second lien loan may be required to give advance consent to (i) any use of cash collateral approved by the first lien creditors; (ii) sales of collateral approved by the first lien lenders and the bankruptcy court, so long as the second liens continue to attach to the sale proceeds; and (iii) debtor-in-possession financings.

The Group may have limited control of the administration and amendment of portfolio loans

The terms and conditions of the loan agreements and related assignments may be amended, modified or waived only by the agreement of the lenders. Generally, any such agreement must include a majority or a super majority (measured by outstanding loans or commitments) or, in certain circumstances, a unanimous vote of the lenders. Consequently, the terms and conditions of the payment obligation arising from loan agreements could be modified, amended or waived in a manner contrary to the preferences of T2 Advisers or the Group, as the case may be, if a sufficient number of the other lenders concurred with such modification, amendment or waiver. The exercise of remedies may also be subject to the vote of a specified percentage of the lenders thereunder.

There can be no assurance that any obligations arising from a loan agreement will maintain the terms and conditions to which the Group originally agreed.

The Group may not be able to exercise voting control of portfolio companies

As a holder of a portfolio company's debt securities, the Group will not be able to exercise the same rights of control available to the holders of the portfolio company's equity. Accordingly, the Group is subject to the risk that a portfolio company in which it invests may make business decisions with which the Group disagrees and the management of such companies, when considering the interest of the portfolio company's shareholders, may take risks or otherwise act in ways that do not best serve the Group's interests as a debt investor, and the Company will not be able to prevent such actions.

In the event that the Company buys interests in other CLOs, it will have no entitlement to board or management representation in respect of its investment in any CLO.

The Company may buy interests in other CLOs. Interests in CLOs do not normally confer the right to board or management representation in respect of the relevant CLO and, accordingly, the Company will be limited in the extent to which it may exercise any control over or influence the actions of the relevant CLO.

Risks relating to the Acquisition

The Asset Sale and Purchase Agreement is conditional on Admission

The Asset Sale and Purchase Agreement is conditional upon Admission occurring by 16 November 2012 (or such later date as the Company and the Seller may agree). In the event that Admission does not occur, existing Shareholders will bear the costs of the aborted transaction which will result in a reduction in the NAV per Ordinary Share.

The Acquisition may result in movement in the Company's share price

The price at which the Company's Ordinary Shares trade in the market may go up as well as down following the Acquisition. Shareholders and potential investors should expect some potential volatility in the price of the Ordinary Shares in the short term.

The Acquisition may have an adverse effect on profits

The Acquisition may have an adverse effect on profits and limit the Company's ability to declare dividends in the short term.

Risks relating to an investment in the Ordinary Shares

Shareholders have no right to have their Ordinary Shares redeemed by the Company

The Company has been established as a listed closed ended vehicle. Accordingly, Shareholders will have no right to have their Ordinary Shares redeemed or repurchased by the Company at any time. While the Directors retain the right to effect repurchases of Ordinary Shares, they are under no obligation to use such powers at any time and Shareholders should not place any reliance on the willingness of the Directors so to act.

The Company does not have a fixed winding-up date and, therefore, Shareholders will only be able to realise their investment through the market. Shareholders wishing to realise their investment in the

Company will therefore be required to dispose of their Ordinary Shares on the market. Accordingly, Shareholders' ability to realise their investment at Net Asset Value or at all is dependent on the existence of a liquid market in the Ordinary Shares.

The existence of a liquid market in the Ordinary Shares cannot be guaranteed

There can be no guarantee that a liquid market in the Ordinary Shares will develop or that the Ordinary Shares will trade at prices close to their underlying Net Asset Value. Accordingly, Shareholders may be unable to realise their investment at Net Asset Value or at all.

The Company will apply for the Consideration Shares to be admitted to trading on AIM and to listing and trading on the CISX. Securities exchanges, including the London Stock Exchange, typically have the right to suspend or limit trading in a company's securities. Any suspension or limits on trading in the Ordinary Shares may affect the ability of Shareholders to realise their investment.

Limited holders of Ordinary Shares may mean that there is limited liquidity in such Ordinary Shares which may affect (i) an investor's ability to realise some or all of his investment and/or (ii) the price at which such investor can effect such realisation and/or (iii) the price at which Ordinary Shares trade in the secondary market.

The Ordinary Shares may trade at a discount to Net Asset Value and Shareholders may be unable to realise their investments on the market at Net Asset Value

The Ordinary Shares may trade at a discount to Net Asset Value for a variety of reasons. Where the Directors utilise a pro-active policy seeking to mitigate any discount to Net Asset Value, there can be no guarantee that this will be successful and the Directors accept no responsibility for any failure of any such strategy to effect a reduction in any discount.

Risks relating to T2 Advisers

The Company's performance is dependent on T2 Advisers and the Company may not find a suitable replacement if T2 Advisers terminates the Investment Management Agreement and/or the Collateral Management Agreement

The Company is largely reliant on T2 Advisers, which has significant discretion as to the implementation of the Company's operating policies and strategies. The Company is subject to the risk that T2 Advisers will terminate the Investment Management Agreement and/or the Collateral Management Agreement and that no suitable replacement will be found. In such circumstances, it may be difficult for the Company to find a suitable replacement to act as investment manager to the Company which may have an adverse effect on the performance of the Company.

In addition, the Directors believe that the Company's success depends to a significant extent upon the experience of T2 Advisers' executive officers, whose continued service is not guaranteed. The departure of a key executive of T2 Advisers may have an adverse effect on the performance of the Company.

There may be conflicts of interest in the Company's relationship with T2 Advisers

T2 Advisers manage and invest in other investment vehicles, including in its role as Collateral Manager of T2 CLO. These relationships may lead to conflicts of interest. For example, certain investments appropriate for the Company may also be appropriate for one or more of these other investment vehicles and personnel of T2 Advisers may decide to make a particular investment through another investment vehicle rather than through the Company. T2 Advisers may also engage in additional management and investment opportunities in the future which may also compete with the Company for investments.

The ability of T2 Advisers and its officers and employees to engage in other business activities will reduce the time T2 Advisers spends managing the Company, potentially to the detriment of the Company.

Regulatory status of T2 Advisers

While T2 Advisers is registered as an investment adviser pursuant to the US Advisers Act, it will not (nor will its personnel) be subject to regulation by the Financial Services Authority. Accordingly, T2 Advisers will not be subject to the requirements applicable to persons who are authorised by the Financial Services Authority to provide investment management and similar services in the United Kingdom and the protections for investors contained therein.

Risks relating to taxation

Adverse changes in the tax position of the Company and T2 CLO

The structure by which the Company holds its investment in T2 CLO is based on the Directors' understanding of the current tax law and the practice of the tax authorities of the US (where T2 CLO's assets are expected to be predominantly located) and Guernsey (where the Company is incorporated). Such law (including applicable rates of taxation) or tax authority practice is subject to change, possibly with retrospective effect. Any change in the Company's or T2 CLO's tax position or status or in tax legislation or proposed legislation, or in the interpretation of tax legislation or proposed legislation by tax authorities or courts, or tax rates could adversely affect the value of investments held by the Company or T2 CLO or affect the Company's or T2 CLO's ability to achieve its investment objective. Any such change could adversely affect the net amount of any distributions payable to Shareholders or the tax treatment of distributions received by Shareholders. Furthermore, the Company may incur costs in taking steps to mitigate this effect. As a result, any such change may have a material adverse effect on the Company's performance, financial condition or prospects.

If the Company were to be considered to be resident for taxation purposes in any jurisdiction other than Guernsey or otherwise subject to taxation in another jurisdiction, its total income or capital gains or those attributable to or effectively connected with such other jurisdiction may be subject to tax in that other jurisdiction and this could have a material adverse effect on the Company's results of operations, financial condition or business prospects.

In response to the European Union Code of Conduct Group review Guernsey abolished the exempt tax status for the majority of companies from 31 December 2007. Collective investment schemes and certain investment companies were allowed to continue to apply for exempt status after 31 December 2007, as these companies were not identified as being harmful by the European Union Code of Conduct Group.

The Company has been granted exempt status for Guernsey tax purposes under The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989, as amended (the "Exempt Ordinance"). Under the provisions of the Exempt Ordinance, exemption is granted by the Director of Income Tax on an annual basis, provided the Company continues to comply with the requirements of the Exempt Ordinance and upon payment of an annual fee which is currently fixed at £600. It is the intention of the Directors to conduct the affairs of the Company so as to ensure that it retains such exempt status. It is a condition of the exemption that no investment or other property situated in Guernsey, other than a relevant bank deposit or an interest in another body which an exemption from tax has been granted, is acquired or held.

As the Company has exempt status, it is treated as not being resident in Guernsey for the purposes of liability to Guernsey income tax and will be exempt from tax in Guernsey on both bank deposit interest and any income that does not have its source in Guernsey. It is not anticipated that any income other than bank interest will arise in Guernsey and therefore the Company is not expected to incur any additional liability to Guernsey tax. Payments of dividends and interest by a company that has exempt status for Guernsey tax purposes are regarded as having their source outside Guernsey and hence are payable without deduction of tax in Guernsey.

In the absence of exempt status the Company would be treated as resident in Guernsey for Guernsey income tax purposes and would be subject to a zero rate of income tax.

In keeping with its ongoing commitment to meeting international standards, the States of Guernsey is currently undertaking a review of its tax regime and, in particular, the taxation of corporate entities with a view to implementing any required revisions to the regime in the period between 2012 and 2015. At this point in time, the key features and timetable for implementation of any revised regime have yet to be determined. Whilst the information is accurate as at the date of this document, the ongoing review by the States of Guernsey could in the future affect the Company's and the Shareholders' liability to tax, however in a statement made by Guernsey's Chief Minister in November 2011, the Policy Council provided assurance that Guernsey's regime will remain internationally competitive and as competitive, if not more so, than Guernsey's closest competitors.

The non-UK tax resident status of the Company could be challenged

The affairs of the Company have been managed so as to ensure that the Company is not treated as UK tax resident or as carrying on a trade in the UK the profits from which would be subject to UK tax. The Directors intend to manage the affairs of the Company so as to ensure that this continues to be the case.

In order to maintain its non-UK tax resident status, the Company must not be centrally managed and controlled in the UK. The composition of the Board, the manner in which the Board conducts its business and the location(s) in which the Board makes decisions will be important in determining and maintaining the non-UK tax residence of the Company. While the Company is incorporated and administered in Guernsey and a majority of its directors are resident outside the UK, continued attention must be paid to ensure that material decisions by the Company are not made in the UK, to avoid the risk that the Company may lose its non-UK tax residence status.

There is a risk that management errors could potentially lead to the Company becoming UK tax resident or otherwise subject to UK tax on its profits. If this were to occur, it is likely that the Company would be required to pay more tax than is currently anticipated, which would negatively affect its financial and operating results and accordingly reduce returns (including dividends) payable to Shareholders.

Changes in tax treatment could result in the imposition of additional and possibly material tax liabilities on Shareholders

Investors should consider the information given in Part VI of this document and should take professional advice about the consequences of investing in the Company. The material in Part VI is mainly concerned with the tax position of Shareholders who are resident, and, in the case of individuals, ordinarily resident and domiciled in the UK for tax purposes. Different treatment may apply in the case of non-UK resident taxpayers, who should take their own advice concerning their tax positions (or, indeed, whether an investment into the Company is suitable for their personal circumstances).

References in this document (in particular in Part VI) to taxes and the rates of tax reflect the position as at the date of this document. Such law (including applicable rates of tax) and tax authority practice are subject to change. Any change in tax legislation or proposed legislation, or in the interpretation of tax legislation or proposed legislation by tax authorities or courts, or tax rates could adversely affect the after-tax return to Shareholders from their investment in the Company, possibly with retrospective effect.

Were the Company to be classified by HMRC as a "mutual fund" and consequently treated as an "offshore fund", UK holders of Ordinary Shares may be taxed on the gains realised on the disposal of their Ordinary Shares as income rather than as a capital gain. This may have a material adverse impact on the after-tax returns received by Shareholders.

If the Company were an "offshore fund" at any time in a relevant period, and the market value of the Company's "qualifying investments" (which includes, *inter alia*, money placed at interest, securities, certain derivative contracts and certain contracts for differences) were, at any time in the relevant period, to exceed 60 per cent. of the market value of all the investments of the Company (excluding cash awaiting investment), then:

(i) in the case of a UK tax resident individual, any dividend (or other distribution which would otherwise fall to be treated as a dividend) will instead be treated for tax purposes as interest (with no tax credit available and at tax rates applicable to interest) and not as a dividend; and

(ii) in the case of a shareholder subject to UK corporation tax, the shareholders' holding in the Company would fall to be treated as if it were creditor rights under a loan relationship of the Company and, accordingly, would fall to be taxed under the loan relationship regime on the basis of fair value accounting.

When considering the position of the Company, it is necessary to include its interest in T2 CLO's investment portfolio.

Whilst the Company believes that it should not be classified as a "mutual fund" (which is a necessary condition to classification as an "offshore fund") within the meaning of the UK legislation, the law remains subject to regulatory change at HMRC's discretion (subject to Parliamentary approval). In addition, there is a risk that if HMRC's interpretation of the legislation should change, then the advice obtained by the Company may be subject to revision.

Whilst the Company monitors the position and will continue to seek to manage its affairs to the extent reasonably possible such that it does not become classified as a "mutual fund", no assurance can be given that steps will be taken or that any such steps will be effective in ensuring that the Company will not be classified as a "mutual fund". If it became likely that the Company would be classified as a "mutual fund", options that the Company could consider include seeking to become a "reporting fund" for UK tax purposes. In this event, there would be a risk that UK tax resident investors may be subject to UK taxation on the Company's income profits whether or not those profits are distributed. This may also have a material and adverse impact on the after tax returns received by Shareholders.

Prospective investors should therefore consider carefully whether investment in the Company is suitable for them, in light of the risk factors outlined above, their personal circumstances and the financial resources available to them.

Income and gains may be subject to withholding tax which may not be recoverable.

Income and gains received by the Company or T2 CLO may be subject to withholding tax. Such tax will not be recoverable by T2 CLO or the Company.

Payments made to the Company or T2 CLO by portfolio companies or the proceeds of realisation of portfolio company investments may be subject to local tax or withholding in certain circumstances in certain jurisdictions. For example, interest payments of certain portfolio companies may be subject to mandatory withholding, and the withheld amounts may not be capable of recovery by the Company or T2 CLO. While the Company, T2 CLO and T2 Advisers propose, where appropriate, to structure the Company's and T2 CLO's investments to reduce such instances, it will not be able to avoid withholding or local taxation in respect of all investments.

The Company has been informed that T2 CLO expects that distributions on the Income Notes will ordinarily not be subject to withholding tax in the Cayman Islands, the United States or any other jurisdiction. In the event that tax must be withheld or deducted from payments of principal or interest or distributions, T2 CLO would not be obliged to make any additional payments to the Company on account of such withholding or deduction.

PLACING STATISTICS

Total number of Consideration Shares being issued pursuant to the Consideration Issue	23,322,056
Maximum number of Consideration Shares being sold pursuant to the Placing	5,294,928
Issue price of Consideration Shares	49.7 pence
Placing Price per Placing Share	47.215 pence
Maximum number of Ordinary Shares in issue immediately following the Consideration Issue and the Placing	121,955,666
Ordinary Share ISIN number	GB00B0CL3P62

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2012
Publication of this document	7 November
Latest time and date for receipt of commitments under the Placing	5.00 p.m. on 7 November
Admission and commencement of dealings in the Consideration Shares (including the Placing Shares)	12 November
CREST accounts credited	12 November
Latest date of despatch of certificates for Consideration Shares (including the Placing Shares)	16 November

The dates set out in this expected timetable of events may be adjusted by the Company and Investec in which event details of the new dates will be notified to the London Stock Exchange and the CISX.

FORWARD-LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "anticipates", "targets", "expects", "predicts", "aims", "continues", "intends", "may", "will", "would" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding GLIF's, intentions, beliefs or current expectations concerning, among other things, GLIF's results of operations, prospects, growth, strategies and the industries in which GLIF operates. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances.

A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation: conditions in the markets, the market position of GLIF, earnings, return on capital and operating margins, anticipated investments and capital expenditures, changing business or other market conditions and general economic conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described in this document. Forward-looking statements contained in this document based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Except as required by the AIM Rules, the listing rules of the CISX or applicable law, none of GLIF or Investec Bank plc undertakes any obligation to update or review any forward-looking statements, whether as a result of new information, future events or otherwise. Shareholders and potential investors in the Company should not place undue reliance on forward-looking statements, which speak only as of the date of this document.

None of the statements made in this section "Forward-looking statements" in any way obviates the requirements to comply with the AIM Rules or the FSMA.

DIRECTORS, REGISTERED OFFICE AND ADVISERS

Directors	Patrick Anthony Seymour Firth *(Non-Executive Chairman)* Geoffrey Richard Miller *(Executive Director)* Frederick Peter Forni *(Non-Executive Director)* James Henry Carthew *(Non-Executive Director)*
Registered office	Sarnia House Le Truchot St Peter Port Guernsey GY1 4NA Channel Islands Tel: +44 (0)1481 737600
Investment Manager	T2 Advisers, LLC 8 Sound Shore Drive Suite 255 Greenwich Connecticut 06830 United States of America Tel: +1 (203) 983-5275
Administrator and Company Secretary	Praxis Fund Services Limited PO Box 296 Sarnia House Le Truchot St Peter Port Guernsey GY1 4NA Channel Islands Tel: +44 (0)1481 737600
Custodian	Butterfield Bank (Guernsey) Limited P.O. Box 25 Regency Court Glategny Esplanade St Peter Port Guernsey GY1 3AP Channel Islands Tel: +44 (0)1481 711521
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CISX sponsor	Mourant Ozannes Securities Limited PO Box 186 1 Le Marchant Street St Peter Port Guernsey GY1 4HP Channel Islands
Legal adviser to GLIF as to English law	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH United Kingdom

Legal adviser to GLIF as to Guernsey law	Mourant Ozannes PO Box 186 1 Le Marchant Street St Peter Port Guernsey GY1 4HP Channel Islands
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Reporting accountants	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU United Kingdom
Auditors	Grant Thornton Limited PO Box 313 Lefebvre House Lefebvre Street St Peter Port Guernsey GY1 3TF Channel Islands
Registrar	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA United Kingdom

PART I

BACKGROUND TO AND REASONS FOR THE CONSIDERATION ISSUE

1. Introduction

The Company is a Guernsey-domiciled authorised closed-ended investment company. The Company's investment objective is to produce stable and predictable dividend payments, with long term preservation of net asset value. The Company seeks to achieve its investment objective through a policy of investing principally in syndicated corporate loans issued primarily by companies with experienced management, a significant financial or strategic sponsor, a strong competitive position and positive cash flow.

On 6 November 2012, the Company entered into an asset sale and purchase agreement with BMS Specialist Debt Fund Limited (the "**Seller**") to purchase certain of its assets in order to fulfil the Company's near-term goals (the "**Asset Sale and Purchase Agreement**"). In order to satisfy the consideration payable under the Asset Sale and Purchase Agreement, the Company has agreed to issue up to 23,322,056 Consideration Shares to the Seller, although the Company may elect to settle part of the consideration in cash. Completion of the Asset Sale and Purchase Agreement is conditional on Admission. Further details of the Asset Sale and Purchase Agreement and the consideration payable thereunder are set out below.

The Seller intends to sell some of the Consideration Shares in the Company received by it pursuant to the Asset Sale and Purchase Agreement. To this end, prior to Admission, irrevocable letters of commitment have been sought from Placees confirming that they will purchase some of the Consideration Shares allotted to the Seller pursuant to the terms of the Asset Sale and Purchase Agreement. Under the CISX Listing Rules, the marketing by or on behalf of sellers of securities allotted to them as consideration for an acquisition is treated as a placing. The transfer of those Consideration Shares agreed to be purchased by investors (the "**Placing Shares**") will take place immediately following Admission (the "**Placing**").

The Placing Shares will be placed at the Placing Price, being 47.215 pence per Placing Share.

Investors who wish to participate in the Placing should refer to Part II of this document which contains further details on the Placing.

2. Background to and reasons for the Acquisition

GLIF is seeking new investment opportunities in order to: (a) put the capital that is becoming available to work; and (b) diversify its portfolio.

The Acquisition is in line with GLIF's corporate strategy and objectives:

(i) ***Geographical diversification.*** GLIF's corporate strategy is to seek geographical diversification of its assets, rather than using hedging, to reduce the currency and geographical risks associated with the exposures of its investments. The Acquisition will enable GLIF to increase its asset base outside of its core U.S. investments, which will diversify the portfolio geographically;

(ii) ***Asset diversification.*** The Assets to be acquired differ from the existing portfolio and, therefore, the Acquisition provides asset diversification, whilst remaining within the investment policy of GLIF;

(iii) ***Existing asset pool.*** The Acquisition is of an existing, mature pool of assets, giving greater visibility to the nature of the Acquisition;

(iv) ***Existing team with established track record.*** The Management Team (described below) have an established track record managing loans; and

(v) ***Target 10-15% net returns.*** The target returns are in line with those sought by GLIF and thus are complementary to its existing investments.

3. The Assets

The Assets the Company has agreed to purchase comprise all of the issued share capital of BMS Finance AB Limited ("**BMS Finance AB**"), which is a UK-based specialist private finance company. BMS Finance AB is currently financed by a deep discount bond issued to the Seller currently standing in the nominal sum of £20,738,000 (the "**DDB**"), which is also being acquired by the Company pursuant to the Asset Sale and Purchase Agreement. In addition to the shares in BMS Finance AB and the DDB, the Company is also acquiring the Seller's interest in Noble Venture Finance II Limited Partnership ("**NVF II L.P.**"), and legacy warrants to subscribe for shares in Eazyfone Limited and EGS Group Limited (the "**Warrants**").

BMS Finance AB

The business of BMS Finance AB was founded in 2005 and, since then, has focused on providing senior lending to small to medium-sized enterprises that have been unable to access funding from banks. It relies on the cashflow and profitability of the borrower to service the loan, rather than on a particular asset.

The typical loan size is £500,000 - £3 million to borrowers with turnover of less than £25 million. Normally, loans are advanced for a period of three years with monthly amortisation, although alternative repayment schedules may be offered depending on the security and/or cashflow profile of the borrower. Interest is generally charged at a rate of between 10 – 14 per cent. per annum.

Over the past five years, the average return on its loan portfolio was 12 per cent. per annum. Its gross assets at 31 March 2012 were £9,723,525. *(Source: BMS Finance AB Limited.)*

On 31 May 2012 the Department for Business, Innovation and Skills ("BIS") issued a request for proposals for the £100 million Small Business Tranche of the £1.2 billion offered by the Business Finance Partnership. BMS Finance AB submitted a proposal, which was supported by the Company, for £10 million of funding. The criteria for funding are: (i) the size per applicant must be £5 million - £20 million; (ii) the applicant must demonstrate that they have matched funding as BIS will only fund 50 per cent. on the same terms as private capital; and (iii) the initial investment will be for a period of two years. BMS Finance AB is currently awaiting confirmation as to whether it has been placed on the short-list.

BMS Finance AB will continue to be managed by its existing management team: Ewan Stradling, Martin Ling and Shane Lanigan (the "**Management Team**").

Ewan Stradling, CEO

Prior to founding BMS, Ewan worked with a range of companies, as Group CFO for the Netdecisions Group, including Agilisys, a high growth IT outsourcer. He was responsible for the group's commercial, legal and finance functions. His experience included numerous corporate transactions, a substantial turnaround and restructuring, following the dotcom crash, and board positions as an investor director. Prior to joining the Netdecisions Group, Ewan worked for Investec in the corporate finance department.

Martin Ling, Director

Martin assisted Ewan in establishing BMS after 4 years working together in the Netdecisions Group. He is a chartered accountant with over 12 years' experience in operational financial control and reporting, through his role as finance director of BMS, alongside extensive financial analysis and debt structuring expertise gained through various transactions completed whilst at Netdecisions and BMS. Martin's career prior to Netdecisions was with the Virgin Group where he worked as a financial advisor in the team which set up and grew Virgin Direct Financial Services (now Virgin Money).

Shane Lanigan, Director

Shane has 20 years' credit experience gained in insurance and banking, 12 of which were in European leveraged finance. He has worked for a number of banks including The Fuji Bank and Erste Bank within their credit, leveraged and acquisition finance departments and was responsible for sourcing, origination and analysis of Western European leveraged loan transactions. Prior to joining BMS, Shane worked at Elgin Capital and was involved in fundraising, as well as the sourcing, origination, trading and analysis of leveraged loan transactions for the Dalradian European CLO series of funds. Shane joined BMS in August 2008.

Deep discount bond

BMS Finance AB is funded through the issue of a revolving discounted note issuance facility in an amount of up to £50,000,000. The nominal value of the DDB is £20,738,000 which is being purchased pursuant to the Asset Sale and Purchase Agreement.

Noble Venture Finance II Limited Partnership

The Company is purchasing 70.75 per cent. of the partnership interests in NVF II L.P., a Jersey limited partnership. NVF II L.P. was formed to carry on the business of investing in European venture debt. NVF II L.P. has no plans to advance further financing to new counterparties. The general partner of NVF II L.P. has declared a cash dividend of £2 million of which, conditional on completion of the Acquisition, the Company will be entitled to £1.4 million.

Warrants

The Company has also agreed to purchase the Warrants.

The value ascribed to the Assets will be £1 in respect of the shares of BMS Finance AB, £9,977,954 in respect of the DDB, £1,613,106 in respect of the interest in NVF II L.P. and £1 in respect of all of the Warrants. The Company will pay for these Assets by issuing Ordinary Shares at their Net Asset Value as at 30 September 2012 (being equal to the Net Asset Value per Ordinary Share of the Company) although the Company may, in its discretion, elect to settle part of the consideration for the Assets (other than the DDB) in cash up to a maximum amount of £1,613,108.

In respect of the period ending 31 March 2012, the losses attributable to BMS Finance AB were £1,216,399. The DDB for that period earned interest of £1,945,412. In respect of the period ending 31 August 2011, the profits attributable to the partners of NVF II L.P. were £435,899 (which excludes a loss on foreign exchange of £425,689). The Seller's share of the profits of NVF II L.P. was 70.75 per cent. There are no profits attributable to the Warrants.

4. Agreement with the Management Team

Immediately upon completion of the Asset Sale and Purchase Agreement, GLIF has agreed to transfer the Assets to a newly established joint venture vehicle called GLIF BMS Holdings Limited ("Newco") pursuant to the Transfer Agreement.

The Company will subscribe £666,666 for 666,666 ordinary shares of £1 each in the capital of Newco and, at the same time, the Management Team will, in aggregate, subscribe £333,334 for 333,334 ordinary shares of £1 each in the capital of Newco.

In connection with the operation of Newco, GLIF has entered into a Subscription and Shareholders' Agreement with the Management Team pursuant to which:

- GLIF will have the right to appoint a majority of the directors to the board of Newco;
- the Management Team will have a right to veto certain material decisions affecting the operation of Newco; and
- each member of the Management Team will be a director of BMS Finance AB for so long as he remains employed by that company.

The Subscription and Shareholders' Agreement provides that, upon a proposed transfer of shares in Newco, existing shareholders will have pre-emption rights. The members of the Management Team have agreed to enter into new service agreements with BMS Finance AB, terminable on six months' notice by either party. Each member of the Management Team will be entitled to a salary of £100,000 per annum (pro rated where necessary). There is also a discretionary bonus pool arrangement of 35 per cent. of profits exceeding £450,000 per annum which is capped at 30 per cent. of salary.

Under the Subscription and Shareholders' Agreement, GLIF has been granted the option to invest a further £12.5 million into Newco in approximately 18 months' time. If GLIF does not exercise that option, Newco may seek third party investors to make that investment.

Under the Transfer Agreement, Newco will acquire the Assets from the Company in consideration for the issue of a loan note to the Company with a nominal value of £11,591,062, being equivalent to the consideration payable for the Company's original acquisition of the Assets (the "**Loan Note**"). Under the terms of the Loan Note, interest will be payable quarterly at a rate of 8 per cent. per annum and the principal amount of the loan will be repayable in six equal quarterly instalments commencing on the sixth anniversary of completion.

PART II

THE PLACING

1. Details of the Placing

The Seller intends to sell some of the Consideration Shares in the Company received by it pursuant to the Asset Sale and Purchase Agreement. To this end, prior to Admission, irrevocable letters of commitment have been sought from Placees confirming that they will purchase some of the Consideration Shares issued to the Seller pursuant to the terms of the Asset Sale and Purchase Agreement. Under the CISX Listing Rules, the marketing by or on behalf of sellers of securities allotted to them as consideration for an acquisition is treated as a placing. The transfer of those Consideration Shares agreed to be purchased by investors (the "**Placing Shares**") will take place immediately following Admission (the "**Placing**").

A maximum of 5,294,928 Placing Shares will be available under the Placing. Investec is acting as settlement agent with respect to the sale of the Placing Shares. The latest time and date for receipt of commitments under the Placing is 5.00 p.m. on 7 November 2012.

The Directors have confirmed that they each intend to purchase the following number of Placing Shares:

Patrick Firth	25,000
Geoffrey Miller	37,373
James Carthew	25,000

In the event that there are any significant changes affecting any of the matters described in this document or where any significant new matters have arisen after the publication of this document and prior to Admission, the Company will publish a supplementary listing document. The supplementary listing document will give details of the significant change(s) or the significant new matter(s).

2. Placing Price and Commissions

The Placing Shares will be placed at a Placing Price of 47.215 pence per Placing Share.

Whilst Investec will be entitled to a commission payable by the Company in connection with the Placing, no commissions are payable by the Company to Placees under the Placing.

3. CREST

The Placing Shares will be issued in registered form and will be eligible for settlement through CREST with effect from Admission. The Placing Shares allocated will be transferred to Placees through the CREST system unless otherwise stated. Member firms should have given their CREST settlement details to Investec in their Commitment Letter.

The Company will arrange for CREST to be instructed to credit the appropriate CREST accounts of the Placees concerned or their nominees with their respective entitlements to the Placing Shares. The names of Placees or their nominees that invest through their CREST accounts will be entered directly on to the share register of the Company.

4. Dealing Arrangements

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. Application will also be made to the CISX for the purposes of admitting the Placing Shares to the Official List of the CISX. It is expected that dealings in the Placing Shares will commence on 12 November 2012. Dealings in the Placing Shares in advance of the crediting of the relevant stock account shall be at the risk of the person concerned.

The ISIN Code for the Consideration Shares and the Placing Shares is GB00B0CL3P62.

5. Settlement

Payment for the Placing Shares should be made in accordance with settlement instructions set out in the Commitment Letter. Monies received by Investec will be held in segregated client accounts pending settlement.

6. Transfer of the Placing Shares

The transfer of the Placing Shares outside the CREST system should be arranged directly through the Registrar by completing and lodging an appropriate stock transfer form. However, an investor's beneficial holding held through the CREST system may rematerialise, in whole or in part, only upon the specific request of a beneficial owner to CREST through submitting a stock withdrawal form for share certificates or an uncertificated holding in definitive registered form.

If a Placee requests Placing Shares to be issued in certificated form, a share certificate will be despatched either to them or their nominated agent (at their own risk) within 10 days of completion of the registration process or transfer, as the case may be, of the Placing Shares. Placing Shareholders holding a definitive certificate may elect at a later date to hold their Placing Shares through CREST or in uncertificated form, provided they surrender their definitive certificates.

7. Dividends

It is the intention of the Directors to pay dividends to Shareholders quarterly. The Consideration Shares and the Placing Shares will rank for the dividend of 1.25 pence per Ordinary Share in respect of the third quarter of 2012 which was announced on 29 October 2012 and which will be paid on 23 November 2012.

PART III

INFORMATION ON GLIF

1. Introduction

Greenwich Loan Income Fund Limited (the "**Company**" or "**GLIF**") is a Guernsey-domiciled authorised closed-ended investment company. The Company's investment objective is to produce a stable and predictable dividend yield, with long term preservation of net asset value. GLIF aims to achieve this through investment in secured loans, primarily to "middle market" US companies.

T2 Advisers, LLC, GLIF's investment manager, is located in Greenwich, Connecticut and registered under the US Advisers Act. The principals of T2 Advisers also manage TICC Capital Corp., a NASDAQ listed investment company (NASDAQ: TICC) and Oxford Lane Capital Corporation (NASDAQ: OXLC).

The Company was admitted to trading on the AIM market of the London Stock Exchange in August 2005 as "T2 Income Fund Limited" with an institutional offering of 38,000,000 shares at 100p. There was a subsequent offering of 5,000,000 Ordinary Shares at 101.75p in June 2007.

In October 2006, T2 Income Fund CLO I Ltd ("**T2 CLO**"), a Cayman Islands registered company, was created for the purpose of providing a long term funding vehicle for the Company. Previously, the Company had depended on bank finance for its leverage, which was short term in nature and expensive. In effect, by investing through T2 CLO, the Company receives finance for its investments at 0.75 per cent. above the US Dollar London Interbank Offered Rate (LIBOR) until 2019, being the blended interest rate paid by T2 CLO to subscribers of the Rated Notes. The Company invested US$59.8 million into the Income Notes of T2 CLO (which are junior to the Rated Notes), at the time the vast majority of the Company's assets. The Company began receiving interest quarterly from T2 CLO in the first quarter of 2008. As at 30 September 2012 (being the latest practicable date prior to the date of this document), the Company's investment in the Income Notes constituted 68.93 per cent. of the Company's portfolio.

In consultation with Shareholders, following a strategic review of the Company's structure and prospects, the Board took the decision to raise fresh equity to recapitalise the Company outside of T2 CLO. In October 2009, the Company completed a placing of 44,000,000 Ordinary Shares at 25p and changed its name from "T2 Income Fund Limited" to "Greenwich Loan Income Fund Limited".

In January 2011, the Company completed the acquisition of AMIC, a closed-ended, self-managed investment trust company for £12.25 million. The consideration was satisfied as to £9.05 million in cash from an acquisition loan facility and the balance of £3.20 million through the issue of 11,333,610 new Ordinary Shares (equivalent to 28.25p per Ordinary Share). By the end of June 2011, the debt taken on to finance the acquisition had been repaid from the realisation of investments within AMIC's portfolio. The investments within AMIC, with the exception of warrants to acquire 2.65 per cent. of common stock in, and a US$2.1 million loan to, Lombardia Capital Partners and the IFDC SA equity (with an aggregate fair value of £2.79 million at 30 September 2012), have now been realised and the net proceeds are being reinvested in accordance with the Company's investment policy. As at 31 December 2011, the investments acquired as part of the AMIC transaction had produced a 59.8 per cent. return on the equity issued as part of the transaction.

On 1 February 2011, all the Company's Ordinary Shares in issue were admitted to the Official List of the CISX.

As at 31 December 2011, the Group had invested assets with a fair value of approximately £193.3m (of which £176.6 million related to the T2 CLO portfolio), and cash of £23.7 million (including £18.2 million required to be retained within the CLO structure, available for new investment opportunities). The T2 CLO portfolio comprised variable rate investments and, on a weighted average basis, carried a spread of approximately 505 basis points over LIBOR on performing assets. Total consolidated equity at 31 December 2011 was £72.4 million (2010: £69.2 million). The Net Asset Value per Ordinary Share as at 31 December 2011 was 73.4p (31 December 2010: 79.2p). For the year ended 31 December 2011, the Group recorded a profit, including net unrealised gains on investments and liabilities, of approximately £3.22 million (31 December 2010: £11.05 million). Basic earnings per Ordinary Share for the period were approximately 3.30p (31 December 2010: 12.66p), and the total dividends per Ordinary Share in respect of the year 2011 were 4.0p, unchanged from the previous year.

As noted in the annual report for the year ended 31 December 2011, the Board announced that in future T2 CLO equity will be accounted for in the Statement of Financial Position as a discrete investment and it will be held at its fair value (the "**Restated Basis**"), rather than its consolidated value based on the fair value of the underlying assets and liabilities, in order to provide investors with a better guide to the value of the assets held, were they not to be held to maturity. The Board and the Company's auditors have agreed that the best approach to assess the fair value of the T2 CLO equity is to take the market value of the assets within the CLO, less the par value of the debt.

On 19 April 2012, the Company announced that the unaudited Net Asset Value per Ordinary Share on the Restated Basis was 47.8p per Ordinary Share as at 31 March 2012.

The mid-market price per Ordinary Share as at the close of business on 5 November 2012 was 48.0p per Ordinary Share *(Source: Datastream)*

2. Investment objective and policy

Investment objective

The Company's investment objective is to produce stable and predictable dividend payments, with long term preservation of net asset value.

Investment policy

The Company seeks to achieve its investment objective through a policy of investing principally in syndicated corporate loans issued primarily by companies with experienced management, a significant financial or strategic sponsor, a strong competitive position and positive cash flow. The main focus of these investments is US middle-market companies.

Investment will be either direct or indirect. Indirect investment will be effected by investment in collateralised loan obligations ("**CLOs**"). The Company may invest 100 per cent. of its assets in CLOs and will not seek to limit its exposure to any one issuer of CLOs.

Whilst there are no limits to the portfolio make up in terms of industry sector, market capitalisation, credit rating or proportion in listed or unlisted securities, it is intended that the portfolio, when viewed on the basis of the underlying businesses to which the investments provide exposure, is spread across a broad range of industries and businesses.

Subject to prior approval by the Board, where it is deemed appropriate and beneficial to do so, the Company may also invest in equity, debt instruments (other than loans and CLOs) and other investment funds. Investments in equity and debt instruments (other than loans and CLOs) are subject to a maximum of 20 per cent. of gross assets at the time of investment and any investment in the equity or debt instrument (other than loans or CLOs) of a single issuer will be subject to a maximum of 15 per cent. of gross assets at the time of investment. Investment in closed-ended investment funds shall be subject to a maximum of 10 per cent. of gross assets at the time of investment.

The Company's maximum exposure to US issuers is 100 per cent. of gross assets. Investments outside of the US are limited to a maximum 50 per cent. of gross assets at the time of investment.

The maximum allowable gearing is 500 per cent. of the net asset value of the Company and its subsidiaries on a consolidated basis. Where investment is made into CLOs that are not considered subsidiaries of the Company, the borrowings of such CLOs will not be accounted for in the Company's consolidated balance sheet and such gearing shall not be taken into account in calculating the maximum allowable gearing of the Company. To manage the risk of such additional gearing the Company may only invest a maximum of 50 per cent. of the Company's consolidated net asset value at the time of investment in CLOs that are not considered subsidiaries of the Company for accounting purposes.

It is expected that the portfolio will be at least 90 per cent. invested in most market conditions, although the Company may maintain larger cash weightings from time to time, to protect capital returns or pending identification of appropriate investment opportunities.

The Company may enter into derivative transactions for the purpose of efficient portfolio management hedging (for example, interest rate, currency, or market exposure).

Any material change to the investment policy would require Shareholder approval in accordance with the AIM Rules. In the event of any breach of the investment restrictions applicable to the Company, Shareholders will be informed of the remedial actions to be taken by the Board and the Investment Manager by an announcement issued through a Regulatory Information Service and via the CISX website.

3. Investment strategy and process

The Company has appointed T2 Advisers to act as the discretionary investment manager of the assets of the Company. Subject to the overall supervision of the Board and to the investment objectives, policies and restrictions of the Company, T2 Advisers: determines the composition of the portfolio, the nature and timing of changes thereto, and the manner of implementing such changes; identifies, evaluates and negotiates the structure of investments; arranges financing for the Company, subject to Board approval; and closes, monitors and services the investments of the Company. T2 Advisers is also the Collateral Manager of T2 CLO.

T2 Advisers maximises risk-adjusted returns by employing an investment process based on rigorous credit selection and active management of the assets. T2 Advisers applies frequent credit performance monitoring and a proactive approach to distressed situations.

The process of selection of assets for investment is driven by the portfolio manager, who then presents the investment proposal to the investment committee, comprising Jonathan Cohen, Saul Rosenthal and Darryl Monasebian. The investment committee considers both the investment proposition and its fit with the existing portfolio. Once approved by the investment committee the investment is made and reported to the Board at the next quarterly Board meeting.

T2 Advisers has established a credit rating system. The purpose of the rating system is to monitor the credit quality of the Company's investment portfolio on both an individual and portfolio basis and the future on-going monitoring required.

Ratings Criteria Methodology[1]

1. Investee company is performing ahead of expectations and/or outperforming financial covenant requirements and this trend is expected to continue.

2. Full repayment of principal and interest is expected.

3. Closer monitoring is required. Full repayment of principal and interest is expected.

4. A reduction of interest income has occurred or is expected to occur. No loss of principal is expected.

5. A loss of some portion of principal is expected[2].

A more detailed report on certain of the companies rated 3, and all companies related below 3, is made to the Board at each quarterly Board meeting.

The investments are primarily senior debt and have either a first or second lien collateral position in the issuer's assets. Investments made by T2 CLO must also satisfy certain tests as required by the Indenture, which include but are not limited to debt ratings levels, currency denomination, issuer's location and investment concentration limits. T2 CLO must also maintain portfolio limitations which include but are not limited to weighted average maturity, minimum credit spread and maximum risk profile.

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[1] The methodology outlines the general parameters adopted to determine ratings, and other facts and circumstances may be considered when determining an appropriate credit ratings level.

[2] An estimate of the potential amount of principal loss will be determined on a quarterly basis.

4. Investment Manager

T2 Advisers, LLC, is a registered investment adviser in Greenwich, Connecticut. T2 Advisers is a limited liability company and was formed in Delaware on 8 February 2005 with registered number 3923312. It is authorised and regulated in the conduct of its activities by the SEC. T2 Advisers is domiciled in Connecticut and its registered office is at 8 Sound Shore Drive, Greenwich, CT 06830, United States.

As at 30 September 2012, T2 Advisers had total assets of approximately US$338 million under management. (Source: T2 Advisers)

The principals of T2 Advisers are also the principals of two other investment advisers which had under management total assets of approximately US$858 million as at 30 September 2012. *(Source: T2 Advisers)*

The biographies of the principal professional staff of T2 Advisers appear below.

Jonathan H. Cohen Mr. Cohen is the Chief Executive Officer of T2 Advisers. Previously, Mr. Cohen managed technology research groups at Wit SoundView from 1999 to 2001. He has also managed securities research groups at Merrill Lynch & Co. from 1998 to 1999, UBS Securities from 1997 to 1998 and Salomon Smith Barney from 1993 to 1997. Mr. Cohen was named to the Institutional Investor "All-American" research team in 1996, 1997 and 1998. Mr. Cohen received a Bachelor of Arts degree in Economics from Connecticut College and an M.B.A. from Columbia University.

Saul B. Rosenthal Mr. Rosenthal is President of T2 Advisers. Previously, Mr. Rosenthal served as President of Privet Financial Securities, a broker/dealer providing advisory services to smaller technology companies. Prior to that, Mr. Rosenthal led the private financing/public company effort at SoundView Technology Group and previously was a vice president and co-founder of the Private Equity Group at Wit Capital. Prior to joining Wit Capital, Mr. Rosenthal was an attorney at the law firm of Shearman & Sterling LLP. He received a Bachelor of Science degree magna cum laude from the Wharton School of the University of Pennsylvania, a J.D. from Columbia University Law School, where he was a Harlan Fiske Stone Scholar, and a L.L.M. (Taxation) from New York University School of Law.

Patrick F. Conroy Mr. Conroy is the Chief Financial Officer of GLIF as well as the Chief Financial Officer of T2 Advisers. Mr. Conroy is the former chief financial officer of Nymex Holdings, Inc. and its operating subsidiary, New York Mercantile Exchange, Inc. From 1987 to 1993, he was the senior vice-president of finance for the American Stock Exchange. Mr. Conroy's professional career began at KPMG Peat Marwick. He received his Bachelor of Science in Accounting summa cum laude from St. John's University and did graduate work at Bernard Baruch College of the City University of New York. He is a certified public accountant and a member of the American Institute of Certified Public Accountants.

Darryl M. Monasebian Mr. Monasebian is the Senior Managing Director, Head of Portfolio Management of T2 Advisers. Previously, Mr. Monasebian was a Director in the Merchant Banking Group at BNP Paribas, and prior to that was a Director at Swiss Bank Corporation and a Senior Account Officer at Citibank. He began his business career at Metropolitan Life Insurance Company as an investment analyst in the Corporate Investments Department. Mr. Monasebian received a Bachelor of Science degree in Management Science/Operations Research from Case Western Reserve University in 1984 and a Masters of Business Administration from Boston University's Graduate School of Management in 1986.

Hari Srinivasan Mr. Srinivasan is a Managing Director and Portfolio Manager of T2 Advisers. Previously, Mr. Srinivasan was a Credit Manager focusing on the restructuring and monetization of distressed assets in Lucent Technologies' vendor finance portfolio, and credit analysis of several of Lucent's telecom customers. Prior to that, he was an analyst in Fixed Income with Lehman Brothers. Mr. Srinivasan received a Bachelor of Science in Computer Science from Poona University, India and a Masters of Business Administration from New York University's Stern School of Business.

Debdeep Maji Mr. Maji is a Vice President of T2 Advisers. He graduated from the Jerome Fisher Program in Management and Technology from the University of Pennsylvania. He received a Bachelor of Science in Economics from the Wharton School where he was a Joseph Wharton Scholar. He also graduated with a Bachelor of Applied Science in Bioengineering from the University of Pennsylvania's School of Engineering.

Joseph Kupka Mr. Kupka is a Senior Associate of T2 Advisers. Previously, he worked as a risk analyst for First Equity Card Corporation. Mr. Kupka holds a Bachelor of Science in Mechanical Engineering from the University of Pennsylvania.

Erica Davis Ms. Davis is an Analyst of T2 Advisers. Previously, she worked as a fixed income analyst at Goldman Sachs and an investment banking analyst at Barclays Capital. Ms. Davis received a Bachelor of Science degree in economics with a concentration in Finance from the Wharton School at the University of Pennsylvania, where she graduated *cum laude*.

5. T2 CLO

T2 CLO is an exempted company incorporated under The Companies Law (2004 Revision) of the Cayman Islands.

Pursuant to an offering memorandum dated 16 July 2007, T2 CLO issued the Rated Notes and the Income Notes. The Income Notes were subscribed by the Company. The Income Notes are not rated.

The Rated Notes were subscribed by financial institutions. Both the Rated Notes and the Income Notes are listed on the main securities market of the Irish Stock Exchange, an EU regulated market. The Income Notes are subordinated in right of payment to the Rated Notes and to the payments of all other amounts due under the Indenture pursuant to which the Notes were created and secured on each quarterly payment date, including expenses of the T2 CLO and fees and expenses of the trustee and T2 Advisers, who acts as Collateral Manager to T2 CLO.

As the holder of the Income Notes, the Company is not entitled to receive interest payments at a stated rate. Instead, any amounts remaining after the payment of all other items ranking senior in the priority of payments under the Indenture will be distributed to the Company on each quarterly payment date. The Income Notes are the Company's primary source of liquidity.

The authorised share capital of T2 CLO consists of the aggregate of 250 issued Ordinary Shares, par value US$1.00 per share. All of such shares are held by Walkers SPV Limited, a licensed trust company incorporated in the Cayman Islands. T2 CLO does not have any material assets other than cash and the investments (and the rights relating thereto) in which it has invested the proceeds from the issue of the Notes.

6. Selected Financial Information

The key audited figures that summarise the financial condition of GLIF, in respect of the most recent three full financial years for which audited consolidated accounts have been published, have been extracted directly on a straightforward basis from the such accounts for the relevant accounting periods.

	As at year ended 31 December 2011
Assets	
Total Assets (£)	217,912,410
Loan Notes (£)	(135,309,055)
Other Liabilities (£)	(10,175,858)
Net Assets (£)	72,427,497
NAV per Existing Ordinary Share (pence)	73.43
Net Gearing (per cent.)	154
Revenue	
Interest Income	10,934,279
Dividend Income	484,706
Profit for the year (£)	3,224,992
Basic earnings per Ordinary Share (pence)	3.30
Diluted earnings per Ordinary Share (pence)	3.30

(Source: GLIF Annual Report & Accounts for the year ended 31 December 2011)

Additional consolidated financial information on GLIF is set out in Part IV of this document.

As described in more detail in paragraph 11 below, the Board announced in the results for the year ended 31 December 2011 that T2 CLO equity will be accounted for as a discrete investment and it will be held at its fair value (the "**Restated Basis**"). The Board believes that the Restated Basis is better understood by the market than the previously published NAV basis. Accordingly in the published quarterly valuations of GLIF commencing as of 31 March 2012 and in the Company's own audited financial statement, the NAV will be calculated by taking the market value of the assets within the CLO, less the par value of the debt. Under IFRS, there will be no change to the basis of preparation of GLIF's next published consolidated financial statements, being for the year ending 31 December 2012.

The Net Asset Value per Ordinary Share in the Consolidated Statement of Financial Position and the Company's Statement of Financial Position were the same as at 31 December 2011, namely 73.43 pence. As at 31 December 2011, the unaudited Net Asset Value per Ordinary Share on the Restated Basis would have been 48.3 pence. *(Source GLIF Annual Report 2011).*

The Net Asset Value of the Company on the Restated Basis on 30 September 2012 (being the latest practicable date prior to the publication of this document) was £48.9 million and the Net Asset Value per Ordinary Share on the Restated Basis as at that date was 49.7 pence.

7. Directors

The Board consists of three non-executive directors and one executive director. The Board considers each of the Directors to be independent of, and free of any material relationship with, T2 Advisers.

The business address of each of the Directors is Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 4NA, Channel Islands.

Patrick Anthony Seymour Firth *(aged 51) (Non-Executive Chairman)*

Mr. Firth is a director of a number of offshore funds and management companies and until June 2009 was managing director of Butterfield Fulcrum (formerly Butterfield Fund Services (Guernsey) Limited). Prior to joining Butterfield Fund Services (Guernsey) Limited, Mr. Firth was head of operations and subsequently managing director of BISYS Fund Services (Guernsey) Limited, where he was responsible for the administration of both offshore and onshore (FSA regulated) funds. Mr. Firth qualified as a Chartered Accountant with KPMG in 1990 having worked in the audit departments in Cambridge and Guernsey. Mr. Firth graduated from the University of Newcastle and received a Masters degree from Bath University.

Geoffrey Richard Miller *(aged 46) (Executive Director)*

Mr. Miller has been involved in the investment company industry as an analyst, fund manager and director since 1987. He has worked in many areas of financial services, having been a director of both private client wealth manager Brewin Dolphin and asset manager Exeter Asset Management, whilst in the investment banking arena was Director, Research of investment bank Bridgewell Securities Limited and Head of Research Marketing at Russian investment bank Troika Dialog. He is Chairman of Aurora Russia Ltd, listed on the AIM market in London, and a Director of various unlisted companies. He is resident in Guernsey.

Frederick Peter Forni *(aged 47) (Non-Executive Director)*

Mr. Forni was a senior managing director at Macquarie Capital (USA) Inc., a US affiliate of Macquarie Group Limited from October 1997 to October 2012, a global provider of banking, financial advisory, investment and funds management services in all major financial markets, where he was responsible for structuring principal and advisory transactions principally from an income taxation perspective. Mr. Forni was formerly involved in developing, marketing and executing structured financial products transactions for the Macquarie Group and co-managed the financial products team at the New York offices of Macquarie Securities (USA) Inc. From 1995 to 1997 Mr. Forni worked as a tax associate for Morgan, Lewis & Bockius LLP. Mr. Forni graduated with a BA in Economics from Connecticut College. Mr. Forni graduated cum laude from Georgetown University Law Center with a Juris Doctorate, and from New York University School of Law with a Master of Laws in taxation.

James Henry Carthew *(aged 46) (Non-Executive Director)*

Mr. Carthew is a director of Sapient Research Ltd, Palmerwheeler Ltd and Mediagility Ltd, and until November 2010 worked at Progressive Asset Management as fund manager of Advance UK Trust PLC, an investment trust listed on the London Stock Exchange. Prior to joining Progressive in 2001, he was an investment manager and analyst at M&G Investment Management Ltd. He has been the investment manager of or adviser to a number of other funds, including Advance Focus Fund Limited, a Guernsey-domiciled investment company. He sat on the boards of Progressive Asset Management Ltd, many of its subsidiaries and of M&G Investment Management Ltd. Mr. Carthew completed the Association of Certified Chartered Accountants examinations in 1991 and the Association of Investment Management and Research qualification in 1994.

8. Administrator and secretary

Praxis Fund Services Limited has been appointed by the Company to act as administrator and secretary to the Company under the terms of the Administration Agreement. The Administrator is licensed under the POI Law.

9. Custodian

Butterfield Bank (Guernsey) Limited has been appointed by the Company to act as custodian under the terms of the Custodian Agreement. In such capacity, Butterfield Bank (Guernsey) Limited is responsible for ensuring safe custody of the Company's assets and dealing with settlement arrangements. Under the Custodian Agreement, Butterfield Bank (Guernsey) Limited may delegate custody of overseas assets to sub-custodians, provided such sub-custodians are appropriately regulated.

Butterfield Bank (Guernsey) Limited was incorporated in Guernsey on 26 July 1989 under the Companies (Guernsey) Laws, 1908 to 1973 with registered number 21061. It is domiciled in Guernsey and its registered and head office is at Regency Court, Glategny Esplanade, St Peter Port, Guernsey GY1 3AP (Tel: +44 (0)1481 711521). Butterfield Bank (Guernsey) Limited is authorised and regulated by the Guernsey Financial Services Commission.

10. Registrar

Equiniti Limited has been appointed by the Company to act as registrar to the Company under the terms of the Registrar Agreement.

11. Valuation and Net Asset Value publication

The Administrator is responsible for calculating the Net Asset Value. All investments are initially recognised at fair value. Unquoted equity security investments, at fair value through profit and loss, are valued in accordance with the International Private Equity and Venture Capital valuation guidelines or any other valuation model and techniques which can provide a reasonable estimate of fair value of the investment involved.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. Valuation techniques used include the use of comparable recent arm's length transactions.

For broadly syndicated loans the Company receives market quotes from agent banks on a quarterly basis. In addition, because of the generally limited trading activity in the syndicated loan market, the Investment Manager prepares an analysis of the portfolio companies' recent and projected financial performance as well as other relevant business developments. In those instances where the Investment Manager believes additional analysis is necessary, for example due to a significant change in the market quote without related transaction volume, an outside valuation firm will provide a valuation estimate based upon their proprietary methodologies and techniques. Factors considered in these independent valuation analyses include discounted cash flows, comparable company and comparable transaction analysis, and credit spread analysis based upon the independent valuation firm's view of the implied credit rating of the investment and the corresponding required spread in the marketplace. The Board considers all the information presented to it, including indicative bids, internal analysis, and independent valuations, in order to reach, in good faith, their fair value determination.

The Net Asset Value per Ordinary Share is calculated on a quarterly basis in sterling by the Board (or such other person as the Board may appoint for such purpose from time to time). The Net Asset Value per Ordinary Share is published through a regulatory information service provider to the London Stock Exchange and via the CISX website as soon as practicable after the end of the relevant quarter.

The accounting policy since the setting up of T2 CLO has been to account for the Net Asset Value on a consolidated basis. The Board announced in the results for the year ended 31 December 2011 that T2 CLO equity will be accounted for as a discrete investment and it will be held at its fair value (the "**Restated Basis**"), rather than its consolidated value based on the fair value of the underlying assets and liabilities, in order to provide investors with a better guide to the value of the assets held, were they not to be held to maturity.

The Net Asset Value per Ordinary Share in the Consolidated Statement of Financial Position and the Company's Statement of Financial Position were the same as at 31 December 2011, being 73.43 pence.

The Board have agreed that the best approach to assess the fair value of the T2 CLO equity is to take the market value of the assets within the T2 CLO, less the par value of the debt. The Board believes that the Restated Basis is better understood by the market than the previously published NAV basis, and represents the "immediate" value within the portfolio. Accordingly, in the published quarterly valuations of GLIF commencing as of 31 March 2012 and in the Company's own audited financial statements, the NAV will be calculated by taking the market value of the assets within the CLO, less the par value of the debt. Under IFRS, there will be no change to the basis of preparation of GLIF's next published consolidated financial statements, being for the year ended 31 December 2012. As at 31 December 2011, the unaudited Net Asset Value per Ordinary Share on the Restated Basis would have been 48.3 pence. *(Source GLIF Annual Report 2011)*.

The table below shows the quarterly unaudited values on the Restated Basis of Net Asset Value calculation since June 2007, and the six-month Net Asset Value calculation for the periods prior to that date and from the Company's inception, the previously published NAV and the share price at the close of business on the last trading day in each relevant period:

As at end of	*Restated Basis NAV (1)(2) (Pence)*	*Previous Published Consolidated NAV (2) (Pence)*	*Share Price (3) (Pence)*
Dec-05	97.1	97.1	102.50
Jun-06	97.1	97.1	95.00
Dec-06	96.0	96.0	103.50
Jun-07	95.3	95.3	103.25
Sep-07	86.0	99.4	100.00
Dec-07	65.9	91.7	97.00
Mar-08	35.8	93.2	94.00
Jun-08	41.5	100.4	85.00
Sep-08	21.9	111.0	81.00
Dec-08	10.2	125.2	12.50
Mar-09	12.2	171.4	5.00
Jun-09	9.9	143.9	11.50
Sep-09	19.1	131.1	28.00
Dec-09	29.7	70.2	26.50
Mar-10	38.9	75.9	27.75
Jun-10	40.4	81.1	28.25
Sep-10	41.1	77.6	28.25
Dec-10	46.6	79.2	29.25
Mar-11	47.9	71.2	38.25
Jun-11	47.6	70.6	40.75
Sep-11	44.4	71.6	39.75
Dec-11	48.3	73.4	42.75

Notes:
(1) unaudited
(2) Source: The Company as published via a RIS
(3) Source: Datastream

12. Report and accounts

GLIF's audited annual report and accounts are made up to 31 December in each year and copies are usually sent to Shareholders during the month of March. Shareholders also receive an unaudited interim report covering the six months to 30 June, which is usually posted to Shareholders in September. GLIF's accounts are presented in sterling in accordance with International Financial Reporting Standards.

13. Dividend policy

The Board will determine the Company's dividend policy. It is the current policy of the Board to distribute to Shareholders substantially all of its net income available for distribution by way of dividend. GLIF's dividends are generally paid in February, May, August and November. To the extent that any dividends are paid they will be paid in accordance with any applicable laws and regulations and the requirements of the Companies Law.

14. Fees and expenses

Investment management fee

T2 Advisers is paid a management fee for its investment management services provided pursuant to the Investment Management Agreement. The fee is payable quarterly in advance, in pounds sterling, at an annual rate of 1.75 per cent, based upon the Company's estimated average gross assets, which estimates are adjusted for periodically, less the fair value of the outstanding liabilities within T2 CLO. The fee is subject to a minimum fee of £155,000 per quarter.

Collateral management fee

As the Collateral Manager for the T2 CLO, T2 Advisers receives a fee of 0.25 per cent. of the gross value of the collateral held by T2 CLO, payable quarterly in arrears.

Directors

The Chairman and the other non-executive Directors receive basic fees of £40,000 and £25,000 per annum, respectively. Under an employment contract, effective from 31 March 2011, Mr Miller became an executive Director of the Company and is entitled to a fixed salary of £150,000 per annum (less applicable tax and social security contributions). In addition to the fixed salary referred to above, Mr Miller is entitled to a contractual bonus. In accordance with the employment contract, the actual bonus amount paid to Mr Miller for any financial period is capped at a maximum of 0.3 per cent. of the Company's NAV (adjusted pro rata for periods of less or more than one year) (the "**Cap**"). Any excess contractual bonus payable above this Cap is deferred and added to any contractual bonus payable (if any) in the next financial year. Further details of Directors' remuneration are set out in paragraph 9.3 of Part V.

Employees

Conditional on completion of the Asset Sale and Purchase Agreement, the members of the Management Team have agreed to enter into new service agreements with BMS Finance AB, terminable on six months' notice by either party. Each member of the Management Team will be entitled to a salary of £100,000 per annum (pro rated where necessary). There is also a discretionary bonus pool arrangement of 35 per cent. of profits exceeding £450,000 per annum which is capped at 30 per cent. of salary.

Administration fee

The Administrator is paid a fee for the provision of its services under the Administration Agreement. The fee is payable quarterly in arrears at an annual rate of 0.1 per cent. of the net asset value of the Group subject to a minimum fee of £55,000 per annum. The Administrator is also entitled to receive a time based fee for all company secretarial services.

Custodian fee

The Custodian is paid a fee for the provision of its services under the Custodian Agreement. The fee is payable quarterly in arrears calculated at an annual rate of 0.02 per cent. of the net asset value of the Company subject to a minimum fee of £15,000 per annum.

Registrar fee

The Registrar is paid a basic fee of £15,000 per annum for the provision of its services under the Registrar Agreement.

15. Borrowings

The Board may exercise all the powers of GLIF to borrow money and to mortgage or charge its undertakings, property, and uncalled capital and to issue debentures and other securities, whether outright or as collateral security, for any debt, liability or obligation of GLIF or of any third party. However, save for the Loan Agreement, the Board has no current intention to incur borrowings as it has achieved gearing through its investment in T2 CLO. The maximum allowable gearing is 500 per cent. of the Net Asset Value of the Company and its subsidiaries on a consolidated basis (T2 CLO is currently deemed a subsidiary of the Company for accounting purposes).

16. Share repurchases

At the last annual general meeting held on 30 April 2012, GLIF was granted authority to make market purchases of a maximum aggregate number of ordinary shares up to 14.99 per cent. of the Ordinary Shares. The Company's authority to make market purchases of the Ordinary Shares will expire at the conclusion of the next annual general meeting to be held in 2013. A renewal of the authority to make market purchases of Ordinary Shares will be sought from Shareholders at each annual general meeting. The timing of any purchases will be decided by the Board in consultation with management and will be at its absolute discretion.

The Directors intend that purchases will only be made, pursuant to this authority, through the market, for cash, at prices below the prevailing Net Asset Value of a Ordinary Share, where the Directors believe such purchases will result in an increase in the Net Asset Value per Ordinary Share of the remaining Ordinary Shares and to assist in narrowing any discount to Net Asset Value per Ordinary Share at which such shares may trade. Any purchases will be made in accordance with the AIM Rules and the Companies Law and ordinances made thereunder. Any Ordinary Shares so purchased by GLIF may be cancelled or held in treasury, subject to the maximum number of shares of any class held as treasury shares not at any time exceeding ten per cent. of the total number of issued shares of that class at that time. Any shares purchased in excess of such treasury limit are deemed to be cancelled under the Companies Law. Repurchased shares will only be resold at a premium to net asset value. The Company did not have any Ordinary Shares in treasury as at the date of this document.

17. New issues

GLIF will not issue new Ordinary Shares at a price which is less than the Net Asset Value per Ordinary Share at the time of issue without Shareholder approval.

PART IV

FINANCIAL INFORMATION ON GLIF

Basis of financial information

The consolidated financial statements of GLIF for the years ended 31 December 2009, 31 December 2010 and 31 December 2011 were prepared in accordance with IFRS. GLIF's auditors, Grant Thornton Limited, regulated by the Institute of Chartered Accountants in England and Wales of PO Box 313, Lefebvre House, Lefebvre Street, St Peter Port, Guernsey GY1 3TF, made unqualified reports on the consolidated financial statements of GLIF for each of the three years ended 31 December 2011.

The following pages set out the interim report and unaudited consolidated financial statements for the six-month period ended 30 June 2012 and the audited consolidated financial information of GLIF for the year ended 31 December 2011 in a form consistent with that which will be adopted in GLIF's next published consolidated financial statements, being for the year ended 31 December 2012.

The information, including the relevant audit opinions for the audited consolidated financial information, has been extracted without material adjustment from the financial statements for the year ended 31 December 2011, as set out in GLIF's annual report and accounts for 2011.

Copies of the interim report for the six-month period ended 30 June 2012 and the annual statement of GLIF for the year ended 31 December 2011 are available on the Company's website www.glifund.com.

Part A: GLIF Interim Report and Unaudited Consolidated Financial Statements for the six-month period ended 30 June 2012

Please note the page references in this Part A of Part IV are to the pages of the interim report and accounts of GLIF for the six-month period ended 30 June 2012.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	NOTES	Unaudited Period to 30 June 2012 GBP	Unaudited Period to 30 June 2011 GBP	Audited Year to 31 December 2011 GBP
Revenue	2			
– Interest income on fair value through profit or loss assets		**6,214,178**	5,300,357	10,934,279
Dividends received		**1,209,338**	564,857	484,706
		7,423,516	5,865,214	11,418,985
Investment Income				
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss				
– Realised	6	**(1,546,239)**	(237,602)	57,392
– Net movement in unrealised	6	**(3,572,140)**	(4,626,535)	(1,109,389)
		(5,118,379)	(4,864,137)	(1,051,997)
Net gain on financial assets and liabilities at amortised cost				
– Realised	6	**–**	1,489,252	1,489,252
– Net movement in unrealised foreign currency loss	6	**–**	(116,499)	(116,499)
		–	1,372,753	1,372,753
Other income		**5,294**	168,340	800,930
(Loss)/gain on foreign currency transactions	2	**(66,160)**	82,050	(198,610)
Total income		**2,244,271**	2,624,220	12,342,061
Expenses				
Management fees	4	**1,583,840**	2,045,198	4,002,524
Administration and secretarial fees	4	**70,923**	92,753	181,655
Custodian fees	4	**7,500**	11,079	18,600
Legal and professional fees		**155,142**	261,440	273,156
Directors' remuneration	4	**45,000**	44,532	85,659
Directors' and officers' insurance		**30,985**	30,544	62,482
Audit fees		**22,377**	28,307	47,000
Executive Director's remuneration	4	**523,436**	39,465	444,295
Other expenses	4	**680,693**	1,840,743	1,638,409
Operating expenses before finance costs		**3,119,896**	4,394,061	6,753,780
Net (deficit)/profit from operations before finance costs		**(875,625)**	(1,769,841)	5,588,281
– Finance costs	2	**(1,238,342)**	(1,302,939)	(2,363,289)
(Deficit)/profit for the period/year after finance costs		**(2,113,967)**	(3,072,780)	3,224,992
Other comprehensive income				
Foreign exchange on consolidation		**(126,364)**	2,172,500	681,013
Total comprehensive (deficit)/income for the period/year		**(2,240,331)**	(900,280)	3,906,005
Basic (deficit)/earnings per Ordinary Share (p)	5	**(2.14)p**	(3.18)p	3.30p
Diluted (deficit)/earnings per Ordinary Share (p)	5	**(2.14)p**	(3.18)p	3.30p

All of the (deficit)/profit for the current and prior period/year are attributable to the equity holders of the parent.

The accompanying notes on pages 15 to 38 form an integral part of these financial statements.

UNAUDITED COMPANY STATEMENT OF COMPREHENSIVE INCOME

	NOTES	Unaudited Period to 30 June 2012 GBP	Unaudited Period to 30 June 2011 GBP	Audited Year to 31 December 2011 GBP
Revenue	2			
– Interest income on fair value through profit or loss assets		**2,150,698**	6,509,682	7,408,074
Dividends received		**4,088,658**	7,098,909	8,606,597
		6,239,356	10,608,590	16,014,671
Investment Income				
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss				
– Realised	6	**–**	209,765	279,411
– Net movement in unrealised	6&7	**(26,208,003)**	(8,504,224)	(6,262,373)
		(26,208,003)	(8,294,459)	(5,982,962)
Net gain/(loss) on financial assets and liabilities at amortised cost				
– Realised	6	**–**	1,489,252	1,489,252
– Net movement in unrealised foreign currency loss	6	**–**	(116,499)	(116,499)
		–	1,372,753	1,372,753
Other income		**3,019**	76,741	78,283
(Loss)/gain on foreign currency transactions	2	**(38,197)**	(33,784)	67,361
Total (deficit)/income		**(20,003,825)**	3,729,841	11,550,106
Expenses				
Management fees	4	**1,583,840**	2,045,198	4,002,524
Administration and secretarial fees	4	**54,676**	63,707	127,129
Custodian fees	4	**7,500**	11,079	18,600
Legal and professional fees		**155,143**	261,440	273,156
Directors' remuneration	4	**45,000**	44,532	85,659
Directors' and officers' insurance		**30,985**	30,544	62,482
Audit fees		**22,377**	28,307	47,000
Executive Director's remuneration	4	**523,436**	39,465	444,295
Other expenses	4	**242,141**	498,388	775,794
Operating expenses before finance costs		**2,665,098**	3,022,660	5,836,639
Net (deficit)/profit from operations before finance costs		**(22,668,923)**	707,181	5,713,467
– Finance costs	2	**(242,264)**	(502,508)	(702,508)
(Deficit)/profit for the period/year after finance costs		**(22,911,187)**	204,673	5,010,959
Total comprehensive (deficit)/income for the period/year		**(22,911,187)**	(204,673)	5,010,959
Basic (deficit)/earnings per Ordinary Share (p)	5	**(23.23)p**	0.21p	5.13p
Diluted (deficit)/earnings per Ordinary Share (p)	5	**(23.23)p**	0.21p	5.13p

All of the (deficit)/profit for the current and prior period/year are attributable to the equity holders of the parent.

The accompanying notes on pages 15 to 38 form an integral part of these financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	Unaudited 30 June 2012 GBP	Unaudited 30 June 2011 GBP	Audited 31 December 2011 GBP
ASSETS				
Non-current assets				
Financial assets at fair value through profit or loss	6	**190,064,060**	171,997,903	193,264,197
		190,064,060	171,997,903	193,264,197
Current assets				
Note receivable		**–**	126,397	–
Trade and other receivables	8	**646,558**	3,469,054	944,699
Cash and cash equivalents	9	**17,368,355**	26,992,252	23,703,514
		18,014,913	30,587,703	24,648,213
Total assets		**208,078,973**	202,585,606	217,912,410
EQUITY				
Capital and reserves attributable to the Group's equity holders				
Share premium	11	**19,289,035**	19,289,035	19,289,035
Distributable reserve		**34,802,740**	34,802,740	34,802,740
Foreign exchange reserve		**(1,037,272)**	580,579	(910,908)
Retained earnings		**14,864,090**	14,921,530	19,246,630
Total equity		**67,918,593**	69,593,884	72,427,497
LIABILITIES				
Non-current liabilities				
Loan notes at fair value through profit or loss	10	**137,774,505**	132,390,947	135,309,055
Current liabilities				
Trade and other payables	10	**2,385,875**	600,775	10,175,858
Total liabilities		**140,160,380**	132,991,722	145,484,913
Total equity and liabilities		**208,078,973**	202,585,606	217,912,410
Net Asset Value per Ordinary Share (p)	12	**68.86p**	70.56p	73.43p

The accompanying notes on pages 15 to 38 form an integral part of these financial statements.

UNAUDITED COMPANY STATEMENT OF FINANCIAL POSITION

	NOTES	Unaudited 30 June 2012 GBP	Unaudited 30 June 2011 GBP	Audited 31 December 2011 GBP
ASSETS				
Non-current assets				
Financial assets at fair value through profit or loss	6	**7,512,673**	3,915,806	9,209,927
Investment in subsidiaries	7	**37,377,853**	59,857,982	61,888,602
		44,890,526	63,773,788	71,098,529
Current assets				
Note receivable	8	**–**	126,397	–
Trade and other receivables	8	**22,590**	2,566,634	67,876
Cash and cash equivalents	9	**3,109,242**	3,295,022	1,755,529
		3,131,832	5,988,053	1,823,405
Total assets		**48,022,358**	69,761,841	72,921,934
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share premium	11	**19,289,035**	19,289,035	19,289,035
Distributable reserve		**34,802,740**	34,802,740	34,802,740
Retained earnings		**(6,844,038)**	15,502,108	18,335,722
Total equity		**47,247,737**	69,593,883	72,427,497
LIABILITIES				
Current liabilities				
Trade and other payables	10	**774,621**	167,958	494,437
Total liabilities		**774,621**	167,958	494,437
Total equity and liabilities		**48,022,358**	69,761,841	72,921,934
Net Asset Value per Ordinary Share (p)		**47.90p**	70.56p	73.43p

The accompanying notes on pages 15 to 38 form an integral part of these financial statements.

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital GBP	Share Premium GBP	Distributable Reserve GBP	Foreign Exchange Reserve GBP	Retained Earnings**** GBP	**Total Equity GBP**
Balance at 31 December 2010	–	16,087,290	34,802,740	(1,591,921)	19,853,646	**69,151,755**
Net proceeds from Ordinary Shares issued	–	3,201,745	–	–	–	**3,201,745**
Dividends paid***	–	–	–	–	(1,859,336)	**(1,859,336)**
Transactions with owners	–	3,201,745	–	–	(1,859,336)	**1,342,409**
Loss for the period	–	–	–	–	(3,072,780)	**(3,072,780)**
Other comprehensive income:						
Foreign exchange on consolidation	–	–	–	2,172,500	–	**2,172,500**
Total comprehensive income/(deficit) for the period	–	–	–	2,172,500	(3,072,780)	**(900,280)**
Balance at 30 June 2011	–	19,289,035	34,802,740	580,579	14,921,530	**69,593,884**
Dividends paid**	–	–	–	–	(1,972,672)	**(1,972,672)**
Transactions with owners	–	–	–	–	(1,972,672)	**(1,972,672)**
Profit for the period	–	–	–	–	6,297,772	**6,297,772**
Other comprehensive income:						
Foreign exchange on consolidation	–	–	–	(1,491,487)	–	**(1,491,487)**
Total comprehensive (deficit)/income for the period	–	–	–	(1,491,487)	6,297,772	**4,806,285**
Balance at 31 December 2011	–	19,289,035	34,802,740	(910,908)	19,246,630	**72,427,497**
Dividends paid*	–	–	–	–	(2,268,573)	**(2,268,573)**
Transactions with owners	–	–	–	–	(2,268,573)	**(2,268,573)**
Deficit for the period	–	–	–	–	(2,113,967)	**(2,113,967)**
Other comprehensive income:						
Foreign exchange on consolidation	–	–	–	(126,364)	–	**(126,364)**
Total comprehensive income/(deficit) for the period	–	–	–	(126,364)	(2,113,967)	**(2,240,331)**
Balance at 30 June 2012	–	19,289,035	34,802,740	(1,037,272)	14,864,090	**67,918,593**

*During the period ended 30 June 2012 the Company made two dividend payments.
**During the year ended 31 December 2011 the Company made four dividend payments.
***During the period ended 30 June 2011 the Company made two dividend payments.
****Distributable reserves.

The accompanying notes on pages 15 to 38 form an integral part of these financial statements.

UNAUDITED COMPANY STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital GBP	Share Premium GBP	Distributable Reserve GBP	Retained Earnings**** GBP	**Total Equity GBP**
Balance at 31 December 2010	–	16,087,290	34,802,740	17,156,771	**68,046,801**
Net proceeds from Ordinary Shares issued	–	3,201,745	–	–	**3,201,745**
Dividends paid***	–	–	–	(1,859,336)	**(1,859,336)**
Transactions with owners	–	3,201,745	–	(1,859,336)	**1,342,409**
Profit for the period	–	–	–	204,673	**204,673**
Total comprehensive income for the period	–	–	–	204,673	**204,673**
Balance at 30 June 2011	–	19,289,035	34,802,740	15,502,108	**69,593,883**
Dividends paid**	–	–	–	(1,972,672)	**(1,972,672)**
Transactions with owners	–	–	–	(1,972,672)	**(1,972,672)**
Profit for the period	–	–	–	4,806,286	**4,806,286**
Total comprehensive income for the period	–	–	–	4,806,286	**4,806,286**
Balance at 31 December 2011	–	19,289,035	34,802,740	18,335,722	**72,427,497**
Dividends paid*	–	–	–	(2,268,573)	**(2,268,573)**
Transactions with owners	–	–	–	(2,268,573)	**(2,268,573)**
Deficit for the period	–	–	–	(22,911,187)	**(22,911,187)**
Total comprehensive deficit for the period	–	–	–	(22,911,187)	**(22,911,187)**
Balance at 30 June 2012	–	19,289,035	34,802,740	(6,844,038)	**47,247,737**

*During the period ended 30 June 2012 the Company made two dividend payments.
**During the year ended 31 December 2011 the Company made four dividend payments.
***During the period ended 30 June 2011 the Company made two dividend payments.
****Distributable reserves.

The accompanying notes on pages 15 to 38 form an integral part of these financial statements.

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	NOTES	Unaudited Period to 30 June 2012 GBP	Unaudited Period to 30 June 2011 GBP	Audited Year to 31 December 2011 GBP
Cash flows from/(used in) operating activities				
Cash generated from/(used in) operations	13	**3,522,658**	(298,772)	3,165,618
Purchase of investments		**(61,818,531)**	(79,107,802)	(128,186,141)
Sales of investments		**13,344,495**	21,503,713	14,809,435
Principal received	6	**41,011,156**	47,912,999	100,396,647
Net cash outflow from operating activities		**(3,940,222)**	(9,989,862)	(9,814,441)
Cash flows from/(used in) financing activities				
Bank loan received		**–**	12,000,000	12,000,000
Bank loan repaid		**–**	(12,000,000)	(12,000,000)
Dividends paid		**(2,268,573)**	(1,859,336)	(3,832,008)
Net cash outflow from financing activities		**(2,268,573)**	(1,859,336)	(3,832,008)
Net decrease in cash and cash equivalents		**(6,208,795)**	(11,849,198)	(13,646,449)
Cash and cash equivalents at beginning of period/year		**23,703,514**	36,668,950	36,668,950
Effect of foreign exchange rate changes during the period/year		**(126,364)**	2,172,500	681,013
Cash and cash equivalents at end of period/year	9	**17,368,355**	26,992,252	23,703,514

The accompanying notes on pages 15 to 38 form an integral part of these financial statements.

UNAUDITED COMPANY STATEMENTS OF CASH FLOWS

	NOTES	Unaudited Period to 30 June 2012 GBP	Unaudited Period to 30 June 2011 GBP	Audited Year to 31 December 2011 GBP
Cash flows from/(used in) operating activities				
Cash generated from operations	13	**3,622,286**	6,436,596	8,838,021
Purchase of investments		**–**	(9,578,229)	(13,358,301)
Sales of investments		**–**	492,170	2,047,999
Principal received	6	**–**	1,582,845	1,838,842
Net cash inflow/(outflow) from operating activities		**3,622,286**	(1,066,618)	(633,439)
Cash flows from/(used in) financing activities				
Bank loan received		**–**	12,000,000	12,000,000
Bank loan repaid		**–**	(12,000,000)	(12,000,000)
Dividends paid		**(2,268,573)**	(1,859,336)	(3,832,008)
Net cash outflow from financing activities		**(2,268,573)**	(1,859,336)	(3,832,008)
Net increase/(decrease) in cash and cash equivalents		**1,353,713**	(2,925,954)	(4,465,447)
Cash and cash equivalents at beginning of period/year		**1,755,529**	6,220,976	6,220,976
Effect of foreign exchange rate changes during the period/year		**–**	–	–
Cash and cash equivalents at end of period/year	9	**3,109,242**	3,295,022	1,755,529

The accompanying notes on pages 15 to 38 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012

1. GENERAL INFORMATION

Greenwich Loan Income Fund Limited (the "Company") was incorporated and domiciled in Guernsey, Channel Islands, as a company limited by shares and with limited liability on 9 June 2005 in accordance with The Companies (Guernsey) Law, 1994 (since superseded by The Companies (Guernsey) Law, 2008). The address of the registered office is P.O. Box 296, Sarnia House, Le Truchot, St Peter Port, Guernsey, GY1 4NA. The Company is a Guernsey Authorised Closed-ended Investment Scheme and is subject to the Authorised Closed-ended Investment Scheme Rules 2008. The Company was admitted to the AIM market of the London Stock Exchange on 5 August 2005.

The Company is an investment company, and its investment policies and strategies are managed by an outside investment manager, T2 Advisers, LLC ("T2 Advisers" or the "Investment Manager"), a registered investment adviser in the United States, under the terms of an investment manager agreement. T2 Advisers is also the collateral manager for T2 CLO.

On 26 October 2009, the Company received approval from shareholders and the Guernsey authorities to change its name from T2 Income Fund Limited to Greenwich Loan Income Fund Limited.

A Cayman Islands registered company, T2 CLO, was created on 11 October 2006. The Company owns the residual economic interest of T2 and therefore the operating results of T2 CLO are consolidated in these financial statements. On 31 January 2011, the Company acquired a wholly owned subsidiary, Asset Management Investment Company plc and the operating results are consolidated in these financial statements. Subsequent to this transaction Asset Management Investment Company plc changed its name to Asset Management Investment Company Limited ("AMIC"). As a result of this acquisition 11,333,610 new Ordinary Shares in the Company were issued. These additional new Ordinary Shares were admitted to the AIM market of the London Stock Exchange on 1 February 2011.

On 1 February 2011, the Company's 11,333,610 new Ordinary Shares and the 87,300,000 existing Ordinary Shares were admitted to trading on the Official List of the Channel Island Stock Exchange ("CISX").

The Group is comprised of the Company, T2 CLO and AMIC.

Investing Policy

The full investment policy is disclosed on pages 3 and 4.

2. ACCOUNTING POLICIES

(a) Basis of preparation

The interim financial information as at and for the six month periods ended 30 June 2012 and 30 June 2011 is unaudited and does not constitute statutory accounts for the purposes of the Companies (Guernsey) Law, 2008. The figures for the year ended 31 December 2011 have been extracted from the statutory annual financial statements. The auditors' report on those annual financial statements was unmodified. The Group has chosen to prepare full Consolidated and Company interim financial statements (the "financial statements"). The accounting policies adopted are consistent with those of the annual Consolidated and Company financial statements for the year ended 31 December 2011, as described in those financial statements.

The Consolidated and Company financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union, and all applicable requirements of Guernsey Company Law. The financial statements have been prepared under the historical cost convention, apart from the inclusion of non-current asset investments, foreign currency derivatives and non-current liabilities at fair value through profit or loss. The principal accounting policies of the Group and Company have remained unchanged from the previous year and are set out below. Comparative information in the primary statements is given for the period ended 30 June 2011 and year ended 31 December 2011. The Board does not consider it necessary to provide full comparative information for the period ended 30 June 2011 in the notes to these financial statements.

(b) Basis of consolidation

The financial statements comprise the financial statements of Greenwich Loan Income Fund Limited and its subsidiaries, T2 CLO and AMIC. Subsidiaries are all entities for which the Company has exercises control or owns greater than 50 per cent of the residual economic interest. Through the ownership of the income notes of the T2 CLO the Company has ownership of the residual economic interest of T2 CLO. The Company obtains and exercises control of the AMIC subsidiary through ownership of 100% of AMIC's equity shares. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the period/year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated in full on consolidation.

The Company carries its investment in AMIC at fair value through profit or loss, based upon the fair value of the assets and liabilities held by the AMIC.

Until 31 December 2011, the Company carried its investment in the T2 CLO at fair value through profit or loss, based upon the fair value of the assets and liabilities held by the T2 CLO, which the Directors considered to be indicative of fair value for financial reporting purposes. However, the disparity between the Company's NAV per Ordinary Share, as determined under IFRS, and share price was acknowledged by the Directors and in their opinion reflected significant dislocations in the global credit markets, practical limitations on the Company's ability to realise the discount reflected in the fair value of the CLO loan notes and disparity between the valuations of portfolio investments and the likely sales price of such investments.

As disclosed in the last annual financial statements, with effect from 1 January 2012, the Board decided that the T2 CLO equity would be accounted for in the Statement of Financial Position of the Company as a discrete investment and it is held at its discrete fair value, rather than as previously at its consolidated value based on the fair value of the aggregated underlying assets and liabilities. The Board believes this provides investors with a better guide to the fair value of the assets held, were they not to be held to maturity.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012

2. ACCOUNTING POLICIES CONTINUED

(c) Business combination

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

(d) Foreign currency translation

(i) Functional and presentation currency

The financial statements of the Company and the Group are presented in the currency of the primary economic environment in which the Company and the Group operates (its functional currency). The Directors have considered the primary economic currency of the Company and considered the currency in which the original finance was raised, distributions made, and ultimately what currency would be returned if the Company was wound up. The Directors have also considered the currency to which the underlying investments are exposed. On balance, the Directors believe Sterling best represents the functional currency of the Company and the AMIC subsidiary, with US Dollars the functional currency of the T2 CLO subsidiary. Therefore the books and records are maintained in Sterling and US Dollars respectively and for the purpose of the financial statements the results and financial position of the Group are presented in Sterling, which is the presentation currency of the Group.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Income Statement.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Translation differences on non-monetary items are reported as part of the fair value gain or loss reported in the Consolidated Income Statement.

(iii) Subsidiary companies

The results and financial position of the subsidiary entity that has a functional currency different to the presentation currency is translated into the presentation currency as follows:

1. assets and liabilities of the Consolidated Statement of Financial Position presented are translated at the closing rate at the date of the period/year end;
2. income and expenses for the Consolidated Income Statement are translated at average exchange rates for the period/year (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
3. all resulting exchange differences are recognised in other comprehensive income and accumulated as a separate component of equity.

(e) Revenue recognition

Revenue is recognised as follows:

– Other income - relates to interest income received and bargain purchase gains on the acquisition of AMIC. Interest income is recognised on a time-proportionate basis using the effective interest method and includes interest income from cash and cash equivalents. Bargain purchase gains represent the excess of the fair values of the assets received and liabilities assumed over the consideration paid in acquiring a subsidiary.
– Dividend income - dividend income is recognised when the right to receive payment is established.
  Interest income on fair value through profit or loss assets - interest income on fair value through profit or loss assets is recognised on a time-proportionate basis using the effective interest method.

(f) Expenditure

All expenses are accounted for on an accruals basis. The management fees, administration fees, finance costs and all other expenses (excluding set up expenses which were offset against share premium) are charged through the Unaudited Consolidated Statement of Comprehensive Income Statement.

(g) Taxation

The Company is exempt from Guernsey taxation under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. A fixed annual fee of £600 is payable to the States of Guernsey in respect of this exemption.

(h) Share issue expenses

Share issue expenses of an equity transaction are accounted for as a deduction from equity (net of any income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

2. ACCOUNTING POLICIES CONTINUED

(i) Dividends

Dividend distributions to the Group's shareholders are recognised in the Group's financial statements in the period in which the dividends are declared.

(j) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with banks, bank overdrafts and other short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Trade and other receivables

Receivables are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition or origination. They are subsequently measured at amortised cost using the effective interest rate method less impairment.

(l) Trade and other payables

Payables are recognised initially at fair value and subsequently stated at amortised cost using the effective interest rate method.

(m) Investments and loan notes

(i) Financial assets and liabilities at fair value through profit or loss

Purchases and sales of all investments are recognised on trade date - the date on which the Group acquires or disposes of the economic benefits of the asset. All investments are initially recognised at fair value, and transaction costs for all financial assets and financial liabilities carried at fair value through profit or loss are expensed as incurred. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership.

The CLO loan notes were designated at fair value through profit or loss because the purpose of issuing the CLO loan notes was to be able to make investments in syndicated loans which were based upon the same or similar variable interest rates, and the fair value designation avoided an accounting mismatch between the sources of financing for the purchase of investments and the investments themselves. The Company has designated CLO loan notes and receivables at fair value through profit or loss since they are managed and their performance are evaluated on a fair value basis, and information about the Group is provided internally on that basis to the entity's key management personnel including the entity's Board of Directors. The Directors recognise that the magnitude of fair value movement of the CLO loan notes has been substantially greater than the movement of the investments, due to variations in the different markets in which these instruments are traded.

Unquoted equity security investments and unquoted CLO equity securities, at fair value through profit or loss, are valued in accordance with the International Private Equity and Venture Capital valuation guidelines or any other valuation model and techniques which can provide a reasonable estimate of fair value of the investment involved.

The fair value of financial instruments traded in active markets is based on quoted market prices at the year end date. The quoted market price used for financial assets held by the Group is the current bid price. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. Valuation techniques used include the use of comparable recent arm's length transactions.

For broadly syndicated loans the Company receives market quotes from agent banks on a quarterly basis. In addition, because of the generally limited trading activity in the syndicated loan market in those instances where there has been a significant change in the credit profile of a portfolio company, the Investment Manager prepares an analysis of the portfolio company's recent and projected financial performance as well as other relevant business developments. In those instances where the Investment Manager believes additional analysis is necessary, for example due to a significant change in the market quote without related transaction volume, an outside valuation firm will provide a valuation estimate based upon their proprietary methodologies and techniques. Factors considered in these independent valuation analyses include discounted cash flows, comparable company and comparable transaction analysis, and credit spread analysis based upon the independent valuation firms' view of the implied credit rating of the investment and the corresponding required spread in the marketplace. The Board considers all the information presented to it, including indicative bids, internal analysis, and independent valuations, in order to reach, in good faith, their fair value determination.

For bi-lateral loans, an independent third party performs portfolio company evaluations. As at 30 June 2012, the Group held 1 bi-lateral loan (31 December 2011: 1).

The fair value of the CLO loan notes is determined primarily by reference to a market value report provided by the independent broker-dealer which makes the market in the CLO notes. Due to the very limited trading activity in this security, and the significant dislocations which have occurred in the credit markets generally and in the CLO markets in particular, the Directors consider the market value report to be the best indicator of fair value for the notes. The market value report reflects the proprietary analysis of the broker-dealer, specifically considering the cash flows projections of the T2 CLO subsidiary, the credit quality of the investments included in the CLO, and the credit spread required by the marketplace for CLO notes with these particular characteristics. The Directors also consider any trading activity in the CLO notes, if any, as well as other indicators of value based upon discussions between the Investment Manager and the few holders of the notes. The Directors believe that the market value report is the best reflection of fair value of the notes, consistent with the requirements of IFRS, and is consistent with the other factors which have been taken into consideration.

Gains and losses arising from changes in the fair value of the financial assets and liabilities at fair value through profit or loss are included in the Consolidated Income Statement in the period in which they arise.

2. ACCOUNTING POLICIES CONTINUED

(m) Investments and loan notes continued

(i) Financial assets and liabilities at fair value through profit or loss continued

Income from financial instruments at fair value through profit or loss relates to financial assets and liabilities designated at fair value through profit or loss, and includes all realised and unrealised fair value changes, interest (using the effective interest rate method), dividends, finance costs and foreign exchange differences.

Total finance costs for the period were GBP1,238,342 (30 June 2011: GBP1,302,939 & 31 December 2011: GBP2,363,289). These finance costs are for interest due to the loan note holders, loan facility fees and loan interest paid. The fair value of long-term notes outstanding at 30 June 2012 were GBP137,774,505 (30 June 2011: GBP132,390,947 & 31 December 2011: GBP135,309,055).

(ii) Derivative Financial Instruments

Derivatives are categorised as financial assets or liabilities held for trading and valued at fair value through profit or loss. There were 2 derivatives held by the Group as at 30 June 2012 (30 June 2011: 1 & 31 December 2011: 2).

(iii) Subsidiaries

Investments in the subsidiaries are initially recorded at cost. The Company has designated its investments in subsidiaries as fair value through profit or loss since they are managed and their performance is evaluated on a fair value basis, and information about the Group is provided internally on that basis to the entity's key management personnel including the entity's Board of Directors. The Company carries its investments in the T2 CLO and AMIC subsidiaries at fair value through profit or loss. This is based upon the fair value of the assets and liabilities held by T2 CLO and AMIC, which the Directors consider to be indicative of fair value for financial reporting purposes. Through its ownership of the residual economic interest of T2 CLO the Directors account for T2 CLO as a wholly owned subsidiary and the operating results are consolidated in these financial statements. The Company owns all of the equity shares of AMIC, and it is therefore a wholly owned subsidiary with its operating results being consolidated in these financial statements.

With effect from 1 January 2012, the Board accounts for the T2 CLO subsidiary in the Company Statement of Financial Position as a discrete investment and it will be held at its fair value rather than at its consolidated value based on the fair value of the underlying assets and liabilities, in order to provide investors with a better guide to the value of the assets held, were they not to be held to maturity. The Board and the Company's auditors have agreed that the best approach to assess the fair value of the T2 CLO equity is to take the market value of the assets within the CLO, less the par value of the debt.

(n) Critical accounting estimates and judgements in applying accounting policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. The Group also makes assumptions on the classification of financial assets.

Investments and loan notes designated as financial assets and liabilities at fair value

The Group invests in broadly syndicated loans that have limited trading activity. The CLO loan notes in issue also trade infrequently. The fair value of such instruments is determined by using valuation techniques. Details of the assumptions used are given in the notes regarding financial assets and liabilities.

Unlisted Debt Securities and Unlisted Equity Securities

The Group can invest in financial instruments which are not quoted in active markets and may receive such financial instruments as distributions on certain investments. Fair values are determined by using valuation techniques. Where valuation techniques, such as the Market Capitalisation Approach, are used to determine fair values they are carried out by an independent valuation firm specifically engaged by the Group to carry out the valuations. Changes in assumptions could affect the reported fair value of financial instruments. See Note 6 for carrying amount at the year end.

Unlisted Debt Securities and Unlisted Equity Securities

Because the Group's portfolio investments are generally not traded in active markets, fair value determinations are based upon additional information, including internal analysis and projections as well as independent valuation work performed by outside firms, beyond the indicative quotes which are generally also available for portfolio investments. These other analyses rely upon observable data including comparable transactions, interest rates and credit spreads.

The Group's liabilities likewise are not traded in active markets, and the independent analysis which provides the basis for the fair value determination is based, in part, upon observable market data including interest rates and credit spreads. The fair value change in the Group's liabilities may differ substantially from the change in the investment portfolio, even though both are related to interest rates generally, because the assumptions relative to the value of CLO liabilities specifically include the assumptions about credit quality of the individual component companies of the CLO investment portfolio, the anticipated cash flow from those investments, and the resulting possibility of covenant defaults which could dramatically effect the sustainability of the CLO structure and therefore the fair value of the loan notes.

2. ACCOUNTING POLICIES CONTINUED

(o) New accounting policies effective and adopted

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these Financial Statements, were in issue but not yet effective:

- IFRS 9, 'Financial instruments', effective for annual periods beginning on or after 1 January 2015, specifies how an entity should classify and measure financial assets and liabilities, including some hybrid contracts. The standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged. The standard applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. The standard is not expected to have a significant impact on the Group's financial position or performance, as it is expected that the Fund will continue to classify its financial assets and financial liabilities as being at fair value through profit or loss.

- IFRS 10, 'Consolidated financial statements', effective for annual periods beginning on or after 1 January 2013, builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The new standard is not expected to have any impact on the Group's financial position or performance.

- IFRS 12, 'Disclosures of interests in other entities', effective for annual periods beginning on or after 1 January 2013, includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The new standard is not expected to have any impact on the Group's financial position or performance.

- IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The group is yet to assess IFRS13's full impact but will adopt IFRS 13 no later than the accounting period beginning on or after 1 January 2013.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Group.

None of these will have a material effect on the financial statements of the Company, with the exception of IFRS 9 "Financial Instruments – Classification and Measurement" which is not expected to effect the financial position of the Group but may require additional disclosure in future financial statements.

(p) Share based payments

Share options are valued in accordance with IFRS 2 "Share Based Payments". In accordance with IFRS 2, share options issued are measured using the fair value of the options at the grant date or an estimate of the fair value of the services received. See note 11 for details. No additional share options were issued during the period.

3. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group is exposed to a variety of financial risks: market risk (including price risk, fair value interest rate risk, cash flow interest rate risk and currency risk), credit risk and liquidity risk. The risk management policies employed by the Group to manage these risks are discussed below. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks. The Directors are of the opinion that the ultimate risk exposure of the Company is the same as that of the Group and as such the Note 3 risk disclosures are only provided at the Group level.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

Categories of financial instruments

	CARRYING VALUE AT 30 JUNE 2012			
	Designated Fair Value through Profit or Loss GBP	**Loans and receivables measured at amortised cost GBP**	**Financial Liabilities measured at amortised cost GBP**	**Other GBP**
Financial assets				
Financial assets at fair value through profit or loss	**190,064,060**	**–**	**–**	**–**
Trade and other receivables	**–**	**646,558**	**–**	**–**
Cash and cash equivalents	**–**	**–**	**–**	**17,368,355**
Total assets	**190,064,060**	**646,558**	**–**	**17,368,355**
Financial liabilities				
Loan notes at fair value through profit or loss	**137,774,505**	**–**	**–**	**–**
Trade and other payables	**–**	**–**	**2,385,875**	**–**
Total Liabilities	**137,774,505**	**–**	**2,385,875**	**–**

	CARRYING VALUE AT 31 DECEMBER 2011			
	Designated Fair Value through Profit or Loss GBP	Loans and receivables measured at amortised cost GBP	Financial Liabilities measured at amortised cost GBP	Other GBP
Financial assets				
Financial assets at fair value through profit or loss	193,264,197	–	–	–
Trade and other receivables	–	944,699	–	–
Cash and cash equivalents	–	–	–	23,703,514
Total assets	193,264,197	944,699	–	23,703,514
Financial liabilities				
Loan notes at fair value through profit or loss	135,309,055	–	–	–
Trade and other payables	–	–	10,175,858	–
Total Liabilities	135,309,055	–	10,175,858	–

3. FINANCIAL RISK MANAGEMENT CONTINUED

Categories of financial instruments continued

	CARRYING VALUE AT 30 JUNE 2011			
	Designated Fair Value through Profit or Loss GBP	Financial Assets measured at amortised cost GBP	Financial Liabilities measured at amortised cost GBP	Other GBP
Financial assets				
Financial assets at fair value through profit or loss	171,997,903	–	–	–
Note receivable	–	126,397	–	–
Trade and other receivables	–	3,469,054	–	–
Cash and cash equivalents	–	–	–	26,992,252
Total assets	171,997,903	3,595,451	–	26,992,252
Financial liabilities				
Loan notes at fair value through profit or loss	132,390,947	–	–	–
Trade and other payables	–	–	600,775	–
Total Liabilities	132,390,947	–	600,775	–

Capital Risk Management

The Group's capital is represented by the net assets attributable to shareholders and the objective when managing capital is to enable the Group to continue as a going concern in order to provide a consistent appropriate risk-adjusted return to shareholders, and to maintain a strong capital base to support the continued development of its investment activities. The Group manages its capital to ensure that its objective is met. It does this by investing available cash whilst maintaining sufficient liquidity to meet on-going expenses and dividend payments. The Group considers its capital to include share capital, distributable reserves, foreign exchange reserves and retained earnings. The Group is not subject to regulatory or industry specific limitations on its capital, other than the legal requirements for Guernsey incorporated entities. The Group considers the amount and composition of its capital in proportion to risk. Adjustments to the capital structure will be taken in response to economic conditions, the cost of debt, the ability to raise share capital, and other opportunities and factors which the Board may consider. At 30 June 2012, the Group had total equity of GBP67,918,593 (30 June 2011: GBP69,593,884 & 31 December 2011: GBP72,427,497).

The Group monitors the ratio of debt to other capital which, based upon shareholder approval, is limited to 5 to 1. Since the debt of the Group is currently contained within its CLO subsidiary, its debt is collateralized by investments held in the CLO portfolio. The portfolio is subject to various financial and other covenant tests which may result in required paydowns of its debt from time to time; in the absence of such required paydowns, the debt matures in 2019.

The Group has sought to achieve an attractive risk adjusted return by investing in debt securities, consisting primarily of senior debt across multiple industries. The Group intends to invest primarily in companies with attractive fundamental characteristics including experienced management, a significant financial or strategic sponsor or partner, a strong competitive position and positive cash flow.

The Investment Manager ensures that not more than 15% of the Group's gross assets are invested in any one investment. Consistent with shareholder approval obtained in December 2006, the Group may apply leverage up to 500%, or five times, the net asset value of the Group. Leverage is the ability to incur indebtedness for the purpose of making investments. The Group has incurred net indebtedness (approximately US$248.9 million; GBP154.1 million at cost, US$216.4 million; GBP137.8 million at fair value as at the period end) through its CLO subsidiary in the form of long-term notes.

Concentration Risk

While the Investment Manager will attempt to spread the Group's assets among a number of investments in accordance with the investment policies adopted by the Group, at times the Group may hold a relatively small number of investments each representing a relatively large portion of the Group's net assets and/or hold a number of investments denominated in non-base currencies each representing a relatively large portion of the Group's net assets. Losses incurred in such investments could have a materially adverse effect on the Group's overall financial condition. Whilst the Group's portfolio is diversified in terms of the companies in which it invests, the investment portfolio of the Group may be subject to more rapid change in value than would be the case if the Group were required to maintain a wide diversification among types of securities, countries and industry groups. Please refer to the Portfolio of the Group that follows the Notes to the financial statements.

(a) Market risk

The Group's exposure to market risk is comprised mainly of movements in the Group's investments. The investment portfolio is managed within parameters disclosed in the Company's offering memorandum. All investments present a risk of loss of capital.

At 30 June 2012, the Group's market risk is affected by three main components: changes in actual market prices, interest rates and foreign currency movements. Interest rates and foreign currency movements are covered at (b) and (c) below.

3. FINANCIAL RISK MANAGEMENT CONTINUED

(a) Market risk continued

The following details the Group's sensitivity to a 5% increase and decrease in the market prices, with 5% being the sensitivity rate used when reporting price risk to key management and represents management's assessment of the possible change in market price.

If market prices had increased by 5% with all other variables held constant, this would have increased net assets attributable to holders of equity shares by approximately GBP2,614,478 (30 June 2011: GBP1,980,348 & 31 December 2011: GBP2,897,757), due to the increase in the fair value of financial assets at fair value through profit or loss by GBP9,503,203 (30 June 2011: GBP8,599,895 & 31 December 2011: GBP9,663,210) offset by the increase in the fair value of the financial liabilities at fair value through profit or loss by GBP6,888,725 (30 June 2011: GBP6,619,547 & 31 December 2011: GBP6,765,453). Conversely, if market prices had decreased by 5%, this would have decreased net assets attributable to holders of equity shares by approximately GBP2,614,478 (30 June 2011: GBP1,980,348 & 31 December 2011: GBP2,897,757), due to the decrease in the fair value of financial assets at fair value through profit or loss by GBP9,503,203 (30 June 2011: GBP8,599,895 & 31 December 2011: GBP9,663,210) offset by the decrease in the fair value of the financial liabilities at fair value through profit or loss by GBP6,888,725 (30 June 2011: GBP6,619,547 & 31 December 2011: GBP6,765,453).

(b) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group has exposure to interest rate risk because it has borrowed to fund investments. The exposure arises on the difference between the rate of interest the Group is required to pay on borrowed funds and the rate of interest which it receives on the debt securities in which it invests. Interest rate risk is comprised of two elements: spread risk and rate risk.

The Group is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Group's cash balances, debt instruments and loan notes are open to interest rate risk.

The Group may, but is not required to, hedge against interest rate fluctuations by using standard hedging instruments such as futures, options and forward contracts. The Group did not enter into any such transactions during the current period or prior year.

The table below summarises the Group's exposure to interest rate risk.

At 30 June 2012	Floating rate Financial Instruments GBP	Fixed rate Financial Instruments GBP	Non-interest Bearing Financial Instruments GBP	Total GBP
Assets				
Financial assets at fair value through profit or loss	181,314,560	–	8,749,500	190,064,060
Trade and other receivables	–	–	646,558	646,558
Cash and cash equivalents	17,368,355	–	–	17,368,355
Total assets	198,682,915	–	9,396,058	208,078,973
Liabilities				
Loan notes	137,774,505	–	–	137,774,505
Trade and other payables	–	–	2,385,875	2,385,875
Total liabilities	137,774,505	–	2,385,875	140,160,380
Total interest sensitivity gap	60,908,410	–	7,010,183	67,918,593

3. FINANCIAL RISK MANAGEMENT CONTINUED

(b) Interest rate risk continued

At 31 December 2011	Floating rate Financial Instruments GBP	Fixed rate Financial Instruments GBP	Non-interest Bearing Financial Instruments GBP	Total GBP
Assets				
Financial assets at fair value through profit or loss	180,452,763	–	12,811,434	193,264,197
Trade and other receivables	–	–	944,699	944,699
Cash and cash equivalents	23,703,514	–	–	23,703,514
Total assets	204,156,277	–	13,756,133	217,912,410
Liabilities				
Loan notes	135,309,055	–	–	135,309,055
Trade and other payables	–	–	10,175,858	10,175,858
Total liabilities	135,309,055	–	10,175,858	145,484,913
Total interest sensitivity gap	68,847,222	–	3,580,275	72,427,497

At 30 June 2011	Floating rate Financial Assets GBP	Fixed rate Financial Assets GBP	Non-interest Bearing Financial Assets GBP	Total GBP
Assets				
Financial assets at fair value through profit or loss	165,626,950	–	6,370,953	171,997,903
Note receivable	–	–	126,397	126,397
Trade and other receivables	–	–	3,469,054	3,469,054
Cash and cash equivalents	26,992,252	–	–	26,992,252
Total assets	192,619,202	–	9,966,404	202,585,606
Liabilities				
Loan notes	132,390,947	–	–	132,390,947
Trade and other payables	–	–	600,775	600,775
Total liabilities	132,390,947	–	600,775	132,991,722
Total interest sensitivity gap	60,228,255	–	9,365,629	69,593,884

The sensitivity analyses below have been determined based on the Group's exposure to interest rates for interest bearing assets and liabilities (included in the interest rate exposure table above) at the period end date and the stipulated change taking place at the beginning of the financial period and held constant through the reporting period in the case of instruments that have floating rates.

A 200 basis point increase or decrease is used when reporting interest spread risk internally on financial assets at fair value through profit or loss and represents management's assessment of the possible change in interest spreads, and 25 basis points is used when reporting interest rate risk for all interest bearing assets and liabilities.

At 30 June 2012, should the interest spread have lowered by 200 basis points with all other variables remaining constant, the decrease in profit and equity attributable to holders of equity for the year would amount to approximately GBP3,906,912 (30 June 2011: GBP3,475,645 & 31 December 2011: GBP3,897,904). If the interest spread had risen by 200 basis points, the increase in profit and equity attributable to holders of equity would amount to approximately GBP3,906,912 (30 June 2011: GBP3,475,645 & 31 December 2011: GBP3,897,904).

3. FINANCIAL RISK MANAGEMENT CONTINUED

(b) Interest rate risk continued

At 30 June 2012, should interest rates have lowered by 25 basis points with all other variables remaining constant, the increase in profit and equity attributable to holders of equity for the year would amount to approximately GBP146,489 (30 June 2011: GBP116,641 & 31 December 2011: GBP161,201). If the interest rate had risen by 25 basis points, the decrease in profit and equity attributable to holders of equity would amount to approximately GBP146,489 (30 June 2011: GBP116,641 & 31 December 2011: GBP161,201).

The Group's exposure to interest rate risk is limited to its financial assets at fair value through profit or loss, loan notes held at financial assets at fair value through profit or loss and its cash and cash equivalents. These are all floating rate financial assets.

(c) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group may make investments in currencies other than Sterling. To the extent that it does, the Group will be exposed to a potentially adverse currency risk. Changes in the rate of exchange may affect the value of the Group's investments, and the level of income that it receives from those investments.

Foreign currency denominated financial assets and liabilities, translated into GBP at the closing rate, are as follows:

30 June 2012	USD	GBP	EUR	Total
Assets				
Financial assets at fair value through profit or loss account	**189,017,345**	**1,046,715**	**–**	**190,064,060**
Cash and cash equivalents	**17,119,134**	**249,221**	**–**	**17,368,355**
Trade and other receivables	**624,572**	**20,615**	**1,371**	**646,558**
Total assets	**206,761,051**	**1,316,551**	**1,371**	**208,078,973**
Liabilities				
Loan notes at fair value through profit or loss	**137,774,505**	**–**	**–**	**137,774,505**
Trade and other payables	**1,699,407**	**686,468**	**–**	**2,385,875**
	139,473,912	**686,468**	**–**	**140,160,380**
Total currency sensitivity gap	**67,287,139**	**630,083**	**1,371**	**67,918,593**

31 December 2011	USD	GBP	EUR	Total
Assets				
Financial assets at fair value through profit or loss account	188,264,197	–	5,000,000	193,264,197
Cash and cash equivalents	23,352,023	351,491	–	23,703,514
Trade and other receivables	528,513	20,812	395,374	944,699
Total assets	212,144,733	372,303	5,395,374	217,912,410
Liabilities				
Loan notes at fair value through profit or loss	135,309,055	–	–	135,309,055
Trade and other payables	9,719,579	456,279	–	10,175,858
	145,028,634	456,279	–	145,484,913
Total currency sensitivity gap	67,116,099	(83,976)	5,395,374	72,427,497

3. FINANCIAL RISK MANAGEMENT CONTINUED

(c) Currency risk continued

30 June 2011	USD	GBP	Total
Assets			
Financial assets at fair value through profit or loss account	165,508,742	6,489,161	171,997,903
Cash and cash equivalents	24,932,026	2,060,226	26,992,252
Note receivable	–	126,397	126,397
Trade and other receivables	2,527,760	941,294	3,469,054
Total assets	192,968,528	9,617,078	202,585,606
Liabilities			
Loan notes at fair value through profit or loss	132,390,947	–	132,390,947
Trade and other payables	477,464	123,311	600,775
	132,868,411	123,311	132,991,722
Total currency sensitivity gap	60,100,117	9,493,767	69,593,884

The majority of the Group's financial assets and liabilities are also denominated in US Dollars and therefore the Group is exposed to fluctuations in the GBP:US Dollar foreign exchange rate. There is also some exposure to Euro.

The sensitivity analysis below has been determined based on the sensitivity of the Group's outstanding foreign currency denominated financial assets and liabilities to a 5% increase/decrease in the Sterling against US Dollar and Euro, translated at the year end date.

At 30 June 2012, if GBP had weakened or strengthened by 5% against the US Dollar and the Euro, with all other variables held constant, the increase or decrease respectively in profit and equity attributable to holders of equity shares during the period would amount to approximately GBP1,682,213 (period ended 30 June 2011: GBP1,502,503 & year ended 31 December 2011: GBP3,625,574).

In accordance with the Group's policy, the Investment Manager monitors the Group's currency position on a regular basis, and the Board of Directors reviews it on a quarterly basis.

(d) Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the year end date. The Group invests primarily in senior debt, senior subordinated debt and junior subordinated debt. The maximum investment size, at the time of the investment, will generally be limited to 15% of the Group's Gross Assets. However, the Group may make larger investments and it may seek to syndicate or sell down a portion of any such investment, after it has been acquired.

The investment portfolio of the Group is subject to a number of diversification requirements including size, industry and ratings to ensure that it is sufficiently diversified.

The maximum credit risk associated with the investment portfolio is represented by the fair value of the investments as shown in Note 6. The loan portfolio of the Group reflects a secured interest in the general corporate assets of the borrowers, and all loans remain unsubordinated.

The following amounts on debt instruments were considered impaired:

	30 June 2012 US$	31 December 2011 US$
Principal (including PIK interest)	**14.1m**	14.1m

As at the period end, there is no accrued interest which is considered uncollectable (31 December 2011: US$nil).

The Group mitigates credit risk by only entering into agreements related to loan instruments in which the collateral and/or operating strength of the investee companies is sufficient to support the loan amounts outstanding. This determination of whether the loan instruments are sufficiently collateralised is made by the Investment Manager at the time of the agreements, and the Investment Manager continues to evaluate the loan instruments in the context of these agreements.

3. FINANCIAL RISK MANAGEMENT CONTINUED

(d) Credit risk continued

The Group continuously monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Group's management considers the above financial assets as impaired due to its credit quality rating of 5.

The Group has established a credit rating system. The purpose of the rating system is to monitor the credit quality of the Company's broadly syndicated loan portfolio on both an individual and portfolio basis and the future on-going monitoring required.

Portfolio by rating category	**30 June 2012**	31 December 2011
1	**0%**	1%
2	**88%**	85%
3	**11%**	12%
4	**0%**	0%
5	**1%**	2%
Total	**100%**	100%

Credit Ratings Level	Ratings Criteria Methodology (1) (General Parameters)
1	Company is ahead of expectations and/or outperforming financial covenant requirements and this trend is expected to continue.
2	Full repayment of principal and interest is expected.
3	Closer monitoring is required. Full repayment of principal and interest is expected.
4	A reduction of interest income has occurred or is expected to occur. No loss of principal is expected.
5	A loss of some portion of principal is expected. **(2)**

(1) The above methodology outlines the general parameters adopted to determine ratings, and other facts and circumstances may be considered when determining an appropriate Credit Ratings Level.

(2) An estimate of the potential amount of principal loss will be determined on a quarterly basis.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

(e) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. As the Group's investments will not generally be in publicly traded securities, they are likely to be subject to legal and other restrictions on resale or otherwise be less liquid than publicly traded securities. The illiquidity of the Group's investments may make it difficult for them to be sold quickly if the need arises. Since the Group intends to invest in debt securities with a term of up to seven years, and hold investments in debt securities until maturity of the debt, the Group does not expect realisation events to occur in the near term.

The Company's investment in its subsidiary, T2 CLO, is also considered to be an illiquid investment.

3. FINANCIAL RISK MANAGEMENT CONTINUED

(e) Liquidity risk continued

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the year end date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows, assuming interest rates in effect at the period end.

	CURRENT		NON-CURRENT		
	Within 6 months GBP	6 to 12 months GBP	1 to 5 years GBP	5 years to maturity* GBP	No stated maturity GBP
At 30 June 2012					
Loan notes	**985,606**	**969,537**	**5,870,786**	**164,391,139**	**–**
Trade and other payables	**2,385,875**	**–**	**–**	**–**	**–**
Total financial liabilities	**3,371,481**	**969,537**	**5,870,786**	**164,391,139**	**–**
At 31 December 2011					
Loan notes	607,435	614,110	4,876,171	163,207,755	–
Trade and other payables	10,175,858	–	–	–	–
Total financial liabilities	10,783,293	614,110	4,876,171	163,207,755	–
At 30 June 2011					
Loan notes	814,881	806,024	6,470,334	159,946,151	–
Trade and other payables	600,775	–	–	–	–
Total financial liabilities	1,415,656	806,024	6,470,334	159,946,151	–

** The contractual maturity of the Group's financial liabilities details in the table above is 15 July 2019.*

Fair value estimation

The fair values of the Group's short-term trade receivables and payables approximate their carrying amounts at the period/year end date.

Financial instruments measured at fair value

The following table presents financial assets and liabilities measured at fair value in the Consolidated Statement of Financial Position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value in the Consolidated Statement of Financial Position are grouped into the fair value hierarchy as follows:

At 30 June 2012	*Note*	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Assets					
Broadly syndicated loans	*a*	**–**	**–**	**181,314,560**	**181,314,560**
Equity securities	*b*	**–**	**–**	**3,965,796**	**3,965,796**
CLO equity securities	*b*	**–**	**–**	**4,344,878**	**4,344,878**
Warrant securities	*c*	**–**	**–**	**438,826**	**438,826**
Total		**–**	**–**	**190,064,060**	**190,064,060**
Liabilities					
CLO loan notes	*d*	**–**	**–**	**(137,774,505)**	**(137,774,505)**
Total		**–**	**–**	**(137,774,505)**	**(137,774,505)**
Net Fair Value		**–**	**–**	**52,289,555**	**52,289,555**

3. FINANCIAL RISK MANAGEMENT CONTINUED

Financial instruments measured at fair value continued

At 31 December 2011	*Note*	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Assets					
Broadly syndicated loans	*a*	–	–	180,452,763	180,452,763
Equity securities	*b*	–	–	8,351,992	8,351,992
CLO equity securities	*b*	–	–	4,070,015	4,070,015
Warrant securities	*c*	–	–	389,427	389,427
Total		–	–	193,264,197	193,264,197
Liabilities					
CLO loan notes	*d*	–	–	(135,309,055)	(135,309,055)
Total		–	–	(135,309,055)	(135,309,055)
Net Fair Value		–	–	57,955,142	57,955,142

At 30 June 2011	*Note*	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Assets					
Broadly syndicated loans	*a*	–	–	165,626,950	165,626,950
Equity securities	*b*	–	–	6,370,953	6,370,953
Total		–	–	171,997,903	171,997,903
Liabilities					
CLO loan notes	*d*	–	–	(132,390,947)	(132,390,947)
Total		–	–	(132,390,947)	(132,390,947)
Net Fair Value		–	–	39,606,956	39,606,956

Measurement of fair value

The methods and valuation techniques used for the purposes of measuring fair value are unchanged compared to the previous reporting year with the exception of the addition of warrant security valuation.

(a) Broadly syndicated loans

All the broadly syndicated loans are denominated in USD. The loans have significant unobservable inputs, as they trade infrequently. As observable prices are not available for these securities, the Investment Manager has used valuation techniques to assist the Board in its determining of the fair value.

(b) Equity securities & CLO equity securities

With the exception of a single equity holding which is denominated in GBP, all the equity securities are denominated in USD. The equity securities have significant unobservable inputs, as they trade infrequently or are unlisted. As observable prices are not available for these securities, the Investment Manager has used valuation techniques to assist the Board in its determining of the fair value.

(c) Warrant security

The warrant security is denominated in GBP. The warrant security has unobservable inputs, as it is unlisted. As observable prices are not available for this security, the Investment Manager has used valuation techniques to assist the Board in its determining of the fair value.

(d) CLO loan notes

The CLO loan notes are denominated in US Dollar. The loan notes also have significant unobservable inputs, as they trade infrequently. The fair value of the loan notes is determined primarily by reference to a market value report provided by the independent broker-dealer.

3. FINANCIAL RISK MANAGEMENT CONTINUED

Level 3 fair value measurements

The Group's financial assets and liabilities classified in Level 3 use valuation techniques based on significant inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

Period ended 30 June 2012	Broadly Syndicated loans GBP	Equity GBP	CLO Equity GBP	Warrants GBP	CLO Loan Notes GBP	Total GBP
Opening fair value	**180,452,763**	**8,351,992**	**4,070,015**	**389,427**	**(135,309,055)**	**57,955,142**
Purchases/loans advanced	**53,764,300**	**–**	**–**	**–**	**–**	**53,764,300**
Sales	**(10,734,664)**	**(2,565,688)**	**–**	**–**	**–**	**(13,300,352)**
Capital repayments	**(41,011,156)**	**–**	**–**	**–**	**–**	**(41,011,156)**
Gains and losses recognised in profit and loss:						
– realised	**(2,419,909)**	**873,670**	**–**	**–**	**–**	**(1,546,239)**
– unrealised	**1,263,226**	**(2,694,178)**	**274,863**	**49,399**	**(2,465,450)**	**(3,572,140)**
Closing fair value	**181,314,560**	**3,965,796**	**4,344,878**	**438,826**	**(137,774,505)**	**52,289,555**

Year ended 31 December 2011	Broadly Syndicated loans GBP	Equity GBP	CLO Equity GBP	Warrents GBP	CLO Loan Notes GBP	Total GBP
Opening fair value	160,456,433	1,088,906	–	–	(129,207,450)	32,337,889
Purchases/loans advanced	129,912,980	–	3,701,819	–	–	133,614,799
Transfers in*	7,025,939	2,602,748	–	–	–	9,628,687
Consolidation reinstatement**	–	–	–	–	(1,251,654)	(1,251,654)
Restructure	–	(311,960)	–	311,960	–	–
Sales	(14,809,436)	–	–	–	(1,489,252)	(16,298,688)
Capital repayments	(100,396,647)	–	–	–	–	(100,396,647)
Gains and losses recognised in profit and loss:						
– realised	(68,989)	126,381	–	–	1,489,252	1,546,644
– unrealised	(1,667,517)	4,845,917	368,196	77,467	(4,849,951)	(1,225,888)
Closing fair value	180,452,763	8,351,992	4,070,015	389,427	(135,309,055)	57,955,142

Period ended 30 June 2011	Broadly Syndicated loans GBP	Equity GBP	CLO Loan Notes GBP	Total GBP
Opening balance	160,456,433	1,088,906	(129,207,450)	32,337,889
Purchases/loans advanced	70,728,472	–	–	70,728,472
Transfers in*	7,025,939	4,555,136	–	11,581,075
Consolidation reinstatement**	–	–	(1,251,654)	(1,251,654)
Sales	(20,474,393)	(420,798)	(1,489,252)	(22,384,443)
Capital repayments	(47,912,999)	–	–	(47,912,999)
Gains and losses recognised in profit and loss:				
– realised	1,293,987	(1,531,589)	1,489,252	1,251,650
– unrealised	(5,490,489)	2,679,298	(1,931,843)	(4,743,034)
Closing balance	165,626,950	6,370,953	(132,390,947)	39,606,956

* On acquisition of AMIC subsidiary

** Previously this would be eliminated in the consolidated Group financial statements as the Company directly held some of the CLO loan notes issued by T2 CLO. During the year the Company sold these CLO loan notes to a third party.

Changing inputs to the Level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognised in profit or loss, total assets or total liabilities or total equity.

There have been no transfers into or out of level 3 in the reporting periods under review.

4. FUND EXPENSES

Management fee

The Investment Manager, T2 Advisers, LLC, is entitled to receive an annual fee payable quarterly in advance. The management fee is calculated based on the average value of the Company's gross assets at the most recently completed calendar quarter and the projected gross assets as of the end of the current calendar quarter. With effect from 1 July 2010, the management fee payable was reduced by 25 basis points from 2.00% of gross assets to 1.75% of gross assets. With effect from 30 June 2011 to 31 March 2012, the management fee will be fixed at the payment for the previous quarter of £911, 272. Thereafter, from the management fee payable at the end of the first quarter of 2012, the management fee will be calculated on the Company's gross assets, less the fair value of the liabilities within the CLO, to the extent that the CLO remains consolidated by the Company. The new fee will be subject to a minimum fee of £155,000 per quarter. As announced on 18 May 2011, the Board and the Company's then nominated adviser considered the aforementioned amendments to the investment management agreement to be fair and reasonable insofar as the Company's shareholders are concerned.

Total fees charged for the period ended 30 June 2012 amounted to GBP1,583,840 (30 June 2011: GBP2,045,198 & 31 December 2011: GBP4,002,524). The total amount due and payable at the period end amounted to GBP145,693 (30 June 2011: GBP117,082 & 31 December 2011: GBPnil).

Administration and secretarial fees

On 23 July 2010, the administration and secretarial services to the Company were transferred from Butterfield Fulcrum Group (Guernsey) Limited to Praxis Fund Services Limited.

For the period since 24 July 2010, Praxis Fund Services is entitled to an annualised fee for its service, as administrator of 0.1% of the Net Asset Value of the Group, calculated on the last business day of each quarter and payable quarterly in arrears. The fee is subject to a minimum of GBP55,000 per annum. With regard to company secretarial services, the Administrator is compensated on a time cost basis.

Total Administration and secretarial fees charged for the period ended 30 June 2012 amounted to GBP70,923 (30 June 2011: GBP92,753 & 31 December 2011: GBP181,655). The total amount due and payable at the period end amounted to GBP30,230 (30 June 2011: GBP42,271 & 31 December 2011: GBP48,240).

Custodian fees

The Custodian, Butterfield Bank (Guernsey) Limited is entitled to custody fees of 0.02% of the Net Asset Value of the Group subject to a minimum of GBP15,000 per annum. The fee is payable quarterly in arrears.

Total fees charged for the period ended 30 June 2012 amounted to GBP7,500 (30 June 2011 GBP11,079 & 31 December 2011: GBP18,600). The total amount payable at the period end amounted to GBPnil (30 June 2011 & 31 December 2011: GBP3,750 payable).

Other expenses

For the period ended 30 June 2012, other expenses include those of the CLO and AMIC. The table below details other charges during the period/year:

Other expenses:	Group 30 June 2012 GBP	Group 31 December 2011 GBP	Company 30 June 2012 GBP	Company 31 December 2011 GBP
Directors' expenses	**35,637**	97,031	**35,637**	97,031
Portfolio analysis fees	**6,315**	131,133	**6,315**	131,133
NOMAD fees	**21,288**	20,000	**21,288**	20,000
Listing fees	**3,660**	7,867	**3,660**	7,867
Broker fees	**7,510**	198,331	**7,510**	198,331
CFO fees	**62,502**	125,000	**62,502**	125,000
Marketing expenses	**45,715**	105,032	**45,715**	105,032
AIC fees	**3,667**	4,492	**3,667**	4,492
Registrar fees	**15,690**	28,381	**15,690**	28,381
Other AMIC expenses	**59,168**	145,519	**–**	–
Other T2 CLO expenses	**381,404**	721,250	**–**	–
Sundry	**38,137**	54,373	**40,157**	58,527
	680,693	1,638,409	**242,141**	775,794

4. FUND EXPENSES CONTINUED

Non-executive Directors' fees & Executive Director's salary

As at 30 June 2012, each of the non-executive Directors had entered into an agreement with the Company providing for them to act as a Director of the Company.

As at 30 June 2012, the non-executive Directors' annual fees, excluding all reasonable expenses incurred in the course of their duties which were reimbursed by the Company, were as detailed in the table below:

Non-executive Directors	**30 June 2012 GBP**	31 December 2011 GBP
Patrick Firth (Chairman)	**40,000***	40,000*
Frederick Forni	**25,000**	25,000
James Carthew	**25,000**	25,000
Geoff Miller (only non-executive until 31 March 2011)**	**N/A**	N/A

*Mr Firth's Director's fee increased from GBP25,000 per annum to GBP40,000 per annum on 28 April 2011 when he was elected as Chairman of the Board. Total Director's fee paid to Mr Firth during the year ended 31 December 2011 was GBP35,137.

**For the period to 31 March 2011, Mr Miller acted as non-executive Chairman of the Board and was entitled to an annual fee of GBP40,000.

Total Directors fees charged to the Group for the period ended 30 June 2012 amounted to GBP45,000 (31 December 2011: GBP85,659). The total amount due and payable at the period end amounted to GBPnil (31 December 2011: GBPnil).

Under an employment contract (the "Employment Contract"), effective from 31 March 2011, Mr Miller became an Executive Director of the Company and is entitled to a fixed salary of GBP150,000 per annum (less applicable tax and social security contributions). Mr Miller's salary cost is included in the Consolidated Income Statement. The total salary cost for the period ended 30 June 2012 relating to Mr Miller amounted to GBP75,000 (31 December 2011: GBP118,394). In addition to the fixed salary referred to above, Mr Miller shall be entitled to a contractual bonus, details of which are available on the Company's website (www.glifund.com). In accordance with the Employment Contract the actual bonus amount paid to Mr Miller for any financial period is capped at a maximum of 0.3 per cent of the Company's Net Asset Value (adjusted pro rata for period less or more than one year) (the "Cap"). Any excess contractual bonus payable above this Cap shall be deferred and added to any contractual bonus payable (if any) in the next financial year. For the period ended 30 June 2012, the total contractual bonus cost relating to Mr Miller amounted to GBP444,365, of which £nil was physically paid during the period (31 December 2011: GBP325,901, of which £217,282 was physically paid and £108,619 deferred to the next financial year). The total amount due and payable at the period end relating to Mr Miller's contractual bonus amounted to GBP552,984 (31 December 2011: GBP108,619).

5. (DEFICIT)/EARNINGS PER ORDINARY SHARE

(Deficit)/earnings per Ordinary Share has been calculated by dividing the (deficit)/profit attributable to Ordinary Shareholders of GBP(2,113,967) (31 December 2011: GBP3,224,992) by the weighted average number of Ordinary Shares outstanding during the period/year of 98,633,610 (31 December 2011: 97,671,029).

Fully diluted (deficit)/earnings per Ordinary Share has been calculated by dividing the (deficit)/profit attributable to Ordinary Share holders of GBP(2,113,967) (31 December 2011: GBP3,224,992), by the weighted average number of Ordinary Shares outstanding during the period/year adjusted for the effects of all dilutive potential Ordinary Shares of 98,633,610 (31 December 2011: 97,671,029).

Basic earnings per Ordinary Share

Date	No. of shares	No. of days	Weighted average no. of shares
1/01/2012 & 30/06/2012	98,633,610	182	98,633,610
01/01/2011	87,300,000	31	7,414,520
31/01/2011	98,633,610	334	90,256,509
31/12/2011		365	97,671,029

Diluted earnings per Ordinary Share

Date	No. of shares	No. of days	Weighted average no. of shares
1/01/2012 & 30/06/2012	98,633,610	182	98,633,610
01/01/2011	87,350,000	31	7,418,767
31/01/2011	98,633,610	334	90,256,509
31/12/2011		365	97,675,276

5. (DEFICIT)/EARNINGS PER ORDINARY SHARE CONTINUED

Basic earnings per Ordinary Share continued

	30 June 2012 No. of shares	31 December 2011 No. of shares
Weighted average number of Ordinary Shares for the purposes of basic earnings per Ordinary Share	**98,633,610**	97,675,276
Effect of dilutive potential ordinary shares:		
Share options	**–**	–
Weighted average number of Ordinary Shares for the purposes of diluted earnings per Ordinary Share	**98,633,610**	97,675,276

6. FINANCIAL ASSETS AND LIABILITIES

	Group 30 June 2012 GBP	Group 31 December 2011 GBP	**Company 30 June 2012 GBP**	Company 31 December 2011 GBP
Debt securities of listed companies	**25,016,476**	27,134,616	**–**	–
Debt securities of unlisted companies	**156,298,084**	153,318,147	**1,964,979**	3,811,155
Unlisted equity securities	**3,965,796**	8,351,992	**763,990**	939,330
Unlisted CLO equity securities	**4,344,878**	4,070,015	**4,344,878**	4,070,015
Unlisted warrant securities	**438,826**	389,427	**438,826**	389,427
Investment in subsidiary	**–**	–	**37,377,853**	61,888,602
	190,064,060	193,264,197	**44,890,526**	71,098,529
Realised (loss)/gains recognised on financial assets and liabilities (1)				
Realised (loss)/gain on investments at fair value through profit or loss	**(1,546,239)**	57,392	**–**	279,411
Realised gain on financial liabilities at amortised cost	**–**	1,489,252	**–**	1,489,252
	(1,546,239)	1,546,644	**–**	1,768,664
Unrealised (loss)/gains recognised on financial assets and liabilities at fair value through profit or loss (2)				
Unrealised (loss)/gain on financial assets investments at fair value through profit or loss	**(1,106,690)**	3,624,063	**(1,697,254)**	557,558
Unrealised loss on financial liabilities investments at fair value through profit or loss	**(2,465,450)**	(4,733,452)	**–**	–
Unrealised loss on financial liabilities investments at amortised cost	**–**	(116,499)	**–**	(116,499)
	(3,572,140)	(1,225,888)	**(1,697,254)**	441,059

6. FINANCIAL ASSETS AND LIABILITIES CONTINUED

	Group 30 June 2012 GBP	Group 31 December 2011 GBP	Company 30 June 2012 GBP	Company 31 December 2011 GBP
Opening cost of financial assets	154,646,906	126,552,111	12,569,424	8,332,912
Purchases	53,764,300	133,614,799	–	5,483,983
Transfers in*	–	9,628,687	–	311,960
Sales	(13,300,352)	(14,809,436)	–	(1,838,842)
Realised gain/(loss) on sale of investments	(1,546,239)	57,392	–	279,411
Capital repayments	(41,011,156)	(100,396,647)	–	–
Cost of investments at period/year end	152,553,459	154,646,906	12,569,424	12,569,424
Unrealised gain/(loss) at period/year end	37,510,601	38,617,291	(5,056,751)	(3,359,497)
Closing value at period/year end	190,064,060	193,264,197	7,512,673	9,209,927

* On acquisition of AMIC subsidiary

(1) For the period to 30 June 2012, the Group had a realised loss of GBP1,546,239 (year to 31 December 2011: GBP1,546,644 realised gain) which comprised a realised loss on investments of GBP1,546,239 (year to 31 December 2011: realised gain of GBP57,392 realised gain) and a realised gain on the sale of some of the CLO loan notes by the parent company, Greenwich Loan Income Fund Limited, of GBPnil (year to 31 December 2011: realised gain of GBP1,489,252).

(2) For the period to 30 June 2012, the Group had an unrealised loss on financial assets and liabilities of GBP3,572,140 (year to 31 December 2011: GBP1,225,888 realised loss). This is comprised of an unrealised loss on financial assets of GBP1,106,690 (year to 31 December 2011: GBP3,624,063 unrealised gain) and an unrealised loss on liabilities of GBP2,465,450 (year to 31 December 2011: GBP4,849,951 unrealised loss).

7. INVESTMENT IN SUBSIDIARIES

	Company 30 June 2012 GBP	Company 31 December 2011 GBP
Opening cost of investment in Subsidiaries	42,181,497	29,928,228
Additions at cost	–	12,253,269
Cost of investment in Subsidiaries at period/year end	42,181,497	42,181,497
Unrealised (loss)/gain*	(4,803,644)	19,707,105
Closing fair value of investment in Subsidiaries	37,377,853	61,888,602
Movement in unrealised loss on Subsidiaries	(24,510,479)	(6,819,931)
Movement in unrealised loss on financial assets at amortised cost	–	(116,499)
Movement in unrealised (loss)/gain on financial assets at fair value through profit or loss	(1,697,254)	557,558
Total movement in unrealised (loss)/gain	(26,208,003)	(6,378,872)

* See note 2(m)(iii) for details of the change in fair value measurement of the AMIC subsidiary during the period.

On 31 January 2011, the Company acquired a wholly owned subsidiary, AMIC, for a total consideration of GBP12,253,269. At the date of acquisition the fair value of AMIC's net assets was GBP12,969,481, resulting in a bargain gain of GBP716,212. This bargain gain was included in other income in the Consolidated Income Statement for the prior year. Post acquisition net profits of GBP2,880,211 (revenue: GBP5,194,752), relating to AMIC, were included in the Consolidated Income Statement for the year ended 31 December 2011. AMIC's net profits for the full 12 months to 31 December 2011, including both pre acquisition and post acquisition profits, amounted to GBP1,419,249 (revenue: GBP4,462,237).

Had the acquisition happened at the beginning of the prior year, the combined net revenues and net loss of the Company plus that of AMIC for the year ended 31 December 2011 would have been GBP7,405,748 and GBP2,176,387 respectively.

7. INVESTMENT IN SUBSIDIARIES CONTINUED

Company – year ended 31 December 2011

Acquisition of AMIC by asset/liability class:	Net Assets Aquired GBP	Consideration GBP	Bargain Purchase Gain GBP
Investments at fair value through profit or loss	8,475,107	8,007,083	468,024
Cash and cash equivalents	4,421,045	4,176,900	244,145
Trade and other receivable	123,266	116,459	6,807
Trade and other payables	(49,937)	(47,173)	(2,764)
Total	12,969,481	12,253,269	716,212

In consideration for the AMIC acquisition, the Company paid cash of GBP9,051,525 and issued 11,333,610 shares for a total value of GBP3,201,745 or 28.25p per share (please see Note 11).

As disclosed in last year's annual financial statements, under the terms of the acquisition, the basic offer was based on a discounted Formula Asset Value of AMIC. This led to the Company acquiring, on consolidation, total net assets above the consideration amount and resulted in the bargain purchase gain.

Professional fees relating to the acquisition of AMIC in the prior year amounted to GBP235,972. These are included in the Income Statements within legal and professional fees.

8. TRADE AND OTHER RECEIVABLES

	Group 30 June 2012 GBP	Group 31 December 2011 GBP	Company 30 June 2012 GBP	Company 31 December 2011 GBP
Accrued bank interest	4,911	1,124	2,635	–
Dividends receivable	–	395,374	–	–
Loan interest receivable	612,142	434,508	–	18,163
Security sales receivable	9,550	53,692	–	–
Prepaid expenses	19,955	60,001	19,955	49,713
	646,558	944,699	22,590	67,876

(a) The GBPnil (31 December 2010: GBP375,268) note receivable relates to a promissory note that was originally due for payment in 2009 from T2 Advisers, LLC, the Company's Investment Manager. This note, which was subject to certain conditions, was signed on 5 December 2006 and was subject to interest of 8% per annum, compounded annually. On 29 September 2009, it was agreed that payment on the promissory note be deferred (with interest ceasing to accrue from that date) until such time as the reduction in the aggregate fees paid by the Company to the Investment Manager, commencing 1 July 2010, is equal to the amount payable under the note, at which point the note will be cancelled. The note had been fully extinguished as at 31 December 2011.

(b) During the year to 31 December 2009, the Company purchased some of the CLO loan notes from its subsidiary T2 Income Fund CLO I Ltd. At a Company level, the loan notes were designated as receivables held at amortised cost. These loan notes were sold to a third party in an arms length transaction during the prior year ended 31 December 2011 resulting a realised gain of GBP1,489,252.

9. CASH AND CASH EQUIVALENTS

	Group 30 June 2012 GBP	Group 31 December 2011 GBP	Company 30 June 2012 GBP	Company 31 December 2011 GBP
Call account	17,368,355	23,703,514	3,109,242	1,755,529

For the purposes of the Cash Flow Statement, the above items represent the year end cash and cash equivalents balances.

10. TRADE AND OTHER PAYABLES

	Group 30 June 2012 GBP	Group 31 December 2011 GBP	Company 30 June 2012 GBP	Company 31 December 2011 GBP
Current liabilities				
Due to Subsidiary	**–**	–	**71,245**	71,996
Administrator's fees	**30,230**	48,240	**25,602**	31,036
Custodian's fees	**–**	3,750	**–**	3,750
Audit fees	**22,877**	55,100	**20,377**	32,200
Directors' fees	**–**	–	**–**	–
Executive Director's remuneration payable	**563,636**	336,292	**563,636**	336,292
Finance cost (1)	**401,361**	394,667	**–**	–
Security purchases payable	**1,114,153**	9,168,385	**–**	–
Other accruals	**253,618**	169,424	**93,761**	19,163
	2,385,875	10,175,858	**774,621**	494,437
Non current liabilities				
CLO loan notes at fair value through profit or loss*	**137,774,505**	135,309,055	**–**	–

* a reconciliation of the movements in CLO loan notes during the year is provided in Note 3.

(1) Interest on the loan notes is calculated on a weighted average interest rate of LIBOR plus 76 basis points.

The loan notes represent the indebtedness of the CLO. The CLO was created and the loan notes were issued as part of the Company's leveraging plan. On 19 July 2007, the loan notes were issued by the CLO in five tranches, Class A through E, and sold to third parties, as well as subordinated income loan notes which were issued to the Company at inception, representing the residual economic interest (i.e. the equity) in the CLO. The loan notes were issued in the total amount of US$309,050,000 with a twelve year term. In 2008, approximately US$380,000 of the Class A loan notes were repaid under the terms of the Indenture. The "Indenture" dated 19 July 2007 is among T2 Income Fund CLO I Ltd as the "Issuer", T2 Income Fund CLO I LLC as the "Co-Issuer" and The Bank of New York Mellon as the "Trustee".

During June 2009, the Company purchased from third parties some of the loan notes of its subsidiary, T2 Income Fund CLO 1 Ltd. Class B loan notes of par value US$1,137,000 and Class D loan notes of par value US$3,000,000 were purchased at a price of 0.435 and 0.1425 respectively. The internally purchased loan notes were eliminated within the comparative year's consolidated financial statements for consolidation purposes. During the prior year ended 31 December 2011, the Company sold its holdings in the Class B loan notes of par value US$1,137,000 and Class D loan notes of par value US$3,000,000 to a third party at a price of 0.825 and 0.780 respectively.

11. SHARE CAPITAL & SHARE PREMIUM

The Company has the power to issue an unlimited number of Ordinary Shares of no par value.

As at 30 June 2012 no share options remained unexercised (31 December 2011: nil). Under IFRS2, the share options granted are measured at fair value at the grant date based on market prices. On exercise of the share options the change in fair value is also recognised and expensed in the Consolidated Income Statement. There was no share option expense for the period ended 30 June 2012 or the year ended 31 December 2011.

On 1 February 2011, following the acquisition of AMIC, the Company issued 11,333,610 new Ordinary Shares at a value of 28.25p, being the mid-market closing share price of a GLIF Ordinary Share on 25 October 2010, the business day prior to the acquisition indicative offer announcement.

Share Capital	Unaudited 30 June 2012 Shares in issue	Unaudited 30 June 2011 Shares in issue	Audited 31 December 2011 Shares in issue
Ordinary shares – nil par value			
Balance at start of the period/year	**98,633,610**	87,300,000	87,300,000
Issued during the period/year	**–**	11,333,610	11,333,610
Balance at end of the period/year	**98,633,610**	98,633,610	98,633,610

11. SHARE CAPITAL & SHARE PREMIUM CONTINUED

Share Premium	Unaudited Period to 30 June 2012 GBP	Unaudited Period to 30 June 2011 GBP	Audited Year to 31 December 2011 GBP
Balance at start of the period/year	**19,289,035**	16,087,290	16,087,290
Issued during the period/year	**–**	3,201,745	3,201,745
Balance at end of the period/year	**19,289,035**	19,289,035	19,289,035

12. NET ASSET VALUE PER ORDINARY SHARE

The net asset value per Ordinary Share is calculated by dividing the total net assets attributable to Ordinary Share holders at the period end of GBP67,918,593 (30 June 2011: GBP69,593,884 & 31December 2011: GBP72,427,497) by the Ordinary Shares in issue at the end of the period being 98,633,610 (30 June 2011 & 31 December 2011: 98,633,610).

13. CASH GENERATED FROM OPERATIONS

Group	Unaudited Period to 30 June 2012 GBP	Unaudited Period to 30 June 2011 GBP	Audited Year to 31 December 2011 GBP
(Deficit)/profit for the period/year	**(2,113,967)**	(3,072,780)	3,224,992
Adjustments for:			
Net losses on financial assets and liabilities at fair value through profit or loss	**5,118,379**	4,864,137	1,051,997
Net gains on financial assets and liabilities at amortised cost	**–**	(1,372,753)	(1,372,753)
Dividend in specie	**–**	–	–
Changes in working capital:			
Trade and other receivables	**253,998**	(678,005)	(105,946)
Trade and other payables	**264,248**	(39,371)	367,328
Cash inflow from operations	**3,522,658**	(298,772)	3,165,618

Company	Unaudited Period to 30 June 2012 GBP	Unaudited Period to 30 June 2011 GBP	Audited Year to 31 December 2011 GBP
Profit for the period/year	**(22,911,187)**	204,673	5,010,959
Adjustments for:			
Net losses on financial assets and liabilities at fair value through profit or loss	**26,208,003**	8,294,459	5,982,962
Net gains on financial assets and liabilities at amortised cost	**–**	(1,372,753)	(1,372,753)
Dividend in specie	**–**	–	(1,489,166)
Changes in working capital:			
Trade and other receivables	**45,286**	(634,121)	435,201
Trade and other payables	**280,184**	(55,661)	270,818
Cash inflow from operations	**3,622,286**	6,436,597	8,838,021

14. CONSOLIDATED SUBSIDIARY UNDERTAKINGS

Through its 100% ownership of the residual economic interest in T2 CLO and the ownership of 100% of the equity shares of AMIC, the Directors consider the following entities as wholly owned subsidiaries of the Company and their results and financial positions are included within the consolidated results of the Group.

	Date of incorporation	Country of incorporation	Nature of holding	Percentage holding
T2 CLO	11 October 2006	Cayman Islands	Income Notes	100%
AMIC	13 April 1994	United Kingdom	Equity Shares	100%

15. SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal reporting used by the Investment Committee of the Investment Manager ("ICIM"). The ICIM is responsible for allocating resources and assessing performance of the portfolio, as well as making strategic investment decisions, subject to the oversight of the Board of Directors. The ICIM is responsible for the entire portfolio, including assets held at the Company level as well as the portfolios of its CLO and AMIC subsidiaries, and considers the business to have a single operating segment. Although T2 CLO and AMIC are legally distinct entities, investment allocation decisions are based upon an integrated investment strategy and performance is evaluated on an overall basis and therefore the Group is considered to be a single operating segment.

The vast majority of the Group's investment income arises from investments in entities incorporated in the US. Approximately 99% of the Group's portfolio is based in the US with the remainder of investments being based in the UK and Luxembourg. The Group has a highly diversified portfolio of investments and no single investment accounts for more than 10% of the Group's income.

The internal reporting provided to the ICIM for the Group's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS.

There were no changes in reportable segments during the current or prior year.

16. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties in addition to the related party transactions disclosed in note 4:

Group & Company	**Unaudited Period to 30 June 2012 GBP**	Unaudited Period to 30 June 2011 GBP	Audited Year to 31 December 2011 GBP
Amounts incurred during the period/year to related parties			
Fees to P Conroy as Chief Financial Officer to the Company	**62,500**	62,500	125,000
Fees to the Investment Manager, T2 Advisers, LLC	**1,583,840**	2,045,198	4,002,524
Reimbursement due to BDC Partners, LLC	**–**	23,048	58,775
Amounts due from related parties at the period/year end			
Fees due to P Conroy as Chief Financial Officer to the Company	**–**	10,417	10,417

*please refer to note 4 for details of the reduction to the management fees payable during the prior year.

During the prior year, the Company acquired two investment holdings, both in Lombardia Capital Partners Inc, from AMIC for aggregated proceeds of GBP1.49 million. On a consolidated basis this transaction had no net impact on the Group's Consolidated Statement of Financial Position.

16. RELATED PARTY TRANSACTIONS CONTINUED

Directors shareholdings in the Company

As at 30 June 2012, the Directors had the following beneficial interests in the Ordinary Shares of the Company:

	30 June 2012		31 December 2011	
	No. of Ordinary Shares Held	**% of total issued Ordinary Shares**	No. of Ordinary Shares Held	% of total issued Ordinary Shares
Patrick Firth (Chairman)	**100,000**	**0.10**	100,000	0.10
Geoff Miller	**812,627**	**0.82**	812,627	0.82
Frederick Forni	**–**	**–**	–	–
James Carthew	**175,000**	**0.18**	175,000	0.18

At 30 June 2012, there were no unexercised share options for Ordinary Shares of the Company (31 December 2011: nil Ordinary Shares).

17. COMMITMENTS AND CONTINGENCIES

There were no commitments or contingencies as at 30 June 2012 (31 December 2011: none).

18. POST YEAR END EVENTS

Significant Portfolio Movements

Since the period end the Group has made the following investment purchases, these are detailed below:

Closing Date	Par Amount		Purchase Price US$
10 August 2012	US$3,500,000	Drew Marine	99.00
10 August 2012	US$2,000,000	National Vision	98.50
14 August 2012	US$6,000,000	Presidio	99.50
16 August 2012	US$333,333	National Vision	100.00
16 August 2012	US$333,333	National Vision	100.00
22 August 2012	US$2,000,000	Roundy's	99.00
*	US$2,462,327	Petco	100.25
22 August 2012	US$2,000,000	Rovi	96.50
17 August 2012	US$2,000,000	Alere	100.00
*	US$4,000,000	First Data	98.75
*	US$5,000,000	CYH	100.13

* At the date of release of these financial statements the closing date was not known.

Since the period end the Group made the following sales:

Closing Date	Par Amount		Realised gain/(loss) US$
21 August 2012	US$1,000,000	Goodman	(2,795)
21 August 2012	US$1,000,000	Goodman	(5,142)
28 August 2012	US$1,607,143	Airvana	26,647

There were no other significant post period end events that require disclosure in these financial statements.

Part B: GLIF Audited Consolidated Financial Information for the Year ended 31 December 2011

Please note the page references in this Part B of Part IV are to the pages of the annual report and accounts of GLIF for the year ended 31 December 2011.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF GREENWICH LOAN INCOME FUND LIMITED

We have audited the consolidated and Company financial statements (the "financial statements") of Greenwich Loan Income Fund Limited (the "Company") for the year ended 31 December 2011 which comprise Consolidated and Company Income Statements, Consolidated and Company Statements of Comprehensive Income, Consolidated and Company Statements of Financial Position, Consolidated and Company Statements of Changes in Equity, Consolidated and Company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of Directors and auditors
As described in the Statement of Directors' Responsibilities on page 19 the Company's Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Company's and Group's affairs as at 31 December 2011 and of the Company's and Group's profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements The Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception
We have nothing to report in respect of the following where The Companies (Guernsey) Law, 2008 requires us to report to you, if in our opinion:

- the Company has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

Grant Thornton Limited
Chartered Accountants
St Peter Port, Guernsey, Channel Islands
Date: 23 March 2012

CONSOLIDATED AND COMPANY INCOME STATEMENTS

	NOTES	Group Year to 31 December 2011 GBP	Group Year to 31 December 2010 GBP	Company Year to 31 December 2011 GBP	Company Year to 31 December 2010 GBP
Revenue					
Interest income on fair value through profit or loss assets	2	**10,934,279**	9,756,442	**7,408,074**	7,223,838
Dividend income		**484,706**	–	**8,606,597**	–
		11,418,985	9,756,442	**16,014,671**	7,223,838
Investment Income					
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss					
– Realised	6	**57,392**	1,209,950	**279,411**	7,049
– Net movement in unrealised	6 & 7	**(1,109,389)**	7,456,803	**(6,262,373)**	8,653,060
		(1,051,997)	8,666,753	**(5,982,962)**	8,660,109
Net gain/(loss) on financial assets and liabilities at amortised cost					
– Realised	6	**1,489,252**	–	**1,489,252**	–
– Net movement in unrealised foreign currency (loss)/gains	6	**(116,499)**	80,746	**(116,499)**	80,746
		1,372,753	80,746	**1,372,753**	80,746
Other income	2	**800,930**	5,168	**78,283**	5,166
(Loss)/gain on foreign currency transactions	2	**(198,610)**	295,642	**67,361**	295,642
Total Income		**12,342,061**	18,804,751	**11,550,106**	16,265,501
Expenses					
Management fees	4	**4,002,524**	3,990,969	**4,002,524**	3,990,969
Administration and secretarial fees	4	**181,655**	113,274	**127,129**	113,274
Custodian fees	4	**18,600**	15,154	**18,600**	15,154
Legal and professional fees		**273,156**	127,504	**273,156**	127,504
Directors' remuneration	4	**85,659**	110,000	**85,659**	110,000
Directors' and officers' insurance		**62,482**	61,095	**62,482**	61,095
Audit fees		**47,000**	61,000	**47,000**	61,000
Executive Directors' remuneration	4	**444,295**	–	**444,295**	–
Other expenses	4	**1,638,409**	1,555,739	**775,794**	621,016
Operating expenses before finance costs		**6,753,780**	6,034,735	**5,836,639**	5,100,012
Net profit from operations before finance costs		**5,588,281**	12,770,016	**5,713,467**	11,165,489
Finance costs		**(2,363,289)**	(1,716,936)	**(702,508)**	–
Profit for the year after finance costs		**3,224,992**	11,053,080	**5,010,959**	11,165,489
Basic earnings per Ordinary Share (p)	5	**3.30**	12.66	**5.13**	12.79
Diluted earnings per Ordinary Share (p)	5	**3.30**	12.64	**5.13**	12.76

All of the profit for the current and prior years relates to the equity holders of the parent.

The accompanying notes on pages 28 to 48 form an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Group Year to 31 December 2011 GBP	Group Year to 31 December 2010 GBP	**Company Year to 31 December 2011 GBP**	Company Year to 31 December 2010 GBP
Profit for the year	**3,224,992**	11,053,080	**5,010,959**	11,165,489
Other comprehensive income				
Foreign exchange on consolidation	**681,013**	342,922	**–**	–
Total comprehensive income for the year	**3,906,005**	11,396,002	**5,010,959**	11,165,489
Attributable to:				
Equity holders of the parent	**3,906,005**	11,396,002	**5,010,959**	11,165,489
	3,906,005	11,396,002	**5,010,959**	11,165,489

The accompanying notes on pages 28 to 48 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	**31 December 2011 GBP**	31 December 2010 GBP
ASSETS			
Non-current assets			
Financial assets at fair value through profit or loss	6	**193,264,197**	161,545,339
		193,264,197	161,545,339
Current assets			
Note receivable	8	**–**	375,268
Trade and other receivables	8	**944,699**	409,794
Cash and cash equivalents	9	**23,703,514**	36,668,950
		24,648,213	37,454,012
Total assets		**217,912,410**	198,999,351
EQUITY			
Capital and reserves attributable to the Group's equity holders			
Share premium	11	**19,289,035**	16,087,290
Distributable reserve		**34,802,740**	34,802,740
Foreign exchange reserve		**(910,908)**	(1,591,921)
Retained earnings		**19,246,630**	19,853,646
Total equity		**72,427,497**	69,151,755
LIABILITIES			
Non-current liabilities			
Loan notes at fair value through profit or loss	10	**135,309,055**	129,207,450
Current liabilities			
Trade and other payables	10	**10,175,858**	640,146
Total liabilities		**145,484,913**	129,847,596
Total equity and liabilities		**217,912,410**	198,999,351
Net Asset Value per Ordinary Share (p)	12	**73.43p**	79.21p

The financial statements were approved by the Board of Directors on 23 March 2012 and were signed on its behalf by:

Director: Patrick Firth

The accompanying notes on pages 28 to 48 form an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

	NOTES	31 December 2011 GBP	31 December 2010 GBP
ASSETS			
Non-current assets			
Financial assets at fair value through profit or loss	6	**9,209,927**	4,415,857
Investment in subsidiary	7	**61,888,602**	56,455,264
Loan notes held at amortised cost	8	**–**	675,243
		71,098,529	61,546,364
Current assets			
Note receivable	8	**–**	375,268
Trade and other receivables	8	**67,876**	127,812
Cash and cash equivalents	9	**1,755,529**	6,220,976
		1,823,405	6,724,056
Total assets		**72,921,934**	68,270,420
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share premium	11	**19,289,035**	16,087,290
Distributable reserve		**34,802,740**	34,802,740
Retained earnings		**18,335,722**	17,156,771
Total equity		**72,427,497**	68,046,801
LIABILITIES			
Current liabilities			
Trade and other payables	10	**494,437**	223,619
Total liabilities		**494,437**	223,619
Total equity and liabilities		**72,921,934**	68,270,420
Net Asset Value per Ordinary Share (p)		**73.43p**	77.95p

The financial statements were approved by the Board of Directors on 23 March 2012 and were signed on its behalf by:

Director: Patrick Firth

The accompanying notes on pages 28 to 48 form an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Group	Share Capital GBP	Share Premium GBP	Distributable Reserve GBP	Foreign Exchange Reserve GBP	Retained Earnings GBP	Total Equity GBP
Balance at 31 December 2009	–	16,087,290	34,802,740	(1,934,843)	12,292,566	**61,247,753**
Net proceeds from share issue	–	–	–	–	–	**–**
Dividends paid*	–	–	–	–	(3,492,000)	**(3,492,000)**
Transactions with owners	–	–	–	–	(3,492,000)	**(3,492,000)**
Profit for the year	–	–	–	–	11,053,080	**11,053,080**
Other comprehensive income:						
Foreign exchange on consolidation	–	–	–	342,922	–	**342,922**
Total comprehensive income for the year	–	–	–	342,922	11,053,080	**11,396,002**
Balance at 31 December 2010	–	16,087,290	34,802,740	(1,591,921)	19,853,646	**69,151,755**
Net proceeds from share issue	–	3,201,745	–	–	–	**3,201,745**
Dividends paid*	–	–	–	–	(3,832,008)	**(3,832,008)**
Transactions with owners	–	3,201,745	–	–	(3,832,008)	**(630,263)**
Profit for the year	–	–	–	–	3,224,992	**3,224,992**
Other comprehensive income:						
Foreign exchange on consolidation	–	–	–	681,013	–	**681,013**
Total comprehensive income for the year	–	–	–	681,013	3,224,992	**3,906,005**
Balance at 31 December 2011	–	19,289,035	34,802,740	(910,908)	19,246,630	**72,427,497**

*During the year the Company made four dividend payments of 1p per Ordinary Share, 4p per Ordinary Share in total.

The accompanying notes on pages 28 to 48 form an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY CONTINUED

Company	Share Capital GBP	Share Premium GBP	Distributable Reserve GBP	Foreign Exchange Reserve GBP	Retained Earnings GBP	Total Equity GBP
Balance at 31 December 2009	–	16,087,290	34,802,740	–	9,483,282	**60,373,312**
Net proceeds from share issue	–	–	–	–	–	**–**
Dividends paid*	–	–	–	–	(3,492,000)	**(3,492,000)**
Transactions with owners	–	–	–	–	(3,492,000)	**(3,492,000)**
Profit for the year	–	–	–	–	11,165,489	**11,165,489**
Other comprehensive income:	–	–	–	–	–	**–**
Total comprehensive income for the year	–	–	–	–	11,165,489	**11,165,489**
Balance at 31 December 2010	–	16,087,290	34,802,740	–	17,156,771	**68,046,801**
Net proceeds from share issue	–	3,201,745	–	–	–	**3,201,745**
Dividends paid*	–	–	–	–	(3,832,008)	**(3,832,008)**
Transactions with owners	–	3,201,745	–	–	(3,832,008)	**(630,263)**
Profit for the year	–	–	–	–	5,010,959	**5,010,959**
Other comprehensive income:	–	–	–	–	–	**–**
Total comprehensive income for the year	–	–	–	–	5,010,959	**5,010,959**
Balance at 31 December 2011	–	19,289,035	34,802,740	–	18,335,722	**72,427,497**

*During the year the Company made four dividend payments of 1p per Ordinary Share, 4p per Ordinary Share in total.

The accompanying notes on pages 28 to 48 form an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS

	NOTES	Group 31 December 2011 GBP	Group 31 December 2010 GBP	Company 31 December 2011 GBP	Company 31 December 2010 GBP
Cash flows from/(used in) operating activities					
Cash generated from operations	13	**3,165,618**	3,252,800	**8,838,021**	2,615,850
Purchase of investments		**(128,186,141)**	(80,166,361)	**(13,358,301)**	(1,711,000)
Sale of investments		**14,809,435**	23,754,633	**2,047,999**	–
Principal received	6	**100,396,647**	68,723,343	**1,838,842**	25,155
Net cash (outflow)/inflow from operating activities		**(9,814,441)**	15,564,415	**(633,439)**	930,005
Cash flows from/(used in) financing activities					
Bank loan received		**12,000,000**	–	**12,000,000**	–
Bank loan repaid		**(12,000,000)**	–	**(12,000,000)**	–
Dividends paid		**(3,832,008)**	(3,492,000)	**(3,832,008)**	(3,492,000)
Net cash outflow from financing activities		**(3,832,008)**	(3,492,000)	**(3,832,008)**	(3,492,000)
Net (decrease)/increase in cash and cash equivalents		**(13,646,449)**	12,072,415	**(4,465,447)**	(2,561,995)
Cash and cash equivalents at beginning of year		**36,668,950**	24,253,613	**6,220,976**	8,782,971
Effect of foreign exchange rate changes during the year		**681,013**	342,922	**–**	–
Cash and cash equivalents at end of year	9	**23,703,514**	36,668,950	**1,755,529**	6,220,976

The accompanying notes on pages 28 to 48 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2011

1. GENERAL INFORMATION

Greenwich Loan Income Fund Limited (the "Company") was incorporated and domiciled in Guernsey, Channel Islands, as a company limited by shares and with limited liability on 9 June 2005 in accordance with The Companies (Guernsey) Law, 1994 (since superseded by The Companies (Guernsey) Law, 2008). The address of the registered office is P.O. Box 296, Sarnia House, Le Truchot, St Peter Port, Guernsey, GY1 4NA. The Company is a Guernsey Authorised Closed-ended Investment Scheme and is subject to the Authorised Closed-ended Investment Scheme Rules 2008. The Company was admitted to the AIM market of the London Stock Exchange on 5 August 2005.

The Company is an investment company, and its investment policies and strategies are managed by an outside investment manager, T2 Advisers, LLC ("T2 Advisers" or the "Investment Manager"), a registered investment adviser in the United States, under the terms of an investment manager agreement. T2 Advisers is also the collateral manager for T2 CLO.

On 26 October 2009, the Company received approval from shareholders and the Guernsey authorities to change its name from T2 Income Fund Limited to Greenwich Loan Income Fund Limited.

A Cayman Islands registered company, T2 CLO, was created on 11 October 2006. The Company owns the residual economic interest of T2 and therefore the operating results of T2 CLO are consolidated in these financial statements. On 31 January 2011, the Company acquired a wholly owned subsidiary, Asset Management Investment Company plc and the operating results are consolidated in these financial statements. Subsequent to this transaction Asset Management Investment Company plc changed its name to Asset Management Investment Company Limited ("AMIC"). As a result of this acquisition 11,333,610 new Ordinary Shares in the Company were issued. These additional new Ordinary Shares were admitted to the AIM market of the London Stock Exchange on 1 February 2011.

On 1 February 2011, the Company's 11,333,610 new Ordinary Shares and the 87,300,000 existing Ordinary Shares were admitted to trading on the Official List of the Channel Island Stock Exchange ("CISX").

The Group is comprised of the Company, T2 CLO and AMIC.

Investing Policy

On 11 January 2011, the shareholders approved the clarification to the Company's investment policy. The full investment policy is disclosed on pages 2 and 3.

2. ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated financial statements (the "financial statements") of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union, and all applicable requirements of Guernsey Company Law. The financial statements have been prepared under the historical cost convention, apart from the inclusion of non-current asset investments, foreign currency derivatives and non-current liabilities at fair value through profit or loss. The principal accounting policies of the Group have remained unchanged from the previous year and are set out below. Comparative information is given for the year ended 31 December 2010.

(b) Basis of consolidation

The financial statements comprise the financial statements of Greenwich Loan Income Fund Limited and its subsidiaries, T2 CLO and AMIC. Subsidiaries are all entities for which the Company has exercises control or owns greater than 50 per cent of the residual economic interest. Through the ownership of the income notes of the T2 CLO the Company has ownership of the residual economic interest of T2 CLOC. The Company obtains and exercises control of the AMIC subsidiary through ownership of 100% of AMIC's equity shares. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminiated in full on consolidation.

The Company carries its investment in the T2 CLO and AMIC subsidiaries at fair value through profit or loss. This is based upon the fair value of the assets and liabilities held by the T2 CLO and AMIC, which the Directors consider to be indicative of fair value for financial reporting purposes; however, the disparity between the Company's NAV per Ordinary Share, as determined under IFRS, and share price is acknowledged by the Directors and in their opinion it is reflective of significant dislocations in the global credit markets, practical limitations on the Company's ability to realise the discount reflected in the fair value of the CLO loan notes and disparity between valuations of portfolio investments and the likely sales price of such investments.

(c) Business combination

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

2. ACCOUNTING POLICIES CONTINUED

(d) Foreign currency translation

(i) Functional and presentation currency

The financial statements of the Company and the Group are presented in the currency of the primary economic environment in which the Company and the Group operates (its functional currency). The Directors have considered the primary economic currency of the Company and considered the currency in which the original finance was raised, distributions made, and ultimately what currency would be returned if the Company was wound up. The Directors have also considered the currency to which the underlying investments are exposed. On balance, the Directors believe Sterling best represents the functional currency of the Company and the AMIC subsidiary, with US Dollars the functional currency of the T2 CLO subsidiary. Therefore the books and records are maintained in Sterling and US Dollars respectively and for the purpose of the financial statements the results and financial position of the Group are presented in Sterling, which is the presentation currency of the Group.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Income Statement.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Translation differences on non-monetary items are reported as part of the fair value gain or loss reported in the Consolidated Income Statement.

(iii) Subsidiary companies

The results and financial position of the subsidiary entity that has a functional currency different to the presentation currency is translated into the presentation currency as follows:

1. assets and liabilities of the Consolidated Statement of Financial Position presented are translated at the closing rate at the date of the year end;
2. income and expenses for the Consolidated Income Statement are translated at average exchange rates for the year (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
3. all resulting exchange differences are recognised in other comprehensive income and accumulated as a separate component of equity.

(e) Revenue recognition

Revenue is recognised as follows:

- Other income - relates to interest income received and bargain purchase gains on the acquisition of AMIC. Interest income is recognised on a time-proportionate basis using the effective interest method and includes interest income from cash and cash equivalents. Bargain purchase gains represent the excess of the fair values of the assets received and liabilities assumed over the consideration paid in acquiring a subsidiary.
- Dividend income - dividend income is recognised when the right to receive payment is established.
- Interest income on fair value through profit or loss assets - interest income on fair value through profit or loss assets is recognised on a time-proportionate basis using the effective interest method.

(f) Expenditure

All expenses are accounted for on an accruals basis. The management fees, administration fees, finance costs and all other expenses (excluding set up expenses which were offset against share premium) are charged through the Consolidated Income Statement.

(g) Taxation

The Company is exempt from Guernsey taxation under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. A fixed annual fee of £600 is payable to the States of Guernsey in respect of this exemption.

(h) Share issue expenses

Share issue expenses of an equity transaction are accounted for as a deduction from equity (net of any income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

(i) Dividends

Dividend distributions to the Group's shareholders are recognised in the Group's financial statements in the period in which the dividends are declared.

(j) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with banks, bank overdrafts and other short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2. ACCOUNTING POLICIES CONTINUED

(k) Trade and other receivables

Receivables are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition or origination. They are subsequently measured at amortised cost using the effective interest rate method less impairment.

(l) Trade and other payables

Payables are recognised initially at fair value and subsequently stated at amortised cost using the effective interest rate method.

(m) Investments and loan notes

(i) Financial assets and liabilities at fair value through profit or loss

Purchases and sales of all investments are recognised on trade date - the date on which the Group acquires or disposes of the economic benefits of the asset. All investments are initially recognised at fair value, and transaction costs for all financial assets and financial liabilities carried at fair value through profit or loss are expensed as incurred. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership.

The CLO loan notes were designated at fair value through profit or loss because the purpose of issuing the CLO loan notes was to be able to make investments in syndicated loans which were based upon the same or similar variable interest rates, and the fair value designation avoided an accounting mismatch between the sources of financing for the purchase of investments and the investments themselves. The Company has designated CLO loan notes and receivables at fair value through profit or loss since they are managed and their performance are evaluated on a fair value basis, and information about the Group is provided internally on that basis to the entity's key management personnel including the entity's Board of Directors. The Directors recognise that the magnitude of fair value movement of the CLO loan notes has been substantially greater than the movement of the investments, due to variations in the different markets in which these instruments are traded.

Unquoted equity security investments and unquoted CLO equity securities, at fair value through profit or loss, are valued in accordance with the International Private Equity and Venture Capital valuation guidelines or any other valuation model and techniques which can provide a reasonable estimate of fair value of the investment involved.

The fair value of financial instruments traded in active markets is based on quoted market prices at the year end date. The quoted market price used for financial assets held by the Group is the current bid price. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. Valuation techniques used include the use of comparable recent arm's length transactions.

For broadly syndicated loans the Company receives market quotes from agent banks on a quarterly basis. In addition, because of the generally limited trading activity in the syndicated loan market in those instances where there has been a significant change in the credit profile of a portfolio company, the Investment Manager prepares an analysis of the portfolio company's recent and projected financial performance as well as other relevant business developments. In those instances where the Investment Manager believes additional analysis is necessary, for example due to a significant change in the market quote without related transaction volume, an outside valuation firm will provide a valuation estimate based upon their proprietary methodologies and techniques. Factors considered in these independent valuation analyses include discounted cash flows, comparable company and comparable transaction analysis, and credit spread analysis based upon the independent valuation firms' view of the implied credit rating of the investment and the corresponding required spread in the marketplace. The Board considers all the information presented to it, including indicative bids, internal analysis, and independent valuations, in order to reach, in good faith, their fair value determination.

For bi-lateral loans, an independent third party performs portfolio company evaluations. As at 31 December 2011, the Group held 1 bi-lateral loan (31 December 2010: none).

The fair value of the CLO loan notes is determined primarily by reference to a market value report provided by the independent broker-dealer which makes the market in the CLO notes. Due to the very limited trading activity in this security, and the significant dislocations which have occurred in the credit markets generally and in the CLO markets in particular, the Directors consider the market value report to be the best indicator of fair value for the notes. The market value report reflects the proprietary analysis of the broker-dealer, specifically considering the cash flows projections of the T2 CLO subsidiary, the credit quality of the investments included in the CLO, and the credit spread required by the marketplace for CLO notes with these particular characteristics. The Directors also consider any trading activity in the CLO notes, if any, as well as other indicators of value based upon discussions between the Investment Manager and the few holders of the notes. The Directors believe that the mid-market value report is the best reflection of fair value of the notes, consistent with the requirements of IFRS, and is consistent with the other factors which have been taken into consideration.

Gains and losses arising from changes in the fair value of the financial assets and liabilities at fair value through profit or loss are included in the Consolidated Income Statement in the period in which they arise.

Income from financial instruments at fair value through profit or loss

Income from financial instruments at fair value through profit or loss relates to financial assets and liabilities designated at fair value through profit or loss, and includes all realised and unrealised fair value changes, interest (using the effective interest rate method), dividends, finance costs and foreign exchange differences.

Total finance costs for the year were GBP2,363,289 (31 December 2010: GBP1,716,936). These finance costs are for interest due to the loan note holders, loan facility fees and loan interest paid. Fair value of long-term notes outstanding at 31 December 2011 were GBP135,309,055 (31 December 2010: GBP129,207,450).

2. ACCOUNTING POLICIES CONTINUED

(m) Investments and loan notes continued

(ii) Derivative Financial Instruments

Derivatives are categorised as financial assets or liabilities held for trading and valued at fair value through profit or loss. There were no derivatives held by the Group as at 31 December 2011 (31 December 2010: none).

(iii) Subsidiaries

Investments in the subsidiaries are initially recorded at cost. The Company has designated its investment in Subsidiary at fair value through profit or loss since they are managed and their performance are evaluated on a fair value basis, and information about the Group is provided internally on that basis to the entity's key management personnel including the entity's Board of Directors. The Company carries its investments in the T2 CLO and AMIC subsidiaries at fair value through profit or loss. This is based upon the fair value of the assets and liabilities held by T2 CLO and AMIC, which the Directors consider to be indicative of fair value for financial reporting purposes. Through its ownership of the residual economic interest of T2 CLO the Directors account for T2 CLO as a wholly owned subsidiary and the operating results are consolidated in these financial statements. The Company owns all of the equity shares of AMIC, and it is therefore a wholly owned subsidiary with its operating results being consolidated in these financial statements.

With effect from 1 January 2012, the Board will account for the T2 CLO equity in the Company Statement of Financial Position as a discrete investment and it will be held at its fair value rather than at it's consolidated value based on the fair value of the underlying assets and liabilities, in order to provide investors with a better guide to the value of the assets held, were they not to be held to maturity. The Board and the Company's auditors have agreed that the best approach to assess the fair value of the T2 CLO equity is to take the market value of the assets within the CLO, less the par value of the debt.

(n) Critical accounting estimates and judgements in applying accounting policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. The Group also makes assumptions on the classification of financial assets.

Investments and loan notes designated as financial assets and liabilities at fair value

The Group invests in broadly syndicated loans that have limited trading activity. The CLO loan notes in issue also trade infrequently. The fair value of such instruments is determined by using valuation techniques. Details of the assumptions used are given in the notes regarding financial assets and liabilities.

Unlisted Debt Securities and Unlisted Equity Securities

The Group can invest in financial instruments which are not quoted in active markets and may receive such financial instruments as distributions on certain investments. Fair values are determined by using valuation techniques. Where valuation techniques, such as the Market Capitalisation Approach, are used to determine fair values they are carried out by an independent valuation firm specifically engaged by the Group to carry out the valuations. Changes in assumptions could affect the reported fair value of financial instruments. See Note 6 for carrying amount at the year end.

Because the Group's portfolio investments are generally not traded in active markets, fair value determinations are based upon additional information, including internal analysis and projections as well as independent valuation work performed by outside firms, beyond the indicative quotes which are generally also available for portfolio investments. These other analyses rely upon observable data including comparable transactions, interest rates and credit spreads.

The Group's liabilities likewise are not traded in active markets, and the independent analysis which provides the basis for the fair value determination is based, in part, upon observable market data including interest rates and credit spreads. The fair value change in the Group's liabilities may differ substantially from the change in the investment portfolio, even though both are related to interest rates generally, because the assumptions relative to the value of CLO liabilities specifically include the assumptions about credit quality of the individual component companies of the CLO investment portfolio, the anticipated cash flow from those investments, and the resulting possibility of covenant defaults which could dramatically effect the sustainability of the CLO structure and therefore the fair value of the loan notes.

(o) New accounting policies effective and adopted

The Company has adopted the following new and amended standards and interpretations, which are applicable to the Company's operations, for the accounting period commencing 1 January 2011:

- Improvements to IFRSs 2010 – various standards (effective 1 January 2011)
- IAS 24 - Related Party Disclosures (Revised 2009) (effective 1 January 2011)
- IFRIC 19 Extinguishing Financial Liabilities with Equity - addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor to extinguish all or part of the financial liability (effective 1 July 2010).

None of these new and amended standards and interpretations have had a material effect on the financial statements of the Group or Company.

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these Financial Statements, were in issue but not yet effective:

2. ACCOUNTING POLICIES CONTINUED

(o) New accounting policies effective and adopted continued

- IFRS 9, 'Financial instruments', effective for annual periods beginning on or after 1 January 2015, specifies how an entity should classify and measure financial assets and liabilities, including some hybrid contracts. The standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged. The standard applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. The standard is not expected to have a significant impact on the Group's financial position or performance, as it is expected that the Fund will continue to classify its financial assets and financial liabilities as being at fair value through profit or loss.
- IFRS 10, 'Consolidated financial statements', effective for annual periods beginning on or after 1 January 2013, builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The new standard is not expected to have any impact on the Group's financial position or performance.
- IFRS 12, 'Disclosures of interests in other entities', effective for annual periods beginning on or after 1 January 2013, includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The new standard is not expected to have any impact on the Group's financial position or performance.
- IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The group is yet to assess IFRS13's full impact and intends to adopt IFRS 13 no later than the accounting period beginning on or after 1 January 2012.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Group.

None of these will have a material effect on the financial statements of the Company, with the exception of IFRS 9 "Financial Instruments – Classification and Measurement" which is not expected to effect the financial position of the Group but may require additional disclosure in future financial statements.

(p) Share based payments

Share options are valued in accordance with IFRS 2 "Share Based Payments". In accordance with IFRS 2, share options issued are measured using the fair value of the options at the grant date or an estimate of the fair value of the services received. See note 11 for details. No additional share options were issued during the year.

3. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group is exposed to a variety of financial risks: market risk (including price risk, fair value interest rate risk, cash flow interest rate risk and currency risk), credit risk and liquidity risk. The risk management policies employed by the Group to manage these risks are discussed below. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks. The Directors are of the opinion that the ultimate risk exposure of the Company is the same as that of the Group and as such the Note 3 risk disclosures are only provided at the Group level.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

Categories of financial instruments

	CARRYING VALUE AT 31 DECEMBER 2011			
	Designated Fair Value through Profit or Loss GBP	Loans and receivables measured at amortised cost GBP	Financial Liabilities measured at amortised cost GBP	Other GBP
Financial assets				
Financial assets at fair value through profit or loss	**193,264,197**	**–**	**–**	**–**
Trade and other receivables	**–**	**944,699**	**–**	**–**
Cash and cash equivalents	**–**	**–**	**–**	**23,703,514**
Total assets	**193,264,197**	**944,699**	**–**	**23,703,514**
Financial liabilities				
Loan notes at fair value through profit or loss	**135,309,055**	**–**	**–**	**–**
Trade and other payables	**–**	**–**	**10,175,858**	**–**
Total liabilities	**135,309,055**	**–**	**10,175,858**	**–**

3. FINANCIAL RISK MANAGEMENT CONTINUED

Significant accounting policies continued

	CARRYING VALUE AT 31 DECEMBER 2010			
	Designated Fair Value through Profit or Loss GBP	Loans and receivables measured at amortised cost GBP	Financial Liabilities measured at amortised cost GBP	Other GBP
Financial assets				
Financial assets at fair value through profit or loss	161,545,339	–	–	–
Note receivable	–	375,268	–	–
Trade and other receivables	–	409,794	–	–
Cash and cash equivalents	–	–	–	36,668,950
Total assets	161,545,339	785,062	–	36,668,950
Financial liabilities				
Loan notes at fair value through profit or loss	129,207,450	–	–	–
Trade and other payables	–	–	640,146	–
Total liabilities	129,207,450	–	640,146	–

Capital Risk Management

The Group's capital is represented by the net assets attributable to shareholders and the objective when managing capital is to enable the Group to continue as a going concern in order to provide a consistent appropriate risk-adjusted return to shareholders, and to maintain a strong capital base to support the continued development of its investment activities. The Group manages its capital to ensure that its objective is met. It does this by investing available cash whilst maintaining sufficient liquidity to meet on-going expenses and dividend payments. The Group considers its capital to include share capital, distributable reserves, foreign exchange reserves and retained earnings. The Group is not subject to regulatory or industry specific limitations on its capital, other than the legal requirements for Guernsey incorporated entities. The Group considers the amount and composition of its capital in proportion to risk. Adjustments to the capital structure will be taken in response to economic conditions, the cost of debt, the ability to raise share capital, and other opportunities and factors which the Board may consider.
At 31 December 2011, the Group had total equity of GBP72,427,497 (31 December 2010: GBP69,151,755).

The Group monitors the ratio of debt to other capital which, based upon shareholder approval, is limited to 5 to 1. Since the debt of the Group is currently contained within its CLO subsidiary, its debt is collateralized by investments held in the CLO portfolio. The portfolio is subject to various financial and other covenant tests which may result in required paydowns of its debt from time to time; in the absence of such required paydowns, the debt matures in 2019.

The Group has sought to achieve an attractive risk adjusted return by investing in debt securities, consisting primarily of senior debt across multiple industries. The Group intends to invest primarily in companies with attractive fundamental characteristics including experienced management, a significant financial or strategic sponsor or partner, a strong competitive position and positive cash flow.

The Investment Manager ensures that not more than 15% of the Group's gross assets are invested in any one investment. Consistent with shareholder approval obtained in December 2006, the Group may apply leverage up to 500%, or five times, the net asset value of the Group. Leverage is the ability to incur indebtedness for the purpose of making investments. The Group has incurred net indebtedness (approximately US$248.9 million; GBP154.1 million at cost, US$210.3 million; GBP135.3 million at fair value as at the year end) through its CLO subsidiary in the form of long-term notes.

Concentration Risk

While the Investment Manager will attempt to spread the Group's assets among a number of investments in accordance with the investment policies adopted by the Group, at times the Group may hold a relatively small number of investments each representing a relatively large portion of the Group's net assets and/or hold a number of investments denominated in non-base currencies each representing a relatively large portion of the Group's net assets. Losses incurred in such investments could have a materially adverse effect on the Group's overall financial condition. Whilst the Group's portfolio is diversified in terms of the companies in which it invests, the investment portfolio of the Group may be subject to more rapid change in value than would be the case if the Group were required to maintain a wide diversification among types of securities, countries and industry groups. Please refer to the Portfolio of the Group that follows the Notes to the financial statements.

(a) Market risk

The Group's exposure to market risk is comprised mainly of movements in the Group's investments. The investment portfolio is managed within parameters disclosed in the Company's offering memorandum. All investments present a risk of loss of capital.

At 31 December 2011, the Group's market risk is affected by three main components: changes in actual market prices, interest rates and foreign currency movements. Interest rates and foreign currency movements are covered at (b) and (c) below.

The following details the Group's sensitivity to a 5% increase and decrease in the market prices, with 5% being the sensitivity rate used when reporting price risk to key management and represents management's assessment of the possible change in market price.

3. FINANCIAL RISK MANAGEMENT CONTINUED

(a) Market risk continued

If market prices had increased by 5% with all other variables held constant, this would have increased net assets attributable to holders of equity shares by approximately GBP2,897,757 (31 December 2010: GBP1,616,894), due to the increase in the fair value of financial assets at fair value through profit or loss by GBP9,663,210 (31 December 2010: GBP8,077,267) offset by the increase in the fair value of the financial liabilities at fair value through profit or loss by GBP6,765,453 (31 December 2010: GBP6,460,373). Conversely, if market prices had decreased by 5%, this would have decreased net assets attributable to holders of equity shares by approximately GBP2,897,757 (31 December 2010: GBP1,616,894), due to the decrease in the fair value of financial assets at fair value through profit or loss by GBP9,663,210 (31 December 2010: GBP8,077,267) offset by the decrease in the fair value of the financial liabilities at fair value through profit or loss by GBP6,765,453 (31 December 2010: GBP6,460,373).

(b) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group has exposure to interest rate risk because it has borrowed to fund investments. The exposure arises on the difference between the rate of interest the Group is required to pay on borrowed funds and the rate of interest which it receives on the debt securities in which it invests. Interest rate risk is comprised of two elements: spread risk and rate risk.

The Group is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Group's cash balances, debt instruments and loan notes are open to interest rate risk.

The Group may, but is not required to, hedge against interest rate fluctuations by using standard hedging instruments such as futures, options and forward contracts. The Group did not enter into any such transactions during the current or prior years.

The table below summarises the Group's exposure to interest rate risk.

At 31 December 2011	Floating rate Financial Instruments GBP	Fixed rate Financial Instruments GBP	Non-interest Bearing Financial Instruments GBP	Total GBP
Assets				
Financial assets at fair value through profit or loss	**180,452,763**	**–**	**12,811,434**	**193,264,197**
Trade and other receivables	**–**	**–**	**944,699**	**944,699**
Cash and cash equivalents	**23,703,514**	**–**	**–**	**23,703,514**
Total assets	**204,156,277**	**–**	**13,756,133**	**217,912,410**
Liabilities				
Loan notes	**135,309,055**	**–**	**–**	**135,309,055**
Trade and other payables	**–**	**–**	**10,175,858**	**10,175,858**
Total liabilities	**135,309,055**	**–**	**10,175,858**	**145,484,913**
Total interest sensitivity gap	**68,847,222**	**–**	**3,580,275**	**72,427,497**

At 31 December 2010	Floating rate Financial Instruments GBP	Fixed rate Financial Instruments GBP	Non-interest Bearing Financial Instruments GBP	Total GBP
Assets				
Financial assets at fair value through profit or loss	160,456,433	–	1,088,906	161,545,339
Note receivable	–	–	375,268	375,268
Trade and other receivables	–	–	409,794	409,794
Cash and cash equivalents	36,668,950	–	–	36,668,950
Total assets	197,125,383	–	1,873,968	198,999,351
Liabilities				
Loan notes	129,207,450	–	–	129,207,450
Trade and other payables	–	–	640,146	640,146
Total liabilities	129,207,450	–	640,146	129,847,596
Total interest sensitivity gap	67,917,933	–	1,233,822	69,151,755

3. FINANCIAL RISK MANAGEMENT CONTINUED

(b) Interest rate risk continued

The sensitivity analyses below have been determined based on the Group's exposure to interest rates for interest bearing assets and liabilities (included in the interest rate exposure table above) at the period end date and the stipulated change taking place at the beginning of the financial period and held constant through the reporting period in the case of instruments that have floating rates.

A 200 basis point increase or decrease is used when reporting interest spread risk internally on financial assets at fair value through profit or loss and represents management's assessment of the possible change in interest spreads, and 25 basis points is used when reporting interest rate risk for all interest bearing assets and liabilities.

At 31 December 2011, should the interest spread have lowered by 200 basis points with all other variables remaining constant, the decrease in profit and equity attributable to holders of equity for the year would amount to approximately GBP3,897,904 (31 December 2010: GBP3,437,414). If the interest spread had risen by 200 basis points, the increase in profit and equity attributable to holders of equity would amount to approximately GBP3,897,904 (31 December 2010: GBP3,437,414).

At 31 December 2011, should interest rates have lowered by 25 basis points with all other variables remaining constant, the increase in profit and equity attributable to holders of equity for the year would amount to approximately GBP161,201 (31 December 2010: GBP139,233). If the interest rate had risen by 25 basis points, the decrease in profit and equity attributable to holders of equity would amount to approximately 161,201 (31 December 2010: GBP139,233).

The Group's exposure to interest rate risk is limited to its financial assets at fair value through profit or loss, loan notes held at financial assets at fair value through profit or loss and its cash and cash equivalents. These are all floating rate financial assets.

(c) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group may make investments in currencies other than Sterling. To the extent that it does, the Group will be exposed to a potentially adverse currency risk. Changes in the rate of exchange may affect the value of the Group's investments, and the level of income that it receives from those investments.

Foreign currency denominated financial assets and liabilities, translated into GBP at the closing rate, are as follows:

31 December 2011	USD	GBP	EUR	Total
Assets				
Financial assets at fair value through profit or loss account	**188,264,197**	**–**	**5,000,000**	**193,264,197**
Cash and cash equivalents	**23,352,023**	**351,491**	**–**	**23,703,514**
Trade and other receivables	**528,513**	**20,812**	**395,374**	**944,699**
Total assets	**212,144,733**	**372,303**	**5,395,374**	**217,912,410**
Liabilities				
Loan notes at fair value through profit or loss	**135,309,055**	**–**	**–**	**135,309,055**
Trade and other payables	**9,719,579**	**456,279**	**–**	**10,175,858**
	145,028,634	**456,279**	**–**	**145,484,913**
Total currency sensitivity gap	**67,116,099**	**(83,976)**	**5,395,374**	**72,427,497**

31 December 2010	USD	GBP	Total
Assets			
Financial assets at fair value through profit or loss account	161,545,339	–	161,545,339
Cash and cash equivalents	32,540,192	4,128,758	36,668,950
Note receivable	–	375,268	375,268
Trade and other receivables	403,086	6,708	409,794
Total assets	194,488,617	4,510,734	198,999,351
Liabilities			
Loan notes at fair value through profit or loss	129,207,450	–	129,207,450
Trade and other payables	488,205	151,941	640,146
	129,695,655	151,941	129,847,596
Total currency sensitivity gap	64,792,962	4,358,793	69,151,755

3. FINANCIAL RISK MANAGEMENT CONTINUED

(c) Currency risk continued

The majority of the Group's financial assets and liabilities are also denominated in US Dollars and therefore the Group is exposed to fluctuations in the GBP:US Dollar foreign exchange rate. There is also some exposure to Euro.

The sensitivity analysis below has been determined based on the sensitivity of the Group's outstanding foreign currency denominated financial assets and liabilities to a 5% increase/decrease in the Sterling against US Dollar and Euro, translated at the year end date.

At 31 December 2011, if GBP had weakened or strengthened by 5% against the US Dollar and the Euro, with all other variables held constant, the increase or decrease respectively in profit and equity attributable to holders of equity shares during the year would amount to approximately GBP3,625,574 (year ended 31 December 2010: GBP3,239,648).

In accordance with the Group's policy, the Investment Manager monitors the Group's currency position on a regular basis, and the Board of Directors reviews it on a quarterly basis.

(d) Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the year end date. The Group invests primarily in senior debt, senior subordinated debt and junior subordinated debt. The maximum investment size, at the time of the investment, will generally be limited to 15% of the Group's Gross Assets. However, the Group may make larger investments and it may seek to syndicate or sell down a portion of any such investment, after it has been acquired.

The investment portfolio of the Group is subject to a number of diversification requirements including size, industry and ratings to ensure that it is sufficiently diversified.

The maximum credit risk associated with the investment portfolio is represented by the fair value of the investments as shown in Note 6. The loan portfolio of the Group reflects a secured interest in the general corporate assets of the borrowers, and all loans remain unsubordinated.

The following amounts on debt instruments were considered impaired:

	31 December 2011 US$	31 December 2010 US$
Principal (including PIK interest)	**14.1m**	–

As at the year end, there is no accrued interest which is considered uncollectable (31 December 2010: US$nil).

The Group mitigates credit risk by only entering into agreements related to loan instruments in which the collateral and/or operating strength of the investee companies is sufficient to support the loan amounts outstanding. This determination of whether the loan instruments are sufficiently collateralised is made by the Investment Manager at the time of the agreements, and the Investment Manager continues to evaluate the loan instruments in the context of these agreements.

The Group continuously monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Group's management considers the above financial assets as impaired due to its credit quality rating of 5.

The Group has established a credit rating system. The purpose of the rating system is to monitor the credit quality of the Company's broadly syndicated loan portfolio on both an individual and portfolio basis and the future on-going monitoring required.

Portfolio by rating category	31 December 2011	31 December 2010
1	**1%**	9%
2	**85%**	73%
3	**12%**	18%
4	**0%**	0%
5	**2%**	0%
Total	**100%**	100%

3. FINANCIAL RISK MANAGEMENT CONTINUED

(d) Credit risk continued

Credit Ratings Level	Ratings Criteria Methodology (1) (General Parameters)
1	Company is ahead of expectations and/or outperforming financial covenant requirements and this trend is expected to continue.
2	Full repayment of principal and interest is expected.
3	Closer monitoring is required. Full repayment of principal and interest is expected.
4	A reduction of interest income has occurred or is expected to occur. No loss of principal is expected.
5	A loss of some portion of principal is expected. (2)

(1) The above methodology outlines the general parameters adopted to determine ratings, and other facts and circumstances may be considered when determining an appropriate Credit Ratings Level.

(2) An estimate of the potential amount of principal loss will be determined on a quarterly basis.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

(e) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. As the Group's investments will not generally be in publicly traded securities, they are likely to be subject to legal and other restrictions on resale or otherwise be less liquid than publicly traded securities. The illiquidity of the Group's investments may make it difficult for them to be sold quickly if the need arises. Since the Group intends to invest in debt securities with a term of up to seven years, and hold investments in debt securities until maturity of the debt, the Group does not expect realisation events to occur in the near term.

The Company's investment in its subsidiary, T2 CLO, is also considered to be an illiquid investment.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the year end date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows, assuming interest rates in effect at the year end.

	CURRENT		NON-CURRENT		
	Within 6 months GBP	6 to 12 months GBP	1 to 5 years GBP	5 years to maturity* GBP	No stated maturity GBP
At 31 December 2011					
Loan notes	**607,435**	**614,110**	**4,876,171**	**163,207,755**	**–**
Trade and other payables	**10,175,858**	**–**	**–**	**–**	**–**
Total financial liabilities	**10,783,293**	**614,110**	**4,876,171**	**163,207,755**	**–**
At 31 December 2010					
Loan notes	800,486	813,753	6,461,378	162,473,589	–
Trade and other payables	640,146	–	–	–	–
Total financial liabilities	1,440,632	813,753	6,461,378	162,473,589	–

** The contractual maturity of the Group's financial liabilities details in the table above is 15 July 2019.*

Fair value estimation

The fair values of the Group's short-term trade receivables and payables approximate their carrying amounts at the period/year end date.

3. FINANCIAL RISK MANAGEMENT CONTINUED

(e) Liquidity risk continued

Financial instruments measured at fair value

The following table presents financial assets and liabilities measured at fair value in the Consolidated Statement of Financial Position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value in the Consolidated Statement of Financial Position are grouped into the fair value hierarchy as follows:

At 31 December 2011	Note	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Assets					
Broadly syndicated loans	a	**–**	**–**	**180,452,763**	**180,452,763**
Equity securities	b	**–**	**–**	**8,351,992**	**8,351,992**
CLO equity securities	b	**–**	**–**	**4,070,015**	**4,070,015**
Warrant securities	c	**–**	**–**	**389,427**	**389,427**
Total		**–**	**–**	**193,264,197**	**193,264,197**
Liabilities					
CLO loan notes	d	**–**	**–**	**(135,309,055)**	**(135,309,055)**
Total		**–**	**–**	**(135,309,055)**	**(135,309,055)**
Net Fair Value		**–**	**–**	**57,955,142**	**57,955,142**

At 31 December 2010	Note	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Assets					
Broadly syndicated loans	a	–	–	160,456,433	160,456,433
Equity securities	b	–	–	1,088,906	1,088,906
Total		–	–	161,545,339	161,545,339
Liabilities					
CLO loan notes	d	–	–	(129,207,450)	(129,207,450)
Total		–	–	(129,207,450)	(129,207,450)
Net Fair Value		–	–	32,337,889	32,337,889

Measurement of fair value

The methods and valuation techniques used for the purposes of measuring fair value are unchanged compared to the previous reporting year with the exception of the addition of warrant security valuation.

(a) Broadly syndicated loans

All the broadly syndicated loans are denominated in USD. The loans have significant unobservable inputs, as they trade infrequently. As observable prices are not available for these securities, the Investment Manager has used valuation techniques to assist the Board in its determining of the fair value.

3. FINANCIAL RISK MANAGEMENT CONTINUED

Measurement of fair value continued

(b) Equity securities & CLO equity securities

With the exception of a single equity holding which is denominated in GBP, all the equity securities are denominated in USD. The equity securities have significant unobservable inputs, as they trade infrequently or unlisted. As observable prices are not available for these securities, the Investment Manager has used valuation techniques to assist the Board in its determining of the fair value.

(c) Warrant security

The warrant security is denominated in GBP. The warrant security has unobservable inputs, as it is unlisted. As observable prices are not available for this security, the Investment Manager has used valuation techniques to assist the Board in its determining of the fair value.

(d) CLO loan notes

The CLO loan notes are denominated in US Dollar. The loan notes also have significant unobservable inputs, as they trade infrequently. The fair value of the loan notes is determined primarily by reference to a mid-market value report provided by the independent broker-dealer.

Level 3 fair value measurements

The Group's financial assets and liabilities classified in Level 3 use valuation techniques based on significant inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

Year ended 31 December 2011	Broadly Syndicated loans GBP	Equity GBP	CLO Equity GBP	Warrants GBP	CLO Loan Notes GBP	Total GBP
Opening fair value	**160,456,433**	**1,088,906**	**–**	**–**	**(129,207,450)**	**32,337,889**
Purchases/loans advanced	**129,912,980**	**–**	**3,701,819**	**–**	**–**	**133,614,799**
Transfers in*	**7,025,939**	**2,602,748**	**–**	**–**	**–**	**9,628,687**
Consolidated reinstatement**	**–**	**–**	**–**	**–**	**(1,251,654)**	**(1,251,654)**
Restructure	**–**	**(311,960)**	**–**	**311,960**	**–**	**–**
Sales	**(14,809,436)**	**–**	**–**	**–**	**(1,489,252)**	**(16,298,688)**
Capital repayments	**(100,396,647)**	**–**	**–**	**–**	**–**	**(100,396,647)**
Gains and losses recognised in profit and loss:						
– realised	**(68,989)**	**126,381**	**–**	**–**	**1,489,252**	**1,546,644**
– unrealised	**(1,667,517)**	**4,845,917**	**368,196**	**77,467**	**(4,849,951)**	**(1,225,888)**
Closing fair value	**180,452,763**	**8,351,992**	**4,070,015**	**389,427**	**(135,309,055)**	**57,955,142**

Year ended 31 December 2010	Broadly Syndicated loans GBP	Equity GBP	CLO Loan Notes GBP	Total GBP
Opening fair value	153,256,998	–	(117,354,993)	35,902,005
Purchases/loans advanced	80,166,361	–	–	80,166,361
Sales	(23,754,633)	–	–	(23,754,633)
Capital repayments	(68,723,343)	–	–	(68,723,343)
Gains and losses recognised in profit and loss:				
– realised	1,209,950	–	–	1,209,950
– unrealised	18,301,100	1,088,906	(11,852,457)	7,537,549
Closing fair value	160,456,433	1,088,906	(129,207,450)	32,337,889

** On acquisition of AMIC subsidiary*
*** Previously this would be eliminated in the consolidated Group financial statements as the Company directly held some of the CLO loan notes issued by T2 CLO. During the year the Company sold these CLO loan notes to a third party.*

Changing inputs to the Level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognised in profit or loss, total assets or total liabilities or total equity.

There have been no transfers into or out of level 3 in the reporting periods under review.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 December 2011

4. FUND EXPENSES

Management fee

The Investment Manager, T2 Advisers, LLC, is entitled to receive an annual fee payable quarterly in advance. The management fee is calculated based on the average value of the Company's gross assets at the most recently completed calendar quarter and the projected gross assets as of the end of the current calendar quarter. With effect from 1 July 2010, the management fee payable was reduced by 25 basis points from 2.00% of gross assets to 1.75% of gross assets. With effect from 30 June 2011 to 31 March 2012, the management fee will be fixed at the payment for the previous quarter of £911, 272. Thereafter, from the management fee payable at the end of the first quarter of 2012, the management fee will be calculated on the Company's gross assets, less the fair value of the liabilities within the CLO, to the extent that the CLO remains consolidated by the Company. The new fee will be subject to a minimum fee of £155,000 per quarter. As announced on 18 May 2011, the Board and the Company's then nominated adviser considered the aforementioned amendments to the investment management agreement to be fair and reasonable insofar as the Company's shareholders are concerned.

Total fees charged for the year ended 31 December 2011 amounted to GBP4,002,524 (31 December 2010: GBP3,990,969). The total amount due and payable at the year end amounted to GBPnil (31 December 2010: GBPnil).

Administration and secretarial fees

On 23 July 2010, the administration and secretarial services to the Company were transferred from Butterfield Fulcrum Group (Guernsey) Limited to Praxis Fund Services Limited.

For the period since 24 July 2010, Praxis Fund Services is entitled to an annualised fee for its services, as administrator of 0.1% of the Net Asset Value of the Group, calculated on the last business day of each quarter and payable quarterly in arrears. The fee is subject to a minimum of GBP55,000 per annum. With regard to company secretarial services, the Administrator is compensated on a time cost basis.

For the period 1 January 2010 to 24 July 2010, the former Administrator and Secretary, Butterfield Fulcrum Group (Guernsey) Limited, was entitled to an annual fee for its services, as administrator and secretary, of 0.075% of the Net Asset Value of the Group, calculated on the last business day of each quarter and payable quarterly in arrears. The fee was subject to a minimum of GBP40,000 per annum. They were also due a fixed accounting fee of GBP10,000 per annum plus a fixed fee of GBP5,000 for their registrar services.

Total Administration and secretarial fees charged for the year ended 31 December 2011 amounted to GBP181,655 (31 December 2010: GBP113,274). The total amount due and payable at the year end amounted to GBP48,240 (31 December 2010: GBP39,609).

Custodian fees

The Custodian, Butterfield Bank (Guernsey) Limited is entitled to custody fees of 0.02% of the Net Asset Value of the Group subject to a minimum of GBP15,000 per annum. The fee is payable quarterly in arrears.

Total fees charged for the year ended 31 December 2011 amounted to GBP18,600 (31 December 2010: GBP15,154). The total amount due and payable at the year end amounted to GBP3,750 (31 December 2010: GBP3,750).

Other expenses

For the year ended 31 December 2011, other expenses include those of the CLO and AMIC. For the year ended 31 December 2010: CLO only. The table below details other charges during the year:

Other expenses:	Group 2011 GBP	Group 2010 GBP	Company 2011 GBP	Company 2010 GBP
Directors' expenses	**97,031**	118,526	**97,031**	118,526
Portfolio analysis fees	**131,133**	–	**131,133**	–
NOMAD fees	**20,000**	20,482	**20,000**	20,482
Listing fees	**7,867**	8,408	**7,867**	8,408
Broker fees	**198,331**	205,134	**198,331**	205,134
CFO fees	**125,000**	125,000	**125,000**	125,000
Marketing expenses	**105,032**	42,952	**105,032**	42,952
AIC fees	**4,492**	1,477	**4,492**	1,477
Registrar fees	**28,381**	25,230	**28,381**	25,230
Other AMIC expenses	**145,519**	–	**–**	–
Other T2 CLO expenses	**721,250**	928,984	**–**	–
Sundry	**54,373**	79,546	**58,527**	73,807
	1,638,409	1,555,739	**775,794**	621,016

4. FUND EXPENSES CONTINUED

Non-executive Directors' fees & Executive Director's salary

As at 31 December 2011, each of the non-executive Directors had entered into an agreement with the Company providing for them to act as a Director of the Company.

As at 31 December 2011, the non-executive Directors' annual fees, excluding all reasonable expenses incurred in the course of their duties which were reimbursed by the Company, were as detailed in the table below:

Non-executive Directors	31 December 2011 GBP	31 December 2010 GBP
Patrick Firth *(Chairman)*	**40,000***	25,000
Frederick Forni	**25,000**	25,000
James Carthew *(appointed 17 May 2011)*	**25,000**	N/A
Geoff Miller *(only non-executive until 31 March 2011)*	**N/A**	40,000

**Mr Firth's Director's fee increased from GBP25,000 per annum to GBP40,000 per annum on 28 April 2011 when he was elected as Chairman of the Board. Total Director's fee paid to Mr Firth during the year ended 31 December 2011 was GBP35,137.*

For the period to 31 March 2011, Mr Miller acted as non-executive Chairman of the Board and was entitled to an annual fee of GBP40,000. Total Directors fees charged to the Group for the year ended 31 December 2011 amounted to GBP85,659 (31 December 2010: GBP110,000). The total amount due and payable at the year end amounted to GBPnil (31 December 2010: GBPnil). During the comparative year ended 31 December 2010, an additional one off payment of GBP20,000 was made to Mr Miller in recognition of special services provided to the Company.

Under an employment contract (the "Employment Contract"), effective from 31 March 2011, Mr Miller became an Executive Director of the Company and is entitled to a fixed salary of GBP150,000 per annum (less applicable tax and social security contributions). Mr Miller's salary cost is included in the Consolidated Income Statement. The total salary cost for the year ended 31 December 2011 relating to Mr Miller amounted to GBP118,394. In addition to the fixed salary referred to above, Mr Miller shall be entitled to a contractual bonus, details of which are available on the Company's website (www.glifund.com). In accordance with the Employment Contract the actual bonus amount paid to Mr Miller for any financial period is capped at a maximum of 0.3 per cent of the Company's net Asset Value (adjusted pro rata for period less or more than one year) (the "Cap"). Any excess contractual bonus payable above this Cap shall be deferred and added to any contractual bonus payable (if any) in the next financial year. For the year ended 31 December 2011, the total contractual bonus cost relating to Mr Miller amounted to GBP325,901, of which £217,282 was physically paid and £108,619 deferred to the next financial year.

5. EARNINGS PER ORDINARY SHARE

Earnings per Ordinary Share has been calculated by dividing the profit attributable to Ordinary Shareholders of GBP3,224,992 (31 December 2010: GBP11,053,080) by the weighted average number of Ordinary Shares outstanding during the year of 97,671,029 (31 December 2010: 87,300,000). Fully diluted earnings per Ordinary Share has been calculated by dividing the profit attributable to Ordinary Share holders of GBP3,224,992 (31 December 2010: GBP11,053,080), by the weighted average number of Ordinary Shares outstanding during the year adjusted for the effects of all dilutive potential Ordinary Shares of 97,721,029 (31 December 2010: 87,479,376).

Basic earnings per Ordinary Share

Date	No. of shares	No. of days	Weighted average no. of shares
01/01/2011	87,300,000	31	7,414,520
31/01/2011	98,633,610	334	90,256,509
31/12/2011		365	97,671,029
01/01/10 & 31/12/10	87,300,000	365	87,300,000

5. EARNINGS PER ORDINARY SHARE CONTINUED

Diluted earnings per Ordinary Share

Date	No. of shares	No. of days	Weighted average no. of shares
01/01/2011	87,350,000	31	7,418,767
31/01/2011	98,683,610	334	90,302,262
31/12/2011		365	97,721,029
01/01/2010	87,905,555	85	20,471,157
26/03/2010	87,350,000	280	67,008,219
31/12/2010		365	87,479,376

	31 December 2011 No. of shares	31 December 2010 No. of shares
Weighted average number of Ordinary Shares for the purposes of basic earnings per Ordinary Share	**97,671,029**	87,300,000
Effect of dilutive potential Ordinary Shares:		
Share options	**50,000**	179,376
Weighted average number of Ordinary Shares for the purposes of diluted earnings per Ordinary Share	**97,721,029**	87,479,376

6. FINANCIAL ASSETS AND LIABILITIES

	Group 2011 GBP	Group 2010 GBP	**Company 2011 GBP**	Company 2010 GBP
Debt securities of listed companies	**27,134,616**	46,648,497	**–**	–
Debt securities of unlisted companies	**153,318,147**	113,807,936	**3,811,155**	3,326,951
Unlisted equity securities	**8,351,992**	1,088,906	**939,330**	1,088,906
Unlisted CLO equity securities	**4,070,015**	–	**4,070,015**	–
Unlisted warrant securities	**389,427**	–	**389,427**	–
Investment in subsidiary	**–**	–	**61,888,602**	56,455,264
	193,264,197	161,545,339	**71,098,529**	60,871,121
Realised gains/(loss) recognised on financial assets and liabilities(1)				
Realised gain on investments at fair value through profit or loss	**57,392**	1,209,950	**279,411**	7,049
Realised gain on financial liabilities at amortised cost	**1,489,252**	–	**1,489,252**	–
	1,546,644	1,209,950	**1,768,663**	7,049
Unrealised gains/(losses) recognised on financial assets and liabilities at fair value through profit or loss (2)				
Unrealised gain/(loss) on financial assets investments at fair value through profit or loss	**3,624,063**	19,390,006	**557,558**	(368,485)
Unrealised loss on financial liabilities investments at fair value through profit or loss	**(4,733,452)**	(11,933,203)	**–**	–
Unrealised loss on financial liabilities at amortised cost	**(116,499)**	80,746	**(116,499)**	80,746
	(1,225,888)	7,537,549	**441,059**	(287,739)

6. FINANCIAL ASSETS AND LIABILITIES CONTINUED

	Group 2011 GBP	Group 2010 GBP	**Company 2011 GBP**	Company 2010 GBP
Opening cost of financial assets	**126,552,111**	137,653,776	**8,332,912**	6,640,018
Purchases	**133,614,799**	80,166,361	**5,483,983**	1,711,000
Transfers in*	**9,628,687**	–	**311,960**	–
Sales	**(14,809,436)**	(23,754,633)	**(1,838,842)**	–
Realised gain/(loss) of investments	**57,392**	1,209,950	**279,411**	7,049
Capital repayments	**(100,396,647)**	(68,723,343)	**–**	(25,155)
Cost of investments at year end	**154,646,906**	126,552,111	**12,569,424**	8,332,912
Unrealised gain/(loss) at year end	**38,617,291**	34,993,228	**(3,359,497)**	(3,917,055)
Closing value at year end	**193,264,197**	161,545,339	**9,209,927**	4,415,857

* *On acquisition of AMIC subsidiary*

(1) For the year to 31 December 2011, the Group had a realised gain of GBP1,546,644 (31 December 2010: GBP1,209,950) which comprised a realised gain on investments of GBP57,392 (31 December 2010: realised gain of GBP1,209,950) and a realised gain on the sale of some of the CLO loan notes by the parent company, Greenwich Loan Income Fund Limited, of GBP1,489,252 (31 December 2010: realised gain of GBPnil).

(2) For the year to 31 December 2011, the Group had an unrealised loss on financial assets and liabilities of GBP1,225,888 (31 December 2010: GBP7,537,549 gain). This is comprised of an unrealised gain on financial assets of GBP3,624,063 (31 December 2010: GBP19,390,006) and an unrealised loss on liabilities of GBP4,849,951 (31 December 2010: GBP11,852,457 loss).

7. INVESTMENT IN SUBSIDIARIES

	Company 31 December 2011 GBP	Company 31 December 2010 GBP
Opening cost of investment in Subsidiaries	**29,928,228**	29,928,228
Additions at cost	**12,253,269**	–
Cost of investment in Subsidiaries at year end	**42,181,497**	29,928,228
Unrealised gain	**19,707,105**	26,527,036
Closing fair value of investment in Subsidiaries	**61,888,602**	56,455,264
Movement in unrealised gain on Subsidiaries	**557,558**	(368,485)
Movement in unrealised gain/(loss) on financial assets	**(116,499)**	80,746
Movement in unrealised loss on financial liabilities	**(6,819,931)**	9,021,545
Total movement in unrealised (loss)/gain	**(6,378,872)**	8,733,806

On 31 January 2011, the Company acquired a wholly owned subsidiary, AMIC, for a total consideration of GBP12,253,262. At the date of acquisition the fair value of AMIC's net assets was GBP12,969,481, resulting in a bargain gain of GBP716,219. This bargain gain is included in other income in the Consolidated Income Statement. Post acquisition net profits of GBP2,880,211 (revenue: GBP5,194,752), relating to AMIC, have been included in the Consolidated Income Statement for the year ended 31 December 2011. AMIC's net profits for the full 12 months to 31 December 2011, including both pre acquisition and post acquisition profits, amounted to GBP1,419,249 (revenue: GBP4,462,237).

Had the acquisition happened at the beginning of the year, the combined net revenues and net loss of the Company plus that of AMIC for the year ended 31 December 2011 would have been GBP7,405,748 and GBP2,176,387 respectively.

7. INVESTMENT IN SUBSIDIARIES CONTINUED

Company – year ended 31 December 2011	Net Assets Acquired	Consideration	Bargain Purchase Gain
Acquisition of AMIC by asset/liability class:	**GBP**	**GBP**	**GBP**
Investments at fair value through profit or loss	8,475,107	8,007,083	468,024
Cash and cash equivalents	4,421,045	4,176,900	244,145
Trade and other receivables	123,266	116,459	6,807
Trade and other payables	(49,937)	(47,180)	(2,757)
Total	**12,969,481**	**12,253,262**	**716,219**

In consideration for the AMIC acquisition, the Company paid cash of GBP9,051,525 and issued 11,333,610 shares for a total value of GBP3,201,745 or 28.25p per share (please see Note 11).

As disclosed in last year's annual financial statements, under the terms of the acquisition, the basic offer was based on a discounted Formula Asset Value of AMIC. This led to the Company acquiring, on consolidation, total net assets above the consideration amount and resulted in the bargain purchase gain.

Professional fees relating to the acquisition of AMIC in the year amounted to GBP235,972. These are included in the Income Statements within legal and professional fees.

8. TRADE AND OTHER RECEIVABLES

	Group 2011 GBP	Group 2010 GBP	Company 2011 GBP	Company 2010 GBP
Accrued bank interest	**1,124**	147	**–**	147
Dividends receivable	**395,374**	–	**–**	–
Loan interest receivable	**434,508**	363,035	**18,163**	81,053
Security sales receivable	**53,692**	–	**–**	–
Prepaid expenses	**60,001**	46,612	**49,713**	46,612
	944,699	409,794	**67,876**	127,812
Current assets				
Note receivable (a)	**–**	375,268	**–**	375,268
Non current assets				
Loan notes held at amortised cost (b)	**–**	–	**–**	675,243

(a) The GBPnil (31 December 2010: GBP375,268) note receivable relates to a promissory note that was originally due for payment in 2009 from T2 Advisers, LLC, the Company's Investment Manager. This note, which was subject to certain conditions, was signed on 5 December 2006 and was subject to interest of 8% per annum, compounded annually. On 29 September 2009, it was agreed that payment on the promissory note be deferred (with interest ceasing to accrue from that date) until such time as the reduction in the aggregate fees paid by the Company to the Investment Manager, commencing 1 July 2010, is equal to the amount payable under the note, at which point the note will be cancelled. The note had been fully extinguished as at 31 December 2011.

(b) During the year to 31 December 2009, the Company purchased some of the CLO loan notes from its subsidiary T2 Income Fund CLO I Ltd. At a Company level, the loan notes were designated as receivables held at amortised cost. These loan notes were sold to a third party in an arms length transaction during the year ended 31 December 2011 resulting a realised gain of GBP1,489,252.

9. CASH AND CASH EQUIVALENTS

	Group 2011 GBP	Group 2010 GBP	Company 2011 GBP	Company 2010 GBP
Call account	**23,703,514**	36,668,950	**1,755,529**	6,220,976

For the purposes of the Cash Flow Statement, the above items represent the year end cash and cash equivalents balances.

10. TRADE AND OTHER PAYABLES

	Group 2011 GBP	Group 2010 GBP	Company 2011 GBP	Company 2010 GBP
Current liabilities				
Due to Subsidiary	**–**	–	**71,996**	71,678
Administrator's fees	**48,240**	39,609	**31,036**	39,609
Custodian's fees	**3,750**	3,750	**3,750**	3,750
Audit fees	**55,100**	50,000	**32,200**	50,000
Directors' fees	**–**	–	**–**	–
Executive Directors' remuneration payable	**336,292**	–	**336,292**	–
Finance cost (1)	**394,667**	340,538	**–**	–
Security purchases payable	**9,168,385**	–	**–**	–
Other accruals	**169,424**	206,249	**19,163**	58,582
	10,175,858	640,146	**494,437**	223,619
Non current liabilities				
CLO loan notes at fair value through profit of loss*	**135,309,055**	129,207,450	**–**	–

** a reconciliation of the movements in CLO loan notes during the year is provided in Note 3.*

The loan notes represent the indebtedness of the CLO. The CLO was created and the loan notes were issued as part of the Company's leveraging plan. On 19 July 2007, the loan notes were issued by the CLO in five tranches, Class A through E, and sold to third parties, as well as subordinated income loan notes which were issued to the Company at inception, representing the residual economic interest (i.e. the equity) in the CLO. The loan notes were issued in the total amount of US$309,050,000 with a twelve year term. In 2008, approximately US$380,000 of the Class A loan notes were repaid under the terms of the Indenture. The "Indenture" dated 19 July 2007 is among T2 Income Fund CLO I Ltd as the "Issuer", T2 Income Fund CLO I LLC as the "Co-Issuer" and The Bank of New York Mellon as the "Trustee".

During June 2009, the Company purchased from third parties some of the loan notes of its subsidiary, T2 Income Fund CLO 1 Ltd. Class B loan notes of par value US$1,137,000 and Class D loan notes of par value US$3,000,000 were purchased at a price of 0.435 and 0.1425 respectively. The internally purchased loan notes were eliminated within the comparative year's consolidated financial statements for consolidation purposes. During the current year ended 31 December 2011, the Company sold its holdings in the Class B loan notes of par value US$1,137,000 and Class D loan notes of par value US$3,000,000 to a third party at a price of 0.825 and 0.780 respectively.

(1) Interest on the loan notes is calculated on a weighted average interest rate of LIBOR plus 76 basis points.

11. SHARE CAPITAL & SHARE PREMIUM

The Company has the power to issue an unlimited number of Ordinary Shares of no par value.

As at 31 December 2011, no share options remained unexercised. Under IFRS2, the share options granted are measured at fair value at the grant date based on market prices. On exercise of the share options the change in fair value is also recognised and expensed in the Consolidated Income Statement. There was no share option expense for the years ended 31 December 2011 and 31 December 2010.

On 1 February 2011, following the acquisition of AMIC, the Company issued 11,333,610 new Ordinary Shares at a value of 28.25p, being the mid-market closing share price of a GLIF Ordinary Share on 25 October 2010, the business day prior to the acquisition indicative offer announcement.

Share Capital	31 December 2011 Shares in issue	31 December 2010 Shares in issue
Ordinary shares – nil par value		
Balance at start of the year	**87,300,000**	87,300,000
Issued during the year	**11,333,610**	–
Balance at end of the year	**98,633,610**	87,300,000

Share Premium	31 December 2011 GBP	31 December 2010 GBP
Balance at start of the year	**16,087,290**	16,087,290
Issued during the year	**3,201,745**	–
Balance at end of the year	**19,289,035**	16,087,290

12. NET ASSET VALUE PER ORDINARY SHARE

The net asset value per Ordinary Share is calculated by dividing the total net assets attributable to Ordinary Share holders at the year end of GBP72,427,497 (December 2010: GBP69,151,755) by the Ordinary Shares in issue at the end of the year being 98,633,610 (31 December 2010: 87,300,000).

13. CASH GENERATED FROM OPERATIONS

	Group 2011 GBP	Group 2010 GBP	Company 2011 GBP	Company 2010 GBP
Profit for the year	**3,224,992**	11,053,080	**5,010,959**	11,165,489
Adjustments for:				
Net losses/(gains) on financial assets and liabilities at fair value through profit or loss	**1,051,997**	(8,666,753)	**5,982,962**	(8,660,109)
Net gains on financial assets and liabilities at amortised cost	**(1,372,753)**	(80,746)	**(1,372,753)**	(80,746)
Dividend in specie	**–**	–	**(1,489,166)**	–
Changes in working capital:				
Trade and other receivables	**(105,946)**	915,504	**435,201**	171,307
Trade and other payables	**367,328**	31,715	**270,818**	19,909
Cash inflow from operations	**3,165,618**	3,252,800	**8,838,021**	2,615,850

14. CONSOLIDATED SUBSIDIARY UNDERTAKING

Through its 100% ownership of the residual economic interest in T2 CLO and the ownership of 100% of the equity shares of AMIC, the Directors consider the following entities as wholly owned subsidiaries of the Company and their results and financial positions are included within the consolidated results of the Group.

	Date of incorporation	Country of incorporation	Nature of holding	Percentage holding
T2 CLO	11 October 2006	Cayman Islands	Income Notes	100%
AMIC	13 April 1994	United Kingdom	Equity Shares	100%

15. SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal reporting used by the Investment Committee of the Investment Manager ("ICIM"). The ICIM is responsible for allocating resources and assessing performance of the portfolio, as well as making strategic investment decisions, subject to the oversight of the Board of Directors. The ICIM is responsible for the entire portfolio, including assets held at the Company level as well as the portfolios of its CLO and AMIC subsidiaries, and considers the business to have a single operating segment. Although T2 CLO and AMIC are legally distinct entities, investment allocation decisions are based upon an integrated investment strategy and performance is evaluated on an overall basis and therefore the Group is considered to be a single operating segment.

The vast majority of the Group's investment income arises from investments in entities incorporated in the US. Approximately 97% of the Group's portfolio is based in the US with the remainder of investments being based in the UK and Luxembourg. The Group has a highly diversified portfolio of investments and no single investment accounts for more than 10% of the Group's income.

The internal reporting provided to the ICIM for the Group's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS.

There were no changes in reportable segments during the current or prior year.

16. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties in addition to the related party transactions disclosed in note 4:

	Group 2011 GBP	Group 2010 GBP	Company 2011 GBP	Company 2010 GBP
Amounts incurred during the year to related parties				
Fees due to P Conroy as Chief Financial Officer to the Company	**125,000**	125,000	**125,000**	125,000
Fees due to the Investment Manager, T2 Advisers, LLC*	**4,002,524**	3,990,696	**4,002,524**	3,990,696
Reimbursement due to BDC Partners, LLC	**58,775**	45,341	**58,775**	45,341
Amounts due to related parties at the year end				
Fees due to P Conroy as Chief Financial Officer to the Company	**10,417**	–	**10,417**	–
Due to subsidiary in relation to Wall Street Office system	**–**	–	**–**	58,375
Amounts due from related parties at the year end				
Note receivable from the Investment Manager, T2 Advisers, LLC	**–**	375,268	**–**	375,268

**please refer to note 4 for details of the reduction to the management fees payable during the year.*

During the current year, the Company acquired two investment holdings, both in Lombardia Capital Partners Inc, from AMIC for aggregated proceeds of GBP1.49 million. On a consolidated basis this transaction had no net impact on the Group's Consolidated Statement of Financial Position.

During the prior year, the Company acquired two investment holdings, both in Stratus Technologies Bermuda Limited, from the CLO for aggregated proceeds of US$1.70 million (GBP1.06 million). On a consolidated basis this transaction had no net impact on the Group's Consolidated Statement of Financial Position.

16. RELATED PARTY TRANSACTIONS CONTINUED

Directors shareholdings in the Company

As at 31 December 2011, the Directors had the following beneficial interests in the Ordinary Shares of the Company:

	31 December 2011 No. of Ordinary Shares Held	31 December 2011 % of total issued Ordinary Shares	31 December 2010 No. of Ordinary Shares Held	31 December 2010 % of total issued Ordinary Shares
Patrick Firth *(Chairman)*	**100,000**	**0.10**	50,000	0.06
Geoff Miller	**812,627**	**0.82**	500,000	0.57
Frederick Forni	**–**	**–**	–	–
James Carthew *(appointed 17 May 2011)*	**175,000**	**0.18**	N/A	N/A

At 31 December 2011, there were no unexercised share options for Ordinary Shares of the Company (31 December 2010: 50,000 Ordinary Shares). The share options held as at 31 December 2010 by Frederick Forni expired unexercised on 17 July 2011.

17. COMMITMENTS AND CONTINGENCIES

There were no commitments or contingencies as at 31 December 2011 (31 December 2010: none).

18. POST YEAR END EVENTS

Significant Portfolio Movements

Since the year end the Group has made the following investment purchases, these are detailed below:

Closing Date	Par Amount US$		Purchase Price
10/02/2012	2,750,000	Sterling	98.00
21/02/2012	3,500,000	BlueCoat 1st Lien	98.00
07/03/2012	1,785,714	BlueCoat 2nd Lien	97.00
23/02/2012	2,000,000	Roundys	98.50
22/02/2012	1,000,000	BlueCoat	99.88
06/03/2012	1,000,000	Presidio	99.50
*	1,250,000	Fifth Third	99.50
*	7,000,000	Protection One	98.50
*	**	Grede	98.00
*	**	Rovi Corp	98.00

**At the date of release of these financial statements the closing date was not known.*

***At the date of release of these financial statements the par amount was unknown but a commitment had been made.*

Since the year end the Company made the following sales:

Closing Date	Par Amount US$		Purchase loss US$
03/02/2012	5,680,810	Infor Global	(142,020)
07/03/2012	2,884,199	RCN Cable	–

Dividend

On 19 January 2012, the Directors declared a dividend of 1.15p per Ordinary Share for the fourth quarter of 2011. The dividend was payable to shareholders on the register on the record date of 27 January 2012 and physically paid to these shareholders on 13 February 2012.

Nominated Adviser and Broker

As announced, on 12 March 2012, Investec Bank plc replaced Grant Thornton Corporate Finance as Nominated Adviser to the Company and also replaced Singer Capital Markets as Broker to the Company.

Change to basis of published and audited net asset value calculation

With effect from 1 January 2012, the Board has decided that the T2 CLO equity will be accounted for in the Statement of Financial Position as a discrete investment and it will be held at its fair value, rather than as currently at its consolidated value based on the fair value of the underlying assets and liabilities, in order to provide investors with a better guide to the value of the assets held, were they not to be held to maturity.

There were no other significant post year end events that require disclosure in these financial statements.

PART V

ADDITIONAL INFORMATION ON GLIF

1. Incorporation and administration

1.1 The Company was incorporated and registered in Guernsey on 9 June 2005 as a limited liability company under the provisions of The Companies (Guernsey) Laws, 1994 to 1996, as amended, with registered number 43260. The Company's registered office and principal place of business is located at Sarnia House, Le Truchot, St. Peter Port, Guernsey GY1 4NA. The Company's statutory records are kept at its registered office.

1.2 The liability of the members of the Company is limited.

1.3 The principal activity of the Company is investment in securities, both debt and equity.

1.4 At the date of this document, the Company has two subsidiaries: T2 CLO and AMIC.

1.5 GLIF's accounting periods terminate on 31 December of each year and the annual general meeting is held in April each year.

1.6 The Ordinary Shares are traded on AIM and listed on the CISX. Application will be made for the Consideration Shares to be admitted to trading on AIM and to the Official List of the CISX.

1.7 Other than through the exercise of options and/or warrants which are granted subject to the provisions contained in this document Ordinary Shares may not be issued at a price which is less than the Net Asset Value per Ordinary Share at the time of such issue unless authorised by a majority of Shareholders or offered first on a *pro rata* basis to those Shareholders. Ordinary Shares are held in both certificated and uncertificated form and Consideration Shares will be issued in both certificated and uncertificated form.

2. Share capital

2.1 The Company was incorporated with an authorised share capital comprising an unlimited number of ordinary shares of no par value of which two ordinary shares were issued at 100p each to the subscribers to the Memorandum of Association of the Company.

2.2 The Company was admitted to trading on the AIM market of the London Stock Exchange plc on 5 August 2005 with an institutional offering of 38,000,000 Ordinary Shares at 100p. There was a subsequent offering of 5,000,000 Ordinary Shares at 101.75p on 25 June 2007. On 20 October 2009, the Company completed a placing of 44,000,000 new Ordinary Shares at 25p.

On 23 October 2009, Geoffrey Miller and Patrick Firth exercised share options to subscribe for Ordinary Shares at an exercise price of 10p per Ordinary Share in respect of 250,000 Ordinary Shares and 50,000 Ordinary Shares, respectively.

On 1 February 2011, following the acquisition of AMIC, the Company issued 11,333,610 new Ordinary Shares at a value of 28.25p. On 1 February 2011, the Company's existing Ordinary Shares and 11,333,610 new Ordinary Shares were admitted to the Official List of the CISX.

Save as set out above, there have been no alterations in the capital of the Company within two years immediately preceding the date of this document.

No Ordinary Shares have been issued at a discount or on special terms.

As at the date of this document, there are 98,633,610 Ordinary Shares in issue, all of which are fully paid.

2.3 No shares are held in treasury. No shares are held by subsidiaries of the Company.

2.4 Save as disclosed in paragraph 2.2 of this Part V no options over any Shares (either conditional or unconditional) have been granted.

2.5 No Ordinary Shares are subject to any arrangement under which future dividends are waived or have agreed to be waived.

2.6 The Company does not have any convertible debt securities in issue.

3. Portfolios

GLIF portfolio

As at 30 September 2012, GLIF's portfolio of investments, on the Restated Basis, was as set out in the following table. The aggregate net asset value (unaudited) on 30 September 2012 (being the latest quarterly reporting date prior to the publication of this document) was £48,981,965.

Issuer	*Sector*	*Listed*	*Fair Value* (£)*	*% of GLIF portfolio*
Debt investments:				
Koosharem (Select Remedy) 2nd lien	Business Equipment	N/A	£506,246	1.03%
Lombardia Capital Partners	Asset Management	N/A	£1,301,574	2.66%
CLO equity				
T2 Income Fund CLO Income Notes	Structured Finance	ISE	£33,761,637	68.93%
GSC 2007-8X CLO Equity (1)	Structured Finance	ISE	£2,156,739	4.40%
Halcyon 2007-2A CLO Equity (1)	Structured Finance	ISE	£2,431,651	4.96%
Equity investments:				
Asset Management Investment Company	Asset Management	N/A	£32,829	0.07%
IFDC Ordinary Shares	Asset Management	N/A	£1,046,715	2.14%
Stratus Technologies Bermuda Holdings Limited Series B1 Ordinary Shares (Bermuda)	Electronics/Electrical	N/A	£107,755	0.22%
Stratus Technologies Bermuda Holdings Limited Series B1 Preference Shares (Bermuda)	Electronics/Electrical	N/A	£634,497	1.30%
Warrants:				
Koosharem – warrants to purchase 6,029 shares of common stock	Business equipment and services	N/A	£0	0.00%
Lombardia Capital Partners warrant	Asset Management	N/A	£442,205	0.90%
Net Cash			£6,560,117	13.39%
Total			£48,981,965	
Per Ordinary Share (p)			49.7	

** The unaudited value of GLIF's principal investments set out above is as at 30 September 2012, being the latest quarterly reporting date prior to the publication of this document.*

All securities listed above are denominated in USD and have been issued by companies registered in the United States (save as indicated beside the name of each non-US issuer above).

Since 30 September 2012, GLIF has not disposed of any of its investments listed in the table above, nor has it acquired any new investments.

T2 CLO portfolio

As at 30 September 2012, T2 CLO's portfolio of investments was as set out in the following table. The aggregate value (unaudited) on 30 September 2012 (being the latest quarterly reporting date prior to the publication of this document) was £181,161,149.

Issuer	*Sector*	*Listed*	*Fair Value* (US$)*	*% of T2 CLO portfolio*
4437667 Canada Inc. (Mold Masters)	Chemicals & Plastics	N/A	$4,938,712	1.69%
Alere	Healthcare	Listed	$6,963,575	2.38%
Aramark Corp. Extended (L+325)	Food Service	N/A	$5,439,936	1.86%
AVG Technologies	Electronics/Electrical	N/A	$4,007,569	1.37%
Biomet	Healthcare	N/A	$4,937,516	1.69%
Blue Coat 1st Lien	Electronics/Electrical	N/A	$4,494,234	1.54%
Blue Coat 2nd Lien	Electronics/Electrical	N/A	$1,821,429	0.62%
BNY ConvergEX	Financial Intermediaries	N/A	$1,040,625	0.36%
CCC Information Services	Insurance	N/A	$2,861,279	0.98%
Community Health	Healthcare	N/A	$5,017,200	1.71%
Corel	Electronics/Electrical	N/A	$5,339,468	1.82%
Dean Foods	Food Products	Listed	$5,808,199	1.98%
DG Fastchannel	Cable & Satellite Television	Listed	$5,440,928	1.86%
Diversified Machine	Automotive	N/A	$2,549,364	0.87%
Drew Marine	Chemicals & Plastics	N/A	$3,456,250	1.18%
Embanet-Compass	Business Equipment & Services	N/A	$3,705,338	1.27%
Endurance	Electronics/Electrical	N/A	$5,999,963	2.05%
First Data Corporation B-1	Financial Intermediaries	N/A	$656,429	0.22%
First Data Corporation 2017	Financial Intermediaries	N/A	$7,940,000	2.71%
Fundtech (US FT Holdco)	Banking	N/A	$5,962,444	2.04%
Getty Images	Publishing	N/A	$4,516,097	1.54%
Global Tel Link	Telecommunications/Cellular	N/A	$6,879,244	2.35%
Goodman Global, Inc.	Conglomerates	N/A	$3,598,997	1.23%
Grede	Automotive	N/A	$4,993,750	1.67%
HHI Holdings, LLC	Automotive	N/A	$4,421,453	1.51%
Hoffmaster 1st Lien	Retailers (except food and drug)	N/A	$4,945,937	1.69%
Hoffmaster 2nd Lien	Retailers (except food and drug)	N/A	$1,992,500	0.68%
Immucor	Healthcare	N/A	$4,499,635	1.54%
InfoNXX 1st lien	Telecommunications/Cellular	N/A	$1,499,050	0.51%
InfoNXX 2nd lien	Telecommunications/Cellular	N/A	$2,797,500	0.96%
Mediacom TL-C	Cable & Satellite Television	N/A	$3,760,333	1.28%
Mercury Payment	Financial Intermediaries	N/A	$1,975,000	0.67%
Merrill Corp 2nd Lien	Publishing	N/A	$767,057	0.26%
Mirion Technologies	Utilities	N/A	$2,487,500	0.85%
National Cinemedia	Leisure Goods/Activities/Movies	Listed	$1,548,497	0.53%
National Healing 1st Lien	Healthcare	N/A	$1,985,000	0.68%
National Healing 2nd Lien	Healthcare	N/A	$3,535,000	1.21%
National Vision	Retailers (except food and drug)	N/A	$2,686,600	0.92%
Neustar	Telecommunications/Cellular	Listed	$2,986,097	1.02%
NexTag, Inc.	Retailers (except food and drug)	N/A	$4,889,873	1.67%
North American Bancard	Financial Intermediaries	N/A	$5,939,813	2.03%
Pegasus Solutions	Lodging & Casinos	N/A	$6,804,817	2.32%
Petco	Retailers (except food and drug)	N/A	$7,435,021	2.54%
Phillips Plastics	Healthcare	N/A	$2,945,260	1.01%
Physiotherapy	Healthcare	N/A	$3,983,337	1.36%
Plato Learning	Business Equipment & Services	N/A	$4,937,500	1.69%
Presidio	Business Equipment & Services	N/A	$5,940,000	2.03%
Protection One	Business Equipment & Services	N/A	$7,043,356	2.41%
Provo Craft	Home Furnishings	N/A	$541,496	0.18%
Provo Craft LLC	Home Furnishings	N/A	$35,000	0.01%
RBS Holding Company (QA)	Publishing	N/A	$3,546,000	1.21%

Issuer	Sector	Listed	Fair Value* (US$)	% of T2 CLO portfolio
RBS Worldpay (Ship Bidco)	Banking	N/A	$4,961,118	1.69%
Renaissance Learning 2nd Lien	Business Equipment & Services	N/A	$3,060,000	1.05%
Roundy's Supermarkets	Food/Drug retailers	Listed	$6,819,366	2.33%
Rovi Corp.	Leisure Goods/Activities/Movies	Listed	$5,818,144	1.99%
Securus 1st Lien	Telecommunications/Cellular	N/A	$1,968,838	0.67%
Securus 2nd Lien	Telecommunications/Cellular	N/A	$3,559,500	1.22%
Shearer's Foods	Food Products	N/A	$3,865,875	1.32%
Shield Finance	Electronics/Electrical	N/A	$5,999,963	2.05%
SkillSoft	Business Equipment & Services	N/A	$2,958,230	1.01%
Sourcecorp	Business Equipment & Services	N/A	$3,900,625	1.33%
Sterling Infosystems	Business Equipment & Services	N/A	$2,736,267	0.93%
Stratus Technologies 2nd Lien	Electronics/Electrical	N/A	$4,022,244	1.37%
Syniverse	Telecommunications/Cellular	N/A	$3,994,988	1.36%
Teleguam 1st Lien	Telecommunications/Cellular	N/A	$1,819,507	0.62%
Teleguam 2nd Lien	Telecommunications/Cellular	N/A	$2,685,938	0.92%
Topps	Leisure Goods/Activities/Movies	N/A	$7,638,079	2.61%
UI Acquisition Holding Co	Electronics	N/A	$3,350,000	1.14%
Unitek	Cable & Satellite Television	Listed	$5,791,800	1.98%
U.S. Telepacific	Telecommunications/Cellular	N/A	$3,847,531	1.31%
Vision Solutions	Electronics/Electrical	N/A	$5,970,000	2.04%
Web.com	Electronics/Electrical	Listed	$3,818,042	1.30%

** The unaudited value of T2 CLO's principal investments set out above is as at 30 September 2012, being the latest quarterly reporting date prior to the publication of this document.*

(Source: T2 Advisers)

All securities listed above are denominated in USD and have been issued by companies registered in the United States (save as indicated beside the name of each non-US issuer above).

Since 30 September 2012, GLIF has not disposed of any of its investments listed in the table above but has acquired the following investments:

Issuer	Sector	Listed	Acquisition Date	Acquisition Price (US$)*	Acquisition price (£)*/**
Fundtech	Banking	N/A	01/10/2012	$5,955,000	£3,726,766
HHI Holdings	Automotive	N/A	03/10/2012	$4,900,500	£3,066,837
BlueCoat (1st lien)	Electronics/Electrical	N/A	04/10/2012	$5,267,647	£3,296,606
HHI Holdings	Automotive	N/A	04/10/2012	$550,000	£344,202
Deltek	Business Equipment & Services	N/A	04/10/2012	$4,620,750	£2,891,764
Mercury Payment	Financial Intermediaries	N/A	17/10/2012	$500,000	£312,911

** Fair value will be assessed at the next quarterly reporting date.*

*** Securities denominated in USD have been translated to sterling at the closing exchange rate on 5 November 2012, being the latest practicable date prior to publication of this document.*

All securities listed above are denominated in USD and have been issued by companies registered in the United States (save as indicated beside the name of each non-US issuer above).

The information in this paragraph 3 is unaudited.

4. Memorandum and Articles of Association

4.1 The Memorandum of Association of the Company sets out a comprehensive list of principal objects of the Company including *inter alia*:

(a) to carry on business as a general commercial company;

(b) to lend and advance money or give credit on any terms and with or without security to any person, firm or company (including without prejudice to the generality of the foregoing any holding company, subsidiary or fellow subsidiary of, or any other company associated in any way with, the Company), to enter into guarantees, contracts of indemnity and suretyships of all kinds, to receive money on deposit or loan upon any terms, and to secure or guarantee in any manner and upon any terms the payment of any sum of money or the performance of any obligation by any person, firm or company (including without prejudice to the generality of the foregoing any such holding company, subsidiary, fellow subsidiary or associated company as aforesaid);

(c) to borrow and raise money in any manner and to secure the repayment of any money borrowed, raised or owing by mortgage, charge, security interest, lien or other security upon the whole or any part of the Company's property or assets (whether present or future), including its uncalled capital, and also by a similar mortgage, charge, security interest, lien or security to secure and guarantee the performance by the Company of any obligation or liability it may undertake or which may become binding on it; and

(d) to subscribe for, take, purchase, or otherwise acquire, hold, sell, deal with and dispose of, place and underwrite shares, stocks, debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any other company constituted or carrying on business in any part of the world, and debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any government or authority, municipal, local or otherwise, in any part of the world.

4.2 The Articles which were adopted by the Company on incorporation, include provisions to the following effect:

4.3 Voting of class rights and changes of capital

(a) The special rights attached to any class of shares may, subject to any applicable law, be altered or abrogated in such manner (if any), either with the consent in writing of the holders of not less than three fourths of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class.

(b) The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its shares into shares of a larger amount, cancel any shares not taken or agreed to be taken by any person and sub-divide its shares into shares of a smaller amount or convert all or any of its fully paid shares the nominal amount of which is expressed in a particular currency into fully paid shares of a nominal amount of a different currency, the conversion being effected at the rate of exchange (calculated to not less than three significant figures) current on the date of the resolution or on such other date specified by the resolution.

(c) The Company may by special resolution reduce its authorised or issued share capital or any capital redemption reserve and any share premium account in any way subject to any authority required by law. Subject to applicable law, the Company may purchase its own shares.

4.4 Class meetings

The provisions of the Articles applicable to general meetings apply mutatis mutandis to every class meeting but the necessary quorum is two persons holding or representing by proxy not less than one tenth of the issued shares of that class except where there is only one holder of the relevant class of shares in which case the quorum shall be that holder.

4.5 Votes of members

Subject to any rights or restrictions as to voting attached to any class of shares, at any general meeting, on a show of hands, every member who is present in person has one vote and, in the case of a poll, every member present in person or by proxy has one vote for every share of which he is the holder. No member is entitled to attend or vote at a general meeting either personally or by proxy if he or any person appearing to be interested in shares held by him has been duly served with a direction notice (as defined in the Articles) and is in default for the prescribed period in supplying to the Company the information required thereby or, unless the Directors determine otherwise, if any calls from him have not been paid.

4.6 Directors

(a) A person may only be appointed as a director of the Company at any general meeting if:

  (i) he is recommended by the Board; or

  (ii) not less than three nor more than thirty-five clear days before the date appointed for the general meeting notice signed by a member qualified to vote at the general meeting has been given to the Company of his intention to propose that person to be appointed, signed by that person evidencing his willingness to be appointed.

(b) The Company may by ordinary resolution appoint any person who is willing to act to be a director, either to fill a vacancy or as a director. The Board may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director (subject to the maximum number permitted by the Articles) but any director so appointed shall hold office only until the next annual general meeting and shall then be eligible for re-election.

(c) A Director is not required to hold any qualification Ordinary Shares.

(d) The amount of any fees payable to Directors (in their capacity as such) shall be determined by the Directors. The Directors are also entitled to be repaid all expenses properly incurred by them respectively in the performance of their duties. Any Director holding an executive office or otherwise performing services which in the opinion of the Directors are outside the scope of his ordinary duties as a Director may be paid such remuneration as the Directors may determine.

(e) The Directors from time to time appoint one or more of their body to be the holder of any executive office (including the office of chairman, deputy chairman, managing director or chief executive) on such terms as they think fit provided that a managing director or other Director holding executive office must not be resident and/or ordinarily resident in the UK.

(f) Provided that he has disclosed to the Directors in accordance with the Articles the nature and extent of any material interest of his, a Director notwithstanding his office:

  (i) may be a party to, or otherwise interested in, any contract or arrangement with the Company or in which the Company is otherwise interested;

  (ii) may be a director or other officer of, or employed by, or a party to, any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested;

  (iii) may hold any other office or place of profit under the Company (except that of auditor or auditor of a subsidiary of the Company) in conjunction with the office of director and may act in a professional capacity to the Company on such terms as to remuneration and otherwise as the Directors may arrange; and

  (iv) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such contract, transaction or arrangement or from any interest in any such body corporate, and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.

(g) A Director may vote and be counted in the quorum in respect of any resolution notwithstanding that he may be materially interested in it.

(h) The office of Director shall be vacated if:

  (i) he resigns his office by notice in writing delivered to the registered office or tendered at a meeting of the Board;

(ii) he is or has been suffering from mental ill health or becomes a patient for any purpose of any statute relating to mental health and the Board resolved that his office is vacated;

(iii) he is absent without the permission of the Board from meetings of the Board (whether or not an alternate director appointed by him attends) for six consecutive months and the Board resolves that his office is vacated;

(iv) he ceases to be a Director by virtue of any provision of the Companies Law or he becomes prohibited or disqualified by law from being a Director;

(v) he has his affairs declared "en desastre" or has a preliminary vesting order made against his Guernsey realty, becomes bankrupt, suspends payment or compounds with his creditors, or is adjudged insolvent or any analogous event occurs under the laws of any jurisdiction;

(vi) by notice in writing delivered to the registered office or tendered at a meeting of the Board, his resignation is requested by all the other Directors being not less than two in number; or

(vii) if he becomes resident or ordinarily resident in the United Kingdom and, as a result thereof but for the provisions of the Articles, a majority of the Directors would be resident and/or ordinarily resident in the United Kingdom.

If the office of a Director is vacated for any reason, he shall cease to be a member of any committee or sub-committee of the Board.

(i) The Company may in general meeting by ordinary resolution remove any Director before the expiration of his period of office notwithstanding anything in the Articles or any agreement between the Company and such Director and such removal shall be without prejudice to any claim the Director may have for damages for breach of any contract of service between him and the Company.

4.7 Transfer and compulsory transfer of Ordinary Shares

Subject as described below:

(a) Any Shareholder may transfer all or any of his uncertificated Ordinary Shares by means of a relevant system authorised by the Directors in such manner provided for, and subject as provided in the Articles and the rules of such relevant system, and accordingly no provision of the Articles shall apply in respect of an uncertificated Ordinary Share to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or the production of a certificate for the shares to be transferred.

(b) Any Shareholder may transfer all or any of his certificated Ordinary Shares by an instrument of transfer in any usual form, or in any other form which the Directors may approve, signed by or on behalf of the transferor and, unless the Ordinary Share is fully paid, by or on behalf of the transferee.

(c) The Directors shall not be bound to register more than four persons as joint holders of any Ordinary Share.

If it comes to the notice of the Directors that, without the consent of the Directors, a registered holder or beneficial owner of any Ordinary Share is a "non-qualified person" (as defined below), the Directors may at any time serve a notice on such non-qualified person requiring the transfer of the relevant interest in the relevant shares and if a stock transfer form effecting the transfer and any relevant share certificate(s) have not been received at the registered office of the Company within 28 days of service of the notice, or the person to whom such notice is addressed does not within such period satisfy the Directors that the requirements of the notice have been satisfied, the Company may sell the relevant shares on behalf of the holder of the shares by instructing a stockbroker to sell them in accordance with the best practice then obtaining to a person who is not a non-qualified person.

To give effect to any sale of Ordinary Shares pursuant to the preceding paragraph the Directors may authorise some person to transfer the shares in question and an instrument of transfer executed by that person will be as effective as if it had been executed by the holder of, or person entitled by transmission to, the shares. The purchaser will not be bound to see to the application of the purchase monies nor will his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The proceeds of sale will belong to the Company and, upon their receipt, the Company will become indebted to the former holder of, or person entitled by transmission to, the shares for an amount equal to the net proceeds of transfer. No trust will be created in respect of the debt, and no interest will be payable in respect of it, and the Company will not be required to account for any monies earned from the net proceeds of transfer. The Company may employ such monies earned in its business or as it thinks fit.

The Directors may, at any time, require the registered holder of any Ordinary Shares to provide evidence that the beneficial owner of those shares is not a non-qualified person and that such shares have not been acquired for the account, or for the benefit, of any non-qualified person or with a view to offering or selling the shares to a non-qualified person or in any jurisdiction in which an offer or sale of shares would not be permitted in the manner contemplated.

For the purposes of the preceding three paragraphs a "non-qualified person" is any person:

(i) to whom a transfer of Ordinary Shares

  (a) would be a breach of any laws or requirements of any country or governmental authority; or

  (b) might, in the opinion of the Directors (as a result of circumstances directly or indirectly affecting such persons, and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Directors to be relevant) result in the Company incurring any liability to taxation or suffering any pecuniary or regulatory disadvantage which the Company might not otherwise have incurred or suffered;

(ii) whose holding of Ordinary Shares might in the opinion of the Directors cause the assets of the Company to be deemed "plan assets" for the purposes of the U.S. Employee Retirement Income Security Act 1974, as amended; or

(iii) to whom a transfer of Ordinary Shares or whose holding of Ordinary Shares might in the opinion of the Directors require registration of the Company as an investment company under the U.S. Investment Company Act of 1940, as amended.

4.8 Borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. Following the passing of a resolution at a general meeting of the Company held on 11 December 2006, the maximum allowable gearing is 500 per cent. of the Net Asset Value of the Company and its subsidiaries on a consolidated basis.

4.9 Disclosures of beneficial interests in Ordinary Shares

(a) The Directors may serve notice in writing on any Shareholder requiring that Shareholder to disclose to the Company the identity of any person (other than the Shareholder) who has an interest in the Ordinary Shares held by the Shareholder and the nature of such interest. Any such notice shall require any information in response to such notice to be given in writing within such reasonable time as the Directors may determine.

(b) If any Shareholder is in default in supplying to the Company the information required by the Company within the prescribed period (which is 14 days after service of the notice), the Directors in their absolute discretion may serve a direction notice on the Shareholder. The direction notice may direct that in respect of the shares in respect of which the default has occurred (the "Default Shares") and any other shares held by such Shareholder, such Shareholder shall not be entitled to vote in general meetings or class meetings. Where the Default Shares represent at least 0.25 per cent. of the Ordinary Shares for the time being in issue, the direction notice may additionally direct that dividends on such Default Shares will be retained by the Company (without interest), and that no transfer of Default Shares (other than a transfer approved under the Articles) shall be registered until the default is rectified.

4.10 General meetings

It is intended that the annual general meeting of the Company will normally be held in Guernsey or such other place as may be determined by the Directors. Notices convening the annual general meeting in each year will be sent to Shareholders at their registered addresses not later than 10 days before the date fixed for the meeting. Other general meetings may be convened from time to time by the Directors by sending notices to Shareholders at their registered addresses or by Shareholders requisitioning such meetings in accordance with Guernsey law, and may be held in Guernsey or elsewhere.

4.11 Untraceable Shareholders

The Company shall be entitled to sell at the best price reasonably obtainable the Ordinary Shares of a Shareholder or any Ordinary Shares to which a person is entitled by transmission on death or bankruptcy if and provided that:

(i) for a period of twelve years no cheque or warrant sent by the Company through the post in a prepaid letter addressed to the Shareholder or to the person so entitled to the share at his address in the Register or otherwise the last known address given by the Shareholder or the person entitled by transmission to which cheques and warrants are to be sent has been cashed and no communication has been received by the Company from the Shareholder or the person so entitled provided that in any such period of twelve years the Company has paid at least three dividends whether interim or final;

(ii) the Company has at the expiration of the said period of twelve years by advertisement in a newspaper circulating in the area in which the address referred to in sub-paragraph (i) above is located given notice of its intention to sell such shares;

(iii) the Company has not during the period of three months after the date of the advertisement and prior to the exercise of the power of sale received any communication from the Shareholder or person so entitled; and

(iv) if any part of the share capital of the Company is quoted on the London Stock Exchange the Company has given notice in writing to the London Stock Exchange of its intention to sell such shares.

4.12 Distribution of assets on liquidation

The Company does not have a fixed life and the Articles do not contain any trigger events for a voluntary liquidation of the Company, however the Company may be wound up voluntarily by a special resolution of the Shareholders pursuant to the Companies Law.

If the Company is wound up voluntarily or is subject to a compulsory winding up the liquidator shall realise the assets of the Company and discharge the Company's liabilities and having done so distribute any surplus amongst the members according to their respective entitlements in accordance with section 419 of the Companies Law.

4.13 Unclaimed dividends

Any dividend unclaimed after a period of 6 years from the date of its declaration shall be forfeited and shall revert to the Company.

4.14 Dividend, capital distributions and redemptions

All Shareholders are entitled equally to share in dividends and share in capital distributions of the Company and redemptions.

4.15 Variation of class rights

The Directors have the ability to issue further shares and any variation of class rights requires the consent of Shareholders. The rights conferred upon the holders of any shares shall not unless otherwise expressly provided in the rights attaching to those shares be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them.

5. Mandatory bids and squeeze-out rules

Mandatory Bid

(a) The Code is issued and administered by the Panel. The Panel has been designated as the supervisory authority to carry out certain regulatory functions in relation to takeovers, pursuant to the Takeovers Directive. Following the implementation of the Takeovers Directive, the rules set out in the Code which are derived from the Directive now have a statutory basis.

(b) The Code applies to all takeover and merger transactions, however effected, where the offeree company has its registered office in the UK, the Isle of Man or the Channel Islands if the Company has its securities admitted to trading on a regulated market in the United Kingdom or on any stock exchange in the Channel Island or the Isle of Man. The Code therefore applies to the Company.

(c) Under Rule 9 of the Code, where (a) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carries 30 per cent. or more of the voting rights of a company subject to the Code, or (b) any person who, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. but more than 50 per cent. of the voting rights of such a company, if such person, or any person acting in concert with him acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, then, expect with the consent of the Panel, he and any person acting in concert with him, must make a general offer in cash to the other shareholders to acquire the balance of the shares not held by him and his concert party.

Squeeze out Rules

Under the Companies Law, if a person has made a general offer (the "Offer") to acquire shares in the Company (the "Offeror") and if within four months after the date of making the Offer the Offer is approved by shareholders (the "Approving Shareholders") comprising 90 per cent. in value of the shares affected (excluding any shares held as treasury shares), the Offeror may, within 2 months after the expiration of those four months, give notice to any dissenting shareholder (a "Dissenting Shareholder") that it desires to acquire his shares (a "Notice to Acquire"). A Dissenting Shareholder may, within one month after the date of the Notice to Acquire, apply to the Royal Court of Guernsey (sitting as an Ordinary Court) (the "Court") to cancel that Notice to Acquire and the Court on such application may cancel the Notice to Acquire or make such order as it thinks fit (the "Dissenting Shareholder Process").

Subject to the Dissenting Shareholder Process where a Notice to Acquire is given, the Offeror is entitled and bound to acquire those shares on the terms on which, under the Offer, the shares of Approving Shareholders are to be transferred to the Offeror.

Subject also to the Dissenting Shareholder Process, the Offeror shall, on the expiration of one month from the date of the Notice to Acquire send a copy of the Notice to Acquire to the Company and pay or transfer to the Company the consideration required under the Notice to Acquire in respect of the shares the Offeror is entitled to acquire (the "Consideration") and the Company shall thereupon register the Offeror as the holder of those shares.

Any Consideration in the form of cash shall be paid into a separate bank account and held by the Company. The Consideration shall be held by the Company on trust for the Dissenting Shareholders.

6. Material contracts

The following are all material contracts (not being entered into in the ordinary course of business) that have been entered into by the Company within the two years immediately preceding the date of this document:

6.1 *Asset Sale and Purchase Agreement*

Pursuant to an asset sale and purchase agreement dated 6 November 2012, the Company has agreed to buy and the Seller agreed to sell the entire issued share capital of BMS Finance AB, the DDB issued by BMS Finance AB to the Seller, warrants to subscribe for shares in Eazyfone Limited and EGS Group Limited as well as the interest held by the Seller in NVF II L.P. For the purposes of the Asset Sale and Purchase Agreement, the value ascribed to the Assets is £11,591,062. The consideration for the acquisition of the Assets will be the issue of new Ordinary Shares in the capital of the Company at a price equal to the Net Asset Value per Ordinary Share. The Company has reserved the right, in its absolute discretion, to settle part of the consideration for the Assets (other than the DDB) in cash up to a maximum amount of £1,613,108.

Under the Asset Sale and Purchase Agreement the Seller has given customary representations and warranties in favour of the Company as well as a tax covenant in standard form relating to the tax liabilities of the acquired Assets prior to completion. The aggregate liability cap of the Seller under the warranties and the tax covenant is limited at £11,591,062.

6.2 ***Lock-in Agreement***

By a lock-in agreement dated 6 November 2012 between the Company and the Seller, the Seller has undertaken not to dispose of any of the Consideration Shares issued to it for a period of six months from the date of completion without the prior written consent of the Company. This restriction will not apply to any shares included in the Placing. Under the lock-in agreement the Seller may transfer or distribute some or all of the Consideration Shares to one or more of its own shareholders and novate the respective proportion of part of its liabilities under the Asset Sale and Purchase Agreement calculated by reference to the number of Consideration Shares so transferred. In the event that any such shares are so transferred the Seller shall procure that the transferee will enter into a lock-up deed with the Company on terms similar to the Lock-in Agreement.

6.3 ***Subscription and Shareholders' Agreement***

Pursuant to a subscription and shareholders agreement dated 6 November 2012, the Company, the Management Team and Tranquil Insurance Company Limited (a nominee on behalf of members of the Management Team), the Company will subscribe for 666,666 ordinary shares in the capital of Newco at £1 per share and the Management Team will in aggregate subscribe for 333,334 ordinary shares at £1 per share.

Under the terms of the Subscription and Shareholders' Agreement, the Company is entitled to appoint two out of the three directors for the board of Newco and the Management Team will have the right to appoint a single director. Each of the Company and the Management Team as a whole will have to consent to material decisions to be undertaken by Newco or BMS Finance AB including the adoption or amendment to the business plan or budget, borrowing, entering into contracts outside the course of business as well as the giving of guarantees.

Each of the shareholders of Newco will have pre-emption rights on the transfer of shares and members of the Management Team will have rights of first refusal in respect of transfers by other members of the Management Team. Each of GLIF and the Management Team have tag along rights on a sale by the other of shares representing 25 per cent. or more of the share capital of Newco.

Compulsory transfer provisions shall apply for employees that leave. Leavers (other than bad leavers) shall be entitled to fair market value. A bad leaver shall be entitled to receive the lower of fair value and the price paid for his shares.

Under the Subscription and Shareholders' Agreement, GLIF has been granted the option to invest a further £12.5 million into Newco in approximately 18 months' time. If GLIF does not exercise that option, Newco may seek third party investors to make that investment.

6.4 ***Transfer Agreement and Loan Note***

Pursuant to a Transfer Agreement dated 6 November 2012, the Company has agreed transfer the Assets to Newco in consideration for the issue of a loan note to the Company with a nominal value of £11,591,062, being equivalent to the consideration payable for the Company's original acquisition of the Assets (the "**Loan Note**"). Under the terms of the Loan Note, interest will be payable quarterly at a rate of 8 per cent. per annum and the principal amount of the loan will be repayable in six equal quarterly instalments commencing on the sixth anniversary of completion. The obligations under the Loan Note are unsecured.

6.5 ***Nominated Adviser and Broker Agreement***

An engagement letter dated 12 March 2012 with Investec Bank plc under which the Company has appointed Investec Bank plc as nominated adviser and corporate broker to the Company. The agreement contains certain undertakings from the Company in respect of, *inter alia*, compliance with all applicable laws and regulations. The agreement also contains an indemnity from the Company in favour of Investec Bank plc in respect of, *inter alia*, losses incurred by Investec Bank plc that arise from the provision of services under the agreement. The agreement is terminable on one month's notice in writing by either party.

6.6 ***Facility Agreement***

A facility agreement dated 30 March 2012 between the Company as borrower, the guarantors detailed in Schedule 1 thereto as guarantors (currently stated to be AMIC) and Investec Bank Plc as lender in respect of a term loan facility made available by Investec Bank Plc to the Company in an amount not exceeding US$10,000,000 for the purpose of funding its acquisition or refinancing its acquisition of any approved asset. Interest is payable at a rate of LIBOR plus mandatory costs plus a margin of 7.5 per cent. per annum. A commitment fee and an arrangement fee are payable to the lender by the Company. The final scheduled repayment is to be on 30 April 2015. The facility agreement contains certain financial covenants with which the Company is required to comply.

6.7 ***Security Interest Agreement***

A security interest agreement dated 3 April 2012 over the custodian account held with the Custodian, made between the Company and Butterfield Bank (Guernsey) Limited in favour of Investec Bank Plc as security for the Company's obligations under the facility agreement referred to at paragraph 6.6 above.

6.8 ***Security Interest Agreement***

A security interest agreement dated 3 April 2012 over the custodian agreement dated 10 February 2012 between the Company and Butterfield Bank (Guernsey) Limited in favour of Investec Bank plc as security for the Company's obligations under the facility agreement referred to at paragraph 6.6 above.

7. Major shareholders

Insofar as it is known to the Company, as at 5 November 2012 (being the latest practicable date prior to the publication of this document), the following persons are interested directly or indirectly in ten per cent. or more of the Company's issued share capital or voting rights:

Shareholder	*Number of Ordinary Shares*	*Percentage of issued share capital*
Artemis Investment Managers	16,822,112	17.06%
Henderson Global Investors (UK)	14,400,000	14.60%
AXA Framlington Investment Management	14,063,000	14.26%
J O Hambro Investment Management	12,359,500	12.53%

As at 5 November 2012 (being the latest practicable date prior to the publication of this document), GLIF is not aware of any person or persons who directly or indirectly, jointly or severally, exercise or could exercise control over GLIF nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change in control of GLIF.

None of GLIF's major shareholders has or will have different voting rights attached to the shares they hold in GLIF.

8. Interests of the Directors

The interests of the Directors, their immediate families and related trusts and (insofar as is known to them or could with reasonable diligence be ascertained by them) persons connected with the Directors in the share capital of GLIF (all of which are beneficial unless otherwise stated) as at close of business on 5 November 2012 (being the latest practicable date prior to publication of this document), are set out in the following table:

Shareholder	*Number of Ordinary Shares*	*Percentage of issued share capital*
Patrick Firth	100,000	0.10%
Geoffrey Miller	812,627	0.82%
Frederick Forni	Nil	Nil
James Carthew	175,000	0.18%

9. Remuneration of the Directors

This section provides information on the remuneration arrangements for the Directors.

9.1 *Non-executive Directors*

The Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole and be fair and comparable to that of other investment companies that are similar in size, have a similar capital structure and/or have a similar investment objective. It is intended that this policy will continue for the year to 31 December 2012 and subsequent years. The annual fees payable to the Chairman and each non-executive Director are £40,000 and £25,000, respectively.

9.2 *Executive Director*

Under an employment contract, effective from March 2011, Geoffrey Miller became an executive Director of the Company and is entitled to a fixed salary of £150,000 per annum. In addition, Mr Miller is entitled to a contractual bonus. The bonus is equal in each year to 10 per cent. of the excess (if any) of the total shareholder return (being the increase in pence of the share price of the Ordinary Shares) over a performance hurdle, multiplied by the time weighted average number of shares in issue during the period against which performance is being assessed. The bonus is subject to a high watermark test before it becomes payable. In accordance with the employment contract, the actual bonus amount paid to Mr Miller for any financial period is also capped at a maximum of 0.3 per cent. of the Company's NAV (adjusted *pro rata* for any period less or more than one year) (the "Cap"). Any excess contractual bonus payable above the Cap is deferred and added to any contractual bonus payable (if any) in the next financial year.

9.3 *Analysis of Directors' emoluments*

The aggregate of the remuneration paid and benefits in kind granted to the non-executive Directors of the Company under any description whatsoever for the year to 31 December 2011 was £85,659. Of this, £35,137 was paid to Mr Firth whose fee increased from £25,000 per annum to £40,000 per annum on 28 April 2011 when he was elected as Chairman of the Board. £25,000 was paid to Mr Forni and Mr Carthew received fees of £15,522 (he was appointed to the Board on 17 May 2011). Mr Miller received a fee of £10,000 for the period to 31 March 2011 during which he served as non-executive Chairman.

For the year ended 31 December 2011, the total fixed salary and contractual bonus cost relating to Mr Miller in his capacity as an executive Director amounted to £444,295, of which £108,619 was deferred to the current financial year.

The aggregate remuneration payable to, and benefits in kind receivable by, the Directors or any proposed Directors of the Company in respect of the current financial year under the arrangements in force as at the date of this document is estimated to be £200,000. There are no arrangements in place under which a Director of the Company has waived or agreed to waive future emoluments and no such waivers have occurred during the past financial year of the Company. There are no amounts set aside or accrued by the Company or its subsidiaries to provide pension, retirement or similar benefits to the Directors.

On 17 July 2009, Geoffrey Miller, Frederick Forni and Patrick Firth were granted share options in the Company exercisable at a price of 10p per Ordinary Share at any time up to the second anniversary of the passing of the relevant resolution. Geoffrey Miller was granted options over 250,000 Ordinary Shares and Frederick Forni and Patrick Firth were each granted options over 50,000 Ordinary Shares.

On 23 October 2009, Geoffrey Miller and Patrick Firth exercised their share options to subscribe for Ordinary Shares. The share options held by Frederick Forni expired unexercised on 17 July 2011.

10. Directors' confirmations

10.1 No Director has, in the five years preceding the date of this document:

10.1.1 had any convictions in relation to fraudulent offences; or

10.1.2 been declared bankrupt or been subject to any individual voluntary arrangement or been associated with any bankruptcy, receivership or liquidation in his capacity as member of the administrative, management or supervisory bodies or member of senior management of a company; or

10.1.3 been subject to any official public incrimination and/or sanctioned by any statutory or regulatory authorities (including designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

No loan has been granted to, nor any guarantee provided for the benefit of, any Director by GLIF. No Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of GLIF which has been effected by GLIF since its incorporation.

11. Conflicts of interest

Directors

There are no actual or potential conflicts of interest in respect of any of the Directors between any duties they have to GLIF and the private interests and/or other duties they may also have.

There are no contracts or arrangements subsisting at the date of this document in which a Director of the Company is materially interested and which is significant in relation to the business of the Company.

There are no outstanding loans by the Company to the Directors nor has the Company given any guarantees for the benefit of any of the Directors.

T2 Advisers

Various potential and actual conflicts of interest may arise with respect to the Company from the overall advisory, investment and other activities of T2 Advisers and its affiliates in the process of providing services to the respective accounts, portfolios or investment companies for which they serve as manager or investment adviser, including T2 CLO (collectively, "**Clients**"). T2 Advisers presently serves as Investment Manager to GLIF and Collateral Manager to T2 CLO. T2 Advisers does not currently manage any other vehicles, but may in the future serve as manager or adviser or sub-adviser for other similar vehicles and other Clients who invest in assets of a nature similar to those of the Company and T2 CLO.

Subject to the requirements of applicable law and the Investment Management Agreement, investment opportunities in Eligible Investments generally will be allocated by T2 Advisers to the Company and to other Clients in a manner that T2 Advisers believes, in its reasonable good faith business judgment, to be appropriate given factors that it believes to be relevant. Such factors may include the investment restrictions and objectives, liquidity, required credit ratings, diversification, covenants and other limitations in the governing agreements with respect to the Company and other Clients and the amount of funds each of them has available for such investment. T2 Advisers will endeavour to resolve conflicts of interest among its Clients in a manner that it deems equitable to the extent possible under the prevailing facts and circumstances and applicable law.

Accordingly, neither T2 Advisers nor any of its affiliates is under any obligation to offer any particular investment opportunity of which it becomes aware to the Company or to account to the Company for any such transaction or any benefit received by them from any such transaction or to inform the Company of any investment before offering any investment to other Clients. In addition, T2 Advisers and its affiliates may make an investment on behalf of any Client without offering the investment opportunity to, or making any investment on behalf of, the Company. Affirmative obligations may exist or may arise in the future whereby T2 Advisers or its affiliates are obligated to offer certain investments to other Clients before or without T2 Advisers offering those investments to the Company. Conversely, T2 Advisers may make investments on behalf of the Company in Eligible Investments that it has declined to invest in for its own account or the account of its other Clients. Records of these accounts and investments will not be made available to the Company.

T2 Advisers may in future have conflicts of interest in allocating investments among GLIF and other Clients, including T2 CLO. The terms of the arrangements with other Clients, including the fees attributable thereto, may differ significantly from those of the Company. In particular, certain investment vehicles and accounts managed by T2 Advisers may provide for fees (including incentive fees) to T2 Advisers that are higher or lower than the fees payable by the Company under the Investment Management Agreement. As a result of such varying fee structure, T2 Advisers may have a conflict of interest in allocating investments to the Client that pays it the highest fee.

T2 Advisers, its affiliates and their respective Clients may invest in obligations that would be appropriate as Eligible Investments. Such investments may be different from those made on behalf of the Company. Furthermore, subject to applicable law and the Investment Management Agreement, T2 Advisers may cause the Company to invest in Eligible Investments the issuers or obligors of which T2 Advisers, its affiliates or their respective Clients have financial interests, or with respect to which T2 Advisers and/or its affiliates provide management or advisory services. The purchase, holding and sale of such investments on behalf of the Company may enhance the profitability of the investments of T2 Advisers or such affiliates or Clients in such issuers or obligors.

T2 Advisers and its affiliates may provide a variety of services for, render advice to, and engage in transactions with, Clients other than the Company that invest in assets of a similar nature to those of the Company, and with companies whose loans and securities may be acquired, directly or indirectly, on behalf of the Company as Investments. T2 Advisers, its affiliates and/or their respective Clients may own, directly or indirectly, equity or debt securities issued by issuers of, and other obligors with respect to, Investments. T2 Advisers, its affiliates and Clients, and any of their respective shareholders, members, managers, partners, directors, officers, employees, attorneys or agents may also, among other things: (a) serve as directors (whether supervisory or managing), partners, managers, officers, employees, agents, nominees, signatories, agents or representatives for the obligors or issuers of any Eligible Investments or their affiliates, (b) receive fees for services rendered to the obligors or issuers of any Eligible Investments or their affiliates or any other person or entity, (c) be a secured or unsecured creditor of any obligor or issuer of any Eligible Investment, or any other person or entity, or (d) have a financial or other interest in, or other relationship with, sellers of participations in Eligible Investments. T2 Advisers and/or its affiliates may be deemed to have a controlling interest in an issuer or obligor of an Eligible Investment as a result of owning equity interests in or holding seats on the board of directors or other management body of such issuer or obligor. The foregoing circumstances may influence T2 Advisers to cause the Company to take or refrain from taking action in respect of Eligible Investments that is detrimental to the interests of the holders of the Notes or may result in T2 Advisers, any affiliate or any of their respective Clients taking or failing to take action in its own interest that is detrimental to the interests of the Company. Such circumstances may also cause T2 Advisers and its affiliates to come into possession of material, non-public information which might affect T2 Advisers' ability on behalf of the Company to buy, sell or hold an Eligible Investment.

T2 Advisers may at certain times be simultaneously seeking to purchase or dispose of Investments on behalf of the Company, its other Clients or its affiliates, including accounts in which T2 Advisers, its affiliates, their respective Clients or their respective directors, managers, members, shareholders, partners, officers or employees have a financial interest. Due to the limited supply of certain Eligible Investments and the differing portfolio characteristics and investment objectives among its Clients, and for other reasons, T2 Advisers may allocate Eligible Investments on other than a *pro rata* basis. These allocations are made in the reasonable good faith business judgment of T2 Advisers with a goal of ensuring that equitable allocation will occur on a long-term basis.

In addition, T2 Advisers may purchase on behalf of a Client an Eligible Investment that it sells on behalf of the Company, or vice versa, due to differing investment objectives or other factors. In such cases, T2 Advisers may arrange for another Client and the Company to be seller and buyer to each other.

T2 Advisers will seek to obtain the best execution in effecting transactions on behalf of the Company, considering all circumstances that it considers relevant, it being understood that T2 Advisers has no obligation to obtain the best prices, brokerage commissions or dealer spreads available. T2 Advisers may take into account various other factors, including, without limitation, timing, general market trends, package pricing, size and difficulty of the order, execution capabilities, reliability and integrity of competing brokers and/or dealers, trading or research services provided by brokers and dealers, the depth and breadth of the market for specific investments, minimum credit quality requirements to transact business with a particular broker or dealer and the quality of a broker's or dealer's back office, in its determination of best execution in effecting transactions on behalf of the Company.

Subject to the objective of seeking to obtain the best execution, T2 Advisers also may take into consideration research and other brokerage services furnished to T2 Advisers or its affiliates. Such services may be used by T2 Advisers and its affiliates in connection with their other advisory activities or investment operations, including, without limitation, servicing other Clients. The availability of such research and other brokerage services may influence T2 Advisers to select one broker rather than another to perform services for the Company. T2 Advisers intends to exert reasonable efforts to ensure either that the fees and costs for services provided to the Company by such brokers are reasonable in relation to the fees and costs charged by other equally capable brokers not offering such services, or that the Company also will benefit from such services.

T2 Advisers may aggregate sales and purchase orders of investments placed with respect to the Eligible Investments with similar orders being made simultaneously for other Clients, if in T2 Advisers' reasonable good faith business judgment such aggregation shall not result in an overall economic detriment to the Company (taking into consideration, among other things, the selling or purchase price, brokerage commission and other expenses). The determination of any economic detriment by T2 Advisers is subjective and represents T2 Advisers' evaluation at the time of the effect on the Company of sale prices, lower commission expenses and timing of transactions, or a combination of these and other factors.

In certain circumstances, the purchase or sale of investments for the Company will be effected simultaneously with the purchase or sale of like investments for other Clients. Such transactions may be made at slightly different prices, due to the volume of investments purchased or sold. In such event, the average price of all investments purchased or sold in such transactions may be determined, at T2 Advisers' sole discretion, and the Company may be charged or credited, as the case may be, with the average transaction price.

Although the professional staff of T2 Advisers will devote as much time to the Company as T2 Advisers deems appropriate to perform its duties in accordance with the Investment Management Agreement and in accordance with reasonable commercial standards, the staff will have conflicts in allocating its time and services among the Company and T2 Advisers' other Clients and among T2 Advisers and any other investment advisers, service providers or other entities or individuals for whom such professionals perform services.

T2 Advisers will have regard to its obligations under its Investment Management Agreement with GLIF or otherwise to act in a manner that it considers fair, reasonable and equitable having regard to its obligations to other clients, when potential conflicts of interest arise. T2 Advisers has in place policies for management of investment allocations and conflicts of interest in compliance with the relevant regulatory requirements including the US Investment Advisers Act of 1940, as amended, to which T2 Advisers is subject.

12. Directorships and partnerships

Save as set out below, the Directors have not held any directorships in any company, other than the Company, or been a partner in a partnership at any time in the five years prior to the date of this document.

Patrick Firth

Current

Asset Management Investment Company Limited
(formerly Asset Management Investment Company PLC)
Associated Partners GP Limited
BH Credit Catalysts Limited
Celtic Pharma Holdings GP Limited
Celtic Pharma Holdings GP III Limited
CPH II LP Limited
DWM Inclusive Finance Income Limited
EISER Infrastructure II Limited
EuroDekania Limited
FF&P Alternative Strategy Income Subsidiary Limited
FF&P Asset Management (Guernsey) Limited
FF&P Enhanced Opportunities PCC Limited
FF&P Venture Funds Subsidiary Limited
FP Holdings Limited
GLIF BMS Holdings Limited
Guernsey Portfolios PCC Limited
Ingenious International Asset Management Limited
Inflexion (2010) General Partner Limited
JZ Capital Partners Limited
L&S Distribution II Limited
L&S Distribution III Limited
(formerly L&S Distribution II Unitholder 2 Limited)
L&S Distribution IV Limited
L&S Distribution V Limited
London & Stamford Property Limited
London & Stamford Property Subsidiary Limited
London & Stamford Offices Limited
London & Stamford Offices Unitholder 2 Limited
LSP Green Park Management Limited
(formerly LSP Cavendish Management Limited)
LSP Green Park Distribution Holdings Limited
LSP London Residential Investments Limited
LSP London Residential Holdings Limited
LSP RI Wandsworth Limited
LSP Green Park Leatherhead Limited
LSP Green Park Offices Holdings Limited
LSP Green Park Logistics Holdings Limited
LSP Green Park Marlow Limited
LSP RI Moor House Limited
LSP Moor House (Ground Rents) Limited
MRIF Guernsey GP Limited
Patria Brazil Fund Limited
Pera Capital Partners GP Limited
Prosperity Quest II Unlisted Limited
Rufford & Ralston PCC Limited
(formerly King Street Fund PCC Limited (The))
Saltus (Channel Islands) Limited
Sierra GP Limited
Victoria Capital PCC Limited

Past

Butterfield Fulcrum Corporate Nominees Limited
Butterfield Fulcrum Group (Guernsey) Limited
(formerly Butterfield Fund Services (Guernsey) Limited)
CLL Hedge Portfolio Ltd (formerly Cardona
Lloyd Hedge Portfolio Limited)
CLL Management Ltd (formerly
Cardona Lloyd Limited)
Deephaven Event Fund Ltd
Deephaven Global Convertibles
Select Opportunities Fund Ltd
Deephaven Global Multi Strategy Fund D Ltd
Deephaven Global Multi Strategy Fund Ltd
(formerly Deephaven Market Neutral Fund Ltd)
FF&P Alternative Strategy Income
FF&P Russia Real Estate Adviser Holdings
Limited
Subsidiary No 2 Limited
Global Industrial Investments Limited
Global Partners Fund Limited
Grosvenor Short Selling Fund, Ltd
Grosvenor U.S. Hedged Equity Specialists
Fund Ltd
Grosvenor Venture Firms Ltd
Grosvenor Venture Funds Ltd
Halsfield Limited
JAH Real Estate Funds SPC
JPMorgan Global Convertibles Investment
Company Limited
JPMorgan Progressive Multi-Strategy Fund
Limited
L&S Battersea Limited
L&S Business Space II Limited
L&S Business Space Limited
L&S Distribution Limited
L&S Highbury Limited
L&S Leeds Limited
Linesey Limited (in liquidation)
London and Stamford (Anglesea) II Limited
London & Stamford Offices II Limited
London & Stamford Retail Limited
Mango Tree India Fund Limited
Maple Leaf Canada Fund Limited
Moneda Latin American Fund PCC Limited
MQ HELIX GP Limited
Olivant Limited
Peak Asia Properties Limited
Professional Investor Fund PCC Limited (The)
Porton Capital Technology Funds
Rosebank Management Limited
Star Asia Finance, Limited
Stratos Ventures General Partner 1 Limited
Suningdale Alpha Fund Limited
Waveland Partners, Ltd

Geoffrey Miller

Current

Asset Management Investment Company Limited
Aurora Russia Limited
Clarion 1 IC Limited
Clarion 2 IC Limited
Clarion 3 IC Limited
Clarion 4 IC Limited
Clarion 5 IC Limited
Clarion 6 IC Limited
Clarion 7 IC Limited
Clarion 8 IC Limited
Clarion 9 IC Limited
Clarion 10 IC Limited
Clarion ICC Limited
Clarion Test Trade IC Limited
GLIF BMS Holdings Limited
GLF (GP) Limited
Hastings Insurance Group Limited
International Finance Development Company S.A., Holding
Lombardia Capital Partners, Inc
Word Play Limited

Past

Bridgewell Limited
Exeter Asset Management Limited
silkroutefinancia
SmartMove Spain

Frederick Forni

Current

Past

Asher Securities Limited
Diversified CLO Investments No. 1 Inc.
Diversified CMBS Investments Inc
Macquarie Global Infrastructure Total return Fund Inc.
Macquarie Bermuda Investments Limited (in liquidation)
Macquarie Capital Investment Management LLC
Macquarie CPS LLC
Macquarie Energy Investments LLC
Macquarie Finance Americas Inc
Macquarie Finance (USA) Inc.
Macquarie Futures (Asia) Limited
Macquarie Germany Holdings GmbH
Macquarie Infrastructure Fund Advisor
Macquarie Investments LLC
M.D Sass-Macquarie Financial Strategies GP LLC
M.D Sass-Macquarie Financial Strategies Investment Fund LLC
M.D Sass-Macquarie Financial Strategies LP
M.D Sass-Macquarie Financial Strategies Management Company LLC
Municipal and Infrastructure Assurance Corporation
TAC Acquisition Corp

James Carthew

Current

Mediagility Limited
Palmerwheeler Limited
Sapient Research Limited

Past

Develocity Technologies Limited
Progressive Asset Management Limited
Progressive European Markets Limited
Progressive Focus Management Limited
Progressive Special Situations Limited

13. Litigation

There are no legal or arbitration proceedings (including any such proceedings which are threatened of which the Company is aware) which may have or have had a significant effect on the Group's financial position or profitability during the 12 months preceding the date of this document.

14. General

14.1 The Directors are not subject to any mandatory retirement age.

14.2 Investec Bank plc has given and has not withdrawn its written consent to the issue of this document and the inclusion herein of its name and the references to it in the form and context in which they appear.

14.3 T2 Advisers has given and has not withdrawn its written consent to the issue of this document and the inclusion herein of its name and the references to it in the form and context in which they appear.

15. Corporate governance

As a Guernsey incorporated company and under the AIM Rules, it is not a requirement for the Company to comply with The UK Corporate Governance Code issued by the Financial Reporting Council in June 2010 (the "Code"). However, the Directors place a high degree of importance on ensuring that high standards of corporate governance are maintained and have considered the principles and recommendations of the Code. Furthermore, the Directors have considered the provisions of the Finance Sector Code of Corporate Governance published by the Guernsey Financial Services Commission ("GFSC") in September 2011 (the "Guernsey Code"), and the AIC Code of Corporate Governance (the "AIC Code").

The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the Code and the Board considers that reporting against the principles and recommendations of the AIC Code will provide better information to Shareholders. Therefore, the Company will continue to adopt the relevant provisions of the AIC Code. Companies which report against the AIC Code are also deemed to meet the requirements of the Guernsey Code.

As at 31 December 2011, the Company complied substantially with the relevant provisions of the Code and the AIC Code and it is the intention of the Board that the Company will comply with those provisions (save with regard to the following provisions listed below) throughout the year ending 31 December 2012:

- The role of the chief executive: The Board considers that the post of chief executive officer is not relevant for the Company as this role has effectively been delegated to the Investment Manager under the terms of the Investment Management Agreement.
- The appointment of a Senior Independent Director: Given the size and composition of the Board it is not felt necessary to separate the roles of Chairman and Senior Independent Director. The Board considers that all the independent Directors have different qualities and areas of expertise on which they may lead where issues arise and to whom concerns can be conveyed.
- Establishment of nomination committee: The Board does not consider it necessary to establish a nomination committee. The Board as a whole monitors performance and plans for succession of the Board, either through Board meetings or, if appropriate, through the use of an appropriately constituted committee.
- Establishment of management engagement committee: The Board does not consider it necessary to establish a management engagement committee. The Board as a whole monitors the performance of the Company's service providers, either through Board meetings or, if appropriate, through the use of an appropriately constituted committee.
- Internal audit function: The Board has reviewed the need for an internal audit function, as recommended by the Code. Due to the size of the Company and the delegation of day-to-day operations to regulated service providers, an internal audit function is not considered necessary. The Directors will continue to monitor the systems of internal controls in place in order to provide assurance that they operate as intended.

The Board consists of four members, three of whom are non-executive and independent. Mr Miller became an executive Director of the Company under a service agreement effective from 31 March 2011.

An Audit Committee has been appointed and is responsible for reviewing and monitoring internal financial control systems and risk management systems on which the Group is reliant, considering the annual accounts and audit report, considering the appointment and remuneration of the Company's auditors and monitoring and reviewing annually their independence, objectivity, effectiveness and qualifications. The members of the Audit Committee are James Carthew (Chairman), Patrick Firth and Frederick Forni.

Further to the appointment of Geoffrey Miller as an executive Director, the Board resolved in 2011 to appoint a Remuneration Committee comprised of Fred Forni as Chairman, Patrick Firth and James Carthew. The key duties include, but are not limited to, agreeing a framework for Director remuneration, ensuring management staff are appropriately incentivised to enhance performance, and reviewing the effectiveness of the remuneration policy on an ongoing basis. The Remuneration Committee was formed on 16 August 2011 and has adopted a formal terms of reference.

16. Third party information

Where information contained in this document has been sourced from a third party, GLIF confirms that such information has been accurately reproduced and, so far as GLIF is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

17. Costs and Expenses

It is expected that the total costs of the Consideration Issue (including any commissions) will not exceed £590,000.

18. Capital Resources

GLIF's capital resources comprise its share capital and reserves.

During the financial year ended 31 December 2011, being the period covered by the most recent audited accounts, cash received as net income from investments amounted to £12,342,061 and finance costs amounted to £2,363,289. Expenses for the year amounted to £6,753,780. The most significant expense items were investment management fees of £4,002,524. The remainder include administrative and secretarial fees, professional advisory fees and Directors' remuneration. Dividends totalling £3,832,008 were paid during the year.

19. Investor Profile

Any investment in the Company is suitable only for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss (including total loss) which may result from the investment. An investment in the Company will not be suitable for investors seeking an index linked return on their investment.

An investment in the Company should constitute part of a diversified investment portfolio. Typical investors in the Company are expected to be institutional investors, private client fund managers and private client brokers, as well as private individuals who have received advice from their fund manager or broker regarding investment in the Ordinary Shares, or who have sufficient experience to enable them to evaluate themselves the risks and merits of such investment. Investors should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before making an investment in the Company. Investment in the Company should be regarded as long-term in nature and may not be suitable as a short-term investment.

20. Documents available for inspection

Copies of the following documents will be available for inspection at the registered office of GLIF, Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 4NA, Channel Islands, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) until midday on 23 November 2012:

(a) the Memorandum and Articles of Association of GLIF;

(b) the consent letters referred to in paragraph 14 of this Part V;

(c) the interim report and unaudited consolidated financial statements for the six month period ended 30 June 2012;

(d) the audited consolidated accounts of GLIF for the year ended 31 December 2011;

(e) the material contracts referred to in paragraph 6 of this Part V; and

(f) this document.

Copies of this document are available for inspection from the National Storage Mechanism and will shortly be available for inspection at: www.hemscott.com/nsm.do.

PART VI

TAXATION

General

The comments below are of a general and non-exhaustive nature based on the Directors' understanding of the current revenue law and practice in Guernsey and the United Kingdom, which is subject to change. The following summary does not therefore constitute legal or tax advice and applies only to persons who are both legal and beneficial owners of Ordinary Shares and who hold their Ordinary Shares as an investment (other than under an individual savings account).

The following summary does not apply to persons such as market makers, brokers, dealers, pension funds, insurance companies, collective investment schemes, intermediaries and persons connected with depositary arrangements or clearance services, to whom special rules may apply.

An investment in the Company involves a number of complex tax considerations. Changes in tax legislation in any of the countries in which the Company will have investments or in Guernsey (or in any other country in which a subsidiary of the Company through which investments are made, is located), or changes in tax treaties negotiated by those countries, could adversely affect the returns from the Company to investors.

Prospective investors should consult their professional advisers on the potential tax consequences of subscribing for, purchasing, holding, converting or selling Ordinary Shares under the laws of their country and/or state of citizenship, domicile or residence.

Guernsey Taxation

The Company

The Company has been granted exempt status for Guernsey tax purposes under The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989, as amended (the "Exempt Ordinance"). Under the provisions of the Exempt Ordinance, exemption is granted by the Director of Income Tax on an annual basis, provided the Company continues to comply with the requirements of the Exempt Ordinance and upon payment of an annual fee which is currently fixed at £600. As the Company has exempt status, it is treated as not being resident in Guernsey for the purposes of liability to Guernsey income tax and will be exempt from tax in Guernsey on both bank deposit interest and any income that does not have its source in Guernsey.

This assumes that the Company will not have any Guernsey-source income (other than bank interest), which would be taxed at 20 per cent. It is not anticipated that any income other than bank interest will arise in Guernsey and therefore the Company is not expected to incur any additional liability to Guernsey tax.

Any interest and dividend income will generally be received after deduction at source of withholding or other taxes applicable in countries in which the Company earns interest or dividends. Gains arising on the sale of investments in countries in which the Company invests may be taxed in the country where the investment is located.

Payments of dividends and interest by a company that has exempt status for Guernsey tax purposes are regarded as having their source outside Guernsey and hence are payable without deduction of tax in Guernsey. In the absence of exempt status, the Company would be treated as resident in Guernsey for Guernsey income tax purposes and would be subject to a zero rate of income tax. In keeping with its ongoing commitment to meeting international standards, the States of Guernsey is currently undertaking a review of its tax regime and, in particular, the taxation of corporate entities with a view to implementing any required revisions to the regime in the period between 2012 and 2015. At this point in time, the key features and timetable for implementation of any revised regime have yet to be determined. Whilst the information is accurate as at the date of this Document, the ongoing review by the States of Guernsey could in the future affect the Company's and the Shareholders' liability to tax, however in a statement made by Guernsey's Chief Minister in November 2011 the Policy Council provided assurance that Guernsey's regime will remain internationally competitive and as competitive, if not more so, than Guernsey's closest competitors.

Shareholders

Guernsey does not impose any additional tax liabilities or withholding taxes on non-Guernsey resident Shareholders. Thus, a non-Guernsey resident Shareholder should not be liable to any Guernsey tax on dividends paid by the Company.

The receipt of dividends by Shareholders may result in a tax liability for Shareholders according to the tax regime applicable in their various countries of citizenship, residence, ordinary residence or domicile, as the case may be. Investors resident in or citizens of certain countries which have anti-offshore company legislation may have a current liability for a proportion of the undistributed income and gains of the Company. Such investors should seek their own professional advice.

Capital Taxes and Stamp Duty

No stamp duty is levied in Guernsey on the issue, transfer, switching or redemption of Ordinary Shares. At present Guernsey does not levy taxes upon capital inheritances, capital gains gifts, sales or turnover, nor are there any estate duties, save for an *ad valorem* fee for the grant of probate or letters of administration. On the death of a Shareholder, it may be necessary to obtain probate in Guernsey in connection with the transfer of such Shareholder's Ordinary Shares for which a fee of approximately £35 per £10,000 of assets applies.

United Kingdom

The following paragraphs are intended only as a general summary of certain aspects of the United Kingdom tax treatment of the holding and disposal of Ordinary Shares. They do not constitute tax advice. They are based on current UK tax law and what is understood to be HM Revenue & Customs practice as at the date of this document. Shareholders should note that both law and practice are subject to change, possibly with retrospective effect.

Except where expressly provided otherwise, this summary relates only to Shareholders who are resident (or, in the case of individuals, ordinarily resident) in the United Kingdom for tax purposes, who beneficially own their Ordinary Shares as investments and who did not acquire their Ordinary Shares by virtue of any office or employment.

As noted in the section above headed "General", the treatment described below may not be applicable to certain special classes of Shareholder. In addition, the treatment described below may not be applicable in relation to arrangements entered into with a main purpose of obtaining a tax advantage or otherwise than for bona fide commercial reasons.

Shareholders who have any doubt as to their tax position or who are subject to tax in a jurisdiction other than the United Kingdom should consult an appropriate professional adviser.

The Company

The Directors intend to manage the affairs of the Company such that it is not UK tax resident.

Provided the Company is not UK resident and does not carry on a trade in the UK (whether or not through a permanent establishment situated therein), the Company will not generally be subject to UK income tax or corporation tax, other than on certain types of UK source income.

UK tax resident Shareholders

Withholding taxes

The Company will not be required to withhold UK tax at source when paying a dividend on the Ordinary Shares.

Chargeable gains

A disposal or deemed disposal of Ordinary Shares by a Shareholder may give rise to a chargeable gain or an allowable loss for the purposes of UK capital gains tax (where the Shareholder is an individual) or UK corporation tax on chargeable gains (where the Shareholder is within the charge to UK corporation tax), depending on the Shareholder's circumstances and subject to any available exemption or relief.

The Directors do not consider the Company to be an "offshore fund" for UK tax purposes. However, if the Company were to be treated as such, gains arising to a Shareholder on a disposal or deemed disposal of Ordinary Shares may be subject to tax as income.

Individual Savings Accounts ("ISA")

The Directors intend to manage the Company so as to maintain the general eligibility of the Ordinary Shares for inclusion in an ISA.

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

The following comments are intended as a guide to the general UK stamp duty and SDRT position and do not relate to persons such as market makers, brokers, dealers intermediaries and persons connected with depositary receipt arrangements or clearance services, to whom special rules apply.

The issue of the Consideration Shares will not be subject to UK stamp duty or SDRT.

An instrument transferring Ordinary Shares which is executed in or relates to any matter or thing done or to be done in the UK is in principle within the charge to UK ad valorem stamp duty. Ad valorem stamp duty is charged at the rate of 0.5 per cent. of the value of the consideration for the transfer (rounded up to the nearest £5), subject to an exception for certain low value transactions. However, in practice, it should not generally be necessary to pay any ad valorem stamp duty on such an instrument unless the instrument is required to be adduced in evidence before the UK courts in civil proceedings or for any official purpose in the UK.

Provided that the Ordinary Shares are not registered in any register kept in the UK by or on behalf of the Company, an agreement to transfer Ordinary Shares should not generally be subject to UK SDRT.

PART VII

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

"**Acquisition**"	the acquisition by the Company of the Assets
"**Administration Agreement**"	the administration and secretarial agreement made between the Company and Praxis Fund Services Limited dated 18 August 2010 further details of which are set out at paragraph 6.8 of Part IV of this document
"**Administrator**"	Praxis Fund Services Limited
"**Admission**"	the admission of the Consideration Shares to be issued pursuant to the Consideration Issue, including those Consideration Shares sold to investors as Placing Shares pursuant to the Placing: (i) to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules and/or: (ii) to the Official List of the CISX becoming effective in accordance with the listing rules of CISX, as the context requires
"**AIM Rules**"	means the AIM Rules for Companies published by the London Stock Exchange
"**AIM**"	the AIM market of the London Stock Exchange
"**AMIC**"	Asset Management Investment Company Limited (formerly Asset Management Investment Company PLC), a company registered in England and Wales with number 02918390
"**Articles of Association**" or "**Articles**"	the articles of association of GLIF
"**Asset Sale and Purchase Agreement**"	the agreement dated 6 November 2012 entered into between the Company and the Seller for the purpose of purchasing the Assets as more fully described in paragraph 6.1 of Part V of this document
"**Assets**"	the entire issued share capital of BMS Finance AB, the DDB, the Partnership Interest and the Warrants
"**BMS Finance AB**"	BMS Finance AB Limited, a company incorporated in England and Wales with registered number 06008835
"**Board**" or the "**Directors**"	the board of directors of GLIF, or a duly constituted committee thereof
"**Business Day**"	any day (other than a Saturday or Sunday or public holiday) on which banks are generally open for business in London
"**certificated**" or "**certificated form**"	a share or security which is not in uncertificated form (that is, not in CREST)
"**CISX Listing Rules**"	the Listing Rules of The Channel Islands Stock Exchange, LBG
"**CISX**"	The Channel Islands Stock Exchange, LBG
"**CLOs**"	collateralised loan obligations

"**Code**"	the Code on Takeovers and Mergers
"**Collateral Management Agreement**"	the collateral management agreement dated 19 July 2007 between T2 CLO and the Collateral Manager relating to the Notes and the assets of T2 CLO
"**Collateral Manager**"	T2 Advisers, in its role as collateral manager of T2 CLO
"**Commitment Letter**"	the commitment letter to be entered into between the Company and each Placee pursuant to the Placing
"**Companies Law**"	The Companies (Guernsey) Law, 2008 as may be amended from time to time
"**Consideration Issue**"	the issue by the Company of the Consideration Shares
"**Consideration Shares**"	the Ordinary Shares allotted to the Seller in consideration for the Assets including, where the context requires, the Placing Shares
"**CREST Regulations**"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/3755), as amended
"**CREST**"	the relevant system for the paperless settlement of trades and the holding of uncertificated securities operated by Euroclear UK & Ireland Limited in accordance with the CREST Regulations
"**Custodian**"	Butterfield Bank (Guernsey) Limited
"**DDB**"	the deep discount bond issued by BMS Finance AB
"**EEA State**"	a state which is a contracting party to the agreement on the European Economic Area signed at Oporto on 2 May 1992, as amended
"**Eligible Investments**"	investments that fulfil the criteria stipulated by the investment policy of the Company from time to time
"**Euroclear**"	Euroclear UK & Ireland Limited, the operator of CREST
"**Excluded Territories**"	each of Australia, Canada, Japan, the Republic of South Africa and the United States and each other jurisdiction outside the United Kingdom where the extension or availability of the Placing would breach any applicable law
"**Facility Agreement**"	the agreement dated 30 March 2012 between Investec and the Company, a summary of which is set out in paragraph 6.6 of Part V of this document
"**Form of Proxy**"	the form of proxy enclosed with this document and to be used in connection with the EGM
"**FSA**"	the UK Financial Services Authority
"**FSMA**"	the Financial Services and Markets Act 2000, as amended
"**GLIF**" or the "**Company**"	Greenwich Loan Income Fund Limited, an authorised closed-ended investment company registered in Guernsey with number 43260
"**Group**"	the Company and its subsidiaries from time to time

"**HMRC**"	HM Revenue & Customs
"**IFRS**"	International Financial Reporting Standards
"**Income Notes**"	US$59,800,000 Income Notes due 2019 issued by T2 CLO to GLIF
"**Indenture**"	the indenture dated 19 July 2007 between T2 CLO, T2 Income Fund CLO I LLC and The Bank of New York Trust Company, National Association, as trustee, pursuant to which the Rated Notes and the Income Notes have been issued and the Rated Notes secured
"**Investec**"	Investec Bank plc
"**Investment Management Agreement**"	the investment management agreement dated 29 July 2005 between GLIF and T2 Advisers as amended
"**Investment Manager**"	T2 Advisers, LLC
"**Investments**"	investments of the Company and/or T2 CLO from time to time
"**Loan Note**"	the loan note to be issued by Newco to the Company in consideration for the Assets
"**Lock-in Agreement**"	the agreement described in paragraph 6.2 of Part V of this document
"**London Stock Exchange**"	London Stock Exchange plc
"**Management Team**"	Ewan Stradling, Martin Ling and Shane Lanigan
"**Memorandum of Association**"	the memorandum of association of GLIF
"**Net Asset Value per Ordinary Share**" or "**NAV per Ordinary Share**"	the Net Asset Value of the Company divided by the number of Ordinary Shares in issue
"**Net Asset Value**" or "**NAV**"	the net asset value of the Company determined in accordance with the Company's normal accounting policies
"**Newco**"	GLIF BMS Holdings Limited, a company incorporated in Guernsey with registered number 55823
"**Notes**"	Rated Notes and/or Income Notes, as the context permits or requires
"**NVF II L.P.**"	Noble Venture Finance II Limited Partnership, a partnership established in Jersey pursuant to a partnership agreement dated 31 July 2007 (as amended)
"**Official List**"	the list of securities admitted to listing on the CISX which is published on a daily basis
"**Ordinary Shares**"	ordinary shares of no par value each in the capital of GLIF
"**Overseas Shareholders**"	Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the UK
"**Partnership Interest**"	70.75 per cent. of the partnership interests in NVF II L.P.

"**Placee**"	the persons with whom Placing Shares are placed pursuant to the Placing
"**Placing**"	the sale by the Seller of up to 5,294,928 Consideration Shares as described in this document
"**Placing Shares**"	the Consideration Shares to be sold by the Seller pursuant to the Placing
"**Rated Notes**"	US$176,250,000 Class A First Priority Senior Notes due 2019, US$30,000,000 Class B Second Priority Senior Notes Due 2019, US$22,000,000 Class C Third Priority Subordinated Deferrable Notes Due 2019, US$9,000,000 Class D Fourth Priority Subordinated Deferrable Notes Due 2019 and/or US$12,000,000 Class E Fifth Priority Subordinated Deferrable Notes Due 2019, as the context requires, issued by T2 CLO
"**Register**"	the register of members of the Company
"**Registrar**"	Equiniti Limited
"**Regulatory Information Service**"	a regulatory information service approved by the London Stock Exchange for the distribution to the public of AIM announcements and included within the list maintained on the London Stock Exchange's website
"**Restated Basis**"	the revised basis for the calculation and presentation of the Net Asset Value of the Company, as defined and described in the Section headed "Valuation and Net Asset Value publication" in Part II of this document
"**SEC**"	the United States Securities and Exchange Commission
"**Seller**"	BMS Specialist Debt Fund Limited, a company incorporated in Guernsey with registered number 46503
"**Shareholder**"	a holder of Ordinary Shares
"**sterling**" or "**£**"	the lawful currency of the United Kingdom for the time being
"**Subscription and Shareholders' Agreement**"	the agreement described in paragraph 6.3 of Part V of this document
"**T2 Advisers**"	T2 Advisers, LLC
"**T2 CLO**"	T2 Income Fund CLO I Ltd, an exempted company incorporated under the law of the Cayman Islands
"**Transfer Agreement**"	the agreement described in paragraph 6.4 of Part V of this document
"**uncertificated**" or "**uncertificated form**"	recorded on the relevant register or other record of the share or other security concerned as being held in uncertificated form in CREST and title to which, by virtue of the Regulations, may be transferred by means of CREST
"**United Kingdom**" or "**UK**"	the United Kingdom of Great Britain and Northern Ireland
"**United States**" or "**US**"	the United States of America, its territories and possessions and any state of the United States of America and the District of Columbia

"**US Advisers Act**"	the United States Investment Advisers Act of 1940
"**US Dollar**" or "**US$**"	United States Dollar
"**US Securities Act**"	the United States Securities Act of 1933, as amended
"**Warrants**"	warrants to subscribe for shares in: (i) Eazyfone Limited (a company incorporated in England and Wales with registered number 04015455); and (ii) EGS Group Limited (a company incorporated in England and Wales with registered number 04006942).

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