

# DBAY Advisors



## **DouglasBay Capital III Fund LP**

### **Unaudited Interim Consolidated Financial Statements**

**For the period ended 30 June 2019**

*For further information please contact*

*DBAY Advisors Limited*

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# DouglasBay Capital III Fund LP

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# DouglasBay Capital III Fund LP

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## General Information

### General Partner of the General Partner

DouglasBay Capital III (GP) Ltd.  
c/o DBAY Advisors Limited  
4th Floor, Derby House  
64 Athol Street  
Douglas  
Isle of Man IM1 1JD

### Directors of DouglasBay Capital III (GP) Ltd.

Michael Haxby  
Alexander Paiusco  
Ian Lambert

### General Partner to the Fund

DouglasBay Capital III (GP LP) LP  
c/o DBAY Advisors Limited  
4th Floor, Derby House  
64 Athol Street  
Douglas  
Isle of Man IM1 1JD

### Investment Manager

DBAY Advisors Limited  
4th Floor, Derby House  
64 Athol Street  
Douglas  
Isle of Man IM1 1JD

### Registered Office

Maples Corporate Services Limited  
PO Box 309  
Ugland House  
Grand Cayman  
KY1-1104 Cayman Islands

### Auditors

KPMG Audit LLC  
Heritage Court  
41 Athol Street  
Douglas  
Isle of Man IM1 1JD

### Depository Service Provider

INDOS Financial Limited  
54 Fenchurch Street  
London EC4M 9AF

### Prime Broker

Primextend Limited  
One New Change  
London EC4M 9AF

### Administrator

IQ EQ Fund Services (Jersey) Limited  
2nd Floor, Gaspé House  
66 – 72 Esplanade  
St Helier  
Jersey  
JE1 1GH

### Legal Advisors to the Partnership

#### In London

Debevoise & Plimpton LLP  
65 Gresham Street  
London  
EC2V 7NQ

#### In Cayman Islands

Maples and Calder  
PO Box 309  
Ugland House  
Grand Cayman  
KY1-1104 Cayman Islands

# DouglasBay Capital III Fund LP

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## General Partner's Report

### For the period ended 30 June 2019

The General Partner presents its report and the unaudited financial statements of DouglasBay Capital III Fund LP (the "Partnership") for the period ended 30 June 2019. The Partnership's first close was on 9 February 2018 and the second close was on 12 June 2018. A third and final close took place on 10 April 2019.

### Principal Activities

The principal activities of the Partnership are to carry out the business of an investor and in particular but without limitation to identify, research, negotiate, make and monitor the progress of and sell, realise, exchange or distribute investments.

### Results for the period ended 30 June 2019

The Statement of Comprehensive Income for the period ended 30 June 2019 and the Statement of Financial Position at 30 June 2019 are set out on pages 13 and 14 respectively.

### Distributions

No distributions have been paid in the period.

### General Partner

The name of the General Partner to the Partnership, its General Partner and the Directors of its General Partner are set out on page 1.

### General Partner's Interests

As at 30 June 2019, the General Partner and its Directors have an interest in the Partnership as disclosed on page 26.

### Statement of General Partner's Responsibilities

The General Partner is responsible for preparing the General Partner's Report and the financial statements.

The General Partner is required to prepare financial statements for each financial period. It has elected to prepare the financial statements in accordance with International Financial Reporting Standards.

The General Partner must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that period. In preparing these financial statements, the General Partner is required to:

- i) Select suitable accounting policies and then apply them consistently;
- ii) Make judgements and estimates that are reasonable and prudent;
- iii) State whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- iv) assess the Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- v) use the going concern basis of accounting unless it either intends to liquidate the Partnership or to cease operations, or has no realistic alternative but to do so.

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Partnership and to prevent and detect fraud and other irregularities.

**For and on behalf of DouglasBay Capital III Fund (GP) Limited, acting as General Partner to DouglasBay Capital III Fund (GP LP) LP, itself, General Partner to DouglasBay Capital III Fund LP**

**Michael A Haxby**  
**Director**  
**22 August 2019**

# DouglasBay Capital III Fund LP

## Activity Report

For the quarter ended 30 June 2019

### Summary

DouglasBay Capital III Fund LP, a Cayman Limited Partnership, held its final close on 10 April 2019 at €241m. Together with a discretionary co-investment vehicle, the total capital available for investment for DouglasBay Capital III Fund LP stands at €334.5m.

Since inception capital contributions (capital paid-in) net of callable distributions total €48.6m, which represents 20.2% of committed capital as at 30 June 2019.

### Returns from main investments

	Cost	Income & sale proceeds received	Fair value of remaining position	Total profit / (loss)	Multiple of costs	Gross IRR	Fair value previous period*	Change previous period (excluding income/sale proceeds)	
Harvey Nash Group Ltd	£ (m)	24.2	0.0	30.6	6.4	1.3x	49.5%	28.2	2.4
	€ (m)	27.7	0.0	34.1	6.4	1.2x	43.4%	32.8	1.3
Project Green	£ (m)	12.6	0.0	14.3	1.7	1.1x	n/a	0.0	14.3
	€ (m)	14.2	0.0	16.0	1.8	1.1x	n/a	0.0	16.0
Project Beethoven	€ (m)	14.6	3.4	14.8	3.6	1.2x	47.2%	19.3	(4.5)
Project Savoy	€ (m)	4.4	0.0	4.3	(0.1)	1.0x	(10.0%)	3.1	1.2

\*As at 31 March 2019

### Harvey Nash Group Limited via The Power of Talent TopCo Limited

Harvey Nash Group Limited (“Harvey Nash”) is a leading provider of specialist recruitment and outsourcing solutions. The core business is technology recruitment (permanent, contracting and managed services) alongside an executive search practice in the Nordics and outsourced software development delivered from offshore centres in Vietnam. They operate through a stable of eight key brands across 15 countries in Europe, US and Asia. Circa 900 sales and administrative staff are employed in addition to approximately 1,800 in their Vietnamese outsourcing business and over 10,000 contractors on assignment.

Since delisting the business in late 2018, the Investment Manager has been working with the executive management of Harvey Nash to implement operational improvements. To date, the business has completed a restructuring of its UK technology recruitment operations, closed their loss-making interim business in the UK and implemented a strategic realignment of the business along its core service lines of technology recruitment, outsourcing, and executive search. These measures are already having a positive impact on profitability for the year to 31 January 2020 however the Investment Manager and the executive management remain conscious of potential upcoming political and economic headwinds in the UK and Europe in particular.

For the year ended 31 January 2019, the business performed ahead of the Manager’s expectations and delivered a record year in the business’ 30 year history for billing, fee income and profitability.

### Harvey Nash Group Q2 2019 update

During the three months to 30 June 2019, the executive management have moved their focus onto the forward strategy for Harvey Nash, have introduced an “*accelerating growth*” programme across the business and concluded upon a coherent three year plan that is now being put into action. Key projects commenced in the quarter include targeted new investment in the UK and German businesses, increasing co-ordination between geographies and service lines to improve cross-selling, working with the management of the US business to improve efficiency and a review of the stand-alone leadership business in the Nordics.

In June, Harvey Nash launched its annual Chief Information Officer (“CIO”) survey in partnership with KPMG. The survey is very well respected amongst senior technology leaders and attracts a good amount of press coverage particularly around major industry trends. It is a key sales tool for the business strengthening existing clients’ relationships and providing new sales leads.

# DouglasBay Capital III Fund LP

## Activity Report (continued)

### For the quarter ended 30 June 2019

Already a “Gold Partner”, a project has also been launched to leverage existing Microsoft relationships across the group and bring everything together to create a central Microsoft “centre of excellence”. This will operate across both the technology recruitment and IT solutions service lines and the different geographies with the aim of using the closer relationship with Microsoft for client acquisition.

As a result of the actions outlined above, for the four months to 31 May 2019, operating profit is ahead of budget and 38% ahead of prior year. As a consequence, executive management have upgraded their forecast operating profit for the 12 months to 31 January 2020.

The valuation of Harvey Nash as at 30 June 2019, on a fair market value basis, has been revised upwards by 8.60% from 31 March 2019 reflecting the improved outlook for the full year.

#### Project Green

Project Green is the code name for the European listed transport and logistics business. The Manager is very familiar with this sector and has a good working relationship with the current executive management team of Green.

#### Project Beethoven

Project Beethoven is the code name for a European listed consumer durables/household goods business. The Fund had begun to stake build in Beethoven but following an increase in the share price, the Manager continues to closely monitor the position, as well as maintaining an involvement in improving the corporate governance of Beethoven.

#### Project Savoy

Project Savoy is the code name for a pan-European IT services business focused on digital transformation. In the period the Manager has increased its exposure to Savoy and continues its dialogue with the executive management.

#### Returns to investors (since inception)

	€'000
Partnership net asset value	52,554
Permanent distributions	-
<b>Total value</b>	<b>52,554</b>
	48,591
Paid-in capital	48,591
Return on capital paid-in (net)	3,963
	11.6%
Net IRR	11.6%
Total value to paid-in capital	1.1x

#### Outlook

The Manager is pleased that Harvey Nash is continuing to perform ahead of expectations. Converting the investment pipeline into additional active projects is the priority of the investment team for H2 2019 whilst proceeding with caution, conscious of economic and political uncertainty in the UK and Europe.

# DouglasBay Capital III Fund LP

## Fund Summary

As at 30 June 2019	
	€
Total Commitments	241,000,000
Total Unfunded Commitment	192,408,718
% of Total Commitment	79.84%
Total Drawdowns net of Recallable Distributions (Paid-in Capital)	48,591,282
% of Loan Commitment	20.16%
Capital gain/Income distributions to date	-
Current portfolio at cost (excluding cash)	58,310,574
Fair Value of current portfolio (excluding cash)	69,126,920
Invested Capital Uplift of current portfolio (exc. Realised investments)	1.19x
Cash	48,467,011
Other Assets & Liabilities	(65,039,623)
Total Net Asset Value at Fair Value	52,554,308
<u>Multiples excluding distributable cash provision:</u>	
Distributions to Paid-In Capital (DPI; Realisations Multiple)	0.00x
Total Value to Paid-in Capital (TVPI; Investment multiple)	1.08x
Residual NAV to Paid-in Capital (RVPI multiple)	1.08x
Paid-In Capital to Total Commitments (PICC)	0.20x
<u>Multiples including distributable cash provision:</u>	
Distributions to Paid-In Capital (DPI; Realisations Multiple)	0.00x
Total Value to Paid-in Capital (TVPI; Investment multiple)	1.07x
Residual NAV to Paid-in Capital (RVPI multiple)	1.07x
Paid-In Capital to Total Commitments (PICC)	0.20x
Partnership expenses and Management Fee incurred (since inception)	(7,867,524)
Partnership expenses and Management Fee outstanding as at 30 June 2019	(360,238)
Realised foreign exchange gain on investments and cash (since inception)	(44,494)
Total expenses, GP Share and realised foreign exchange	(8,272,256)

# DouglasBay Capital III Fund LP

## Fund Performance Summary

From inception to 30 June 2019

	€
<b>Reconciliation of Partners' Capital at risk</b>	
Total commitments	241,000,000
Remaining Capital Commitment	(192,408,718)
<b>Net cumulative contributions</b>	<b>48,591,282</b>
<hr/>	
Total contributions	48,591,282
Total distributions - available for redrawing	-
Net cumulative contributions	48,591,282
Income distributions (excluding equalisation interest)	-
<b>Capital at risk</b>	<b>48,591,282</b>
<hr/>	
<b>Reconciliation of net asset value</b>	
Amounts contributed	48,591,282
Dividend income	575,144
Bank interest income	584
Management fee	(5,586,966)
Legal fee	(174,578)
Audit fee	(23,541)
Tax fee	(17,570)
Bank charges and interest	(99,413)
Professional fees	(208,228)
Secretarial and administration fees	(140,868)
Other expenses	(69,622)
Loan interest expense	(249,847)
Investment Managers expenses	(14,440)
Other fund services fees	(13,508)
Compliance expenses	(3,828)
Establishment costs	(933,075)
International service entity fee	(894)
Facility fees	(693,902)
Operational realised FX losses	(82,962)
Realised investment gains	845,726
Realised investment FX gains	38,468
Unrealised investment gains	12,662,393
Unrealised investment FX losses	(1,846,047)
<b>Net asset value per Statement of Financial Position</b>	<b>52,554,308</b>
<hr/>	
<b>Attribution of net asset value</b>	
Attributable to Limited Partners	49,735,609
Attributable to General Partner	2,818,699
<b>Net asset value per Statement of Financial Position</b>	<b>52,554,308</b>

# DouglasBay Capital III Fund LP

## Summary of Partners' Commitments

As at 30 June 2019

Partner	% Interest	Committed	Contributed Capital	Remaining Capital Commitment
<b>Limited Partners</b>		€	€	€
Investor 1	0.08%	200,000	40,980	159,020
Investor 2	0.17%	400,000	81,959	318,041
Investor 3	0.08%	200,000	34,288	165,712
Investor 4	10.37%	25,000,000	5,077,235	19,922,765
Investor 5	31.12%	75,000,000	15,231,703	59,768,297
Investor 6	0.02%	50,000	10,245	39,755
Investor 7	3.53%	8,500,000	1,726,260	6,773,740
Investor 8	1.66%	4,000,000	819,592	3,180,408
Investor 9	0.02%	50,000	10,245	39,755
Investor 10	2.07%	5,000,000	1,024,490	3,975,510
Investor 11	0.04%	100,000	20,490	79,510
Investor 12	8.30%	20,000,000	4,061,788	15,938,212
Investor 13	6.64%	16,000,000	3,263,899	12,736,101
Investor 14	7.89%	19,020,000	3,862,760	15,157,240
Investor 15	6.66%	16,050,000	3,259,585	12,790,415
Investor 16	1.73%	4,160,000	844,852	3,315,148
Investor 17	1.73%	4,160,000	844,852	3,315,148
Investor 18	1.73%	4,160,000	844,852	3,315,148
Investor 19	0.08%	200,000	34,288	165,712
Investor 20	0.04%	100,000	17,144	82,856
Investor 21	0.08%	200,000	34,288	165,712
Investor 23	1.66%	4,000,000	830,444	3,169,556
Investor 24	6.22%	15,000,000	3,059,905	11,940,095
Investor 25	2.49%	6,000,000	1,245,665	4,754,335
Investor 26	0.04%	100,000	20,761	79,239
<b>General Partner</b>				
DouglasBay Capital III Fund (GP LP) LP	5.54%	13,350,000	2,288,712	11,061,288
<b>Total</b>	<b>100.00%</b>	<b>241,000,000</b>	<b>48,591,282</b>	<b>192,408,718</b>

# DouglasBay Capital III Fund LP

## Summary of Partners' Commitments (continued)

As at 30 June 2019

Partner	Non-recallable Distributions A	Shares of Net Assets at Valuation B	Total Allocation
<b>Limited Partners</b>	€	€	€
Investor 1	-	43,780	43,780
Investor 2	-	87,559	87,559
Investor 3	-	42,204	42,204
Investor 4	-	5,459,175	5,459,175
Investor 5	-	16,377,525	16,377,525
Investor 6	-	10,946	10,946
Investor 7	-	1,856,120	1,856,120
Investor 8	-	875,599	875,599
Investor 9	-	10,946	10,946
Investor 10	-	1,093,933	1,093,933
Investor 11	-	21,879	21,879
Investor 12	-	4,367,341	4,367,341
Investor 13	-	3,497,229	3,497,229
Investor 14	-	4,155,500	4,155,500
Investor 15	-	3,506,613	3,506,613
Investor 16	-	908,880	908,880
Investor 17	-	908,880	908,880
Investor 18	-	908,880	908,880
Investor 19	-	42,227	42,227
Investor 20	-	21,114	21,114
Investor 21	-	42,227	42,227
Investor 23	-	878,117	878,117
Investor 24	-	3,279,804	3,279,804
Investor 25	-	1,317,178	1,317,178
Investor 26	-	21,953	21,953
<b>General Partner</b>			
DouglasBay Capital III Fund (GP LP) LP	-	2,818,699	2,818,699
<b>Total</b>	-	<b>52,554,308</b>	<b>52,554,308</b>

# DouglasBay Capital III Fund LP

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## Changes in Portfolio Valuation

For the period ended 30 June 2019

	€	€
<b>Opening balance as at 1 January 2019 – as restated (see Note 17)</b>		<b>46,771,365</b>
<b>Acquisition cost of investments during the period</b>		18,555,732
<b>Sale proceeds from investments during the period</b>		(3,402,068)
Changes in valuations:		
30 June 2019 Harvey Nash Group Ltd	2,783,693	
30 June 2019 Project Beethoven	2,725,356	
30 June 2019 Project Savoy	(126,539)	
30 June 2019 Project Green	1,819,381	
		7,201,891
<b>Closing balance as at 30 June 2019</b>		<b><u>69,126,920</u></b>

# DouglasBay Capital III Fund LP

## Portfolio Valuation Summary

As at 30 June 2019

	Original Investment at cost	Capital Return	Capitalised Income	Investments at cost	Year of Investment	Sector
	€	€	€	€		
Investment in Harvey Nash Group Ltd	27,694,503	-	-	27,694,503	2018	Recruitment
Investment in Project Beethoven	12,060,339	-	-	12,060,339	2018	Confidential
Investment in Project Savoy	4,378,813	-	-	4,378,813	2019	Confidential
Investment in Project Green	14,176,919	-	-	14,176,919	2019	Confidential
<b>Total Investments</b>	<b>58,310,574</b>	<b>-</b>	<b>-</b>	<b>58,310,574</b>		

	Realised Capital Gains/(Losses)	Net Income Received/ Receivable	Investment at Valuation	Total Gain/(Loss)
	€	€	€	€
Investment in Harvey Nash Group Ltd	24,240	-	34,109,328	6,439,065
Investment in Project Beethoven	868,043	-	14,769,018	3,576,722
Investment in Project Savoy	-	-	4,252,274	(126,539)
Investment in Project Green	-	-	15,996,300	1,819,381
<b>Total Investments</b>	<b>892,283</b>	<b>-</b>	<b>69,126,920</b>	<b>11,708,629</b>

# DouglasBay Capital III Fund LP

## Income and Capital Received from Investments

For the period ended 30 June 2019

	Cost as at 30 June 2019	Capital Return	Capital Gain	Net Income Received/ Receivable	Total Proceeds
	€	€	€	€	€
Investment in Harvey Nash Group Ltd	27,694,503	-	24,240	-	24,240
Investment in Project Beethoven	12,060,339	-	868,043	572,645	1,440,688
Investment in Project Savoy	4,378,813	-	-	-	-
Investment in Project Green	14,176,919	-	-	-	-
<b>Total</b>	<b>58,310,574</b>	<b>-</b>	<b>892,283</b>	<b>572,645</b>	<b>1,464,928</b>

# DouglasBay Capital III Fund LP



Harvey Nash Group Limited (“Harvey Nash”) is a leading provider of specialist recruitment and outsourcing solutions. The core business is technology recruitment (permanent, contracting and managed services) alongside an executive search practice in the Nordics and outsourced software development delivered from offshore centres in Vietnam. They operate through a stable of eight key brands across 15 countries in Europe, US and Asia. Circa 900 sales and administrative staff are employed in addition to approximately 1,800 in their Vietnamese outsourcing business and over 10,000 contractors on assignment.

## Investment summary

First investment date:	12 October 2018
Investment type:	Acquisition / taken private
Sector:	IT Recruitment and Outsourcing
DBAY Director:	David Morrison
Location:	London, UK
Equity % held:	100% (together with Parallel Funds and Co-investor)
Other significant investors:	Co-investor holds 14.4% of The Power of Talent TopCo Ltd

## Financial information

	12 months to	12 months to	12 months to	12 months to
	31 January 2016	31 January 2017	31 January 2018	31 January 2019
£m	Actual	Actual	Actual	Actual
Total billings	676.5	784.3	885.7	1,085.2
Revenue <sup>1</sup>	676.5	784.3	534.9	595.1
NFI <sup>2</sup> /Gross Profit	90.3	97.9	98.1	106.3
EBITDA <sup>3</sup>	11.7	10.7	12.8	16.0
EBIT <sup>3</sup>	10.2	9.3	11.4	14.6
Net debt/(cash) <sup>4</sup>	(0.2)	(5.6)	6.9	56.7

### Notes

<sup>1</sup> Revenue restated for 2018 and 2019 for changes in IFRS

<sup>2</sup> NFI - Net Fee Income

<sup>3</sup> Pre non-recurring and exceptional charges and pre-IFRS adjustments

<sup>4</sup> Net debt/(cash) includes net drawings on the working capital facility

## Investment rationale

- Focused on one of the strongest market segments
- Well placed in an evolving market
- Broad geographic exposure
- Diversified blue-chip customer base
- Resilient through the cycle
- Highly cash generative

## Proceeds to date

Income

N/A

Capital

N/A

## Exit prospects

The Investment Manager expects to exit via a trade sale.

# DouglasBay Capital III Fund LP

## Consolidated Statement of Comprehensive Income

For the period ended 30 June 2019

	Notes	From 1 January 2019 to 30 June 2019	From 12 September 2017 to 31 December 2018 As restated (see Note 17)
		€	€
<b>Investment Income</b>			
Dividend income		572,645	2,499
Interest		565	19
<b>Total income</b>		<b>573,210</b>	<b>2,518</b>
<b>Expenses</b>			
Management Fee	7	2,516,269	3,070,697
Legal fee		-	174,578
Audit fee		7,890	15,651
Tax fee		6,056	11,514
Bank charges and interest		61,603	37,810
Professional fees		20,384	187,844
Secretarial and administration fees		55,187	85,681
Other expenses	10	71,764	30,528
Loan interest expense		107,336	142,511
Establishment costs		21,475	911,600
Facility fees		62,675	631,227
<b>Total expenses</b>		<b>2,930,639</b>	<b>5,299,641</b>
<b>Net investment loss</b>		<b>(2,357,429)</b>	<b>(5,297,123)</b>
<b>Realised and unrealised gain/(loss) from investments and foreign currency related transactions</b>			
Net realised gain/(loss) on transactions in:			
Securities	4	868,043	16,151
Foreign currency		66,143	(149,105)
<b>Net realised gain/(loss)</b>		<b>934,186</b>	<b>(132,954)</b>
Movement in net unrealised appreciation/(depreciation) on:			
Securities		7,545,206	5,117,187
Foreign Exchange		(1,211,358)	(634,689)
<b>Movement in net unrealised appreciation</b>	4	<b>6,333,848</b>	<b>4,482,498</b>
<b>Net unrealised and realised gain</b>		<b>7,268,034</b>	<b>4,349,544</b>
<b>Net increase/(decrease) in Partners' capital resulting from operations</b>		<b>4,910,605</b>	<b>(947,579)</b>

The General Partner considers all results are derived from continuing operations.

There were no gains or losses in the period other than those presented in the Statement of Comprehensive Income.

The notes on pages 17 to 26 are an integral part of these financial statements.

# DouglasBay Capital III Fund LP

## Consolidated Statement of Financial Position

As at 30 June 2019

	Notes	30 June 2019	31 December 2018
		€	As restated (see Note 17) €
<b>Current assets</b>			
Cash at bank	6	48,467,011	4,946,419
Financial assets at fair value through profit or loss	4	69,126,920	46,771,365
Other assets	11	13,061	6,019
<b>Total assets</b>		<b>117,606,992</b>	<b>51,723,803</b>
<b>Current liabilities</b>			
Other liabilities	12	360,238	185,936
<b>Total current liabilities</b>		<b>360,238</b>	<b>185,936</b>
<b>Non-current liabilities</b>			
Loan payable	14	64,692,446	5,000,000
<b>Net Assets</b>		<b>52,554,308</b>	<b>46,537,867</b>
<b>Partners' Capital</b>			
Limited Partners	8	49,735,609	43,881,039
General Partner	8	2,818,699	2,656,828
<b>Total Partners' Capital</b>		<b>52,554,308</b>	<b>46,537,867</b>
<b>Total Liabilities and Partners' Capital</b>		<b>117,606,992</b>	<b>51,723,803</b>

These financial statements were approved by the General Partner on 22 August 2019 and signed on its behalf by;

Director

The notes on pages 17 to 26 are an integral part of these financial statements.

# DouglasBay Capital III Fund LP

## Statement of Changes in net assets attributable to the Partners

For the period ended 30 June 2019

	Limited Partners	General Partner	Total
	€	€	€
<b>Partners' Capital as at 1 January 2019</b>	<b>43,881,039</b>	<b>2,656,828</b>	<b>46,537,867</b>
Allocations of share of dividend and interest income	541,472	31,738	573,210
Allocations of share of Management Fee	(2,516,269)	-	(2,516,269)
Allocations of share of legal fee	(1,004)	1,004	-
Allocations of share of audit fee	(7,543)	(347)	(7,890)
Allocations of share of tax fee	(6,056)	-	(6,056)
Allocations of share of bank charges and interest	(58,408)	(3,195)	(61,603)
Allocations of share of professional fees	(20,336)	(48)	(20,384)
Allocations of share of secretarial and administration fees	(52,623)	(2,564)	(55,187)
Allocations of share of other expenses	(67,963)	(3,801)	(71,764)
Allocations of share of loan interest expense	(102,210)	(5,126)	(107,336)
Allocations of share of establishment costs	(25,528)	4,053	(21,475)
Allocations of share of facility fees	(62,834)	159	(62,675)
Allocations of share of net realised gain	881,673	52,513	934,186
Allocations of share of net unrealised appreciation	6,008,769	325,079	6,333,848
<b>Net increase in Partners' Capital from operations</b>	<b>4,511,140</b>	<b>399,465</b>	<b>4,910,605</b>
Called commitments from Partners	1,343,430	(237,594)	1,105,836
<b>Total increase in Partners' Capital from capital transactions</b>	<b>1,343,430</b>	<b>(237,594)</b>	<b>1,105,836</b>
<b>Partners' Capital as at 30 June 2019</b>	<b>49,735,609</b>	<b>2,818,699</b>	<b>52,554,308</b>
Loan commitments	227,650,000	13,350,000	241,000,000
Drawn loan commitments from Partners	46,302,570	2,288,712	48,591,282
<b>Undrawn loan commitments</b>	<b>181,347,430</b>	<b>11,061,288</b>	<b>192,408,718</b>
<b>Partners' Capital as at 12 September 2017</b>	-	-	-
Allocations of share of dividend and interest income	2,364	154	2,518
Allocations of share of Management Fee	(3,070,697)	-	(3,070,697)
Allocations of share of legal fee	(163,903)	(10,675)	(174,578)
Allocations of share of audit fee	(14,694)	(957)	(15,651)
Allocations of share of tax fee	(11,514)	-	(11,514)
Allocations of share of bank charges and interest	(35,498)	(2,312)	(37,810)
Allocations of share of professional fees	(176,357)	(11,487)	(187,844)
Allocations of share of secretarial and administration fees	(80,442)	(5,239)	(85,681)
Allocations of share of other expenses	(28,662)	(1,866)	(30,528)
Allocations of share of loan interest expense	(133,797)	(8,714)	(142,511)
Allocations of share of establishment costs	(855,860)	(55,740)	(911,600)
Allocations of share of facility fees	(592,630)	(38,597)	(631,227)
Allocations of share of net realised loss	(124,824)	(8,130)	(132,954)
Allocations of share of net unrealised appreciation	4,208,413	274,085	4,482,498
<b>Net decrease in Partners' Capital from operations</b>	<b>(1,078,101)</b>	<b>130,522</b>	<b>(947,579)</b>
Called commitments from Partners	44,959,140	2,526,306	47,485,446
<b>Total increase in Partners' Capital from capital transactions</b>	<b>44,959,140</b>	<b>2,526,306</b>	<b>47,485,446</b>
<b>Partners' Capital as at 31 December 2018</b>	<b>43,881,039</b>	<b>2,656,828</b>	<b>46,537,867</b>
Loan commitments	195,000,000	12,700,000	207,700,000
Drawn loan commitments from Partners	44,959,140	2,526,306	47,485,446
<b>Undrawn loan commitments</b>	<b>150,040,860</b>	<b>10,173,694</b>	<b>160,214,554</b>

The notes on pages 17 to 26 are an integral part of these financial statements.

# DouglasBay Capital III Fund LP

## Consolidated Statement of Cash Flows

For the period ended 30 June 2019

	From 1 January 2019 to 30 June 2019	From 12 September 2017 to 31 December 2018 As restated (see Note 17)
	€	€
Net increase/(decrease) in Partners' capital resulting from operations	4,910,605	(947,579)
Adjustments for:		
Movement in net unrealised appreciation	(6,333,848)	(4,482,498)
Realised gains on sale of investments	(868,043)	(16,151)
Increase in other liabilities	174,302	185,936
Increase in other receivables	(7,042)	(6,019)
Purchase of investments	(18,555,732)	(42,381,363)
Sale of investments	3,402,068	108,647
<b>Net cash flow used in operating activities</b>	<b>(17,277,690)</b>	<b>(47,539,027)</b>
<b>Cash flows from financing activities:</b>		
Called commitments from Partners	1,105,836	47,485,446
Loans drawn down	59,692,446	5,000,000
<b>Net cash flow from financing activities</b>	<b>60,798,282</b>	<b>52,485,446</b>
Increase in cash and cash equivalents	43,520,592	4,946,419
Opening cash and cash equivalents	4,946,419	-
<b>Closing cash and cash equivalents</b>	<b>48,467,011</b>	<b>4,946,419</b>

The notes on pages 17 to 26 are an integral part of these financial statements.

# DouglasBay Capital III Fund LP

## Notes to the Financial Statements

For the period ended 30 June 2019

### 1. General Information

DouglasBay Capital III Fund LP (the "Partnership") was registered on 12 September 2017 as an exempted limited partnership in the Cayman Islands under The Exempted Limited Partnership Law 2014. The Partnership had its first close on 7 August 2018 and second close on 16 November 2018. A third and final close took place on 10 April 2019.

The registered office of the Partnership is PO Box 309, Ugland House, Cayman Islands KY1-1104. The General Partner of the Partnership is DouglasBay Capital III Fund (GP LP) LP. The General Partner (acting through its own general partner DouglasBay Capital III (GP) Ltd.) is responsible for the management, operation and administration of the affairs of the Partnership. The investment activities of the Partnership have been delegated by the General Partner to DBAY Advisors Limited (the "Investment Manager") under the terms of the Management Agreement dated 9 February 2018.

### 2. Accounting policies

#### (a) Basis of preparation

##### *Statement of Compliance*

The financial statements of the Partnership have been prepared in accordance with the historical cost convention as modified by the revaluation of investments. The principal accounting policies which have been applied are set out below. Such policies are in accordance with and comply with International Financial Reporting Standards ("IFRSs").

The Partnership has adopted the Euro ("€") as its presentational and functional currency.

##### *Going Concern*

The General Partner has made an assessment of the Partnership's ability to continue as a going concern and is satisfied that the Partnership has the resources to continue in business for the foreseeable future including the ability to draw down existing investee commitments. Furthermore, the General Partner is not aware of any material uncertainties that may cast significant doubt upon the Partnership's ability to continue as a going concern. Therefore, the financial statements are prepared on a going concern basis.

#### (b) Income

Dividend income is recognised in the Statement of Comprehensive Income when the relevant investment is first listed ex-dividend and is shown net of withholding taxes. Other income is recognised on a receivable basis.

The adoption of IFRS 15 with effect from 1 January 2018 has not resulted in changes to the Partnership's revenue recognition policies.

#### (c) Taxation

Under current laws of the Cayman Islands, there are no income, estate, transfer, sales or other taxes payable by the Partnership.

#### (d) Financial assets and financial liabilities at fair value through profit or loss

##### *Classification*

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The Partnership classifies its investments as designated at fair value through profit or loss.

##### *Recognition/derecognition*

Purchases and sales of investments are accounted for on the date the securities are purchased or sold. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Partnership has transferred substantially all risks and rewards of ownership. The computation of the cost of sale of securities is made on the average cost basis. Realised and unrealised gains and losses are recorded in the Statement of Comprehensive Income, and are shown net of all broker charges.

# DouglasBay Capital III Fund LP

## Notes to the Financial Statements (continued)

For the period ended 30 June 2019

### 2. Accounting policies (continued)

#### (d) Financial assets and financial liabilities at fair value through profit or loss (continued)

##### *Measurement*

The Partnership measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

##### *Basis of preparation*

Changes to significant accounting policies are described below.

The Partnership has applied IFRS 9 since 1 January 2018.

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Partnership has adopted consequential amendments to IAS 1 Presentation of financial Statements, which require:

- impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. Under IAS 39, impairment was recognised when losses were incurred; and
- separate presentation in the statement of comprehensive income of interest revenue calculated using the effective interest method.

Additionally, the Partnership has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures.

Under IAS 39, cash and cash equivalents and amounts due from brokers were classified as loans and receivables and under IFRS 9 these are classified as amortised cost. Under IAS 39, equity investments listed and derivative financial instruments were classified as designated as at fair value through profit or loss and held for trading, respectively, and under IFRS 9 both are classified as mandatorily at fair value through profit or loss.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The Partnership's assets do not have a history of credit risk or expected future recoverability issues, therefore under the expected credit loss model there is no impairment to be recognised and hence no change to the carrying values of the Partnership's assets. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 had no material impact on the net assets attributable to Partners or the Partnership.

There are no other standards, interpretations or amendments to standards either newly effective in the period or issued but not yet effective that have had or are expected to have a significant impact on the Partnership.

# DouglasBay Capital III Fund LP

## Notes to the Financial Statements (continued)

For the period ended 30 June 2019

### 2. Accounting policies (continued)

#### (e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances held at the Partnership's Prime Broker, Primextend Limited ("Primextend") and cash balances held with Barclays Bank and Sparkasse Bank Malta plc. Cash is available to withdraw by the Partnership without prior notice from Primextend subject to any outstanding obligations being settled.

#### (f) Accrued expenses

Expenses are recorded on the accruals basis as incurred and charged to the Statement of Comprehensive Income. Accrued expenses are recognised at fair value and subsequently stated at amortised cost using the effective interest method.

#### (g) Interest expense

Interest and other expenses are recorded on the accruals basis.

#### (h) Fair values

The Partnership's financial instruments are investments, cash, accrued income, loans payable and other amounts and accrued expenses. The value of these financial instruments in the financial statements approximates to their fair value as the investments recognise a movement and the other instruments are short-term in nature and thus the carrying value approximates fair value.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. When available, the General Partner, on behalf of the Partnership, measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, then the General Partner establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Partnership, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factor inherent in the financial instrument. The General Partner calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, (the fair value of the consideration given or received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in the Statement of Comprehensive Income on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

All changes in fair value, other than interest and dividend income and expenses, are recognised in profit or loss as part of net gain or loss from financial instruments at fair value through the Statement of Comprehensive Income.

#### (i) Distributable cash

The General Partner is entitled to receive "distributable cash", calculated on the basis described in note 8, under Clause 6 of the Limited Partnership Agreement when the portfolio of Partnership assets is realised. The proportion allocation of this distributable cash to the General Partner is only due on proceeds above the hurdle rate at realisation. As such any obligations under the Limited Partnership Agreement are contingent on realisation proceeds. There is no potential distributable cash allocation at the reporting date.

# DouglasBay Capital III Fund LP

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## Notes to the Financial Statements (continued)

For the period ended 30 June 2019

### 2. Accounting policies (continued)

#### (j) Translation of foreign currencies

Foreign currency transactions are translated into Euros at the rates of exchange ruling at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated into Euros at the rates of exchange ruling at the end of the financial period. Exchange differences are included in the Statement of Comprehensive Income.

#### (k) Changes in accounting policies

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, and have not been applied in preparing these financial statements. The Partnership does not plan to early adopt these standards and they are not thought to have a significant impact on the financial statements.

IFRS 16 Leases (effective 1 January 2019)

IFRIC 23 Uncertainty over Income Tax Treatments (effective 1 January 2019)

Prepayment Features with Negative Compensation (Amendments to IFRS 9) (effective 1 January 2019)

#### (l) Unconsolidated structured entities

The Partnership has concluded that the investment entities it holds, but does not consolidate, meet the definition of structured entities because:

(i) The voting rights in the investment entities are not dominant rights in deciding who controls the investment entities as they relate to administrative tasks only;

(ii) Activities of the investment entities are restricted by the shareholder agreements; and

(iii) The investment entities have narrow and well-defined objectives to provide investment opportunities to investors.

During the period the Partnership did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support. See details of investments held in note 4.

### 3. Critical accounting estimates and assumptions

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts in the financial statements. Management believes that the estimates utilised in preparing its financial statements are reasonable and prudent, however, actual results could differ from these estimates. The most significant estimates and judgements that are required to be made are in respect of the valuation of investments for which no reliable market price is available (see note 4).

# DouglasBay Capital III Fund LP

## Notes to the Financial Statements (continued)

For the period ended 30 June 2019

### 4. Investments

As at 30 June 2019				
	Opening Portfolio As at 1 January 2019 As restated (see Note 17)		Additions / conversions in the period	Redemptions / Realisations in period
	Cost	Valuation		
	€	€	€	€
Harvey Nash Group Ltd	27,694,503	31,325,635	-	-
Project Beethoven*	14,594,364	15,445,730	-	(2,534,025)
Project Savoy **	-	-	4,378,813	-
Project Green ***	-	-	14,176,919	-
	<b>42,288,867</b>	<b>46,771,365</b>	<b>18,555,732</b>	<b>(2,534,025)</b>

As at 30 June 2019				
	Redemptions / Realisations in period	Valuation change in period	Closing Portfolio as at 30 June 2019	
	Proceeds		Cost	Valuation
	€	€	€	€
Harvey Nash Group Ltd	-	2,783,693	27,694,503	34,109,328
Project Beethoven*	(3,402,068)	2,725,356	12,060,339	14,769,018
Project Savoy **	-	(126,539)	4,378,813	4,252,274
Project Green ***	-	1,819,381	14,176,919	15,996,300
	<b>(3,402,068)</b>	<b>7,201,891</b>	<b>58,310,574</b>	<b>69,126,920</b>

\* Project Beethoven is held through Amphinte TopCo Ltd, a wholly owned subsidiary of the Partnership. The Partnership has subscribed for shares in Amphinte TopCo Ltd of which €1,805,567 remained outstanding at the period end (31 December 2018: €1,810,168). The Partnership also received a loan of €4,053,782 from Amphinte TopCo Limited during the period.

\*\* Project Savoy is held through Surible TopCo Ltd, a wholly owned subsidiary of the Partnership. The Partnership has subscribed for shares in Surible TopCo Limited, the holding company of Project Savoy, of which €9,118,507 remained outstanding at the period end (31 December 2018: €1,118).

\*\*\* Project Green is held through Retrotri TopCo Ltd, a wholly owned subsidiary of the Partnership. The Partnership has subscribed for shares in Retrotri TopCo Limited, the holding company of Project Green, of which €71,046,037 remained outstanding at the period end (31 December 2018: €1,118).

The Partnership's accounting policy on fair value measurement is disclosed in note 2. All securities owned are categorised as Level I for valuation purpose, except for those noted below under Level III.

The changes in the investments classified as Level III are as follows:

	2019	2018
	€	€
<b>Balance at 1 January 2019</b>	31,325,635	-
Transfer from Level 1	-	27,694,503
Movement in unrealised gains	2,783,693	3,631,132
<b>Balance at 30 June 2019 / 31 December 2018</b>	<b>34,109,328</b>	<b>31,325,635</b>
Cost of investments held at period end	<b>27,694,503</b>	<b>27,694,503</b>

Investments categorised as Level III comprise of The Power of Talent TopCo Limited and The Power of Talent FinCo Limited.

# DouglasBay Capital III Fund LP

## Notes to the Financial Statements (continued)

For the period ended 30 June 2019

### 4. Investments (continued)

The Partnership owns 21,463,868 A Ordinary shares in The Power of Talent TopCo Ltd. This investment has been carried at £0.9737 per share as at 30 June 2019 (£0.8474 per share at 31 December 2018). This price is based on a director's valuation of the underlying investment in Harvey Nash Group Ltd based on a forecast EBITDA and appropriate multiple, adjusted for net debt as at 30 June 2019.

The Partnership owns 14,309,245 A Ordinary shares in The Power of Talent FinCo Ltd. This investment has been carried at £0.6767 per share as at 30 June 2019 (£0.6872 per share at 31 December 2018). This price reflects the value of the loan, including accrued interest.

All Level III investments, which are measured in the Statement of Financial Position using the above mentioned valuation techniques, comprise a combined total value of €34,108,328 or 29.0% of the Total Assets of the Partnership as at 30 June 2019. The net change in fair value for the period recorded in the Statement of Comprehensive Income amounted to a gain of €2,783,693.

### 5. Risk Profile

The Partnership's activities may expose it to a variety of financial risks, the risk management policies employed by the Partnership to manage these risks are discussed below.

#### (a) Market Price Risk

Market price risk is the risk that the market price of a financial instrument will fluctuate due to changes in factors specific to the security or its issuer, factors affecting all securities traded in the market, foreign exchange rates or market interest rates.

If the market value of the Partnership's investment portfolio had increased/decreased in value by 5% as at 30 June 2019 the effect on total partners' capital would have been an increase/decrease of €3,456,346 (€2,338,568 at 31 December 2018).

#### (b) Interest Rate Risk

The majority of the Partnership's financial assets and liabilities are non-interest bearing. As a result, the Partnership is not subject to the significant amounts of risk due to fluctuation in the prevailing levels of market interest rates. Any cash and cash equivalents are invested at short-term market interest rates.

Cash balances at brokers are due on demand. The loan liability currently bears interest at 2.24% per annum (1.45% at 31 December 2018). A change in the interest rate applied by an increase/decrease of 0.5% would result in an increase or decrease in interest costs of €323,462 over a year (€25,000 at 31 December 2018), should the loan remain at its current level.

In addition, certain investments of the Partnership have significant exposure to interest rates due to leverage within these investments. As such, the fair value of the investments could be impacted upon by fluctuations in the interest rate environment.

#### (c) Credit Risk

The Partnership assumes exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Partnership is exposed to credit risk in relation to its cash balances as stated in the Statement of Financial Position.

The Partnership mitigates credit risk through using only reputable banks and brokers. The credit worthiness of the banks and brokers are monitored by the Investment Manager. Money received or held by Primextend will not be subject to the protections conferred by the Client Money Rules, will not be segregated from the broker's own money and will be used by the brokers in the course of its own business. Consequently, the Partnership will rank as a general creditor of the brokers with respect to such money.

#### (d) Currency Risk

The Partnership holds investments denominated in currencies other than the Euro (€). Consequently the Partnership is exposed to currency risk, as the value of the investments denominated in other currencies will fluctuate due to the changes in exchange rates.

The Partnership's cash is currently held in Euros and cash is generally converted into other currencies as and when liabilities fall due.

# DouglasBay Capital III Fund LP

## Notes to the Financial Statements (continued)

For the period ended 30 June 2019

### 5. Risk Profile (continued)

#### (d) Currency Risk (continued)

The table below summarises the Partnership's exposure to foreign currencies as a percentage of Partner's capital.

As at 30 June (31 December) the Partnership's exposure to foreign currency was as follows:

	2019	2018
EUR	41.62%	32.98%
GBP	58.48%	67.06%
USD	(0.10)%	(0.04)%
	<b>100.00%</b>	<b>100.00%</b>

As at 30 June 2019, had the EUR exchange rate weakened/strengthened by 5% relative to the other currencies, with all other variables held constant, the increase/(decrease) respectively in Partners' Capital would amount to approximately €1,533,934 (31 December 2018: €1,559,379).

#### (e) Liquidity Risk

Liquidity risk is the risk that the Partnership will encounter difficulty in meeting the obligations associated with its financial liabilities. The Investment Manager manages the Partnership to ensure that there are sufficient levels of cash and cash equivalents to enable the Partnership to meet its financial commitments as they fall due. Level III investments held by the Partnership are not liquid (see note 4). However, the Partnership has sufficient cash (see note 6) and remaining commitments to cover all outstanding liabilities at the period-end. As such, the Partnership is not exposed to significant liquidity risk arising due to the investments held.

The table below analyses the Partnership's financial liabilities into relevant maturity groupings based on the remaining period at the end of the financial period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month	1-12 months	More than 12 months	No stated maturity	Total
	€	€	€	€	€
<b>As at 30 June 2019</b>					
Loan payable	-	-	64,692,446	-	64,692,446
Other liabilities	360,238	-	-	-	360,238
	360,238	-	64,692,446	-	65,052,684
<b>As at 31 December 2018</b>					
Loan payable	-	-	5,000,000	-	5,000,000
Other liabilities	185,936	-	-	-	185,936
	185,936	-	5,000,000	-	5,185,936

### 6. Cash and Cash Equivalents

Cash and cash equivalents comprise of cash held at the Partnership's prime broker, Primextend Limited, Barclays Bank and Sparkasse Bank Malta plc. The total cash balance as at 30 June was €48,467,011 (31 December 2018: €4,946,419).

# DouglasBay Capital III Fund LP

## Notes to the Financial Statements (continued)

For the period ended 30 June 2019

### 7. Management Fee

The Investment Manager is entitled to receive and, has a first charge on net income and capital gains, an amount equal to the sum of 2% per annum of the Capital Commitments (excluding Affiliated Partners).

Following the expiration of the investment period the General Partner's share will be calculated on the Actively Invested Capital retained by the Partnership rather than total commitments.

Aggregate fees during the period amounted to €2,516,269 (period to 31 December 2018: €3,070,697).

### 8. Distributable cash

The General Partner is entitled to receive a distributable cash payment in accordance with the Limited Partnership Agreement.

Accordingly, any income proceeds and capital proceeds, after satisfying any expenses and liabilities of the Partnership including the Management Fee, shall be distributed to Partners and processed in the following order of priority:

- (a) First, to Limited Partners until the partners have received their aggregate Capital Contributions;
- (b) Second, to Limited Partners in payment of an amount equal to a compound rate of 8% per annum on Capital Contributions;
- (c) Third, 100% to the General Partner until the cumulative amount distributed to the General Partner is equal to 20% of the excess of (i) the cumulative amount distributed to such Limited Partner and to the General Partner pursuant to the Limited Partnership Agreement over (ii) the Capital Contributions of such Limited Partner; and
- (d) Fourth, 80% to such Limited Partner and 20% to the General Partner.

The General Partner is entitled to receive "distributable cash", calculated on the basis described above, under Clause 6.3 of the Limited Partnership Agreement when the portfolio of Partnership assets is realised. Based on the fair value at the balance sheet date, the estimated amount due to the General Partner, had the assets been realised at this value as at 30 June 2019 would be €518,163 (31 December 2018: €nil).

### 9. Administration Fees

The Partnership pays a fee to the Administrator, IQ EQ Fund Services (Jersey) Limited at the rate of 0.05% on net assets per annum payable quarterly in arrears, with a minimum fee of €90,000 per annum.

Aggregate fees during the period amounted to €55,187 (period to 31 December 2018: €85,681).

### 10. Other expenses

	2019	2018
	€	€
Disbursements	1,429	2,495
Loan breakage costs	-	12,802
License fees	985	537
Compliance expenses	3,828	-
Investment Manager's costs	14,440	-
Depository services	13,508	-
Transaction charges	13,906	4,025
Research fees	23,668	10,669
	<b>71,764</b>	<b>30,528</b>

# DouglasBay Capital III Fund LP

## Notes to the Financial Statements (continued)

For the period ended 30 June 2019

### 11. Other assets

	2019	2018
	€	€
Amounts receivable from investments	-	2,491
Amounts receivable from investors	11,272	-
Prepayments	1,789	3,528
	<b>13,061</b>	<b>6,019</b>

### 12. Other creditors and accrued expenses

	2019	2018
	€	€
Secretarial and administration fees payable	28,370	38,316
Audit fees payable	24,243	15,651
Loan interest payable	71,324	11,777
Commitment fees payable	12,898	8,556
Establishment costs payable	121,829	96,097
Transaction charges payable	95	4,025
Tax fees payable	17,794	11,514
Research fees payable	34,540	-
Depository costs payable	5,833	-
Professional fees payable	28,872	-
Investment Manager's costs payable	14,440	-
	<b>360,238</b>	<b>185,936</b>

### 13. Amounts payable to investments

The Partnership has subscribed for shares in Amphinte TopCo Limited, the holding company of Project Beethoven, of which €1,805,567 remained outstanding at the period end (31 December 2018: €1,810,168). The Partnership also received a loan of €4,053,782 from Amphinte TopCo Limited during the period.

The Partnership has subscribed for shares in Surible TopCo Limited, the holding company of Project Savoy, of which €9,118,507 remained outstanding at the period end (31 December 2018: €1,118).

The Partnership has subscribed for shares in Retrotri TopCo Limited, the holding company of Project Green, of which €71,046,037 remained outstanding at the period end (31 December 2018: €1,118).

### 14. Loan payable

On 8 August 2018, the Partnership entered in a secured facility agreement with Sumitomo Mitsui Banking Corporation relating to a €75,000,000 multicurrency revolving facility. The loan bears interest at LIBOR plus 1.45% per annum.

The loan principal payable at the period end is £58,000,000 (31 December 2018: €5,000,000) which is non-current. The loan is secured against the unfunded commitments of the Partnership.

At the period end €71,324 (31 December 2018: €11,777) in interest costs has been accrued and is shown in other creditors and accrued expenses.

# DouglasBay Capital III Fund LP

## Notes to the Financial Statements (continued)

For the period ended 30 June 2019

### 15. Related Party transactions

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

#### (a) DouglasBay Capital III Fund (GP LP) LP

DouglasBay Capital III Fund (GP LP) LP, the General Partner, is a related party of the Partnership, being responsible for the financial and operating decisions of the Partnership.

Michael Haxby and Alex Paiusco, directors of DouglasBay Capital III Fund (GP) Limited (the General Partner of DouglasBay Capital III Fund (GP LP) LP), have an indirect interest in the Partnership via an interest in DouglasBay Capital III Fund (GP LP) LP, a Partner in the Partnership.

#### (b) DBAY Advisors Limited

DBAY Advisors Limited (the "Investment Manager") has been selected by the General Partner to act as the Investment Manager of the Partnership. The Investment Manager and the Partnership are related by virtue of the existence of a Management Agreement dated 9 February 2018. Furthermore, Michael Haxby and Alex Paiusco are also directors and shareholders of the Investment Manager.

Aggregate amounts payable to DBAY Advisors Limited for expenses incurred on behalf of the Partnership during the period amounted to €40,172 (period to 31 December 2018: €401,720). A total of €136,269 (31 December 2018: €100,122) was outstanding at the period end.

#### (c) DouglasBay Capital II Fund LP

DouglasBay Capital II Fund LP is a related party by virtue of common control. The Partnership has co-invested with DouglasBay Capital II Fund LP in respect of Harvey Nash Group Limited via The Power of Talent TopCo Limited and The Power of Talent FinCo Limited, see note 4 for further details.

#### (d) DouglasBay Capital II Cayman Fund LP

DouglasBay Capital II Cayman Fund LP is a related party by virtue of common control. The Partnership has co-invested with DouglasBay Capital II Cayman Fund LP in respect of Harvey Nash Group Limited via The Power of Talent TopCo Limited and The Power of Talent FinCo Limited, see note 4 for further details.

#### (e) Black Crow Investments Limited

In addition to being a Director of DouglasBay Capital III (GP) Limited, Ian Lambert is also a Director and Shareholder in Black Crow Investments Limited, a Limited Partner in the Partnership.

### 16. Subsequent Events

It has been determined that no additional events have occurred that would require recognition or additional disclosures in these financial statements.

### 17. Restatement of 31 December 2018 figures

It is the view of the Directors of DouglasBay Capital III (GP) Limited that the consolidation of these financial statements presents a truer and fairer view of the position of the Partnership and its results for the period. In order to provide a consistent comparative the figures shown for 31 December 2018 have therefore been consolidated and restated.