

GLOBAL FIXED INCOME REALISATION LIMITED (“GFIR”)

Investment Manager Update

26 June 2018

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This document has been prepared by LumX Asset Management (U.K.) Limited (“LumX”), in its capacity as Investment Manager of GFIR.

I. Progress in the Period December 2012 – March 2018

1. Balance Sheet Summary

	December 31, 2012	March 31, 2018
Portfolio Holdings	£65,556,678	£3,026,917
Cash in bank	£4,929,983	£1,618,918
Receivables	£1,437,762	£3,880,311
Payables	(£297,865)	(£71,480)
Net Assets	£71,626,559	£8,454,665

There has been significant progress towards the liquidation of the GFIR portfolio, with only a small number of illiquid, and in a number of cases, troubled portfolio holdings remaining.

As GFIR shareholders will be aware, the Investment Manager's view of the valuations of several of the remaining holdings is substantially different to that of the underlying fund manager. GFIR therefore retains a sizeable cash balance in order to work towards realising the differential between these two amounts by the most effective means possible.

Following the recent tender, the pro forma NAV of the company is estimated at approximately £4.5m, including cash of £1.5m. The next NAV will be dated June 30, 2018 and is expected to be published by end of the July 2018.

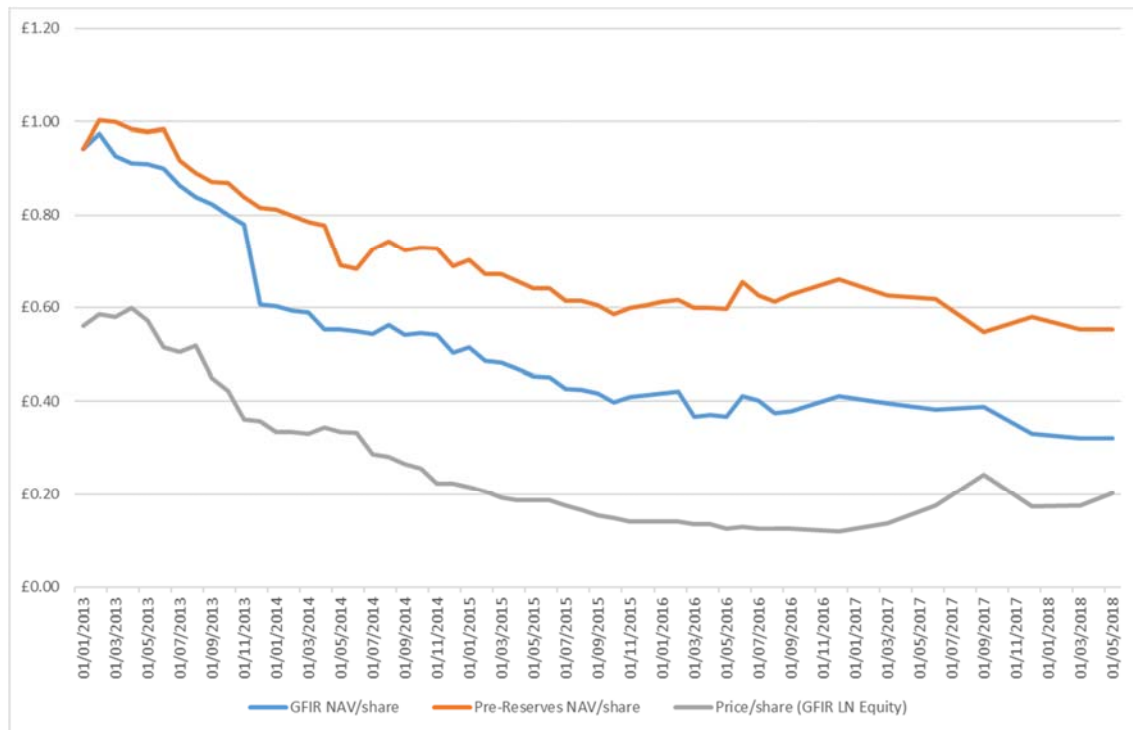
2. Distributions

Since January 1, 2013, £38.26m has been returned to investors, gross of expenses. This includes the recent £4m tender.

As at December 31, 2012, the market capitalisation of the company was £41,718,226 (based on 77,113,172 shares at a price of 54.1p) and the NAV was £71,626,559. Hence 91.7% of the starting market value of the company's equity and 53.4% of the starting NAV has been returned to shareholders over the period.

3. Share Price and Net Asset Value

GFIR publishes both a pre- and post-reserve NAV¹:



Source: Praxis Fund Services, Bloomberg (to May 31, 2018)

a. Portfolio Holdings

Since the appointment of LumX² in December 2012, holdings in 24 fund entities have been fully redeemed, sold or otherwise resolved. As of the March 31, 2018 NAV, only 8 line items remain, of which 3 line items account for less than 2% of the portfolio.

¹ Reserves are adjustments to the holding value of a portfolio asset taken by the company when it is deemed that the NAV being provided by the fund in question is not a fair estimate of the value of the holding.

² Formerly known as Gottex Asset Management (UK) Ltd.

II. Current Portfolio

1. Portfolio Summary

Portfolio Summary as of March 2018 NAV:

Name	Local Currency (LC)	Market Value LC	Reserve LC	Net Market Value LC	Market Value GBP	Reserve GBP	Net Market Value GBP	% of March 2018 Portfolio	% of March 2018 NAV
Vision FCVS RJ Fund	USD	5,063,212	- 3,746,777	1,316,435	3,611,936	- 2,672,833	939,103	31.03%	11.11%
Vision Tercado Fund	USD	25,702		25,702	18,335		18,335	0.61%	0.22%
Vision FCVS PB Fund	USD	126,095	- 100,876	25,219	89,952	- 71,962	17,991	0.59%	0.21%
Vision Piaui Fund	USD	3,156		3,156	2,251		2,251	0.07%	0.03%
Vision Chapadao	USD	388		388	277		277	0.01%	0.00%
Autonomy Rochavera	USD	1,214,775		1,214,775	866,582		866,582	28.63%	10.25%
Autonomy Fund II D - Cajamar	BRL	2,280,764		2,280,764	492,117		492,117	16.26%	5.82%
South Asian Real Estate	GBP	3,761,852	- 3,385,667	376,185	3,761,852	- 3,385,667	376,185	12.43%	4.45%
Autonomy Fund II C	USD	351,506	-	351,506	250,753		250,753	8.28%	2.97%
Serengeti Opportunities	USD	78,493		78,493	55,995		55,995	1.85%	0.66%
Clearwater Capital Partners Long Term Value SP	USD	7,313		7,313	5,217		5,217	0.17%	0.06%
Clearwater Capital Partners Opportunities Fund LP SP	USD	2,955		2,955	2,108		2,108	0.07%	0.02%
Total							3,026,917	100%	36%

Most of GFIR's portfolio holdings are denominated in US Dollars. When the value of these assets is translated into sterling, the holding will show a decline in value if the dollar falls in value against sterling during the period, all else remaining equal. Autonomy Fund II D – Cajamar Class is denominated in Brazilian Reais. When the value of this position is translated into sterling, the holding will show a decline in value if the Reais falls in value against sterling during the period, all else remaining equal. Similar FX impact can also be expected at the underlying portfolio holding level.

2. Major Positions

a. Vision Funds³

Name	Market Value GBP	Reserve GBP	Net Market Value GBP	% of March 2018 Portfolio	% of March 2018 NAV	% GPC reserve
Vision FCVS RJ Fund	3,611,936	- 2,672,833	939,103	31.03%	11.11%	-74.00%
Vision Tercado Fund	18,335		18,335	0.61%	0.22%	
Vision FCVS PB Fund	89,952	- 71,962	17,991	0.59%	0.21%	-80.00%
Vision Piaui Fund	2,251		2,251	0.07%	0.03%	
Vision Chapadao	277		277	0.01%	0.00%	

The Vision funds have exposure to two sets of assets, primarily FCVS credits held by Vision FCVS RJ and PB Funds and certain farm assets, held by Vision Tercado, Piaui and Chapadao Funds.

FCVS credits represent claims against a mortgage insurance program backed by the Brazilian government. The process to take credits to novation is bureaucratic and managed by Caixa Econômica Federal (Caixa). The novation process consists of several phases requiring the review of underlying documentation in order to verify the authenticity, legitimacy and scope of each FCVS Credit Contract by a number of different entities including Caixa and the Comptroller General (and its successor entity since 2016). Once these entities are satisfied that all documentation pertaining to the novation process is in order, the credits are then passed to the Treasury, who by law, has up to 18 months to exchange the FCVS Credit Contracts for CVS bonds and cash.

LumX has continued its dialogue with Vision's investment manager, other investors and the independent directors of the Vision funds in an effort to accelerate liquidity. This resulted in a new board structure implemented in 2017 to improve oversight and ease investors' concerns over the stability of the management company.

In late 2017, the investment manager successfully sold a substantial part of the FCVS PB portfolio to a Brazilian bank, resulting in a significant distribution to investors. A small stub remains that represents a retention payment which comes due upon completion of FCVS document review by the buyer and confirmation of transfer by Caixa. While the deadline for the document review by the buyer is in October 2018, we do not have visibility on the timeline for Caixa to confirm the transfer.

For FCVS RJ, several potential exit strategies are being explored, whether by settlement, novation or sale, though significant hurdles and risks still exist with any of these options, reflected in the reserve on the position. Shareholders will recall that a Caixa systems issue in 2008/2009 resulted in a novation-freeze on the RJ credits implemented in 2011 and a subsequent distinction between good faith and bad faith holders of the credits. Vision is the largest holder of the credits and have also been identified by Caixa as a good faith holder of the credits. Caixa has asked Vision on a number occasions to negotiate a global settlement between Caixa and all RJ holders as a way to resolve the freeze. Vision's attempts so far have been unsuccessful and Vision are exploring litigation against Caixa to protect their rights, bring parties to the table and potentially seek to restart the novation process.

GFIR has elected to sell its Vision farm funds exposure as part of a tender offer and recapitalisation proposal received in early 2018 and expect liquidity from these positions in the next 3 months.

³ The Vision funds are a group of hedge funds focused on Brazilian assets and all run by a single investment manager.

b. Autonomy Rochavera (fka Autonomy Global Macro Fund)

Name	Market Value GBP	Reserve GBP	Net Market Value GBP	% of March 2018 Portfolio	% of March 2018 NAV	% GPC reserve
Autonomy Rochavera	866,582		866,582	28.63%	10.25%	

Following a 2018 restructuring, the Autonomy Global Macro Fund has been liquidated and the company now holds shares in Autonomy Rochavera. The underlying asset remains the same however, part ownership in a large corporate office development in Sao Paolo, Brazil (Rochavera Towers). This particular asset was also part of the Autonomy II D real estate portfolio. However, Autonomy Global Macro Fund was not subject to the same divestment period and termination date.

In April 2018, the investment manager of Autonomy engaged secondary market group Hedgebay to facilitate a secondary market exit for investors seeking liquidity from this asset in the near term – preliminary indications from third party buyers is in the 60-70 cents range. The founder of Autonomy has also indicated interest in obtaining additional Rochavera asset exposure which is expected to be viewed favourably by secondary market buyers and potentially drive bid levels up. GFIR has indicated its interest to sell at NAV and we continue to evaluate options for generating liquidity from this holding.

c. Autonomy Fund II D – Cajamar Class

Name	Market Value GBP	Reserve GBP	Net Market Value GBP	% of March 2018 Portfolio	% of March 2018 NAV	% GPC reserve
Autonomy Fund II D - Cajamar	492,117		492,117	16.26%	5.82%	

Autonomy II D originally held investments in several long term multi-phase real estate developments, mainly office properties in Sao Paolo and Rio de Janeiro. In early 2018, GFIR opted to participate in a liquidity proposal for the majority of the portfolio (the office property portfolio only), offering investors an exit ahead of a final termination date in June 2018 at NAV. As noted in a Stock Exchange Announcement on 3 April 2018, a distribution of approximately 90% of our December 2017 carrying value was received on 4 April 2018, allowing the company to implement the recent tender.

Following a restructuring in Q1 2018, GFIR holds shares of the II D Cajamar share class only. The underlying asset of this share class is a logistics property which was excluded from the liquidity proposal. The Cajamar property is being marketed separately and the manager hopes to complete a sale in the coming months.

d. South Asian Real Estate Ltd

Name	Market Value GBP	Reserve GBP	Net Market Value GBP	% of March 2018 Portfolio	% of March 2018 NAV	% GPC reserve
South Asian Real Estate	3,761,852	- 3,385,667	376,185	12.43%	4.45%	-90.00%

GFIR owns equity in S.A.R.E. Public Company Limited (“SARE”), a company incorporated in Cyprus. The shares owned by the fund are common equity and do not have any rights related to redemption.

SARE is a company with a goal to develop 25,000 residential units in various cities in India. The original assumed exit was an IPO of the business. However, given disappointing unit sales and significant liquidity issues, this is currently not a viable exit opportunity. We have had significant pricing reserves in place on the position for a number of years. Following a review of company developments over

2017, the pricing reserve was increased from 60% to 90% for December 2017 NAV – a weak real estate market, significant operating costs, additional leverage, limited liquidity, delay to both the annual audit and estimated quarterly NAVs, and lack of communication, are among our concerns.

LumX continues to identify and work with other shareholders to increase transparency and put pressure on the management team and the board of SARE to work towards liquidity for current investors. Following a call with the new member of the SARE board in late April, a formal letter outlining a multitude of concerns was sent by the company and three other SARE shareholders in mid-May. Included in the letter was a list of questions on SARE, the underlying properties and various decisions made by the board of SARE and requesting that the letter and questions be shared with other SARE shareholders. As of the date of this report, no response from the SARE board or the management team has been received. GFIR have engaged local counsel in Cyprus to evaluate other options.

An AGM for SARE is expected in the next few months, once the March 2017 audited financials have been completed.

These four significant positions accounted for an aggregate 32.09% of GFIR NAV, and 89.62% of the portfolio as at March 31, 2018 NAV. The remaining four positions account for 3.71% of NAV, with the balance representing cash and equivalents net of accrued liabilities.

3. Current Liquidity Projection

GFIR's portfolio consists of illiquid equity investments in a company and various funds. Natural liquidity from these holdings remains highly unpredictable, as the majority of the remaining portfolio is concentrated in emerging market legal claims and real estate and is largely outside of the control of the underlying managers. GFIR also has limited control that over the actions of its underlying portfolio holdings. Potential secondary market sales could accelerate liquidity but would be likely to come at a significant discount to NAV.

The first half of 2018 has already seen significant liquidity generated in the portfolio, with the receipt of 90% of the market value of Autonomy II D in April, partial distributions from Autonomy Global Macro Fund and later Autonomy Rochavera, Sergengeti and Clearwater. We are hopeful of further liquidity from the other Autonomy Funds and the Vision Farm funds over 2018.

The expectation is that in the second half of 2018 GFIR will be left with three or four key positions, Autonomy Rochavera, SARE, Vision FCVS RJ and the stub position in Vision FCVS PB. Liquidity generation from these assets is very unpredictable. We will continue to seek the optimal outcomes for shareholders of GFIR.

Disclaimer:

Projections are based on highly subjective analyses of complex and dynamic investments held by underlying equity and fund investments. The analyses are dependent on information sourced from the investment managers of the underlying funds, and hence the accuracy of the projections produced by LumX is reliant on the accuracy of that information. In many cases the range of possible outcomes from the underlying asset investments is extremely wide in both value and timing. This range of outcomes will also become significantly more unpredictable the further into the future projections are made.

The projection is provided for the purpose of informing shareholders as to the possible timing of the return of capital from the company, but it should be understood that the actual amount and timing of the return of capital will not be as projected. There are many reasons why this will occur. These include, but are not limited to:

- Inaccurate or optimistically-skewed information provided by the underlying investment managers;
- Unpredictable events such as the appearance of a third-party buyer for a given underlying asset;
- Changes in the values of underlying assets as prices change in global asset markets;
- Changes in the foreign exchange markets, causing translation effects as foreign assets are marked back into sterling.

It also does not include any estimate of the fees and expenses that the company will incur during the period of projection.

It is emphasised that:

- There is no guarantee that the portfolio can be realised in accordance with the above indicative timeline, or at all;
- The values of any underlying investments as at the time of realisation may differ significantly from the values relied on in this document;

- The estimated portfolio liquidity profile above is indicative only and should not under any circumstances be considered a prediction, forecast or guarantee of the company's actual portfolio liquidity profile or an indication as to the timing of distributions to Shareholders pursuant to the company's winding down; and
- There is no guarantee that the assets in the portfolio will be realised at their net asset value, and it is possible that the company may not be able to realise some of its remaining assets at any material value.

GFIR provides regular updates on its expectation of liquidity from the portfolio via its quarterly factsheet, accessible on the company's website, <https://www.lumx.com/gfir/gfir>

4. Future of GFIR

Given the small size of the remaining portfolio and the significant costs associated with the current company structure, the Board and LumX are evaluating potential options for the company's future. Options being explored include:

- Continue workout of remaining holdings as a listed company;
- Delisting, continue workout of remaining portfolio
- Delisting, appointment of liquidator to continue workout of remaining holdings
- Sale of underlying assets for non-cash consideration to third party, with holders obtaining exposure to the purchasing vehicle;
- Sale of underlying assets to third party for cash and subsequent distribution of net proceeds and liquidation of the company.

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