THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or independent financial adviser who, if you are taking advice in the United Kingdom, is authorised under the Financial Services and Markets Act 2000, or from another appropriately authorised independent financial adviser if you are taking advice in a territory outside the United Kingdom. This document has been prepared for the purposes of paragraphs 1.2.2.R(2) and 1.2.3.R(3) of the Prospectus Rules and the listing rules of CISX.

This document is being sent to GLIF Shareholders and AMIC Shareholders. If you sell or have sold or otherwise transferred all of your shares in GLIF or AMIC, please forward this document and the accompanying documents as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or the transferee. However, the distribution of this document and any accompanying documents into jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document and any accompanying documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of securities laws of any such jurisdiction.

Application will be made to the London Stock Exchange for the New GLIF Shares proposed to be issued in connection with the Acquisition to be admitted to trading on AIM. Application has been made to the CISX for the purposes of admitting such New GLIF Shares and the Existing GLIF Shares to the Official List of the CISX. Admission is conditional on the Scheme becoming effective. It is expected that Admission to AIM and to the Official List of the CISX will become effective and that dealings in the New GLIF Shares will commence on the Effective Date. The GLIF Shares are currently admitted to trading on AIM.

A copy of this document, which comprises a document equivalent to a prospectus with regard to GLIF and the GLIF Shares prepared in accordance with the Prospectus Rules, has been delivered to the Financial Services Authority in accordance with those rules.

You should read the whole of this document and any documents incorporated herein by reference. In particular, you should take account of the section entitled "Risk Factors" on pages 6 to 15 of this document for a discussion of the risks that might affect the value of your shareholding in GLIF. In addition, this document should be read in conjunction with the accompanying documents. Capitalised terms used throughout this document have the meanings set out in Part IX of this document.

GREENWICH LOAN INCOME FUND LIMITED

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

Equivalent Document

**(being a document equivalent to a prospectus for the purposes of the Prospectus Rules)
published in connection with the proposed issue of new ordinary shares in
Greenwich Loan Income Fund Limited in connection with the proposals for the Acquisition of
Asset Management Investment Company PLC by means of a scheme of arrangement under
Part 26 of the Companies Act 2006
and the application to list the Existing Ordinary Shares and New Ordinary Shares
on the Official List of the Channel Islands Stock Exchange**

Financial Adviser and Broker to Greenwich Loan Income Fund Limited

Singer Capital Markets Limited

Singer Capital Markets, 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 Acquisition and will not be responsible to any other person for providing the protections afforded to clients of Singer Capital Markets or for providing advice in relation to the Acquisition, the contents of this document or any matters referred to in this document.

This document includes particulars given in compliance with the AIM Rules, the Prospectus Rules of the Financial Services Authority and chapter VII of the Listing Rules of the CISX for the purpose of giving information with regard to GLIF. The Directors, whose names appear on page 18, and GLIF accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and GLIF (who have taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. This document includes particulars given in compliance with the Listing Rules of the CISX for the purposes of giving information with regard to GLIF (as the issuer). The Directors, whose names appear on page 18, accept full responsibility for the information contained in this 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 herein misleading. Neither the admission of the GLIF Shares to the Official List of 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 841 of the Income and Corporation Tax Act 1988 and the FSA has approved the CISX as a Designated Investment Exchange within the meaning of FSMA.

This document together with the incorporated annual and interim accounts of GLIF and AMIC (as incorporated by reference) forms the Listing Document for the purpose of the application to list the New GLIF Shares and the Existing GLIF Shares on the Official List of the Channel Islands Stock Exchange, LBG.

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 Acquisition and Admission has been made to the GFSC.

The attention of Shareholders who are resident in, or citizens of, territories outside the United Kingdom is drawn to the paragraph headed "Overseas Holders" in Part I of this document. However, this document should not be forwarded, transmitted or distributed in or into Australia, Canada, Japan, the Republic of South Africa or the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations.

None of the Existing GLIF Shares or the New GLIF Shares have 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 NEW GLIF 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 RESTRICTED JURISDICTION, EXCEPT AS DETERMINED BY GLIF IN ITS SOLE DISCRETION AND PURSUANT TO APPLICABLE LAWS.

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SUMMARY

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

Where a claim relating to the information contained in this equivalent document is brought before a court, a plaintiff investor may, under the national legislation of the relevant EEA State, have to bear the costs of translating this equivalent document before the legal proceedings are initiated. Civil liability attaches to GLIF and its Directors, who are responsible for this summary, including any translation, but only if the summary is misleading, inaccurate or inconsistent when read together with other parts of this equivalent document.

Introduction

On 7 December 2010, the boards of GLIF and AMIC announced that they had agreed the terms of the acquisition by GLIF of the entire issued share capital of AMIC. It is intended that the Acquisition of AMIC by GLIF will be implemented by means of a scheme of arrangement pursuant to Part 26 of the Companies Act. The Acquisition is subject, amongst other things, to the approval of both companies' shareholders and to Court approval.

Summary of the terms of the Acquisition

Under the terms of the Acquisition, accepting AMIC Shareholders will receive cash as consideration for their AMIC Shares under the Basic Offer or (other than Excluded Overseas Shareholders) can elect for the Share Alternative and receive New GLIF Shares.

Under the Basic Offer, cash will be paid in exchange for AMIC Shares valued at 92 per cent. of the AMIC FAV. In essence, the "AMIC FAV" is calculated by reference to the value of the assets of AMIC and the liabilities attributed to it in terms of the formula. The calculation will be undertaken as at the Calculation Date. The use of formulae to calculate the consideration payable in relation to an offer for an investment trust's shares is common practice.

Under the Share Alternative, which is offered as an alternative to the Basic Offer, New GLIF Shares will be issued in exchange for AMIC Shares valued at 92 per cent. of the AMIC FAV. The value of a New GLIF Share will be set at 28.25p being the mid-market closing share price of a GLIF Share on 25 October 2010, the business day prior to the Indicative Offer Announcement.

AMIC Shareholders will also be entitled to elect to receive cash under the Basic Offer and New GLIF Shares under the Share Alternative in respect of their holdings of AMIC Shares in such proportions as they wish.

The number of New GLIF Shares to be issued to AMIC Shareholders will be based on the AMIC FAV at the Calculation Date. The New GLIF Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing GLIF Shares including for dividends declared, made or paid after the Effective Date.

Benefits of the Proposals

The Acquisition should provide the following benefits:

- the merging of the two share registers should give greater strength and depth to the ownership of GLIF and a larger net asset base for the Enlarged Group which may provide more liquidity in GLIF Shares under normal market circumstances;
- based on the Acquisition Illustration and assuming full acceptance of the Basic Offer, the Acquisition should result in an enhancement in the Net Asset Value per GLIF Share and should be accretive to both capital and income for GLIF;

- although the Acquisition would result in the gross assets of the Enlarged Group being less than 10 per cent. greater than the current gross assets of GLIF, the Acquisition would diversify the sources of both capital and income for the Enlarged Group;
- a tax and cost efficient rollover for continuing AMIC Shareholders to retain an investment in a vehicle with an objective of producing stable and predictable dividend payments with a longer term investment horizon than AMIC;
- based on the Acquisition Illustration, the Basic Offer would value an AMIC Share at a 8.6 per cent. premium to its mid-market closing price as at 25 October 2010 (being the latest practicable date prior to Indicative Offer Announcement); and
- cost reductions across the Enlarged Group through economies of scale and having one quoted holding company rather than two.

Costs of the Proposals

The costs and expenses incurred by the Company in connection with the Acquisition are estimated by the Board to be approximately £992,000 (including banking arrangement fees and expenses of approximately £350,000), excluding VAT.

Financing of the Acquisition

If the Scheme becomes Effective, based upon the Acquisition Illustration a total cash consideration of up to approximately £12.13 million will be paid for the Acquisition pursuant to the Scheme (assuming that no AMIC Shareholders elect for the Share Alternative). The total cash consideration will be wholly financed with funds drawn down by the Company from a £12 million loan facility with its bankers, Investec Bank plc, entered into on 6 December 2010, and the Company's existing cash reserves.

Directors

The Board consists of three non-executive directors. The Board considers each of the Directors to be independent of, and free of any material relationship with, the Investment Manager, T2 Advisers. The AMIC Directors will resign on the Effective Date and accordingly the GLIF Directors will be the directors of the Enlarged Group.

Information on GLIF

GLIF is a Guernsey-domiciled authorised closed-ended investment company. The Company's 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.

The Company was admitted to trading on the AIM market of the London Stock Exchange plc 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 shares at 101.75p in June 2007. In October 2009, the Company completed a placing of 44,000,000 new GLIF Shares at 25p and changed its name from "T2 Income Fund Limited" to "Greenwich Loan Income Fund Limited".

As at 30 September 2010, the unaudited Net Asset Value per GLIF Share was 77.6p and the unaudited Net Asset Value of GLIF was approximately £67.7 million.

Information on AMIC

AMIC was incorporated in England and Wales on 13 April 1994, and was listed on the London Stock Exchange on 1 December 1994. AMIC is a closed-ended, self-managed investment trust company. Prior to October 2006, AMIC's objective was to provide Shareholders with long term growth of capital and revenue through investment in the asset management industry. On 20 October 2006, AMIC Shareholders approved a change in investment objective in order to enable the orderly realisation of the portfolio.

AMIC has only one class of share in issue, being AMIC Shares. As at the close of business on 14 December 2010, 17,314,411 AMIC Shares were in issue, the unaudited net asset value per AMIC Share was 80.47 pence (cum-income). AMIC holds no shares in treasury. *(Source: AMIC announcement, 15 December 2010)*

Conditions and approvals

The principal conditions of the Acquisition are the approval of the Scheme and of the related resolutions by both GLIF Shareholders and AMIC Shareholders and the sanction of the Court.

Risk Factors

An investment in GLIF Shares is subject to a number of risks that could materially and adversely affect GLIF's business, financial condition or results of operations. All known material risks are highlighted below:

- 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 GLIF Shares (including any New GLIF Shares issued pursuant to the Acquisition) 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 substantially all 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 GLIF 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 taxation 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.
- The Acquisition is conditional on the satisfaction of certain conditions, including the passing of the requisite resolutions by both Shareholders and AMIC Shareholders and the sanction of the Court. If these conditions or any of the other conditions to the Acquisition are not satisfied or waived, the Acquisition will not proceed and GLIF will have an obligation to meet its costs and certain transaction costs incurred by AMIC in relation to the Proposals.

RISK FACTORS

This section addresses certain risks to which the Company and, following the Acquisition, the Enlarged Group, 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 and, following the Acquisition, the Enlarged Group. Prior to voting on the Acquisition, Shareholders and AMIC Shareholders should consider these risks fully and carefully, together with all other information set out in this document.

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, following the Acquisition, the Enlarged Group, 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 Acquisition or the financial condition or business of the Company and, following the Acquisition, the Enlarged Group. If any or a combination of these risks actually occurs, the business, financial condition and operating results of the Company and, following the Acquisition, the Enlarged Group could be adversely affected. In such cases, the market price of the GLIF 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 and, following the Acquisition, the Enlarged Group, should carefully consider the risk factors below before making a decision to accept the Share Alternative or invest in the Company and, following the Acquisition, the Enlarged Group.

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 Proposals

Acquisition may not proceed as expected

The Acquisition is conditional on the satisfaction of certain conditions, including the passing of the requisite resolutions by both Shareholders and AMIC Shareholders and the sanction of the Court. If these conditions or any of the other conditions to the Acquisition are not satisfied or waived, the Acquisition will not proceed and GLIF will have an obligation to meet its costs and certain transaction costs incurred by AMIC in relation to the Proposals.

Anticipated costs savings

It is expected that the Acquisition will result in significant cost savings for Shareholders and AMIC Shareholders. There can be no guarantee that these costs savings will be realised following completion of the Acquisition.

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 is a target but the existence of such 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 GLIF 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

Substantially all 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 primarily 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.

Dividends

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 GLIF 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.

Risks associated with hedging arrangements

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.

Shareholders may be adversely affected by currency movement

The GLIF 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 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.

Gearing

Prospective investors should be aware that, whilst the use of gearing (including at the T2 CLO level) should enhance the Net Asset Value per GLIF 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 GLIF 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.

Loans

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.

Assignment of loans and participations

The Group will not originate 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.

Second 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 intercreditor 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.

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.

Lack of 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.

Risks relating to an investment in the GLIF Shares

Shareholders have no right to have their GLIF 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 GLIF Shares redeemed or repurchased by the Company at any time. While the Directors retain the right to effect repurchases of GLIF 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 GLIF 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 GLIF Shares.

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

There can be no guarantee that a liquid market in the GLIF Shares will develop or that the GLIF 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 New GLIF Shares to be admitted to trading on AIM. 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 GLIF Shares may affect the ability of GLIF Shareholders to realise their investment.

Limited holders of GLIF Shares may mean that there is limited liquidity in such GLIF 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 GLIF Shares trade in the secondary market.

The GLIF 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 GLIF 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 has no employees and no separate facilities and is 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 Adviser's 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.

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 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 interests 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 at some point after the review. 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.

The Policy Council of the States of Guernsey has stated that it may consider further revenue raising measures in the future, including the possible introduction of a goods and services tax, depending on the state of Guernsey's public finances at the time.

The non-UK tax residence or non-trading status of the Company could be challenged or transactions could be taxed under certain UK anti-avoidance rules

The affairs of the Company have been and will be conducted so that the central management and control of the Company is not exercised in the UK and, consequently, so that the Company is not UK tax resident. However, it cannot be guaranteed that HMRC will not challenge the position. In order to maintain its non-UK tax residence status, the Company is required to be centrally managed and controlled outside 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 major 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 being considered UK tax resident. If so, this is likely to result in the Company paying more UK tax than is 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 paragraph 14 of Part VII of this document and should take professional advice about the consequences of them investing in the Company. The material in paragraph 14 of Part VII is essentially concerned with the tax position of Shareholders who are resident, and, in the case of individuals, resident, ordinarily resident and domiciled in the UK or the US for tax purposes. Different treatment may apply in the case of non-UK or non-US 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 paragraph 14 of Part VII) to taxes and the rates of tax reflect the position as at the date of this document. Such law (including applicable rates of taxation) 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", UK holders of GLIF Shares may be taxed on the gains realised on the disposal of their GLIF 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 if the Company's market value of "qualifying investments" (which includes, *inter alia*, money placed at interest, securities, certain derivative contracts and certain contracts for differences) exceeds 60 per cent. of the market value of all the investments of the Company (excluding cash awaiting investment), then a dividend or any distribution paid by the Company would be treated:

(i) when received by a UK tax resident individual, as interest (with no tax credit available and at tax rates applicable to interest) and not as a dividend or any other type of distribution; and

(ii) when received by a shareholder subject to UK corporation tax, as though that holding were a loan relationship and 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.

We are 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 shall not be obliged to make any additional payments to the Company on account of such withholding or deduction.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Event	*Time and/or date 2011*
Latest time for lodging Forms of Proxy for:	
– GLIF Extraordinary General Meeting	10.00 a.m. on 7 January
– AMIC Court Meeting	10.00 a.m. on 7 January
– AMIC General Meeting	10.15 a.m. on 7 January
Voting Record Time for the purpose of the AMIC Court Meeting	6.00 p.m. on 7 January
GLIF Extraordinary General Meeting	10.00 a.m. on 11 January
AMIC Court Meeting	10.00 a.m. on 11 January
AMIC General Meeting	10.15 a.m. on 11 January
Calculation Date	**6.00 p.m. on 21 January**
Last day of dealings in AMIC Shares for normal settlement	26 January
Suspension of listing of, and dealings, settlement and transfers in AMIC Shares	by 8.00 a.m. on 27 January
Scheme Record Time	6.00 p.m. on 27 January
Court Hearing to sanction the Scheme and the Reduction of Capital	28 January
Effective Date of the Scheme	31 January
New GLIF Shares admitted to AIM and New GLIF Shares and Existing GLIF Shares admitted to the Official List of the CISX and dealings in New GLIF Shares and Existing GLIF Shares on the CISX and in New GLIF Shares on AIM commence	8.00 a.m. on 31 January
CREST accounts credited with New GLIF Shares	31 January
Latest date for despatch of cheques in respect of cash consideration or settlement of such cash consideration through CREST	14 February
Latest date for despatch of New GLIF Share certificates	14 February

These dates are indicative only and will depend, amongst other things, on the date upon which the Court sanctions the Scheme and confirms the Reduction of Capital. If any of the above times and/or dates change, the revised times and/or dates will be notified by announcement through the Regulatory Information Service of the London Stock Exchange.

ACQUISITION STATISTICS

Number of GLIF Shares	87,300,000
Number of New GLIF Shares that might be issued pursuant to the Scheme*	42,949,926
Number of Enlarged Group Shares upon completion of the Acquisition*	130,249,926
GLIF Share ISIN number	GB00B0CL3P6Z

* On the basis of the AMIC FAV as set out in the Acquisition Illustration and that all AMIC Shareholders elect for the Share Alternative and assuming completion of the Acquisition.

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, AMIC's and the Enlarged Group's intentions, beliefs or current expectations concerning, among other things, GLIF's, AMIC's and the Enlarged Group's results of operations, prospects, growth, strategies and the industries in which GLIF, AMIC and the Enlarged Group operate. 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, AMIC and the Enlarged Group, 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 Prospectus Rules, the AIM Rules, the listing rules of the CISX or applicable law, none of GLIF or Singer Capital Markets undertakes any obligation to update or review any forward-looking statements, whether as a result of new information, future events or otherwise. AMIC Shareholders who are considering whether to accept the Share Alternative and GLIF 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 Prospectus Rules, the AIM Rules or the FSMA. For the avoidance of doubt, nothing in this paragraph constitutes a qualification of the working capital statement contained in paragraph 20 of Part VII of this document.

PRESENTATION OF INFORMATION ON AMIC

This document contains certain information relating to AMIC, including the information contained in the parts of the document headed "Information on AMIC", "Historical Financial Information on AMIC", "Pro Forma Financial Information on the Enlarged Group" and "Additional Information".

DIRECTORS, REGISTERED OFFICE AND ADVISERS

Directors	Geoffrey Richard Miller *(Chairman)* Frederick Peter Forni Patrick Anthony Seymour Firth *(all of whom are non-executive directors)*
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 3NQ Channel Islands Tel: +44 (0)1481 711521
Financial adviser, sponsor and broker	Singer Capital Markets Limited 1 Hanover Street London W1S 1YZ United Kingdom
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 One St., Paul's Churchyard London EC4M 8SH 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
Principal bankers	Butterfield Bank (Guernsey) Limited P.O. Box 25 Regency Court Glategny Esplanade St. Peter Port Guernsey GY1 3NQ Channel Islands
Reporting accountants and auditors	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU
Registrar	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA
Auditors	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU

PART I

INFORMATION ON THE PROPOSALS

Introduction

On 7 December 2010, the boards of GLIF and AMIC announced that they had agreed the terms of the acquisition by GLIF of the entire issued share capital of AMIC. It is intended that the Acquisition of AMIC by GLIF will be implemented by means of a scheme of arrangement pursuant to Part 26 of the Companies Act (although GLIF has reserved the right to implement the Acquisition by way of an Offer for the entire issued and to be issued share capital of AMIC). The Acquisition is subject *inter alia* to the approval of both companies' shareholders and to Court approval. Based on the latest reported gross assets of both companies, the Enlarged Group would have aggregate gross assets in excess of £210 million. Subject to satisfaction or, where appropriate, waiver of the Conditions, it is expected that the Acquisition will become Effective on 31 January 2011.

Under the terms of the Acquisition, all of AMIC's existing issued ordinary share capital will be cancelled and New AMIC Shares will be issued and credited as fully paid to GLIF and AMIC will become a wholly owned subsidiary of GLIF. Depending on the election made under the terms of the Scheme, a former AMIC Shareholder will either receive cash under the Basic Offer or New GLIF Shares under the Share Alternative or a mix of both.

GLIF will apply for the New GLIF Shares to be issued to AMIC Shareholders pursuant to the Acquisition to be admitted to trading on AIM. Application has been made for the New GLIF Shares and the Existing GLIF Shares to be admitted to the Official List of the CISX. The New GLIF Shares and the Existing GLIF Shares will be admitted to the Official List of the CISX by way of a combination of an introduction and a consideration issue.

Background to and Reasons for the Acquisition

The Acquisition should provide the following benefits:

- the merging of the two share registers should give greater strength and depth to the ownership of GLIF and a larger net asset base for the Enlarged Group which may provide more liquidity in GLIF Shares under normal market circumstances;
- based on the Acquisition Illustration and assuming full acceptance of the Basic Offer, the Acquisition should result in an enhancement in the Net Asset Value per GLIF Share and should be accretive to both capital and income for GLIF;
- although the Acquisition would result in the gross assets of the Enlarged Group being less than 10 per cent. greater than the current gross assets of GLIF, the Acquisition would diversify the sources of both capital and income for the Enlarged Group;
- a tax and cost efficient rollover for continuing AMIC Shareholders to retain an investment in a vehicle with an objective of producing stable and predictable dividend payments with a longer term investment horizon than AMIC;
- based on the Acquisition Illustration, the Basic Offer would value an AMIC Share at a 8.6 per cent. premium to its mid-market closing price as at 25 October 2010 (being the latest practicable date prior to the Indicative Offer Announcement); and
- cost reductions across the Enlarged Group through economies of scale and having one quoted holding company rather than two.

GLIF is offering to acquire, on the terms and subject to the conditions set out in the Scheme Circular, all of the issued and to be issued AMIC Shares.

The Acquisition

Under the terms of the Acquisition, accepting AMIC Shareholders will receive cash as consideration for their AMIC Shares under the Basic Offer or (other than Excluded Overseas Shareholders) can elect for the Share Alternative and receive New GLIF Shares.

Under the Basic Offer, cash will be paid in exchange for AMIC Shares valued at 92 per cent. of the AMIC FAV.

The "AMIC FAV" is the formula asset value calculated in accordance with the formula set out in Part VI of this document. In essence, the FAV is calculated by reference to the value of the assets of AMIC and the liabilities attributed to it in terms of the formula. The calculation will be undertaken as at the Calculation Date. The use of formulae to calculate the consideration payable in relation to an offer for an investment trust's shares is common practice.

Under the Share Alternative, which is offered as an alternative to the Basic Offer, New GLIF Shares will be issued in exchange for AMIC Shares valued at 92 per cent. of the AMIC FAV. The value of a New GLIF Share will be set at 28.25p being the mid-market closing share price of a GLIF Share on 25 October 2010, the business day prior to the Indicative Offer Announcement.

AMIC Shareholders will also be entitled to elect to receive cash under the Basic Offer and New GLIF Shares under the Share Alternative in respect of their holdings of AMIC Shares in such proportions as they wish.

The number of New GLIF Shares to be issued to AMIC Shareholders will be based on the AMIC FAV at the Calculation Date. The New GLIF Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing GLIF Shares including for dividends declared, made or paid after the Effective Date.

The cash amount to which AMIC Shareholders would become entitled under the Basic Offer and the number of New GLIF Shares to which AMIC Shareholders would become entitled under the Share Alternative cannot be determined until the Calculation Date at which point the AMIC FAV will be calculated. Any fractions of New GLIF Shares arising after calculation of each AMIC Shareholder's entitlement will be rounded down and will not be allotted to AMIC Shareholders but will instead be aggregated and sold in the market for the benefit of GLIF.

For illustrative purposes only, had the Calculation Date been 14 December 2010 (being the latest practicable date prior to the publication of this document):

- GLIF estimates that the AMIC FAV would have been 76.17p (such Formula Asset Value having been calculated by reference to the cum-income net asset value per AMIC Share as at 14 December 2010);
- an accepting AMIC Shareholder under the Basic Offer would have been entitled to 70.08p per AMIC Share held; and
- the Acquisition would have valued the entire issued share capital of AMIC at approximately £12.13 million and values each AMIC Share at approximately 70.08p, representing a premium of 5.58p to the closing price of 64.5p per AMIC Share on 25 October 2010, being the last business day prior to the Indicative Offer Announcement (the "**Acquisition Illustration**").

The assumptions on which the Acquisition Illustration is based are:

- full acceptance of the Basic Offer;
- that the other conditions of the Acquisition are fully satisfied; and
- that the FAV is calculated as described in Part VI of this document, but for illustrative purposes, treating references to the Calculation Date as references to 14 December 2010; and the FAV per AMIC Share has been estimated for the purposes of the illustration by dividing the FAV by 17,314,411 AMIC Shares (being the number of such shares in issue).

On the basis of the AMIC FAV as set out in the Acquisition Illustration, an AMIC Shareholder electing for the Share Alternative would receive 2,480 New GLIF Shares for every 1,000 AMIC Shares held which would value the whole of AMIC's issued share capital at £12.13 million, and represents a premium of 5.58p to the closing price of 64.5p per AMIC Share on 25 October 2010 (being the last business day prior to the Indicative Offer Announcement). If there were to be full acceptance of the Share Alternative, the Acquisition would result in the issue of approximately 42.95 million New GLIF Shares representing approximately 33.0 per cent. of the enlarged issued ordinary share capital of the Enlarged Group following the Acquisition.

The AMIC Shares will be acquired by GLIF, pursuant to the Acquisition, fully paid and free from all liens, equities, charges, encumbrances, rights of pre-emption and any other interest of any nature whatsoever and together with all rights now or hereafter attaching thereto, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the Effective Date.

The cash amount per AMIC Share payable under the Basic Offer and the number of GLIF Shares to be issued and allotted per AMIC Share under the terms of the Share Alternative will be announced through a Regulatory Information Service as soon as practicable following the Calculation Date.

Information on AMIC

AMIC was incorporated in England and Wales on 13 April 1994, and was listed on the London Stock Exchange on 1 December 1994. AMIC is a closed-ended, self-managed investment trust company. Prior to October 2006, AMIC's objective was to provide Shareholders with long term growth of capital and revenue through investment in the asset management industry. On 20 October 2006, AMIC Shareholders approved a change in investment objective in order to enable the orderly realisation of the portfolio.

AMIC has only one class of share in issue, being AMIC Shares. As at the close of business on 14 December 2010, 17,314,411 AMIC Shares were in issue, the unaudited cum-income net asset value per AMIC Share was 80.47 pence (cum-income). AMIC holds no shares in treasury. *(Source: AMIC announcement, 15 December 2010)*

Geoff Miller, the chairman of the GLIF Board, is beneficially interested in 25,000 AMIC Shares.

Costs of the Proposals

The costs and expenses incurred by the Company in connection with the Acquisition are estimated by the Board to be approximately £992,000 (including banking arrangement fees and expenses of approximately £350,000).

New GLIF Shares

The New GLIF Shares to be issued in connection with the Proposals will be ordinary shares of nil par value in the share capital of GLIF and will rank *pari passu* with Existing GLIF Shares in all respects, including for dividends declared after the Effective Date. The New GLIF Shares will be issued in registered form and will be capable of being held in both certificated and uncertificated form.

The New GLIF Shares are initially only available to AMIC Shareholders under the Scheme.

Settlement, listing and dealings

Application will be made to the London Stock Exchange for the New GLIF Shares to be issued in connection with the Acquisition to be admitted to trading on AIM. Application has been made to the CISX for the New GLIF Shares and the Existing GLIF Shares to be admitted to the Official List of the CISX. It is expected that Admission of the New GLIF Shares to trading on AIM and of the New GLIF Shares and the Existing GLIF Shares to the Official List of the CISX will become effective, and that dealings for normal settlement in the New GLIF Shares and the Existing GLIF Shares (as applicable on AIM and CISX) will commence, on the Effective Date (which is currently expected to be 31 January 2011). Should dealings in GLIF Shares be suspended on AIM the CISX will be immediately notified in which case the CISX may also suspend dealings in GLIF Shares on the CISX. Should the calculation of NAV be suspended the CISX may also suspend dealings in GLIF Shares on the CISX.

Financing of the Acquisition

If the Scheme becomes Effective, based upon the Acquisition Illustration, a total cash consideration of up to approximately £12.13 million will be paid for the Acquisition pursuant to the Scheme (assuming that no AMIC Shareholders elect for the Share Alternative). The total cash consideration will be wholly financed with funds drawn down by the Company from a £12 million loan facility with its bankers, Investec Bank plc entered into on 6 December 2010, and the Company's existing cash reserves. The Directors do not anticipate that the loan facility, and the repayments to be made thereunder, will have a material effect on GLIF's, and the Enlarged Group's, liquidity position.

Further details of the financing arrangements are set out in paragraphs 6.1.6 to 6.1.9 of Part VII.

Irrevocable Undertakings

As at 16 December 2010, being the date of this document, GLIF had received irrevocable undertakings over, in aggregate, 4,990,888 AMIC Shares, representing approximately 28.8 per cent. of AMIC's existing issued share capital, from Philip J Milton & Company Plc and certain AMIC Directors to vote in favour of the Acquisition and the Scheme at the AMIC Court Meeting. Such AMIC Shareholders have also undertaken that if, following this announcement, GLIF decides to implement the Acquisition by means of an Offer instead of by way of the Scheme, they will accept such Offer in respect of their AMIC Shares. These undertakings will cease to be binding if the Scheme is withdrawn or lapses, unless GLIF exercises its right to announce an Offer for the entire issued and to be issued share capital of AMIC.

Further details of the irrevocable undertakings are set out in paragraphs 6.1.10 to 6.1.12 of Part VII.

Further details of the Scheme

It is intended that the Acquisition will be effected by means of a scheme of arrangement pursuant to Part 26 of the Companies Act (although GLIF reserves the right to implement the Acquisition by way of an Offer for the entire issued and to be issued share capital of AMIC). The Scheme will involve an application by AMIC to the Court to sanction the Scheme and confirm the cancellation of all the AMIC Shares in consideration for which AMIC Shareholders will either receive cash or New GLIF Shares or a mix of both.

The Scheme will be subject to the Conditions, certain details of which can be found in the paragraph headed "Conditions and approvals" in this Part I. The full terms and Conditions of the Acquisition are set out in the Scheme Document.

In particular, to become Effective, the Scheme requires the approval of AMIC Shareholders by the passing of the resolution proposed at the AMIC Court Meeting. The resolution must be approved by a majority in number present and voting, either in person or by proxy, representing not less than 75 per cent. in value of the AMIC Shares which are voted at the AMIC Court Meeting (or any adjournment thereof).

In addition, the Scheme also requires the passing of the resolutions necessary to implement the Scheme at the AMIC General Meeting, requiring the approval of the AMIC Shareholders representing at least 75 per cent. of the votes cast at the AMIC General Meeting, which will be held immediately after the AMIC Court Meeting. These resolutions are in respect of, amongst other matters, the cancellation of all existing AMIC Shares and the approval of the issue of new ordinary shares in AMIC to GLIF (and/or its nominee(s)) in accordance with the Scheme.

Following the AMIC Court Meeting and the AMIC General Meeting, the Scheme must also be sanctioned and the Reduction of Capital confirmed by the Court, and will only become Effective on delivery to the Registrar of Companies of a copy of the Court Order (and, if the Court so orders, it being registered by the Registrar of Companies).

Upon the Scheme becoming Effective, it will be binding on all AMIC Shareholders, irrespective of whether or not they attended or voted at the AMIC Court Meeting or the AMIC General Meeting.

The Scheme Document includes full details of the Scheme, together with notices of the AMIC Court Meeting and the AMIC General Meeting and the expected timetable, and will specify the action to be taken by AMIC Shareholders.

GLIF reserves the right to implement the Acquisition by way of an Offer. In such an event, the Acquisition will be implemented on the same terms (subject to appropriate amendments including (without limitation) an acceptance condition set at 90 per cent. of the shares to which the Acquisition relates or such other percentage as may be required by the Panel), as far as applicable, as those which would apply to the implementation of the Acquisition by means of the Scheme.

Conditions and approvals

The Acquisition is conditional, among other things, upon:

(a) the Scheme becoming unconditional and Effective by the Long Stop Date;

(b) approval of the Scheme by a majority in number of AMIC Shareholders who are present and vote, either in person or by proxy, at the AMIC Court Meeting (or any adjournment thereof) and who represent 75 per cent. or more in value of the AMIC Shares voted by such AMIC Shareholders;

(c) all resolutions to approve matters to give effect to the Scheme being passed by the requisite majority of AMIC Shareholders at the AMIC General Meeting or any adjournment thereof;

(d) the sanction of the Scheme and the confirmation of the Reduction of Capital by the Court (in either case, with or without modification, on terms acceptable to GLIF and AMIC), and the delivery of a copy of the Court Order and of the Statement of Capital for registration to the Registrar of Companies and, if so ordered by the Court, the registration of the Court Order and the Statement of Capital by the Registrar of Companies;

(e) the approval of the Acquisition, the change in investment policy and the application for admission to the Official List of the CISX by GLIF Shareholders at the GLIF Extraordinary General Meeting; and

(f) the Admission of the New GLIF Shares to trading on AIM and of the New GLIF Shares and the Existing GLIF Shares to the Official List of the CISX.

The notice convening the GLIF Extraordinary General Meeting can be found in the GLIF Circular which has been sent to Shareholders with this document. The GLIF Extraordinary General Meeting is scheduled for 11 January 2011 at which the approval of Existing Shareholders will be sought.

AMIC Delisting, Cancellation of Trading and Re-registration

It is intended that the London Stock Exchange will be requested to cancel trading in AMIC Shares on the Main Market and the UK Listing Authority will be requested to cancel the listing of the AMIC Shares from the premium segment of the UKLA Official List following the Effective Date. Further, it is intended that AMIC will be re-registered as a private limited company shortly after the Scheme becomes Effective.

If the Acquisition is effected by way of an Offer, it is anticipated that the cancellation of AMIC's listing and admission to trading will take effect no earlier than 20 Business Days after the date on which the Offer becomes or is declared unconditional in all respects. Delisting would significantly reduce the liquidity and marketability of any AMIC Shares not assented to the Offer at that time.

If the Acquisition is effected by way of an Offer and such Offer becomes or is declared unconditional in all respects and sufficient acceptances are received, GLIF intends to exercise its rights to acquire compulsorily the remaining AMIC Shares in respect of which the Offer has not been accepted under Chapter 3 Part 28 of the 2006 Act.

Overseas Shareholders

General

This document and any accompanying documents are not being made available to Excluded Overseas Shareholders.

The New GLIF Shares have not been, and will not be, registered under the applicable securities laws of any jurisdiction where the New GLIF Shares cannot be made available without breaching applicable laws. Accordingly, the New GLIF Shares may not be offered, sold, delivered or transferred, directly or indirectly, in or into any jurisdiction to or for the account or benefit of any Excluded Overseas Shareholder.

The implications of the Scheme for Overseas Shareholders may be affected by the laws of relevant jurisdictions. Such Overseas Shareholders should inform themselves about and observe any applicable legal requirements. Any person outside the UK who is resident in, or who has a registered address in, or is a citizen of, an overseas jurisdiction and who is to receive New GLIF Shares pursuant to the Scheme should consult his or her professional advisers and satisfy himself or herself as to the full observance of the laws of the relevant jurisdiction in connection with the Scheme, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such jurisdiction.

This document has been prepared for the purposes of complying with English law and the Code, and the information disclosed may not be the same as that which could have been disclosed if this document had been prepared in accordance with the laws of other jurisdictions outside the United Kingdom.

Overseas Shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of the Acquisition in their particular circumstances.

United States

The New GLIF Shares have not been, and will not be, registered under the US Securities Act or under the securities laws of any jurisdiction or state of the United States. Accordingly, except in a transaction which is exempt under the legislation, the New GLIF Shares may not be directly or indirectly offered, sold, renounced, transferred, taken up or delivered, directly or indirectly, in or into the United States or to or for the benefit of US persons (as defined under Regulation S of the US Securities Act). This document shall not constitute an offer to sell or the solicitation of an offer to buy any New GLIF Shares in the United States.

The offer for New GLIF Shares is not being made in the United States or to or for the account or benefit of a US person.

AMIC Shareholders who are citizens or residents of the United States should consult their own legal and tax advisers with respect to the legal and tax consequences of the Scheme in their particular circumstances.

PART II

INFORMATION ON GLIF

Introduction

Greenwich Loan Income Fund Limited ("**Company**" or "**GLIF**") is a Guernsey-domiciled authorised closed-ended investment company. The Company's 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). T2 Advisers will be the investment manager of the Enlarged Group following completion of the Acquisition.

The Company was admitted to trading on the AIM market of the London Stock Exchange plc in August 2005 as "T2 Income Fund Limited" with an institutional offering of 38,000,000 GLIF Shares at 100p. There was a subsequent offering of 5,000,000 GLIF 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 2010, the Company's investment in the Income Notes constituted 53.86 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 recapitalize the Company outside of T2 CLO. In October 2009, the Company completed a placing of 44,000,000 new GLIF Shares at 25p and changed its name from "T2 Income Fund Limited" to "Greenwich Loan Income Fund Limited".

As at 30 September 2010, the unaudited Net Asset Value per GLIF Share was 77.6p and the unaudited Net Asset Value of GLIF was approximately £67.7 million.

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.

Current investment policy

The Group generally invests in syndicated and non-syndicated corporate loans issued by a range of companies, with a focus to date on issuers with a credit rating of B or CCC (S&P). The Group began with a particular focus on technology related companies and continues to leverage the technology-based expertise of its principals. The Group focuses its investments primarily in small to medium sized companies, including those companies traditionally defined as "middle market". The Group usually expects to take a senior debt position, and may also invest in senior and junior subordinated debt.

T2 Advisers seeks to take advantage of its current relationships with US and global agent banks and private equity funds to source deals. The Group principally targets companies with experienced management, a significant financial or strategic sponsor or partner, a strong competitive position and positive cash flow.

The Board anticipates that the Group's maximum investment size, at the time of investment, will be limited to 15 per cent. of the Group's gross assets; however, the Group may make larger investments and in such circumstances it may seek to syndicate or sell a portion of its initial investment.

The Group may seek additional debt (or raise additional capital through the issuance of its equity) to fund future investments. The maximum allowable gearing is 500 per cent. of the consolidated net asset value of the Company. Any gearing will not be undertaken without the approval of the Board.

Proposed change in investment policy

The Board feels that the Company's current investment policy requires clarification in order to properly reflect the investment policy adopted by the Company. Accordingly, GLIF Shareholder approval is being sought at the GLIF Extraordinary General Meeting to amend the Company's investment policy.

Proposed new 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 GLIF Board approval, 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. Investment 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 GLIF Board and the Investment Manager by an announcement issued through a Regulatory Information Service and via the CISX website.

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 minimises credit risk 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]

Where investments are rated 3 or below there are discussions in relation to the companies and the investments at the monthly investment committee meeting. A more detailed report on each of the companies rated 3 or below 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.

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 2010, T2 Advisers had total assets of approximately US$300 million under management. *(Source: T2 Advisers)*

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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.

The principals of T2 Advisers are also the principals of another investment adviser which had under management total assets of approximately US$250 million as at 30 September 2010. *(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 Principal 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 Senior Associate 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 an Analyst 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.

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.

On 24 June 2009, the Company acquired Class B Rated Notes in a principal amount of US$1,137,000 and, on 2 July 2009, the Company acquired Class D Rated Notes in a principal amount of US$3,000,000.

As at the date of this document, the Rated Notes had the following ratings:

Class of Rated Note	*S&P Rating*	*Moody's Rating*
A	AAA	Aaa
B	AA	Aa2
C	A	Baa1
D	BBB	Ba1
E	BB	Ba3

(Source: T2 Advisers)

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 and 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 the investments (and the rights relating thereto) in which it has invested the proceeds from the issue of the Notes.

Selected financial information

The key audited figures that summarise the financial condition of GLIF and AMIC, in respect of the most recent three full financial years for which audited accounts and the unaudited interim figures for the six months to 30 June 2010 and 31 March 2010, respectively, have been published, have been extracted directly on a straightforward basis from the such accounts for the relevant accounting periods.

GLIF

	As at year ended 31 December		
	2007	*2008*	*2009*
Assets			
Net Assets (£'000)	39,452	53,850	61,248
NAV per share – basic and diluted (£)	0.92	1.25	0.70
Revenue			
Total profit/(loss) (£'000)	1,606	16,418	2,035
Basic return per share (£)	0.0396	0.3818	0.0392
Diluted return/(loss) per share (£)	0.0356	0.3662	0.0388

	As at 30 June	
	2009	*2010*
Assets		
Net Assets (£'000)	61,880	70,783
NAV per share – basic and diluted (£)	1.44	0.81
Revenue		
Total profit/(loss) (£'000)	13,178	10,003
Basic return per share (£)	0.3065	0.1146
Diluted return/(loss) per share (£)	0.3026	0.1142

(Source: T2 Income Fund Limited Annual Report & Accounts for the years ended 31 December 2007, 31 December 2008 and GLIF Annual Report & Accounts for the year ended 31 December 2009 and GLIF Interim Results for the period ended 30 June 2009 and 30 June 2010)

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

AMIC

	As at year ended 30 September		
	2007	*2008*	*2009*
Assets			
Net Assets (£'000)	27,612	23,669	13,797
NAV per share – basic and diluted (p)	133.76	125.46	75.12
Revenue			
Revenue profit (£'000)	1,656	1,373	1,502
Capital profit/(loss) (£'000)	1,576	(2,103)	(4,398)
Total profit/(loss) (£'000)	3,232	(730)	(2,896)
Revenue return per share (p)	7.83	6.96	8.05
Capital return/(loss) per share (p)	7.46	(10.66)	(23.56)
Total return/(loss) per share (p)	15.29	(3.7)	(15.51)

	As at 31 March	
	2009	*2010*
Assets		
Net Assets (£'000)	13,380	13,402
NAV per share – basic and diluted (£)		
Revenue		
Revenue profit (£'000)	849	222
Capital profit/(loss) (£'000)	(4,685)	353
Total profit/(loss) (£'000)	(3,836)	575
Revenue return per share (p)	4.48	1.21
Capital return/(loss) per share (p)	(24.73)	1.93
Total return/(loss) per share (p)	(20.25)	3.14

(Source: AMIC Annual Report & Accounts for the years ended 30 September 2007, 30 September 2008 and 30 September 2009 and AMIC Interim Results for the period ended 31 March 2009 and 31 March 2010)

Additional financial information relating to AMIC is set out in Part IV of this document or incorporated therein by reference

Directors

The Board consists of three non-executive directors. The Board considers each of the Directors to be independent of, and free of any material relationship with, T2 Advisers. The AMIC Directors will resign on the Effective Date and accordingly the GLIF Directors will be the directors of the Enlarged Group.

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

Geoffrey Richard Miller *(aged 44)*

Mr. Miller is an independent consultant within the financial services sector. He 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. Mr. Miller was a director of AMIC from August 2005 to February 2010.

Mr. Miller is Chairman of the Board.

Frederick Peter Forni *(aged 45)*

Mr. Forni is currently a senior managing director at Macquarie Holdings (USA) Inc., a US affiliate of Macquarie Bank Limited, an Australian investment bank, where he is responsible for structuring principal and advisory transactions principally from an income taxation perspective. Mr. Forni was formally 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 from Georgetown University Law Center with a Juris Doctorate, and from New York University School of Law with a Master of Laws in taxation.

Patrick Anthony Seymour Firth *(aged 49)*

Mr. Firth is a director of a number of offshore funds and management companies and until June 2009 was a 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.

Mr. Firth is Chairman of the Audit Committee.

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. Further details of the Administration Agreement are set out in paragraph 6.1.2 of Part VII of this document.

Custodian

Butterfield Bank (Guernsey) Limited has been appointed by the Company to act as custodian under the terms of the Custodian Agreement. Further details of the Custodian Agreement are set out in paragraph 6.1.3 of Part VII of this document.

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 it's 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 licensed and regulated by the Guernsey Financial Services Commission.

Registrar

Equiniti Limited has been appointed by the Company to act as registrar to the Company under the terms of the Registrar Agreement. Further details of the Registrar Agreement are set out in paragraph 6.1.4 of Part VII of this document.

Valuation and Net Asset Value publication

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 GLIF 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 GLIF 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. Following the admission of the New GLIF Shares and the Existing GLIF Shares to the Official List of the CISX the Net Asset Value per GLIF Share will also be notified on a quarterly basis to the CISX and published via the CISX website and the Reuters network.

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. A copy of the unaudited interim report for the six months to 30 June 2010 is included in Part III of this document. GLIF's accounts are drawn up in sterling and in compliance with International Financial Reporting Standards.

Following completion of the Acquisition, the Enlarged Group's accounts will continue to be drawn up in compliance with IFRS.

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.

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 estimated average gross assets, which estimates are adjusted for periodically.

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 Directors receive basic fees of £40,000 and £25,000 per annum, respectively. Further details of Directors remuneration are set out in paragraph 9 of Part VII.

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.

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 facility from Investec Bank plc relating to the financing of the Acquisition, 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).

Share repurchases

At its last annual general meeting, GLIF was granted authority to make market purchases of a maximum aggregate number of ordinary shares up to 14.99 per cent. of the GLIF Shares. GLIF's authority to make purchases of the GLIF Shares will expire at the conclusion of the annual general meeting to be held in 2011. A renewal of the authority to make market purchases of GLIF Shares will be sought from Shareholders at each annual general meeting. The timing of any purchases will be decided by the Board of GLIF 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 GLIF Share, where the Directors believe such purchases will result in an increase in the Net Asset Value per GLIF Share of the remaining GLIF Shares and to assist in narrowing any discount to Net Asset Value per GLIF 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 GLIF 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 GLIF Shares in treasury as at the date of this document.

New issues

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

PART III

FINANCIAL INFORMATION ON GLIF

Basis of financial information

The following pages set out the audited consolidated financial information of GLIF (previously T2 Income Fund Limited) for the years ended 31 December 2007, 31 December 2008 and 31 December 2009, in respect of which the auditors of the Company, Grant Thornton UK LLP, regulated by the Institute of Chartered Accountants in England and Wales, of 30 Finsbury Square, London EC2P 2YU, made unqualified reports and the unaudited consolidated financial information for the six month period to 30 June 2010. The financial statements for the years ended 31 December 2007, 31 December 2008 and 31 December 2009 were prepared in accordance with IFRS.

This 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 2007, as set out in T2 Income Fund Limited's annual report and accounts for 2007, the financial statements for the year ended 31 December 2008, as set out in T2 Income Fund Limited's annual report and accounts for 2008, the financial statements for the year ended 31 December 2009, as set out in GLIF's annual report and accounts for 2009 and the financial statements for the six month period to 30 June 2010 as set out in GLIF's interim report and accounts for 2010.

The annual and interim reports of GLIF form part of the Listing Document for the purposes of the application to list the New GLIF Shares and the Existing GLIF Shares on the Official List of the Channel Islands Stock Exchange, LBG.

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

We have audited the Group and Parent Company financial statements (the "financial statements") of Greenwich Loan Income Fund Limited (formerly T2 Income Fund Limited) for the year ended 31 December 2009 which comprise the Consolidated and Company Income Statements and Statements of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Statement of Changes in Shareholders' Equity, the Consolidated and Company Statement 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 4 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 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.

OPINION ON THE FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view, of the state of the Group's and the Parent Company's affairs as at 31 December 2009 and of the Group's and the Parent Company's profit/(loss) for the year then ended; and
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union.
- the financial statements have been properly prepared in accordance with The Companies (Guernsey) Law, 2008.
- the information given in the Directors' Report is consistent with the financial statements.

GRANT THORNTON UK LLP
Chartered Accountants
London

25 March 2010

CONSOLIDATED AND COMPANY INCOME STATEMENTS

	NOTES	GROUP Year to 31 December 2009 GBP	GROUP Year to 31 December 2008 GBP	COMPANY Year to 31 December 2009 GBP	COMPANY Year to 31 December 2008 GBP
Revenue					
Other income	2	**3,888**	32,588	**61,274**	32,588
Investment income					
(Loss)/gain on financial assets and liabilities at fair value through profit or loss	6				
– Realised		**(417,906)**	(896,251)	**–**	832,634
– Unrealised		**2,440,128**	16,765,411	**(3,994,752)**	16,351,137
– Changes due to interest rates		**9,866,468**	12,528,242	**4,194,926**	6,468,643
– Finance costs		**(2,711,017)**	(6,235,227)	**–**	–
(Loss)/gain on foreign currency transactions					
– Realised		**(77,263)**	(1,256,063)	**(77,263)**	(1,256,063)
– Unrealised		**(2,183,184)**	(74,727)	**(27,947)**	251,913
Total income		**6,921,114**	20,863,973	**156,238**	22,680,852
Expenses					
Management fees	4	**2,965,261**	2,969,672	**2,965,261**	2,969,672
Administration and secretarial fees	4	**47,418**	40,000	**47,418**	40,000
Custodian fees	4	**15,070**	15,010	**15,070**	15,010
Legal and professional fees		**20,867**	99,887	**20,867**	99,887
Directors' remuneration	4	**100,000**	64,929	**100,000**	64,929
Directors' and officers' insurance		**53,402**	44,236	**53,402**	44,236
Audit fees		**45,050**	45,730	**45,050**	45,730
Share option expense		**58,240**	–	**58,240**	–
Other expenses		**1,580,642**	1,166,170	**368,491**	378,602
Total expenses		**4,885,950**	4,445,634	**3,673,799**	3,658,066
Profit/(loss) for the year		**2,035,164**	16,418,339	**(3,517,561)**	19,022,786
Basic earnings per share	5	**0.0392**	0.3818	**(0.0678)**	0.4424
Diluted earnings per share	5	**0.0388**	0.3662	**(0.0678)**	0.4243

All of the profit for the year relates to the equity holders of the parent.

The accompanying notes on pages 12 to 28 form an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	GROUP		COMPANY	
	Year to 31 December 2009 GBP	Year to 31 December 2008 GBP	**Year to 31 December 2009 GBP**	Year to 31 December 2008 GBP
Profit/(loss) for the year	**2,035,164**	16,418,339	**(3,517,561)**	19,022,786
Other comprehensive income				
Foreign exchange on consolidation	**(4,678,284)**	2,604,447	**–**	–
Total comprehensive income for the year	**(2,643,120)**	19,022,786	**(3,517,561)**	19,022,786
Attributable to:				
Equity holders of the parent	**(2,643,120)**	19,022,786	**(3,517,561)**	19,022,786
	(2,643,120)	19,022,786	**(3,517,561)**	19,022,786

The accompanying notes on pages 12 to 28 form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

	NOTES	**As at 31 December 2009 GBP**	As at 31 December 2008 GBP
ASSETS			
Non-current assets			
Financial assets at fair value through profit or loss	*6*	**153,256,998**	126,644,228
Current assets			
Note receivable	*8*	**500,000**	500,000
Trade and other receivables	*8*	**1,200,566**	1,417,933
Cash and cash equivalents	*9*	**24,253,613**	16,158,356
		25,954,179	18,076,289
Total assets		**179,211,177**	144,720,517
EQUITY			
Capital and reserves attributable to the Group's equity holders			
Share premium	*11*	**16,087,290**	5,619,040
Other reserve		**34,802,740**	34,800,000
Foreign exchange reserve		**(1,934,843)**	2,743,441
Retained earnings		**12,292,566**	10,687,402
Total equity		**61,247,753**	53,849,883
LIABILITIES			
Non-current liabilities			
Loan notes at fair value through profit or loss	*10*	**117,354,993**	88,538,096
Current liabilities			
Trade and other payables	*10*	**608,431**	2,332,538
Total liabilities		**117,963,424**	90,870,634
Total equity and liabilities		**179,211,177**	144,720,517
Net Asset Value per Share		**£0.70**	£1.25

The financial statements were approved by the Board of Directors on 25 March 2010 and were signed on its behalf by:

Geoffrey Miller
Director

Patrick Firth
Director

The accompanying notes on pages 12 to 28 form an integral part of these financial statements.

COMPANY BALANCE SHEET

	NOTES	As at 31 December 2009 GBP	As at 31 December 2008 GBP
ASSETS			
Non-current assets			
Financial assets at fair value through profit or loss	6	**3,091,446**	614,381
Investment in subsidiary	7	**47,433,719**	48,625,653
Loan notes held at amortised cost	8	**594,500**	–
		51,119,665	49,240,034
Current assets			
Note receivable	8	**500,000**	500,000
Trade and other receivables	8	**174,386**	119,628
Cash and cash equivalents	9	**8,782,971**	4,165,697
		9,457,357	4,785,325
Total assets		**60,577,022**	54,025,359
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share premium	11	**16,087,290**	5,619,040
Other reserve		**34,802,740**	34,800,000
Retained earnings		**9,483,282**	13,430,843
Total equity		**60,373,312**	53,849,883
LIABILITIES			
Current liabilities			
Trade and other payables	10	**203,710**	175,476
Total liabilities		**203,710**	175,476
Total equity and liabilities		**60,577,022**	54,025,359
Net Asset Value per Share		**£0.69**	£1.25

The financial statements were approved by the Board of Directors on 25 March 2010 and were signed on its behalf by:

Geoffrey Miller
Director

Patrick Firth
Director

The accompanying notes on pages 12 to 28 form an integral part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

GROUP	Share Capital GBP	Share Premium GBP	Other Reserve** GBP	Foreign Exchange Reserve GBP	Retained Earnings** GBP	Total Equity GBP
Balance at 31 December 2007	–	5,619,040	36,200,000	138,994	(2,505,937)	**39,452,097**
Settlement of share options	–	–	(1,400,000)	–	–	**(1,400,000)**
Dividends paid	–	–	–	–	(3,225,000)	**(3,225,000)**
Transactions with owners	–	–	(1,400,000)	–	(3,225,000)	**(4,625,000)**
Profit for the year	–	–	–	–	16,418,339	**16,418,339**
Other comprehensive income:						
Foreign exchange on consolidation	–	–	–	2,604,447	–	**2,604,447**
Total comprehensive income for the year	–	–	–	2,604,447	16,418,339	**19,022,786**
Balance at 31 December 2008	–	5,619,040	34,800,000	2,743,441	10,687,402	**53,849,883**
Net proceeds from share issue	–	10,382,750	–	–	–	**10,382,750**
Exercise of share options	–	85,500	–	–	–	**85,500**
Grant of share options	–	–	2,740	–	–	**2,740**
Dividends paid*	–	–	–	–	(430,000)	**(430,000)**
Transactions with owners	–	10,468,250	2,740	–	(430,000)	**10,040,990**
Profit for the year	–	–	–	–	2,035,164	**2,035,164**
Other comprehensive income:						
Foreign exchange on consolidation	–	–	–	(4,678,284)	–	**(4,678,284)**
Total comprehensive income for the year	–	–	–	(4,678,284)	2,035,164	**(2,643,120)**
Balance at 31 December 2009	–	16,087,290	34,802,740	(1,934,843)	12,292,566	**61,247,753**

COMPANY	Share Capital GBP	Share Premium GBP	Other Reserve** GBP	Foreign Exchange Reserve GBP	Retained Earnings** GBP	Total Equity GBP
Balance at 31 December 2007	–	5,619,040	36,200,000	–	(2,366,943)	**39,452,097**
Settlement of share options	–	–	(1,400,000)	–	–	**(1,400,000)**
Dividends paid	–	–	–	–	(3,225,000)	**(3,225,000)**
Transactions with owners	–	–	(1,400,000)	–	(3,225,000)	**(4,625,000)**
Profit for the year	–	–	–	–	19,022,786	**19,022,786**
Other comprehensive income:	–	–	–	–	–	**–**
Total comprehensive income for the year	–	–	–	–	19,022,786	**19,022,786**
Balance at 31 December 2008	–	5,619,040	34,800,000	–	13,430,843	**53,849,883**
Net proceeds from share issue	–	10,382,750	–	–	–	**10,382,750**
Exercise of share options	–	85,500	–	–	–	**85,500**
Grant of share options	–	–	2,740	–	–	**2,740**
Dividends paid*	–	–	–	–	(430,000)	**(430,000)**
Transactions with owners	–	10,468,250	2,740	–	(430,000)	**10,040,990**
Loss for the year	–	–	–	–	(3,517,561)	**(3,517,561)**
Other comprehensive income	–	–	–	–	–	**–**
Total comprehensive income for the year	–	–	–	–	(3,517,561)	**(3,517,561)**
Balance at 31 December 2009	–	16,087,290	34,802,740	–	9,483,282	**60,373,312**

*During the year the Company made two dividend payments.
**Distributable reserves

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS

	NOTES	GROUP Year to 31 December 2009 GBP	GROUP Year to 31 December 2008 GBP	COMPANY Year to 31 December 2009 GBP	COMPANY Year to 31 December 2008 GBP
Cash flows from operating activities					
Cash generated from operations	13	**(1,435,558)**	(1,388,683)	**475,757**	1,873,835
Purchase of investments	6	**(35,662,307)**	(21,723,644)	**(5,308,416)**	–
Sale of investments	6	**12,535,692**	7,244,591	**–**	3,528,951
Net cash (outflow)/inflow from operating activities		**(24,562,173)**	(15,867,736)	**(4,832,659)**	5,402,786
Cashflows from investing activities					
Principal received	6	**28,149,558**	17,967,782	**28,533**	7,646
Net cash inflow from investing activities		**28,149,558**	17,967,782	**28,533**	7,646
Cashflows from financing activities					
Net proceeds from issue of shares	11	**10,382,750**	–	**10,382,750**	–
Exercise/(settlement) of share options		**30,000**	(1,400,000)	**30,000**	(1,400,000)
CLO loan notes purchased		**(561,350)**	–	**(561,350)**	–
CLO loan notes principal paid		**(235,244)**	–	**–**	–
Dividends paid		**(430,000)**	(3,225,000)	**(430,000)**	(3,225,000)
Net cash inflow/(outflow) from financing activities		**9,186,156**	(4,625,000)	**9,421,400**	(4,625,000)
Net increase/(decrease) in cash and cash equivalents		**12,773,541**	(2,524,954)	**4,617,274**	785,432
Cash and cash equivalents at beginning of year		**16,158,356**	16,078,863	**4,165,697**	3,380,265
Foreign exchange (loss)/gain on consolidation		**(4,678,284)**	2,604,447	**–**	–
Cash and cash equivalents at end of year		**24,253,613**	16,158,356	**8,782,971**	4,165,697

The accompanying notes on pages 12 to 28 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

1. GENERAL INFORMATION

Greenwich Loan Income Fund Limited (formerly T2 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. The address of the registered office is 2nd Floor, Regency Court, Glategny Esplanade, St Peter Port, Guernsey GY1 3NQ.

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

A Cayman Islands registered subsidiary company, T2 Income Fund CLO I Ltd. ("T2 CLO" or the "CLO"), was created on 11 October 2006. Through its ownership of the residual economic interest of T2 Income Fund CLO I Ltd. the Directors consider the CLO to be a wholly owned subsidiary and the operating results are consolidated in these financial statements. The Group is comprised of the "Company" and the "CLO".

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.

Investing Policy

The Group generally invests in syndicated and non-syndicated corporate loans issued by a range of companies, with a focus to date on issuers with a credit rating of B or CCC (S&P). The Group began with a particular focus on technology related companies and continues to leverage the technology-based expertise of its principals. The Group focuses its investments primarily in small to medium sized companies, including those companies traditionally defined as "middle market". The Group usually expects to take a senior debt position, and may also invest in senior and junior subordinated debt.

T2 Advisers seeks to take advantage of its current relationships with US and global agent banks and private equity funds to source deals. The Group principally targets companies with experienced management, a significant financial or strategic sponsor or partner, a strong competitive position and positive cash flow.

The Board anticipates that the Group's maximum investment size, at the time of investment, will be limited to 15 per cent of the Group's gross assets; however, the Group may make larger investments and in such circumstances it may seek to syndicate or sell a portion of its initial investment.

The Group may seek additional debt (or raise additional capital through the issuance of its equity) to fund future investments. Any gearing will not be undertaken without the approval of the Board.

The Group's objective is to produce a stable and predictable dividend yield, with long term preservation of net asset value.

2. ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated 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 and Company have remained unchanged from the previous year and are set out below.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of Greenwich Loan Income Fund Limited and its subsidiary, T2 Income Fund CLO I Ltd. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. The Company obtains and exercises control of its subsidiary through ownership of the income notes of the entity. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated.

The Company carries its investment in the CLO subsidiary at fair value through profit or loss. This is based upon the fair value of the assets and liabilities held by the CLO, which the Directors consider to be indicative of fair value for financial reporting purposes; however, the disparity between the Company's NAV per share, as determined under IFRS, and share price has been recognised by the Directors and is believed to be reflective of significant dislocations in the global credit markets as well as practical limitations on the Company's ability to realise the discount reflected in the fair value of the CLO loan notes.

(c) Foreign currency translation

(i) Functional and presentation currency

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity 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 on a break up basis. 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 Dollars the functional currency of the subsidiary. Therefore the books and records are maintained in Sterling and 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.

2. ACCOUNTING POLICIES CONTINUED

(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 Income Statement.

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

(iii) Subsidiary company

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 Balance Sheet presented are translated at the closing rate at the date of the balance sheet;

2. income and expenses for the Income Statement are translated at average exchange rates for the period (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 as a separate component of shareholders' equity.

(d) Revenue recognition

Revenue is recognised as follows:

Other income – relates to note receivable interest on the CLO loan notes purchased by the Company from its subsidiary and bank interest received. Loan note interest is recognised under the effective interest rate method and bank interest on an accruals basis.

Dividend income – dividend income is recognised when the right to receive payment is established.

(e) 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 Income Statement.

(f) 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.

(g) 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.

(h) Dividends

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

(i) 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.

(j) 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.

(k) Trade and other payables

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

2. ACCOUNTING POLICIES CONTINUED

(l) 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 Directors recognise that the magnitude of fair value movement of the CLO loan notes is substantially greater than the movement of the investments, due to variations in the different markets in which these instruments are traded.

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 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, 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 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 2009, there were no bi-lateral loans in the Group's portfolio.

The fair value of the CLO loan notes is determined primarily by reference to a mid-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 mid-market value report to be the best indicator of fair value for the notes. The mid-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 Income Statement in the period in which they arise.

Net income from financial instruments at fair value through profit or loss

Net 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, dividends, finance costs and foreign exchange differences.

Total finance costs for 2009 were GBP 2,711,017 (2008: GBP 6,235,227). These finance costs are for interest due to the loan note holders. Long-term notes outstanding at 31 December 2009 were GBP 117,354,993 (2008: GBP 88,538,096).

(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 Company as at 31 December 2009.

(iii) Subsidiary

Investment in subsidiary is initially recorded at cost. The Company carries its investment in the CLO subsidiary at fair value through profit or loss. This is based upon the fair value of the assets and liabilities held by the CLO, which the Directors consider to be indicative of fair value for financial reporting purposes. Through its ownership of the residual economic interest of T2 Income Fund CLO I Ltd the Directors consider the CLO to be a wholly owned subsidiary and the operating results are consolidated in these financial statements.

(m) 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 Group also makes assumptions on the classification of financial assets.

2. ACCOUNTING POLICIES CONTINUED

(m) Critical accounting estimates and judgements in applying accounting policies continued

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

The Group can invest in financial instruments which are not quoted in active markets. 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 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 substantially exceeded 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 affect the sustainability of the CLO structure and therefore the fair value of the loan notes.

(n) New standards

New standards and interpretations have been published that are mandatory for the Group's accounting periods after 1 January 2009 or later periods and which the Group has not early adopted:

- IFRS 9 Financial Instruments (effective 1 January 2013)
- IAS 24 (Revised 2009) Related Party Disclosures (effective 1 January 2011)
- IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective 1 July 2009)
- Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective 1 July 2009)
- Group Cash-settled Share-based Payments Transactions – Amendment to IFRS 2 (effective 1 January 2010)
- Improvements to IFRSs 2009 (various effective dates, earliest of which is 1 July 2009, but mostly 2010)
- IFRS 3 Business Combinations (Revised 2008) (effective 1 July 2009)
- IFRIC 17 Distributions of Non-cash Assets to Owners (effective 1 July 2009)
- IFRIC 18 Transfers of Assets from Customers (effective prospectively for transfers on or after 1 July 2009)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010)
- Prepayments of a Minimum Funding Requirement – Amendments to IFRIC 14 (effective 1 January 2011)
- Amendment to IFRS 1 Additional Exemptions for First-time Adopters (effective 1 January 2010)
- Amendment to IAS 32 Classification of Rights Issues (effective 1 February 2010)

As of 31 December 2009, the following standards and interpretations are in issue but not yet adopted by the EU:

- IFRS 9 Financial Instruments (effective 1 January 2013)
- Prepayments of a Minimum Funding Requirement – Amendments to IFRIC 14 (effective 1 January 2011)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010)
- Improvements to IFRSs 2009 (Issued 16 April 2009)
- Group Cash-settled Share-based Payments Transactions – Amendment to IFRS 2 (effective 1 January 2010)
- Amendment to IFRS 1 Additional Exemptions for First-time Adopters (effective 1 January 2010)
- IAS 24 (Revised 2009) Related Party Disclosures (effective 1 January 2011)

The Directors anticipate that the adoption of these standards and interpretations in future periods will not have a material impact on the financial statements of the company.

Standards adopted during the year

IAS 1 (revised), 'Presentation of financial statements' was effective from 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity. It requires non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and the statement of comprehensive income). The Group has elected to present the statement of comprehensive income as two statements: the 'Income Statement' and the 'statement of Comprehensive Income'. IAS 1 Presentation of Financial Statements (Revised 2007) requires presentation of a comparative balance sheet as at the beginning of the first comparative period, in some circumstances. Management considers that this is not necessary this year because the 2007 balance sheet is the same as that previously published.

IFRS 8, ''Operating segments'' was effective from 1 January 2009. IFRS 8 replaces IAS 14, ''Segment reporting'', and aligns segment reporting with the requirements of the US standard SFAS 131, ''Disclosures about segments of an enterprise and related information''. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segment information is therefore reported in a manner

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2009

2. ACCOUNTING POLICIES CONTINUED

(n) New standards continued

that is more consistent with the internal reporting provided to the Investment Committee of the Investment Manager ("ICIM"). The adoption of IFRS 8 results in additional disclosures but does not have an impact on the Company's financial position or performance.

(o) Share based payments

Share options are valued in accordance with IFRS2. In accordance with IFRS2, share options issued during the year 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.

3. FINANCIAL RISK MANAGEMENT

(1) Financial risk factors

The Group is exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price 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.

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 2009			
	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	**153,256,998**	**–**	**–**	**–**
Note receivable	**–**	**500,000**	**–**	**–**
Trade and other receivables	**–**	**1,200,566**	**–**	**–**
Cash and cash equivalents	**–**	**–**	**–**	**24,253,613**
Total assets	**153,256,998**	**1,700,566**	**–**	**24,253,613**
Financial liabilities				
Loan notes at fair value through profit or loss	**117,354,993**	**–**	**–**	**–**
Trade and other payables	**–**	**–**	**608,431**	**–**
	117,354,993	**–**	**608,431**	**–**

	CARRYING VALUE AT 31 DECEMBER 2008			
	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	126,644,228	–	–	–
Note receivable	–	500,000	–	–
Trade and other receivables	–	1,417,933	–	–
Cash and cash equivalents	–	–	–	16,158,356
Total assets	126,644,228	1,917,933	–	16,158,356
Financial liabilities				
Loan notes at fair value through profit or loss	88,538,096	–	–	–
Trade and other payables	–	–	2,332,538	–
	88,538,096	–	2,332,538	–

The same measurement categories are applied to the balances held by the Company.

3. FINANCIAL RISK MANAGEMENT CONTINUED

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, retained earnings, and debt. 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 2009 the Group had total equity of GBP 61,247,753 (2008: GBP 53,849,883).

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 collateralised 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 indebtedness (approximately US$ 244.7 million; GBP 151.6 million) through its CLO subsidiary in the form of long-term notes.

(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 Group's offering memorandum. All investments present a risk of loss of capital.

At 31 December 2009, the Group's market risk is affected by three main components: changes in actual market prices, interest rate 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.

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 GBP 1,795,100 (2008: GBP 1,905,306), due to the increase in the fair value of financial assets at fair value through profit or loss by GBP 7,662,850 (2008: GBP 6,332,211) offset by the increase in the fair value of the financial liabilities at fair value through profit or loss by GBP 5,867,750 (2008: GBP 4,426,905). Conversely, if market prices had decreased by 5%, this would have decreased net assets attributable to holders of equity shares by approximately GBP 1,795,100 (2008: GBP 1,905,306), due to the decrease in the fair value of financial assets at fair value through profit or loss by GBP 7,662,850 (2008: GBP 6,332,211) offset by the decrease in the fair value of the financial liabilities at fair value through profit or loss by GBP 5,867,750 (2008: GBP 4,426,905).

(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.

3. FINANCIAL RISK MANAGEMENT CONTINUED

(b) Interest rate risk continued

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

At 31 December 2009	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	153,256,998	–	–	153,256,998
Note receivable	–	–	500,000	500,000
Trade and other receivables	–	–	1,200,566	1,200,566
Cash and cash equivalents	24,253,613	–	–	24,253,613
Total assets	177,510,611	–	1,700,566	179,211,177
Liabilities				
Loan notes	117,354,993	–	–	117,354,993
Trade and other payables	–	–	608,431	608,431
Total liabilities	117,354,993	–	608,431	117,963,424
Total interest sensitivity gap	60,155,618	–	1,092,135	61,247,753

At 31 December 2008	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	126,644,228	–	–	126,644,228
Note receivable	–	500,000	–	500,000
Trade and other receivables	–	–	1,417,933	1,417,933
Cash and cash equivalents	16,158,356	–	–	16,158,356
Total assets	142,802,584	500,000	1,417,933	144,720,517
Liabilities				
Loan notes	88,538,096	–	–	88,538,096
Trade and other payables	–	–	2,332,538	2,332,538
Total liabilities	88,538,096	–	2,332,538	90,870,634
Total interest sensitivity gap	54,264,488	500,000	(914,605)	53,849,883

A 200 basis point increase or decrease is used when reporting interest spread risk internally and represents management's assessment of the possible change in interest spreads, and 25 basis points is used when reporting interest rate risk.

At 31 December 2009, should the interest spread have lowered by 200 basis points with all other variables remaining constant, the decrease in net assets attributable to holders of equity for the year would amount to approximately GBP 4,311,447 (2008: GBP 4,648,060). If the interest spread had risen by 200 basis points, the increase in net assets attributable to holders of equity would amount to approximately GBP 4,311,447 (2008: GBP 4,648,060).

At 31 December 2009, should interest rates have lowered by 25 basis points with all other variables remaining constant, the increase in net assets attributable to holders of equity for the year would amount to approximately GBP 100,940 (2008: increase in net assets GBP 151,485). If the interest rate had risen by 25 basis points, the decrease in net assets attributable to holders of equity would amount to approximately GBP 100,940 (2008: decrease in net assets GBP 151,485).

The Company's exposure to interest rate risk is limited to its financial assets at fair value through profit or loss, loan notes held at amortised cost and its cash and cash equivalents. These are all floating rate financial assets. The effect of a change in interest rates on the Company's balances is minimal at a Group level.

3. FINANCIAL RISK MANAGEMENT CONTINUED

(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 2009	USD	EUR	GBP	Total
Assets				
Financial assets at fair value through profit or loss account	**153,256,998**	**–**	**–**	**153,256,998**
Cash and cash equivalents	**24,253,537**	**–**	**76**	**24,253,613**
Trade and other receivables	**1,077,478**	**–**	**623,088**	**1,700,566**
Total assets	**178,588,013**	**–**	**623,164**	**179,211,177**
Liabilities				
Trade and other payables	**117,829,014**	**–**	**134,410**	**117,963,424**
Total currency sensitivity gap	**60,758,999**	**–**	**488,754**	**61,247,753**

At 31 December 2008	USD	EUR	GBP	Total
Assets				
Financial assets at fair value through profit or loss account	126,644,228	–	–	126,644,228
Cash and cash equivalents	16,158,356	–	–	16,158,356
Trade and other receivables	1,329,598	–	588,335	1,917,933
Total assets	144,132,182	–	588,335	144,720,517
Liabilities				
Trade and other payables	90,781,834	–	88,800	90,870,634
Total currency sensitivity gap	53,350,348	–	499,535	53,849,883

At 31 December 2009, had the exchange rate between the USD, EUR and GBP increased or decreased by 5%, with all other variables held constant, the increase or decrease respectively in net assets attributable to holders of equity shares would amount to approximately GBP 2,235,321 (2008: GBP 2,156,562).

The majority of the Company's financial assets and liabilities are also denominated in US dollars. The effect of a change in exchange rates by 5% is minimal to the Group.

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 balance sheet 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 Group 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.

3. FINANCIAL RISK MANAGEMENT CONTINUED

(d) Credit risk continued

Portfolio by rating category	2009	2008
1	**8%**	22%
2	**58%**	50%
3	**33%**	28%
4	**0%**	0%
5	**1%**	0%
Total	**100%**	100%

Credit Ratings Level	Ratings Criteria Methodology (1) (General Parameters)
1	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)

(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.

None of the Group's financial assets are secured by collateral or other credit enhancements.

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.

The credit risk associated with the CLO loan notes, designated as a financial liability held at fair value through profit or loss, is affected by changes in the credit ratings associated with the different classes of the loan notes. During the year the following changes in ratings were noted for each of the classes:

- Class A – rated as AAA by Standard & Poor's and Aaa by Moody's throughout the year
- Class B – rated as AA by Standard & Poor's and Aa2 by Moody's throughout the year
- Class C – rated as A by Standard & Poor's throughout the year and rated as A2 by Moody's at the start of the year and subsequently downgraded to Ba1 then upgraded to Baa3 during the year
- Class D – rated as BBB by Standard & Poor's throughout the year and rated as Baa2 by Moody's at the start of the year and subsequently downgraded to B1 then upgraded to Ba3 during the year
- Class E – rated as BB by Standard & Poor's throughout the year and rated as Ba2 by Moody's at the start of the year and subsequently downgraded to Caa2 then upgraded to B3 during the year.

(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 Income Fund CLO I Ltd, is also considered to be an illiquid investment due to the restrictions that exist over its sale.

3. FINANCIAL RISK MANAGEMENT CONTINUED

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet 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. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	CURRENT Within 6 months GBP	6 to 12 months GBP	NON-CURRENT 1 to 5 years GBP	Later than 5 years GBP	No stated maturity GBP
At December 2009					
Loan notes	**766,093**	**766,093**	**6,128,743**	**158,516,210**	**–**
Trade and other payables	**608,431**	**–**	**–**	**–**	**–**
Total financial liabilities	**1,374,524**	**766,093**	**6,128,743**	**158,516,210**	**–**
At 31 December 2008					
Loan notes	4,704,711	4,704,711	37,637,684	223,163,401	–
Trade and other payables	2,332,538	–	–	–	–
Total financial liabilities	7,037,249	4,704,711	37,637,684	223,163,401	–

Fair value estimation

The fair values of the Group's short-term trade receivables and payables approximate their carrying amounts at the balance sheet date.

Financial instruments measured at fair value

The Group adopted the amendments to IFRS 7 "Improving Disclosures about Financial Instruments" effective from 1 January 2009. These amendments require the Group to present certain information about financial instruments measured at fair value in the balance sheet. In the first year of application comparative information need not be presented for the disclosures required by the amendment. Accordingly, the disclosure for the fair value hierarchy is only presented for the 31 December 2009 year end.

The following table presents financial assets and liabilities measured at fair value in the balance sheet 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 (ie as prices) or indirectly (ie 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 balance sheet are grouped into the fair value hierarchy as follows:

31 December 2009	*Note*	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Assets					
Broadly syndicated loans	*a*	**–**	**–**	**153,256,998**	**153,256,998**
Total		**–**	**–**	**153,256,998**	**153,256,998**
Liabilities					
CLO loan notes	*b*	**–**	**–**	**(117,354,993)**	**(117,354,993)**
Total		**–**	**–**	**(117,354,993)**	**(117,354,993)**
Net fair value		**–**	**–**	**35,902,005**	**35,902,005**

3. FINANCIAL RISK MANAGEMENT CONTINUED

(e) Liquidity risk continued

The Company's investment in subsidiary also falls under Level 3.

Measurement of fair value

The methods and valuation techniques used for the purposes of measuring fair value are unchanged compared to the previous reporting period.

(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 derive the fair value.

(b) CLO loan notes

The CLO loan notes are denominated in USD. 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:

	Broadly Syndicated Loans GBP	CLO Loan Notes GBP	Total GBP
Opening balance	**126,644,228**	**(88,538,096)**	**38,106,132**
Purchases	**35,662,307**	**–**	**35,662,307**
Sales	**(12,535,692)**	**561,350**	**(11,974,342)**
Capital repayments	**(28,149,558)**	**235,244**	**(27,914,314)**
Gains and losses recognised in profit and loss			
– realised	**(1,876,127)**	**1,458,221**	**(417,906)**
– unrealised	**33,511,840**	**(31,071,712)**	**2,440,128**
Closing balance	**153,256,998**	**(117,354,993)**	**35,902,005**

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 2% of 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.

Total fees charged for the year ended 31 December 2009 amounted to GBP 2,965,261 (2008: GBP 2,969,672). The total amount due and payable at the year end amounted to GBP nil (2008: GBP nil).

Administration and secretarial fees

The Administrator and Secretary, Butterfield Fulcrum Group (Guernsey) Limited, is 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 is subject to a minimum of GBP 40,000 per annum. They are also due a fixed accounting fee of GBP 10,000 per annum plus a fixed fee of GBP 5,000 for their registrar services.

Total Administration and secretarial fees (excluding accounting and registrar fees) charged for the year ended 31 December 2009 amounted to GBP 47,418 (2008: GBP 40,000). The total amount due and payable at the year end amounted to GBP 1,410 (2008: GBP 10,000).

4. FUND EXPENSES CONTINUED

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 GBP 15,000 per annum. The fee is payable quarterly in arrears.

Total fees charged for the year ended 31 December 2009 amounted to GBP 15,070 (2008: GBP 15,010). The total amount due and payable at the year end amounted to GBP 3,750 (2008: GBP 7,520).

Directors fees

The current level of fees for the Chairman of the Board of Directors of the Group is GBP 25,000 per annum, and GBP 20,000 each for non-executive directors. During the year to 31 December 2009, a one off additional payment of GBP 35,000 was made to the Chairman. This was in recognition of special services provided to the Company.

Total fees charged to the Group for the year ended 31 December 2009 amounted to GBP 100,000 (2008: GBP 64,929). The total amount due and payable at the year end amounted to GBP 16,250 (2008: GBP 16,250).

5. EARNINGS PER SHARE

Earnings per share has been calculated by dividing the profit/(loss) attributable to ordinary shareholders GBP 2,035,164 Group, GBP(3,517,561) Company (2008: GBP 16,418,339 Group, GBP 19,022,786 Company) by the weighted average number of ordinary shares outstanding during the year 51,857,534 (2008: 43,000,000). Fully diluted profit per share has been calculated by dividing the profit attributable to ordinary shareholders of GBP 2,035,164 Group, GBP(3,517,561) Company (2008: GBP 16,418,339 Group, GBP 19,022,786 Company), by the weighted average number of ordinary shares outstanding during the year adjusted for the effects of all dilutive potential ordinary shares 52,516,651 (2008: 44,836,065).

Basic earnings per share

Date	No. of shares	No. of days	Weighted average no. of shares
01/01/09	43,000,000	292	34,400,000
20/10/09	87,000,000	3	715,068
23/10/09	87,300,000	70	16,742,466
		365	51,857,534
01/01/08 & 31/12/08	43,000,000	366	43,000,000

Diluted earnings per share

Date	Fully diluted no. of shares	No. of days	Weighted average no. of shares
01/01/09	43,555,555	197	23,508,067
17/07/09	43,905,555	95	11,427,473
20/10/09	87,905,555	73	17,581,111
		365	52,516,651
01/01/08	47,777,777	111	14,489,982
21/04/08	43,555,555	255	30,346,083
		366	44,836,065

The dilutive shares are anti-dilutive for the purposes of the Company's earnings and therefore, have not impacted the diluted loss per share.

	2009 No. of shares	2008 No. of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	**51,857,534**	43,000,000
Effect of dilutive potential ordinary shares:		
Share options	**659,117**	1,836,065
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**52,516,651**	44,836,065

6. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group 2009 GBP	Group 2008 GBP	Company 2009 GBP	Company 2008 GBP
Debt securities of listed companies	**52,098,842**	28,102,380	**–**	–
Debt securities of unlisted companies	**101,158,156**	98,541,848	**3,091,446**	614,381
Investment in subsidiary	**–**	–	**47,433,719**	48,625,653
	153,256,998	126,644,228	**50,525,165**	49,240,034
Realised (loss)/gains recognised on financial assets and liabilities at fair value through profit or loss (1)				
Realised (loss)/gain on investments	**(1,876,127)**	(896,251)	**–**	832,634
Realised gain on financial liabilities	**1,458,221**	–	**–**	–
	(417,906)	(896,251)	**–**	832,634
Unrealised gains recognised on financial assets and liabilities at fair value through profit or loss (2)				
Unrealised gain/(loss) on financial assets	**33,511,840**	(9,286,677)	**(3,994,752)**	16,351,137
Unrealised (loss)/gain on financial liabilities	**(31,071,712)**	26,052,088	**–**	–
	2,440,128	16,765,411	**(3,994,752)**	16,351,137

	Group 2009 GBP	Group 2008 GBP	Company 2009 GBP	Company 2008 GBP
Opening cost of financial assets	**144,552,846**	148,937,826	**1,360,135**	4,064,098
Purchases	**35,662,307**	21,723,644	**5,308,416**	–
Sales	**(12,535,692)**	(7,244,591)	**–**	(3,528,951)
Realised (loss)/gain on sale of investments	**(1,876,127)**	(896,251)	**–**	832,634
Transfer to subsidiary	**–**	–	**–**	–
Capital repayments	**(28,149,558)**	(17,967,782)	**(28,533)**	(7,646)
Cost of investments at year end	**137,653,776**	144,552,846	**6,640,018**	1,360,135
Unrealised gain/(loss) at year end	**15,603,222**	(17,908,618)	**(3,548,572)**	(745,754)
Closing value at year end	**153,256,998**	126,644,228	**3,091,446**	614,381

(1) For the year ended 31 December 2009 the Group had a realised loss of GBP 417,906 (2008: GBP 896,251) which comprised a realised loss on investments of GBP 1,876,127 (2008: GBP 896,251) and a realised gain on the purchase of some of the CLO loan notes by the parent company, Greenwich Loan Income Fund Limited, of GBP 1,458,221 (2008: GBP nil).

(2) For the year ended 31 December 2009 the Group had an unrealised gain on financial assets and liabilities at fair value through profit or loss of GBP 2,440,128 (2008: GBP 16,765,411). This is comprised of an unrealised gain/(loss) on financial assets of GBP 33,511,840 (2008: GBP (9,286,677)) and an unrealised (loss)/gain on liabilities of GBP (31,071,712) (2008: GBP 26,052,088).

7. INVESTMENT IN SUBSIDIARY

	Company 2009 GBP	Company 2008 GBP
Opening cost of investment in subsidiary	**29,928,228**	29,928,228
Additions at cost	**–**	–
Cost of investment in subsidiary at year end	**29,928,228**	29,928,228
Unrealised gain	**17,505,491**	18,697,425
Closing fair value of investment in subsidiary	**47,433,719**	48,625,653

The cost of the investment is represented by the net assets transferred to the subsidiary.

The Company from time to time makes asset transfers between the Company, Greenwich Loan Income Fund Limited, and the subsidiary, T2 Income Fund CLO I Ltd.

8. TRADE AND OTHER RECEIVABLES

	Group 2009 GBP	Group 2008 GBP	Company 2009 GBP	Company 2008 GBP
Accrued bank interest	**1**	118	**–**	–
Loan interest receivable	**1,155,306**	1,384,117	**129,127**	85,930
Prepaid expenses	**45,259**	33,698	**45,259**	33,698
	1,200,566	1,417,933	**174,386**	119,628
Current assets				
Note receivable	**500,000**	500,000	**500,000**	500,000
Non current assets				
Loans notes held at amortised cost	**–**	–	**594,500**	–

The GBP 500,000 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 is 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 for payment on the promissory note to be deferred (without interest) until such time as the reduction in the aggregate fees paid by the Company to the Investment Manager, currently being negotiated, is equal to the amount payable under the note, at which point the note will be cancelled. The promissory note has been classified as current at 31 December 2009.

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 are designated as receivables held at amortised cost.

9. CASH AND CASH EQUIVALENTS

	Group 2009 GBP	Group 2008 GBP	Company 2009 GBP	Company 2008 GBP
Call account	**24,253,613**	16,158,356	**8,782,971**	4,165,697

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

10. TRADE AND OTHER PAYABLES

	Group 2009 GBP	Group 2008 GBP	Company 2009 GBP	Company 2008 GBP
Current liabilities				
Due to Subsidiary	**–**	–	**69,299**	76,778
Administrator's fees	**11,410**	10,000	**11,410**	10,000
Custodian's fees	**3,750**	7,520	**3,750**	7,520
Audit fees	**40,000**	40,000	**40,000**	40,000
Directors' fees	**16,250**	16,250	**16,250**	16,250
Finance cost (1)	**327,717**	2,038,708	**–**	–
Other accruals	**209,304**	220,060	**63,001**	24,928
	608,431	2,332,538	**203,710**	175,476
Non current liabilities				
Loan notes	**117,354,993**	88,538,096	**–**	–

On 19 July 2007 loan notes were issued in the amount of US$ 309,050,000 with a twelve year term by T2 Income Fund CLO I Ltd. 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 I 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 have been eliminated within the consolidated financial statements for consolidation purposes only and a realised gain of GBP 1,458,221 recognised.

(1) Interest on the loan notes is calculated on a weighted average interest rate of LIBOR plus 75 basis points.

11. SHARE CAPITAL

The Company has the power to issue an unlimited number of ordinary shares of no par value.

Upon incorporation, the Investment Manager, T2 Advisers LLC, was granted options to purchase 4,222,222 Ordinary Shares at the Placing Price, as reduced by dividends paid per share, subject to the Company achieving certain performance criteria as follows:

The Investment Manager options vested and became exercisable in respect of 50 per cent immediately on conclusion of the first three month period during which the Company paid dividends on the Shares in an aggregate amount during that three month period equal to or exceeding 8 per cent of the Initial Offer Price on an annualised basis (the hurdle rate). The remaining 50 per cent vested and became exercisable immediately on conclusion of the twelve month period following the date specified above.

On 23 February 2007 the hurdle rate was met. Accordingly on 31 March 2007 the options on 2,111,111 of these Ordinary shares became vested. The remaining options for 2,111,111 Ordinary shares vested on 31 March 2008.

Effective 21 April 2008, the options to acquire 4,222,222 ordinary shares were cancelled in consideration of a one-off cash payment by the Company to the Investment Manager of GBP 1.4 million. The amount of the payment was determined by the Board with reference to the present value of the options, with the application of a further discount, and after consultation with the Company's nominated advisor.

The Investment Manager has been granted options to purchase 555,555 Ordinary Shares at 101.75p per Share, based upon the 5,000,000 Ordinary Shares issued in June 2007, in accordance with the terms of the Share Option Plan.

In accordance with IFRS2, the value of the options was based upon an estimate of the fair value of the services received. The Company believes that the fair value can be determined by a comparison to a performance-based incentive fee program, which arrangements are common practice in the industry, because the option program was similarly intended to compensate the Investment Manager for achieving superior returns. The fair value estimate was based, in good faith, upon the present value of a hypothetical performance-based incentive fee, assuming a fee of 20% of the excess return above an 8% hurdle rate over a ten-year period; the fair value of the options was determined to be GBP 100,000. For the year ending 31 December 2009 the Company charged GBP nil (2008: GBP nil) to expenses representing the amortisation of the fair value of the options, which had been fully expensed during 2007 upon meeting the performance criteria.

On 17 July 2009, the directors were granted options over 350,000 shares in total exercisable at a price of 10p per share at any time up to the second anniversary of the passing of the relevant resolution. On 23 October 2009, 300,000 of these options were exercised. 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 Income Statement. During the year to 31 December 2009, a share option expense of GBP 58,240 (2008: GBP nil) was recognised in relation to these share options issued.

Share Capital	31 December 2009 Shares in issue	31 December 2008 Shares in issue
Ordinary shares – nil par value		
Balance at start year	**43,000,000**	43,000,000
Issued during the year	**44,000,000**	–
Options exercised	**300,000**	–
Balance at end year	**87,300,000**	43,000,000

Share Premium	31 December 2009 GBP	31 December 2008 GBP
Balance at start year	**5,619,040**	5,619,040
Issued during year	**11,000,000**	–
Options exercised	**85,500**	–
Issue costs	**(617,250)**	–
Transfer to distributable reserves	**–**	–
Balance at end year	**16,087,290**	5,619,040

12. NET ASSET VALUE PER SHARE

The net asset value per Ordinary Share is calculated by dividing the net assets at the year end of GBP 61,247,753 for the Group and GBP 60,373,312 for the Company (2008: GBP 53,849,883 for the Group and the Company) by the Ordinary Shares in issue at the end of the year being 87,300,000 (2008: 43,000,000).

13. CASH GENERATED FROM OPERATIONS

	Group 2009 GBP	Group 2008 GBP	Company 2009 GBP	Company 2008 GBP
Profit for the year	**2,035,164**	16,418,339	**(3,517,561)**	19,022,786
Adjustments for:				
Realised loss/(gain) arising on adjustment to financial assets and liabilities	**417,906**	896,251	**–**	(832,634)
Unrealised (gain)/loss arising on adjustment to financial assets and liabilities	**(2,440,128)**	(16,765,411)	**3,994,752**	(16,351,137)
Unrealised gain on loan notes held at amortised cost	**–**	–	**(9,775)**	–
Additional interest on loan notes held at amortised cost	**–**	–	**(23,375)**	–
Share option expense	**58,240**	–	**58,240**	–
Changes in working capital:				
Trade and other receivables	**217,367**	(298,820)	**(54,758)**	76,870
Trade and other payables	**(1,724,107)**	(1,639,042)	**28,234**	(42,050)
Cash (outflow)/inflow from operations	**(1,435,558)**	(1,388,683)	**475,757**	1,873,835

14. CONSOLIDATED SUBSIDIARY UNDERTAKING

Through its ownership of the residual economic interest in T2 Income Fund CLO I Ltd., the Directors consider the following entity as a wholly owned subsidiary of the Company and its results and financial position are included within the consolidated results of the Company.

	Date of incorporation	Country of incorporation	Nature of holding
T2 Income Fund CLO I Ltd	11 October 2006	Cayman Islands	Income Notes

15. SEGMENT 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 portfolio of its CLO subsidiary, and considers the business to have a single operating segment. Although the CLO is a legally distinct entity, investment allocation decisions are based upon an integrated investment strategy and performance is evaluated on an overall basis.

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 Canada. 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 year.

16. RELATED PARTY TRANSACTIONS

Patrick Firth was a director of the Administrator, Butterfield Fulcrum Group (Guernsey) Limited until 30 June 2009.

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

	Group 2009 GBP	Group 2008 GBP	Company 2009 GBP	Company 2008 GBP
Amounts incurred during the year to related parties				
Fees due to P Conroy as Chief Financial Officer to the Company	**–**	75,137	**–**	75,137
Fees due to the Investment Manager, T2 Advisers, LLC	**2,965,261**	2,969,672	**2,965,261**	2,969,672
Reimbursement due to BDC Partners, LLC	**85,942**	185,720	**85,942**	185,720

	Group 2009 GBP	Group 2008 GBP	Company 2009 GBP	Company 2008 GBP
Amounts due to related parties at the year end				
Fees due to P Conroy as Chief Financial Officer to the Company	**56,250**	6,250	**6,250**	6,250
Due to subsidiary in relation to Wall Street Office system	**–**	–	**56,440**	56,440
Amounts due from related parties at the year end				
Note receivable from the Investment Manager, T2 Advisers, LLC	**500,000**	500,000	**500,000**	500,000

On 18 December 2009, the Company acquired an investment in senior secured corporate notes, Koosharem 2nd Lien, from the CLO for US$ 8.55 million (GBP 5.31 million). While on a consolidated basis the transaction had no net impact on the Group balance sheet, the acquisition may improve the CLO's likelihood of being in compliance with certain covenants, and will have the effect of increasing the probability of the Company receiving future interest payments from the CLO.

Directors shareholdings in Company

On 17 July 2009, Geoffrey Miller, Frederick Forni and Patrick Firth were granted share options in the Company exercisable at a price of GBP 10 pence per share at any time up to the second anniversary of the passing of the relevant resolution. Geoffrey Miller was granted options over 250,000 shares and Frederick Forni and Patrick Firth were each granted options over 50,000 shares.

On 23 October 2009, Geoffrey Miller and Patrick Firth exercised their share options to subscribe for ordinary shares in the Company. At 31 December 2009, Geoffrey Miller had a beneficial interest in 500,000 ordinary shares, representing 0.57% of the Company's issued share capital and Patrick Firth held 50,000 ordinary shares, representing 0.06% of the Company's issued share capital.

17. COMMITMENTS AND CONTINGENCIES

There were no commitments or contingencies as at 31 December 2009.

18. POST BALANCE SHEET EVENTS

Since the year end the Group has made 9 new investment purchases, these are detailed below:

Date	Par Amount		Purchase Price (USD)
7 January 2010	USD 2,000,000	Huish Detergent	97.00
7 January 2010	USD 4,000,000	MetroPCS	97.50
13 January 2010	USD 4,000,000	QVC	100.25
19 January 2010	USD 4,000,000	Broadlane	98.50
16 February 2010	USD 3,000,000	Charter	93.50
16 February 2010	USD 3,000,000	Charter	93.625
25 February 2010	USD 2,000,000	Anchor Glass	100.00
25 February 2010	USD 4,000,000	Intergraph	99.00
5 March 2010	USD 4,000,000	Shearers Foods Inc	98.50
8 March 2010	USD 4,000,000	Provo Craft and Novelty Inc	97.00

Since the year end the Group made the following sales:

Date	Par Amount		Realised gain (GBP)
6 January 2010	USD 4,412,679	Oshkosh Trucks	829,319
19 January 2010	USD 1,000,000	Inverness Medical	92,703

PORTFOLIO STATEMENT OF THE GROUP
AS AT 31 DECEMBER 2009

	Fair Value GBP	% of net assets
Aramark Corp	3,398,541	5.55%
4437667 Canada Inc. (Mold Master)	2,811,742	4.59%
Attachmate	4,618,182	7.54%
Boise Paper	2,628,476	4.29%
Broadlane	1,621,209	2.65%
Cablevision	2,978,705	4.86%
Cavalier Telephone	5,614,629	9.17%
Community Health	3,506,711	5.73%
Conner Steel	1,938,876	3.17%
Corel	4,248,276	6.94%
Dean Foods	3,517,722	5.74%
Data Transmission	2,062,557	3.37%
Emdeon Business Services LLC	3,575,608	5.84%
First Data Corp B1 Term Loan	4,831,379	7.89%
Ford	4,974,237	8.12%
Georgia Pacific LLC	2,001,653	3.27%
Getty Images	3,161,696	5.16%
HCA TL-A	2,141,430	3.50%
Houghton	1,951,271	3.19%
Hudson Products Holdings Inc.	2,384,970	3.89%
Huish Detergents	2,305,771	3.76%
Inverness Medical	2,870,508	4.69%
InfoNXX	3,910,515	6.38%
Infor Global	3,268,782	5.34%
Keane (Caritor)	2,821,175	4.61%
Koosharem Corp 2nd Lien Credit	1,419,413	2.32%
Koosharem Corp 1st Lien Credit	1,672,033	2.73%
Language Line	3,079,576	5.03%
Macrovision	933,403	1.52%
Mediacom TL-C	2,273,394	3.71%
Mediacom TL-D	1,235,447	2.02%
Merrill Corp	345,848	0.56%
MR Default	1,716,082	2.80%
NameMedia, Inc.	2,529,978	4.13%
National Cinemedia	2,945,411	4.81%
NPC 1st lien	1,876,552	3.06%
NPC 2nd lien	2,198,415	3.59%
Navisite	2,033,262	3.32%
Network Solutions	2,936,550	4.79%
Nuvox	4,184,264	6.83%
Oshkosh Trucks	2,655,698	4.34%
PAETEC Holding Corp.	1,330,691	2.17%
Peacock Engineering	1,533,600	2.50%
Pegasus	4,168,515	6.81%
Prodigy Health 1st lien	2,874,336	4.69%
Prodigy Health 2nd lien	863,884	1.41%
Proquest	4,898,536	8.00%
QA Master	3,002,798	4.90%
Quebecor (World Color Press)	2,478,796	4.05%
SkillSoft	1,473,306	2.41%
Stratus Technologies	1,656,576	2.70%
SuperValu	2,371,387	3.87%
Sunquest Holdings (Misys)	2,466,236	4.03%
Topps Co. Inc.	2,968,824	4.85%
TravelCLICK Acquisition Co	1,972,890	3.22%
TVC Communications	2,006,009	3.28%
VS Holdings (CBA Group)	1,562,667	2.55%
Workflow	1,233,770	2.01%
X-rite 1st Lien	1,214,230	1.98%
Total financial assets at fair value through profit or loss	153,256,998	250.23%
Cash balances	24,253,613	39.60%
Other net liabilities	(116,262,858)	(189.83%)
Net assets	61,247,753	100.00%

Part B: T2 Income Fund Limited Audited Consolidated Financial Information for the Year ended 31 December 2008

Please note the page references in this Part B of Part III are to the pages of the annual report and accounts of T2 Income Fund Limited for the year ended 31 December 2008.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF T2 INCOME FUND LIMITED

We have audited the Group and Parent Company financial statements (the "financial statements") of T2 Income Fund Limited for the year ended 31 December 2008 which comprise the Consolidated and Company Income Statements, the Consolidated Balance Sheet, the Company Balance Sheet, the Statement of Changes in Shareholders' Equity, the Statement of Cash Flows and notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

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
The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable Guernsey law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, whether the financial statements have been properly prepared in accordance with The Companies (Guernsey) Law, 2008 and whether the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement, the Directors' Report and the Portfolio Statement of the Group. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's and the Parent Company's affairs as at 31 December 2008 and of the Group's and the Parent Company's profit for the year then ended; and
- the financial statements have been properly prepared in accordance with The Companies (Guernsey) Law, 2008.
- the information given in the Directors' Report is consistent with the financial statements.

GRANT THORNTON UK LLP
CHARTERED ACCOUNTANTS
LONDON
Date: 8 June 2009

T2 Income Fund Limited
For the year ended 31 December 2008

CONSOLIDATED AND COMPANY INCOME STATEMENTS

	Notes	Group Year to 31 December 2008 GBP	Group Year to 31 December 2007 GBP	Company Year to 31 December 2008 GBP	Company Year to 31 December 2007 GBP
Revenue					
Interest income	2	12,528,242	10,821,834	6,468,643	1,389,774
Other income	2	32,588	43,716	32,588	43,716
Dividend income		-	-	-	711,182
Investment Income					
Gain/(loss) on financial assets and liabilities at fair value through profit or loss	6				
- Realised		(896,251)	1,768,561	832,634	(547,568)
- Unrealised		16,765,411	122,030	16,351,137	3,198,134
Gain/(loss) on foreign currency transactions					
- Realised		(1,256,063)	475,301	(1,256,063)	267,496
- Unrealised		(74,727)	78,248	251,913	(248,392)
Total Income		27,099,200	13,309,690	22,680,852	4,814,342
Expenses					
Management fees	4	2,969,672	2,420,301	2,969,672	2,420,301
Administration and secretarial fees	4	40,000	40,000	40,000	40,000
Custodian fees	4	15,010	15,043	15,010	15,043
Legal and professional fees		99,887	43,806	99,887	43,806
Directors' remuneration	4	64,929	64,919	64,929	64,919
Directors' and officers' insurance		44,236	44,415	44,236	44,415
Audit fees		45,730	40,478	45,730	40,478
Loan note expenses	4	-	3,054,047	-	-
Finance costs	4	6,235,227	5,207,811	-	-
Other expenses		1,166,170	773,287	378,602	436,224
Total Expenses		10,680,861	11,704,107	3,658,066	3,105,186
Profit for the year		16,418,339	1,605,583	19,022,786	1,709,156
Basic earnings per share	5	0.3818	0.0396	0.4424	0.0421
Diluted earnings per share	5	0.3662	0.0356	0.4243	0.0379

All of the profit for the period relates to the equity holders of the parent

The accompanying notes on pages 13 to 29 form an integral part of these financial statements.

T2 Income Fund Limited
As at 31 December 2008

CONSOLIDATED BALANCE SHEET

	Notes	31 December 2008 GBP	31 December 2007 GBP
ASSETS			
Non-current assets			
Financial assets at fair value through profit or loss	6	126,644,228	140,315,881
Note receivable	8	-	500,000
		126,644,228	140,815,881
Current assets			
Note receivable	8	500,000	-
Trade and other receivables	8	1,417,933	1,119,113
Cash and cash equivalents	9	16,158,356	16,078,863
		18,076,289	17,197,976
Total assets		**144,720,517**	**158,013,857**
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share premium	11	5,619,040	5,619,040
Distributable reserve	11	34,800,000	36,200,000
Foreign exchange reserve		2,743,441	138,994
Retained earnings		10,687,402	(2,505,937)
Total equity		**53,849,883**	**39,452,097**
LIABILITIES			
Non-current liabilities			
Loan notes at fair value through profit or loss	10	88,538,096	114,590,180
Current liabilities			
Trade and other payables	10	2,332,538	3,971,580
Total liabilities		90,870,634	118,561,760
Total equity and liabilities		**144,720,517**	**158,013,857**
Net Asset Value per Share		£1.25	£0.92

The financial statements were approved by the Board of Directors on 8 June 2009 and were signed on its behalf by:

Patrick Francis Conroy
Director

Saul Barak Rosenthal
Director

The accompanying notes on pages 13 to 29 form an integral part of these financial statements.

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T2 Income Fund Limited
As at 31 December 2008

COMPANY BALANCE SHEET

	Notes	31 December 2008 GBP	31 December 2007 GBP
ASSETS			
Non-current assets			
Financial assets at fair value through profit or loss	6	614,381	4,227,734
Investment in subsidiary	7	48,625,653	31,365,126
Note receivable	8	-	500,000
		49,240,034	36,092,860
Current assets			
Note receivable	8	500,000	-
Trade and other receivables	8	119,628	196,498
Cash and cash equivalents	9	4,165,697	3,380,265
		4,785,325	3,576,763
Total assets		**54,025,359**	**39,669,623**
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share premium	11	5,619,040	5,619,040
Other reserve		34,800,000	36,200,000
Retained earnings		13,430,843	(2,366,943)
Total equity		**53,849,883**	**39,452,097**
LIABILITIES			
Current liabilities			
Trade and other payables	10	175,476	217,526
Total liabilities		175,476	217,526
Total equity and liabilities		**54,025,359**	**39,669,623**
Net Asset Value per Share		£1.25	£0.92

The financial statements were approved by the Board of Directors on 8 June 2009 and were signed on its behalf by:

Patrick Francis Conroy
Director

Saul Barak Rosenthal
Director

The accompanying notes on pages 13 to 29 form an integral part of these financial statements.

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T2 Income Fund Limited
For the year ended 31 December 2008

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Group	Share Capital GBP	Share Premium GBP	Other Reserve** GBP	Foreign Exchange Reserve GBP	Retained Earnings** GBP	Total Equity GBP
Balance at 31 December 2006	-	36,694,149	14,167	35,421	(251,520)	36,492,217
Net proceeds from share issue	-	5,024,891	-	-	-	5,024,891
Transfer to distributable reserve	-	(36,100,000)	36,100,000	-	-	-
Profit for the year	-	-	-	-	1,605,583	1,605,583
Foreign exchange on consolidation	-	-	-	103,573	-	103,573
Total income & expense for the year	-	-	-	103,573	1,605,583	1,709,156
Amortisation of fair value of options	-	-	85,833	-	-	85,833
Dividends paid	-	-	-	-	(3,860,000)	(3,860,000)
Balance at 31 December 2007	-	5,619,040	36,200,000	138,994	(2,505,937)	39,452,097
Net proceeds from share issue	-	-	-	-	-	-
Transfer to distributable reserve	-	-	-	-	-	-
Profit for the year	-	-	-	-	16,418,339	16,418,339
Foreign exchange on consolidation	-	-	-	2,604,447	-	2,604,447
Total income & expense for the year	-	-	-	2,604,447	16,418,339	19,022,786
Settlement of share options	-	-	(1,400,000)	-	-	(1,400,000)
Dividends paid*	-	-	-	-	(3,225,000)	(3,225,000)
Balance at 31 December 2008	-	5,619,040	34,800,000	2,743,441	10,687,402	53,849,883

Company	Share Capital GBP	Share Premium GBP	Other Reserve** GBP	Foreign Exchange Reserve GBP	Retained Earnings** GBP	Total Equity GBP
Balance at 31 December 2006	-	36,694,149	14,167	-	(216,099)	36,492,217
Net proceeds from share issue	-	5,024,891	-	-	-	5,024,891
Transfer to distributable reserve	-	(36,100,000)	36,100,000	-	-	-
Profit for the year	-	-	-	-	1,709,156	1,709,156
Total income & expense for the year	-	-	-	-	1,709,156	1,709,156
Amortisation of fair value of options	-	-	85,833	-	-	85,833
Dividends paid	-	-	-	-	(3,860,000)	(3,860,000)
Balance at 31 December 2007	-	5,619,040	36,200,000	-	(2,366,943)	39,452,097
Net proceeds from share issue	-	-	-	-	-	-
Transfer to distributable reserve	-	-	-	-	-	-
Profit for the year	-	-	-	-	19,022,786	19,022,786
Total income & expense for the year	-	-	-	-	19,022,786	19,022,786
Settlement of share options	-	-	(1,400,000)	-	-	(1,400,000)
Dividends paid*	-	-	-	-	(3,225,000)	(3,225,000)
Balance at 31 December 2008	-	5,619,040	34,800,000	-	13,430,843	53,849,883

*During the year the Company made three dividend payments.
** Distributable reserves.

The accompanying notes on pages 13 to 29 form an integral part of these financial statements.

T2 Income Fund Limited
For the year ended 31 December 2008

STATEMENT OF CASHFLOWS

	Notes	Group 31 December 2008 GBP	Group 31 December 2007 GBP	Company 31 December 2008 GBP	Company 31 December 2007 GBP
Cash flows from operating activities					
Cash generated from operations	13	(1,388,683)	2,111,936	1,873,835	(1,421,108)
Purchase of investments	6	(21,723,644)	(137,310,167)	-	(10,226,998)
Sale of investments	6	7,244,591	40,750,789	3,528,951	18,877,404
Net cash inflow/(outflow) from operating activities		(15,867,736)	(94,447,442)	5,402,786	7,229,298
Cashflows from investing activities					
Payment to subsidiary	6,7	-	-	-	(17,819,912)
Receipt from subsidiary	6,7	-	-	-	8,951,516
Principal received	6	17,967,782	1,670,903	7,646	-
Net cash outflow from investing activities		17,967,782	1,670,903	7,646	(8,868,396)
Cashflows from financing activities					
Net proceeds from issue of shares	11	-	5,024,891	-	5,024,891
Ware house facility		-	(18,874,945)	-	-
Settlement of share options		(1,400,000)	-	(1,400,000)	-
Loan notes		-	121,532,370	-	-
Dividends paid		(3,225,000)	(3,860,000)	(3,225,000)	(3,860,000)
Net cash inflow/(outflow) from financing activities		(4,625,000)	103,822,316	(4,625,000)	1,164,891
Net increase/(decrease) in cash and cash equivalents		(2,524,954)	11,045,777	785,432	(474,207)
Cash and cash equivalents at beginning of year		16,078,863	4,929,513	3,380,265	3,854,472
Foreign exchange gain on consolidation		2,604,447	103,573	-	-
Cash and cash equivalents at end of year		16,158,356	16,078,863	4,165,697	3,380,265

The accompanying notes on pages 13 to 29 form an integral part of these financial statements.

1. GENERAL INFORMATION
T2 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. The address of the registered office is 2nd Floor, Regency Court, Glategny Esplanade, St Peter Port, Guernsey, GY1 3NQ.

A new Cayman Islands registered subsidiary company, T2 Income Fund CLO I Ltd., was created on 11 October 2006. Through its ownership of 100% of the preferred shares of T2 Income Fund CLO I Ltd. the Directors consider the CLO to be a wholly owned subsidiary and the operating results are consolidated in these financial statements. The Group is comprised of the "Company" and the "CLO".

Investing Policy
The Group generally invests in syndicated and non-syndicated corporate loans issued by a range of companies, with a focus to date on issuers with a credit rating of B or CCC (S&P). The Group began with a particular focus on technology related companies and continues to leverage the technology-based expertise of its principals. The Group focuses its investments primarily in small to medium sized companies, including those companies traditionally defined as "middle market." The Group usually expects to take a senior debt position, and may also invest in senior and junior subordinated debt.

T2 Advisers seeks to take advantage of its current relationships with US and global agent banks and private equity funds to source deals. The Group principally targets companies with experienced management, a significant financial or strategic sponsor or partner, a strong competitive position and positive cash flow.

The Board anticipates that the Group's maximum investment size, at the time of investment, will be limited to 15 per cent of the Group's gross assets; however, the Group may make larger investments and in such circumstances it may seek to syndicate or sell a portion of its initial investment.

The Group may seek additional debt (or raise additional capital through the issuance of its equity) to fund future investments. Any gearing will not be undertaken without the approval of the Board.

The Group's objective is to produce a stable and predictable dividend yield, with long term preservation of net asset value.

2. ACCOUNTING POLICIES
(a) Basis of preparation
The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") 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.

(b) Basis of consolidation
The consolidated financial statements comprise the financial statements of T2 Income Fund Limited and its subsidiary T2 Income Fund CLO I Ltd. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. The Company carries its investment in the CLO subsidiary at fair value through profit or loss. This is based upon the fair value of the assets and liabilities held by the CLO, which the Directors consider to be indicative of fair value for financial reporting purposes; however, the disparity between the Company's NAV per share, as determined under IFRS, and share price has been recognised by the Directors and is believed to be reflective of significant dislocations in the global credit markets as well as practical limitations on the Company's ability to realise the discount reflected in the fair value of the CLO loan notes, due to the unwillingness of the holders of those notes to execute a transaction at those prices.

(c) Foreign currency translation
(i) Functional and presentation currency
The Financial Statements of the Company are presented in the currency of the primary economic environment in which the entity 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 on a break up basis. 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 Dollars the functional currency of the subsidiary. Therefore the books and records are maintained in

2. ACCOUNTING POLICIES (Continued)
(c) Foreign currency translation (continued)
(i) Functional and presentation currency (continued)
Sterling and 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 Income Statement.

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

(iii) Subsidiary company
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 Balance Sheet presented are translated at the closing rate at the date of the balance sheet;

2. income and expenses for the Income Statement are translated at average exchange rates for the period (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 as a separate component of shareholders' equity.

(d) Revenue recognition
Revenue is recognised as follows:

Interest income - recognised on an accruals basis as this relates to bank interest income and coupon interest.

Other income - relates to note receivable interest which is recognised under the effective interest rate method.

Dividend income - dividend income is recognised when the right to receive payment is established.

(e) 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 Income Statement.

(f) 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.

(g) 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.

(h) Dividends
Dividend distributions to the Group's shareholders are recognised in the Group's financial statements in the period in which the dividends are paid.

(i) Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held on call with banks, other short term highly liquid investments and bank overdrafts.

2. ACCOUNTING POLICIES (Continued)
(j) 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.

(k) Trade and other payables
Payables are recognised initially at fair value and subsequently stated at amortised cost.

(l) 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. The Directors recognise that the magnitude of fair value movement of the CLO loan notes is substantially greater than the movement of the investments, due to variations in the different markets in which these instruments are traded.

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 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 T2 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 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 reach, in good faith, their fair value determination.

For bi-lateral loans, an independent third party performs portfolio company evaluations. As part of this independent third party's due diligence they review the following:

- Audited and/or unaudited historical financial information including the most recent fiscal year.
- Financial information for the most current period available.
- Financial forecast prepared by the Portfolio Company.
- Most current capitalisation table.
- T2 Investment Committee Memorandum prepared prior to the date of investment.
- Documents relating to business operations, financial performance and corporate planning.
- Public filings by the Portfolio Companies.

In assessing the fair value of each investment, a third party valuation firm reviews the following:
- Recent financial performance including cash flow and profitability on an actual basis compared to plan.
- Funding history of the company, the implied valuation from the most recent funding and anticipated future funding transactions.
- The company's capital structure.
- Recent business events disclosed by the Company.
- Potential requirement for additional funding.

As of December 2008, there were no bi-lateral loans in the Group's portfolio.

T2 Income Fund Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2008

2. ACCOUNTING POLICIES (Continued)
(l) Investments and loan notes (Continued)
(i) Financial assets and liabilities at fair value through profit or loss (continued)
The fair value of the loan notes is determined primarily by reference to a mid-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 mid-market value report to be the best indicator of fair value for the notes. The mid-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 Income Statement in the period in which they arise.

(ii) Derivative Financial Instruments
Derivatives are categorised as financial assets or liabilities held for trading and valued at fair value through profit or loss.

(iii) Subsidiary
Investment in subsidiary is initially recorded at cost. The Company carries its investment in the CLO subsidiary at fair value through profit or loss. This is based upon the fair value of the assets and liabilities held by the CLO, which the Directors consider to be indicative of fair value for financial reporting purposes. Through its ownership of 100% of the preferred shares of T2 Income Fund CLO I Ltd the Directors consider the CLO to be a wholly owned subsidiary and the operating results are consolidated in these financial statements.

(m) 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 Group also makes assumptions on the classification of financial assets.

Unlisted Debt Securities
The Group can invest in financial instruments which are not quoted in active markets. Fair values are determined by using valuation techniques. Where valuation techniques, such as the Market Capitalization 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 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 substantially exceeded 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)
(n) New standards
The following interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2008 but they are not relevant to the company's operations:

- IFRIC 14, "IAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction" (effective from 1 January 2008).
- IFRIC 12, "Service concession arrangements" (effective from 1 January 2008)
- IFRIC 13, "Customer loyalty programmes" (effective from 1 July 2008).

New standards and interpretations have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods and which the Group has not early adopted:

- IAS 23 (Amendment), "Borrowing costs" (effective from 1 January 2009)
- IFRS 8, "Operating segments" (effective from 1 January 2009). IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, "Disclosures about segments of an enterprise and related information".
- IAS 1 (Revised), "Presentation of financial statements" (effective from 1 January 2009).
- IFRS 2 (Amendment), "Share-based payment" (effective from 1 January 2009).
- IAS 32 (Amendment), "Financial instruments: Presentation", and IAS 1 (Amendment), "Presentation of financial statements" – "Puttable financial instruments and obligations arising on liquidation" (effective from 1 January 2009).
- IFRS 1 (Amendment) "First time adoption of IFRS", and IAS 27 "Consolidated and separate financial statements" (effective from 1 January 2009).
- IAS 27 (Revised) "Consolidated and separate financial statements" (effective from 1 July 2009).
- IFRS 3 (Revised), "Business combinations" (effective from 1 July 2009).
- IFRS 5 (Amendment), "Non-current assets held-for-sale and discontinued operations" (effective from 1 July 2009).
- IAS 28 (Amendment), "Investments in associates" (effective from 1 January 2009).
- IAS 36 (Amendment), "Impairment of assets" (effective from 1 January 2009).
- IAS 38 (Amendment), "Intangible assets" (effective from 1 January 2009).
- IAS 19 (Amendment), "Employee benefits" (effective from 1 January 2009).
- IAS 39 (Amendment), "Financial instruments: Recognition and measurement" (effective from 1 January 2009).
- IAS 16 (Amendment), "Property, plant and equipment" (effective from 1 January 2009).
- IAS 27 (Amendment), "Consolidated and separate financial statements" (effective from 1 January 2009).
- IAS 28 (Amendment), "Investment in associates" (effective from 1 January 2009).
- IAS 29 (Amendment), "Financial reporting in hyperinflationary economies" (effective from 1 January 2009).
- IAS 31 (Amendment), "Interest in joint ventures" (effective from 1 January 2009).
- IAS 40 (Amendment), "Investment property" (effective from 1 January 2009).
- IAS 41 (Amendment), "Agriculture" (effective from 1 January 2009).
- IAS 20 (Amendment), "Accounting for government grants and disclosure of government assistance" (effective from 1 January 2009).
- IFRIC 15, "Agreements for construction of real estates" (effective from 1 January 2009).

The Directors anticipate that the adoption of these standards and interpretations in future periods will not have a material impact on the financial statements of the company.

(o) Share based payments
Share options are valued in accordance with IFRS2. In accordance with IFRS2, the value of the options is based upon an estimate of the fair value of the services received. See note 11.

3. FINANCIAL RISK MANAGEMENT
(1) Financial risk factors
The Group is exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price 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.

3. FINANCIAL RISK MANAGEMENT (Continued)
(1) Financial risk factors (continued)

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.

Capital Risk Management
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 capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders, comprising share premium, distributable reserves and retained earnings. The Group does not have any externally imposed capital requirements. At 31 December 2008 the Group had total equity of GBP53,849,883 (2007:GBP39,452,097).

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 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 indebtedness (approximately US$249.2 million) through its CLO subsidiary in the form of long-term notes.

(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 Group's offering memorandum. All investments present a risk of loss of capital.

At 31 December 2008, the Group's market risk is affected by three main components: changes in actual market prices, interest rate 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.

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 GBP1,905,306 (2007:GBP1,286,285), due to the increase in the fair value of financial assets at fair value through profit or loss by GBP6,332,211 (2007:GBP7,015,794) offset by the increase in the fair value of the financial liabilities at fair value through profit or loss by GBP4,426,905 (2007:GBP5,729,509). Conversely, if market prices had decreased by 5%, this would have decreased net assets attributable to holders of equity shares by approximately GBP1,905,306 (2007:GBP1,286,285), due to the decrease in the fair value of financial assets at fair value through profit or loss by GBP6,332,211 (2007:GBP7,015,794) offset by the decrease in the fair value of the financial liabilities at fair value through profit or loss by GBP4,426,905 (2007:5,729,509).

3. FINANCIAL RISK MANAGEMENT (Continued)
(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 table below summarises the Group's exposure to interest rate risk.

At 31 December 2008	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	126,644,228	-	-	126,644,228
Note receivable	-	500,000	-	500,000
Trade and other receivables	-	-	1,417,933	1,417,933
Cash and cash equivalents	16,158,356	-	-	16,158,356
Total assets	142,802,584	500,000	1,417,933	144,720,517
Liabilities				
Loan notes	88,538,096	-	-	88,538,096
Trade and other payables	-	-	2,332,538	2,332,538
Total liabilities	88,538,096	-	2,332,538	90,870,634
Total interest sensitivity gap	54,264,488	500,000	(914,605)	53,849,883

At 31 December 2007	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	140,315,881	-	-	140,315,881
Note receivable	-	500,000	-	500,000
Trade and other receivables	-	-	1,119,113	1,119,113
Cash and cash equivalents	16,078,863	-	-	16,078,863
Total assets	156,394,744	500,000	1,119,113	158,013,857
Liabilities				
Loan notes	114,590,180	-	-	114,590,180
Trade and other payables	-	-	3,971,580	3,971,580
Total liabilities	114,590,180	-	3,971,580	118,561,760
Total interest sensitivity gap	41,804,564	500,000	(2,852,467)	39,452,097

A 200 basis point increase or decrease is used when reporting interest spread risk internally and represents management's assessment of the possible change in interest spreads, and 50 basis points is used when reporting interest rate risk.

3. FINANCIAL RISK MANAGEMENT (Continued)
(b) Interest rate risk (continued)
At 31 December 2008, should the interest spread have lowered by 200 basis points with all other variables remaining constant, the decrease in net assets attributable to holders of equity for the year would amount to approximately GBP4,648,060 (2007: GBP2,466,100). If the interest spread had risen by 200 basis points, the increase in net assets attributable to holders of equity would amount to approximately GBP4,648,060 (2007: GBP2,466,100).

At 31 December 2008, should interest rates have lowered by 50 basis points with all other variables remaining constant, the increase in net assets attributable to holders of equity for the year would amount to approximately GBP302,970 (2007: reduction in net assets GBP206,996). If the interest rate had risen by 50 basis points, the decrease in net assets attributable to holders of equity would amount to approximately GBP302,970 (2007: increase in net assets GBP206,996).

(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 2008				
Assets	**USD**	**EUR**	**GBP**	**Total**
Financial assets at fair value through profit or loss account	126,644,228	-	-	126,644,228
Cash and cash equivalents	16,158,356	-	-	16,158,356
Trade and other receivables	1,329,598	-	588,335	1,917,933
Total assets	144,132,182	-	588,335	144,720,517
Liabilities				
Trade and other payables	90,781,834	-	88,800	90,870,634
Total currency sensitivity gap	53,350,348	-	499,535	53,849,883

31 December 2007				
Assets	**USD**	**EUR**	**GBP**	**Total**
Financial assets at fair value through profit or loss account	137,374,272	2,941,609	-	140,315,881
Cash and cash equivalents	15,907,649	100,259	70,955	16,078,863
Trade and other receivables	1,049,316	-	569,797	1,619,113
Total assets	154,331,237	3,041,868	640,752	158,013,857
Liabilities				
Trade and other payables	118,474,858	-	86,902	118,561,760
Total currency sensitivity gap	35,856,379	3,041,868	553,850	39,452,097

At 31 December 2008, had the exchange rate between the US dollar, EUR and GBP increased or decreased by 5%, with all other variables held constant, the increase or decrease respectively in net assets attributable to holders of equity shares would amount to approximately GBP2,156,562 (2007: GBP36,454).

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 balance sheet 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.

3. FINANCIAL RISK MANAGEMENT (Continued)
(d) Credit risk (continued)
The Group has established a credit rating system. The purpose of the rating system is to monitor the credit quality of T2's investment portfolio on both an individual and portfolio basis and the future on-going monitoring required.

Portfolio by rating category	2008	2007
1	22%	2%
2	50%	77%
3	28%	21%
4	0%	0%
5	0%	0%
Total	100%	100%

Credit Ratings Level	Ratings Criteria Methodology (1) (General Parameters)
1	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)**

(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.

None of the Group's financial assets are secured by collateral or other credit enhancements.

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 table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet 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. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

3. FINANCIAL RISK MANAGEMENT (Continued)
(e) Liquidity risk (continued)

	Current within 6 months	6 to 12 months	Non-Current 1 to 5 years	later than 5 years	No stated maturity
At December 2008					
Loan notes	4,704,711	4,704,711	37,637,684	223,163,401	-
Trade and other payables	2,332,538	-	-	-	-
Total financial liabilities	7,037,249	4,704,711	37,637,684	223,163,401	-
At 31 December 2007					
Loan notes	3,856,328	3,856,328	30,850,626	176,193,334	-
Trade and other payables	3,971,580	-	-	-	-
Total financial liabilities	7,827,908	3,856,328	30,850,626	176,193,334	-

(2) Fair value estimation
The fair values of the Group's short-term trade receivables and payables approximate their carrying amounts at the balance sheet date.

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 2% of 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.

Total fees charged for the year ended 31 December 2008 amounted to GBP2,969,672 (2007:GBP2,420,301). The total amount due and payable at the year end amounted to GBP nil (2007:GBP12,725).

Administration and secretarial fees
The Administrator and Secretary, Butterfield Fulcrum Group (Guernsey) Limited, is 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 is subject to a minimum of GBP40,000 per annum. They are 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 (excluding accounting and registrar fees) charged for the year ended 31 December 2008 amounted to GBP40,000 (2007:GBP40,000). The total amount due and payable at the year end amounted to GBP10,000 (2007:GBP10,000).

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 2008 amounted to GBP15,010 (2007:GBP15,043). The total amount due and payable at the year end amounted to GBP7,520 (2007:GBP3,750).

Directors fees
The current level of fees for the Chairman of the Board of Directors of the Group is GBP25,000 per annum, and GBP20,000 each for non-executive directors.

Total fees charged to the Group for the year ended 31 December 2008 amounted to GBP64,929 (2007:GBP64,919). The total amount due and payable at the year end amounted to GBP16,250 (2007:GBP16,321).

Loan note expenses
Total loan note expenses for 2008 was GBPnil (2007:GBP3,054,047). These costs are the transaction costs that were incurred as a direct result of the raising and issuing of the loan notes raised and issued during 2007.

4. FUND EXPENSES (Continued)

Finance costs

Total finance costs for 2008 was GBP6,235,227 (2007:GBP5,207,811). These finance costs are for interest paid to Merrill Lynch for the Warehouse facility GBP nil (2007: GBP1,686,232) and interest due to the loan note holders GBP6,235,227 (2007: GBP3,521,579). The liability for the Warehouse facility was repaid on 19 July 2007 and replaced with long-term notes. Long-term notes outstanding at 31 December 2008 were GBP88,538,096 (2007: GBP114,590,180).

5. EARNINGS PER SHARE

Earnings per share has been calculated by dividing the profit attributable to ordinary share holders GBP16,418,339 Group, GBP19,022,786 Company (2007:GBP1,605,583 Group, GBP1,709,156 Company) by the weighted average number of ordinary shares outstanding during the year 43,000,000 (2007:40,589,041). Fully diluted profit per share has been calculated by dividing the profit attributable to ordinary share holders of GBP16,418,339 Group, GBP19,022,786 Company (2006: GBP1,605,583 Group, GBP1,709,156 Company), by the weighted average number of ordinary shares outstanding during the year adjusted for the effects of all dilutive potential ordinary shares 44,836,065 (2007:45,098,934).

Basic earnings per share

Date	No. of shares	No. of days	Weighted average no. of shares
01/01/08 & 31/12/08	43,000,000	366	43,000,000
01/01/07	38,000,000	176	18,323,288
25/06/07	43,000,000	189	22,265,753
		365	40,589,041

Diluted earnings per share

Date	Fully diluted no. of shares	No. of days	Weighted average no. of shares
01/01/08	47,777,777	111	14,489,982
21/04/08	43,555,555	255	30,346,083
		366	44,836,065
01/01/07	42,222,222	176	20,359,208
25/06/07	47,777,777	189	24,739,726
		365	45,098,934

	2008 No. of shares	2007 No. of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	43,000,000	40,589,041
Effect of dilutive potential ordinary shares:		
Share options	1,836,065	4,509,893
Weighted average number of ordinary shares for the purposes of diluted earnings per share	44,836,065	45,098,934

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	Group 2008 GBP	Group 2007 GBP	Company 2008 GBP	Company 2007 GBP
Listed debt securities	28,102,380	30,063,114	-	-
Unlisted debt securities	98,541,848	110,252,767	614,381	4,227,734
Investment in subsidiary	-	-	48,625,653	31,365,126
	126,644,228	140,315,881	49,240,034	35,592,860
Realised (loss)/gains recognised on financial assets and liabilities at fair value through profit or loss (1)				
Realised (loss)/gain on investments	(896,251)	(1,730,802)	832,634	(547,568)
Realised gain on warehouse facility	-	3,499,363	-	-
	(896,251)	1,768,561	832,634	(547,568)
Unrealised gains recognised on financial assets and liabilities at fair value through profit or loss (2)				
Unrealised (loss)/gain on financial assets	(9,286,677)	(6,820,160)	16,351,137	3,198,134
Unrealised gain on financial liabilities	26,052,088	6,942,190	-	-
	16,765,411	122,030	16,351,137	3,198,134

	Group 2008 GBP	Group 2007 GBP	Company 2008 GBP	Company 2007 GBP
Opening open of financial assets	148,937,826	55,780,153	4,064,098	27,387,224
Purchases	21,723,644	137,310,167	-	10,226,998
Sales	(7,244,591)	(40,750,789)	(3,528,951)	(18,877,404)
Realised (loss)/gain on sale of investments	(896,251)	(1,730,802)	832,634	(547,568)
Transfer to subsidiary	-	-	-	(14,125,152)
Capital repayments	(17,967,782)	(1,670,903)	(7,646)	-
Cost of investments at year end	144,552,846	148,937,826	1,360,135	4,064,098
Unrealised (loss)/gain at year end	(17,908,618)	(8,621,945)	(745,754)	163,636
Closing value at year end	126,644,228	140,315,881	614,381	4,227,734

(1) For the year ended 31 December 2008 the Group had a realised loss of GBP896,251 (2007: realised gain of GBP1,768,561) which comprised a realised loss on investments of GBP896,251 (2007:GBP1,730,802) and a realised gain on warehouse facility of GBPnil (2007: GBP3,499,363).

(2) For the year ended 31 December 2008 the Group had an unrealised gain on financial assets and liabilities at fair value through the profit and gain of GBP16,765,411 (2007: GBP122,030). This is comprised of an unrealised loss on financial assets of GBP9,286,676 (2007: GBP6,820,160) and an unrealised gain on liabilities of GBP26,052,087 (2007:GBP6,942,190).

7. INVESTMENT IN SUBSIDIARY

	Company 2008 GBP	Company 2007 GBP
Opening value of Investment in subsidiary	29,928,228	6,934,680
Additions at cost	-	22,993,548
Cost of Investment in subsidiary at year end	29,928,228	29,928,228
Unrealised gain on net assets transferred to subsidiary	18,697,425	1,436,898
Closing fair value of Investment in subsidiary	48,625,653	31,365,126

The cost of the investment is represented by the net assets transferred to the subsidiary.

The Company from time to time makes asset transfers between the Company, T2 Income Fund Limited, and the subsidiary, T2 Income Fund CLO I Ltd.

8. TRADE AND OTHER RECEIVABLES

	Group 2008 GBP	Group 2007 GBP	Company 2008 GBP	Company 2007 GBP
Accrued bank interest	118	32,312	-	-
Loan interest receivable	1,384,117	1,060,213	85,930	169,909
Prepaid expenses	33,698	26,588	33,698	26,589
	1,417,933	1,119,113	119,628	196,498
Current assets				
Note receivable	500,000	-	500,000	-
Non current assets				
Note receivable	-	500,000	-	500,000

The GBP500,000 note receivable relates to a promissory note due for payment in 2009 from T2 Advisers, LLC, the Company's Investment Manager. This note, which is subject to certain conditions, was signed on 5 December 2006 and is subject to interest of 8% per annum, compounded annually. The promissory note is recognised in the financial statements as the Directors, having reviewed the conditions pertaining to the promissory note, deem that receipt of payment is virtually certain.

9. CASH AND CASH EQUIVALENTS

	Group 2008 GBP	Group 2007 GBP	Company 2008 GBP	Company 2007 GBP
Call account	16,158,356	16,078,863	4,165,697	3,380,265

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

10. TRADE AND OTHER PAYABLES

	Group 2008 GBP	Group 2007 GBP	Company 2008 GBP	Company 2007 GBP
Current liabilities				
Due to Subsidiary	-	-	76,778	56,440
Management fees	-	12,725	-	12,725
Administrator's fees	10,000	10,000	10,000	10,000
Custodian's fees	7,520	3,750	7,520	3,750
Audit fees	40,000	35,204	40,000	35,204
Directors' fees	16,250	16,321	16,250	16,321
Finance cost (1)	2,038,708	3,556,392	-	-
Unrealised loss on forward exchange contracts	-	5,266	-	5,266
Other accruals	220,060	331,922	24,928	77,820
	2,332,538	3,971,580	175,476	217,526

	Group 2008	Group 2007	Company 2008	Company 2007
Non current liabilities				
Loan notes	88,538,096	114,590,180	-	-

On 21 November 2006 T2 Income Fund CLO I Ltd. entered into a credit and warehouse agreement (the "Agreement") by and among Merrill Lynch Capital Corp., T2 Income Fund CLO I Ltd. (as the Issuer), T2 Advisers, LLC (as the Collateral Manager) and T2 Income Fund Limited. The facility amount was US$200,000,000. Interest due to Merrill Lynch was calculated daily on the total amount at 1 month LIBOR plus 50 basis points. Merrill Lynch provided funding of 80% of the par value of loans assigned to T2 Income Fund CLO I Ltd.

On 19 July 2007 the Warehouse facility was repaid and loan-notes were issued in the amount of US$309,050,000 with a twelve year term. 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".

(1) Interest on the loan-notes is calculated on a weighted average interest rate of LIBOR plus 75 basis points.

11. SHARE CAPITAL
The Company has the power to issue an unlimited number of ordinary shares of no par value.

On incorporation two Ordinary Shares were issued at 100p each to the subscribers to the Memorandum of Association of the Company. On Admission to the AIM on 5 August 2005 the Company repurchased these Ordinary Shares.

On Admission to the AIM on 5 August 2005 the Company allotted 38,000,000 fully paid Ordinary Shares.

During 2007 5,000,000 Ordinary Shares of no par value were issued at 101.75p per Share.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds, net of tax.

On 15 June 2007 Court approval was received to reduce the issued share premium of the Company by an amount of £0.95 per share and that the aggregate of such reduction be credited as a distributable reserve.

The distributable reserve may be applied in any manner in which the Company's profits available for distribution are able to be applied, including the purchase of the Company's own shares and the payment of dividend.

The Investment Manager, T2 Advisers LLC, was granted options to purchase 4,222,222 Ordinary Shares at the Placing Price, as reduced by dividends paid per share, subject to the Company achieving certain performance criteria as follows:

11. SHARE CAPITAL (Continued)
The Investment Manager options vested and became exercisable in respect of 50 per cent immediately on conclusion of the first three month period during which the Company paid dividends on the Shares in an aggregate amount during that three month period equal to or exceeding 8 per cent of the Initial Offer Price on an annualised basis (the hurdle rate). The remaining 50 per cent vested and became exercisable immediately on conclusion of the twelve month period following the date specified above.

On 23 February 2007 the hurdle rate was met. Accordingly on 31 March 2007 the options on 2,111,111 of these Ordinary shares became vested. The remaining options for 2,111,111 Ordinary shares vested on 31 March 2008.

Effective 21 April 2008, the options to acquire 4,222,222 ordinary shares were cancelled in consideration of a one-off cash payment by the Company to the Investment Advisor of £1.4 million. The amount of the payment was determined by the Board with reference to the present value of the options, with the application of a further discount, and after consultation with the Company's nominated advisor.

The Investment Manager has been granted options to purchase 555,555 Ordinary Shares at 101.75p per Share, based upon the 5,000,000 Ordinary Shares issued in June 2007, in accordance with the terms of the Investment Manager Agreement.

In accordance with IFRS2, the value of the options was based upon an estimate of the fair value of the services received. The Company believes that the fair value can be determined by a comparison to a performance-based incentive fee program, which arrangements are common practice in the industry, because the option program was similarly intended to compensate the Investment manager for achieving superior returns. The fair value estimate was based, in good faith, upon the present value of a hypothetical performance-based incentive fee, assuming a fee of 20% of the excess return above an 8% hurdle rate over a ten-year period; the fair value of the options was determined to be £100,000. For the year ending 31 December 2008 the Company charged £nil (2006: £85,833) to expenses representing the amortisation of the fair value of the options.

The calculation of fair value is sensitive to a number of assumptions, including the average interest rate on investments, the pace of investment activity, the amount and cost of leverage, if any, and expenses. It should be noted that the actual value of the options may ultimately be substantially greater or less than the fair value calculated. If actual financial performance is significantly better than the assumptions used in the calculation of fair value, the options could be worth several million pounds; to the extent that the performance criteria is not achieved, the options would expire worthless.

Share Capital

Ordinary shares - nil par value	**31 December 2008 Shares in issue**	**31 December 2007 Shares in issue**
Balance at start year	43,000,000	38,000,000
Issued during the year	-	5,000,000
Balance at end year	43,000,000	43,000,000

Share Premium	**31 December 2008** GBP	**31 December 2007** GBP
Balance at start year	5,619,040	36,694,149
Issued during year	-	5,087,500
Issue costs	-	(62,609)
Transfer to distributable reserves	-	(36,100,000)
Balance at end year	5,619,040	5,619,040

12. NET ASSET VALUE PER SHARE
The net asset value per Ordinary Share is calculated by dividing the net assets at the year end of GBP53,849,883 (2007:GBP39,452,097) by the Ordinary Shares in issue at the end of the year being 43,000,000 (2007:43,000,000).

13. CASH GENERATED FROM OPERATIONS

	Group 2008 GBP	**Group 2007** GBP	**Company 2008** GBP	**Company 2007** GBP
Profit for the year	16,418,339	1,605,583	19,022,786	1,709,156
Adjustments for:				
Realised (gain)/loss arising on adjustment to financial assets and liabilities	896,251	(1,768,561)	(832,634)	547,568
Unrealised (gain)/loss arising on adjustment to financial assets and liabilities	(16,765,411)	(122,030)	(16,351,137)	(3,198,134)
Amortisation of fair value of options	-	85,833	-	85,833
Changes in working capital:				
Trade and other receivables	(298,820)	(508,167)	76,870	282,042
Trade and other payables	(1,639,042)	2,819,278	(42,050)	(847,573)
Cash inflow/(outflow) from operations	(1,388,683)	2,111,936	1,873,835	(1,421,108)

14. CONSOLIDATED SUBSIDIARY UNDERTAKING
Through its 100% ownership of preferred shares in T2 Income Fund CLO I Ltd., the Directors consider the following entity as a wholly owned subsidiary of the Company and its results and financial position are included within the consolidated results of the Company.

	Date of incorporation	Country of incorporation	Nature of holding	Percentage holding
T2 Income Fund CLO I Ltd.	11 October 2006	Cayman Islands	Direct	100%

15. RELATED PARTY TRANSACTIONS
Saul Rosenthal is a member of BDC Partners which owns T2 Advisers, LLC., the Investment Manager.
Saul Rosenthal and Patrick Conroy are officers of T2 Advisers, LLC., the Investment Manager.
Patrick Firth is a director of the Administrator, Butterfield Fulcrum Group (Guernsey) Limited.

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

	Group 2008 GBP	**Group 2007** GBP	**Company 2008** GBP	**Company 2007** GBP
Amounts incurred during the year to related parties				
Fees due to P Conroy as Chief Financial Officer to the Company	75,137	99,495	75,137	99,495
Fees due to the Investment Manager, T2 Advisers, LLC	2,969,672	2,420,301	2,969,672	2,420,301
Reimbursement due to BDC Partners, LLC	185,720	193,974	185,720	193,974

	Group 2008 GBP	**Group 2007** GBP	**Company 2008** GBP	**Company 2007** GBP
Amounts due to related parties at the year end				
Fees due to P Conroy as Chief Financial Officer to the Company	6,250	54,165	6,250	54,165
Due to subsidiary in relation to Wall Street Office system	-	-	56,440	56,440
Fees due to the Investment Manager, T2 Advisers, LLC	-	12,725	-	-
Amounts due from related parties at the year end				
Note receivable from the Investment Manager, T2 Advisers, LLC	500,000	500,000	500,000	500,000

T2 Income Fund Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2008

15. RELATED PARTY TRANSACTIONS (continued)
Directors shareholdings in Company

Saul Rosenthal has a beneficial interest in 263,889 ordinary shares (2007: 1,319,445) in the Company as at 31 December 2008. Through his ownership interest in T2 Advisers, LLC, the Investment Manager, Mr Rosenthal has an interest of 138,889 shares (2007: 1,194,445) related to the share option plan (re note 11), and 125,000 shares (2007: 125,000) relate to a purchase of shares during 2007 for his own account. As at 31 December 2008, this was equal to a beneficial interest of 0.6% based on the Share Capital as at that date when diluted by the number of Ordinary Shares subject to the option.

On 18 February 2009, Saul Rosenthal acquired 700,000 ordinary shares through Privet Acquisition LLC, a company in which Mr Rosenthal owns a 50% interest. Following this acquisition, Mr Rosenthal has a pro-rata beneficial interest in 475,000 ordinary shares, representing 1.1% of the Company's issued share capital.

16. POST BALANCE SHEET EVENTS
On 18 February 2009, New Star Management Limited increased their interest in the Company to 9,100,000 ordinary shares. This represents 21.16% of the total voting rights of the Company.

On 25 February 2009, the Group sold their entire position in Harrah's B-1 (par value US$5,000,000). This realised a loss on sale of GBP320,773.

In April 2009, the Group made a purchase in Community Health (par value US$4,000,000) at 90.00 and Aramark (par value US$4,000,000) at 90.75.

In May 2009, the Group made a purchase in Huish Detergents Inc. (par value US$4,000,000) at 91.25.

On 1 June 2009, the Board of Directors approved the appointment of Geoffrey Miller as a non-executive director of the Board, and the retirement from the Board of William Tozier, Saul Rosenthal and Patrick Conroy effective on the later to occur of the publication of the Group's financial statements and the confirmation of the Guernsey Financial Services Commission.

T2 Income Fund Limited

Portfolio Statement of the Group
For the year ended 31 December 2008

	Fair Value GBP	% of net assets
Atlantic Inertial	2,104,092	3.91%
4437667 Canada Inc. (Mold Master)	2,439,108	4.53%
Attachmate	2,956,620	5.49%
Broadlane	1,642,539	3.05%
Cavalier Telephone	2,059,449	3.82%
Conner Steel	2,330,173	4.33%
Corel	4,813,727	8.94%
CPM Holdings	2,018,019	3.75%
DTN	2,308,464	4.29%
Emdeon Business Services LLC	3,003,353	5.58%
Express Energy	1,822,899	3.39%
First Data Corp B1 Term Loan	3,847,510	7.14%
Ford	2,431,382	4.52%
Georgia Pacific LLC	2,459,163	4.57%
Getty Images	3,346,875	6.22%
Harrahs B-1	1,967,704	3.65%
HCA TL-A	2,769,070	5.14%
Houghton	2,642,160	4.91%
Hudson Products Holdings Inc.	2,634,906	4.89%
Inverness Medical	2,297,770	4.27%
InfoNXX	3,953,619	7.34%
Infor Global	1,961,707	3.64%
Investools	4,373,516	8.12%
Koosharem Corp 1st Lien Credit	614,381	1.14%
Koosharem (Select Remedy) 2nd	926,244	1.72%
Krispy Kreme	2,695,295	5.01%
Lyondell B-2	1,519,997	2.82%
Macrovision	2,430,326	4.51%
Merrill Corp	260,720	0.48%
MR Default	1,679,131	3.12%
NameMedia, Inc.	2,737,564	5.08%
NPC 1st lien	1,331,398	2.47%
NPC 2nd lien	1,097,770	2.04%
Navisite	1,489,879	2.77%
Nuvox	3,406,106	6.33%
Oshkosh Trucks	2,109,590	3.92%
PAETEC Holding Corp.	2,213,967	4.11%
Peacock Engineering	2,007,131	3.73%
Pegasus	5,730,817	10.64%
Prodigy Health 1st lien	2,622,308	4.87%
Prodigy Health 2nd lien	686,106	1.27%
Proquest	4,709,434	8.75%
QA Direct Holdings, LLC	1,951,225	3.62%
Realogy	5,078,748	9.43%
Sirsi Dynix	1,089,262	2.02%
SkillSoft	1,904,720	3.54%
Stratus Technologies	3,108,912	5.77%
Sunquest Holdings(Misys)	2,010,566	3.73%
Topps Co. Inc.	1,852,487	3.44%
TravelCLICK Acquisition Co	2,309,434	4.29%
TVC	2, 004,733	3.72%
VS Holdings (CBA Group)	109,126	0.20%
Workflow	1,430,819	2.66%
X-rite 1st Lien	1,342,207	2.49%
Total financial assets at fair value through profit or loss	126,644,228	235.18%
Cash balances	16,158,356	30.01%
Other net liabilities	(88,952,701)	-165.19%
Net Assets	53,849,883	100.00%

Part C: T2 Income Fund Limited Audited Consolidated Financial Information for the Year ended 31 December 2007

Please note the page references in this Part C of Part III are to the pages of the annual report and accounts of T2 Income Fund Limited for the year ended 31 December 2007.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF T2 INCOME FUND LIMITED

We have audited the Group and Parent Company financial statements (the "financial statements") of T2 Income Fund Limited for the year ended 31 December 2007 which comprise the Consolidated and Company Income Statements, the Consolidated Balance Sheet, the Company Balance Sheet, the Statement of Changes in Shareholders' Equity, the Statement of Cash Flows and notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 64 of The Companies (Guernsey) Law, 1994. 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

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable Guernsey law and International Financial Reporting Standards (IFRSs) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, whether the financial statements have been properly prepared in accordance with The Companies (Guernsey) Law, 1994 and whether the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement, the Directors' Report and the Portfolio Statement of the Group. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs of the state of the Group's and the Parent Company's affairs as at 31 December 2007 and of the Group's and the Parent Company's profit for the year then ended; and
- the financial statements have been properly prepared in accordance with The Companies (Guernsey) Law, 1994.

GRANT THORNTON UK LLP
CHARTERED ACCOUNTANTS
LONDON
Date: 16 April 2008

T2 Income Fund Limited
For the year ended 31 December 2007

CONSOLIDATED AND COMPANY INCOME STATEMENTS

	Notes	Group Year to 31 December 2007 GBP	Group Year to 31 December 2006 GBP	Company Year to 31 December 2007 GBP	Company Year to 31 December 2006 GBP
Revenue					
Interest income	2	10,821,834	2,950,030	1,389,774	2,676,375
Other income	2	43,716	36,814	43,716	36,814
Dividend income		-	-	711,182	-
Investment Income					
Gain/(loss) on financial assets and liabilities at fair value through profit or loss	6				
- Realised		1,768,561	(248,633)	(547,568)	(248,633)
- Unrealised		122,030	(1,835,169)	3,198,134	(1,630,983)
Gain/(loss) on foreign currency transactions					
- Realised		475,301	295,151	267,496	295,151
- Unrealised		78,248	129,740	(248,392)	129,740
Total Income		13,309,690	1,327,933	4,814,342	1,258,464
Expenses					
Management fees	4	2,420,301	298,751	2,420,301	298,751
Administration and secretarial fees	4	40,000	40,000	40,000	40,000
Custodian fees	4	15,043	15,000	15,043	15,000
Legal and professional fees		43,806	25,455	43,806	25,455
Directors' remuneration	4	64,919	65,000	64,919	65,000
Directors' and officers' insurance		44,415	43,485	44,415	43,485
Audit fees		40,478	39,001	40,478	39,001
Loan note expenses	4	3,054,047	-	-	-
Finance costs	4	5,207,811	104,215	-	-
Other expenses		773,287	200,502	436,224	199,827
Total Expenses		11,704,107	831,409	3,105,186	726,519
Profit for the year		1,605,583	496,524	1,709,156	531,945
Basic earnings per share	5	0.0396	0.0131	0.0421	0.0140
Diluted earnings per share	5	0.0356	0.0118	0.0379	0.0126

The accompanying notes on pages 12 to 24 form an integral part of these financial statements.

T2 Income Fund Limited
As at 31 December 2007

CONSOLIDATED BALANCE SHEET

	Notes	31 December 2007 GBP	31 December 2006 GBP
ASSETS			
Non-current assets			
Financial assets at fair value through the profit or loss account	6	140,315,881	53,978,368
Note receivable	8	500,000	500,000
		140,815,881	54,478,368
Current assets			
Trade and other receivables	8	1,119,113	610,946
Cash and cash equivalents	9	16,078,863	4,929,513
		17,197,976	5,540,459
Total assets		**158,013,857**	**60,018,827**
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share premium	11	5,619,040	36,694,149
Other reserve		36,200,000	14,167
Foreign exchange reserve		138,994	35,421
Retained earnings		(2,505,937)	(251,520)
Total equity		**39,452,097**	**36,492,217**
LIABILITIES			
Non-current liabilities			
Warehouse facility	10	-	22,374,308
Loan notes	10	114,590,180	-
Current liabilities			
Trade and other payables	10	3,971,580	1,152,302
Total liabilities		118,561,760	23,526,610
Total equity and liabilities		**158,013,857**	**60,018,827**
Net Asset Value per Share		£0.92	£0.96

The financial statements were approved by the Board of Directors on 16 April 2008 and were signed on its behalf by:

Patrick Francis Conroy
Director

Saul Barak Rosenthal
Director

The accompanying notes on pages 12 to 24 form an integral part of these financial statements.

T2 Income Fund Limited
As at 31 December 2007

COMPANY BALANCE SHEET

	Notes	31 December 2007 GBP	31 December 2006 GBP
ASSETS			
Non-current assets			
Financial assets at fair value through the profit or loss account	6	4,227,734	26,401,578
Investment in subsidiary	7	31,365,126	6,322,726
Note receivable	8	500,000	500,000
		36,092,860	33,224,304
Current assets			
Trade and other receivables	8	196,498	478,540
Cash and cash equivalents	9	3,380,265	3,854,472
		3,576,763	4,333,012
Total assets		**39,669,623**	**37,557,316**
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share premium	11	5,619,040	36,694,149
Other reserve		36,200,000	14,167
Retained earnings		(2,366,943)	(216,099)
Total equity		**39,452,097**	**36,492,217**
LIABILITIES			
Current liabilities			
Trade and other payables	10	217,526	1,065,099
Total liabilities		217,526	1,065,099
Total equity and liabilities		**39,669,623**	**37,557,316**
Net Asset Value per Share		£0.92	£0.96

The financial statements were approved by the Board of Directors on 16 April 2008 and were signed on its behalf by:

Patrick Francis Conroy
Director

Saul Barak Rosenthal
Director

The accompanying notes on pages 12 to 24 form an integral part of these financial statements.

T2 Income Fund Limited
For the year ended 31 December 2007

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Group	Share Capital GBP	Share Premium GBP	Other Reserve** GBP	Foreign exchange Reserve GBP	Retained Earnings** GBP	Total Equity GBP
Balance at 31 December 2005	-	36,694,149	4,167	-	201,956	36,900,272
Profit for the year	-	-	-	-	496,524	496,524
Foreign exchange on consolidation	-	-	-	35,421	-	35,421
Total income & expense for the year	-	-	-	35,421	496,524	531,945
						-
Amortisation of fair value of options	-	-	10,000	-	-	10,000
Dividends paid	-	-	-	-	(950,000)	(950,000)
Balance at 31 December 2006	-	36,694,149	14,167	35,421	(251,520)	36,492,217
Net proceeds from share issue	-	5,024,891	-	-	-	5,024,891
Transfer to distributable reserve	-	(36,100,000)	36,100,000	-	-	-
Profit for the year	-	-	-	-	1,605,583	1,605,583
Foreign exchange on consolidation	-	-	-	103,573	-	103,573
Total income & expense for the year	-	-	-	103,573	1,605,583	1,709,156
Amortisation of fair value of options	-	-	85,833	-	-	85,833
Dividends paid*	-	-	-	-	(3,860,000)	(3,860,000)
Balance at 31 December 2007	-	5,619,040	36,200,000	138,994	(2,505,937)	39,452,097

Company	Share Capital GBP	Share Premium GBP	Other Reserve** GBP	Foreign exchange Reserve GBP	Retained Earnings** GBP	Total Equity GBP
Balance at 31 December 2005	-	36,694,149	4,167	-	201,956	36,900,272
Profit for the year	-	-	-	-	531,945	531,945
Total income & expense for the year	-	-	-	-	531,945	531,945
						-
Amortisation of fair value of options	-	-	10,000	-	-	10,000
Dividends paid	-	-	-	-	(950,000)	(950,000)
Balance at 31 December 2006	-	36,694,149	14,167	-	(216,099)	36,492,217
Net proceeds from share issue	-	5,024,891	-	-	-	5,024,891
Transfer to distributable reserve	-	(36,100,000)	36,100,000	-	-	-
Profit for the year	-	-	-	-	1,709,156	1,709,156
Total income & expense for the year	-	-	-	-	1,709,156	1,709,156
Amortisation of fair value of options	-	-	85,833	-	-	85,833
Dividends paid*	-	-	-	-	(3,860,000)	(3,860,000)
Balance at 31 December 2007	-	5,619,040	36,200,000	-	(2,366,943)	39,452,097

*During the year the Company made four dividend payments. In February 2007 the Company paid a dividend of 2p per ordinary share (£760,000), for the period to 31 December 2006. In May 2007 the Company paid a dividend of 2.5p per ordinary share (£950,000), for the period to 31 March 2007. In September 2007 the Company paid a dividend of 2.5p per ordinary share (£1,075,000). for the period to 30 June 2007. In December 2007 the Company paid a dividend of 2.5p per ordinary share (£1,075,000), for the period to 30 September 2007.

** Distributable reserves.

The accompanying notes on pages 12 to 24 form an integral part of these financial statements.

T2 Income Fund Limited
For the year ended 31 December 2007

STATEMENT OF CASHFLOWS

	Notes	Group 31 December 2007 GBP	Group 31 December 2006 GBP	Company 31 December 2007 GBP	Company 31 December 2006 GBP
Cash flows from operating activities					
Cash generated from operations	13	2,215,509	(2,014,562)	(1,421,108)	(2,173,545)
Net cash inflow/(outflow) from operating activities		2,215,509	(2,014,562)	(1,421,108)	(2,173,545)
Cashflows from investing activities					
Purchase of investments	6	(137,310,167)	(59,465,371)	(10,226,998)	(41,570,229)
Sale of investments	6	40,750,789	8,307,610	18,877,404	8,307,610
Payment to subsidiary	6,7	-	-	(17,819,912)	(3,081,460)
Receipt from subsidiary	6,7	-	-	8,951,516	6,921,988
Principal received	6	1,670,903	983,235	-	705,815
Net cash outflow from investing activities		(94,888,475)	(50,174,526)	(217,990)	(28,716,276)
Cashflows from financing activities					
Net proceeds from issue of shares	11	5,024,891	-	5,024,891	-
Warehouse facility		(18,874,945)	22,374,308	-	-
Loan notes		121,532,370	-	-	-
Dividends paid		(3,860,000)	(950,000)	(3,860,000)	(950,000)
Net cash inflow/(outflow) from financing activities		103,822,316	21,424,308	1,164,891	(950,000)
Net increase/(decrease) in cash and cash equivalents		11,149,350	(30,764,780)	(474,207)	(31,839,821)
Cash and cash equivalents at beginning of year		4,929,513	35,694,293	3,854,472	35,694,293
Cash and cash equivalents at end of year		16,078,863	4,929,513	3,380,265	3,854,472

The accompanying notes on pages 12 to 24 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

1. GENERAL INFORMATION

T2 Income Fund Limited (the "Company") was incorporated and domiciled in Guernsey, Channel Islands, as a company limited by shares on 9 June 2005. The address of the registered office is Regency Court, Glategny Esplanade, St Peter Port, Guernsey, Channel Islands, GY1 3NQ.

A new Cayman Islands registered subsidiary company, T2 Income Fund CLO I Ltd., was created on 11 October 2006. Through its ownership of 100% of the preferred shares of T2 Income Fund CLO I Ltd. the Directors consider the CLO to be a wholly owned subsidiary and the operating results are consolidated in these financial statements. The Group is comprised of the "Company" and the "CLO".

2. ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") 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, exept for the adoption of IFRS "Financial Instruments:Disclosures", and are set out below.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of T2 Income Fund Limited and its subsidiary T2 Income Fund CLO I Ltd. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated.

(c) Foreign currency translation

(i) Functional and presentation currency

The Financial Statements of the Company are presented in the currency of the primary economic environment in which the entity 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 on a break up basis. 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 Dollars the functional currency of the subsidiary. Therefore the books and records are maintained in Sterling and 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 Income Statement.

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

(iii) Subsidiary company

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 Balance Sheet presented are translated at the closing rate at the date of the balance sheet;
2. income and expenses for the Income Statement are translated at average exchange rates for the period (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 as a separate component of shareholders' equity.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

2. ACCOUNTING POLICIES (Continued)

(d) Revenue recognition

Revenue is recognised as follows:

Interest income - recognised on an accruals basis as this relates to bank interest income and coupon interest.

Other income - relates to note receivable interest (2006:closing fees) which are recognised when they fall due.

Dividend income - dividend income is recognised when the right to receive payment is established.

(e) 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 Income Statement.

(f) 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.

(g) 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.

(h) Dividends

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

(i) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments and bank overdrafts.

(j) 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.

(k) Trade and other payables

Payables are recognised initially at fair value and subsequently stated at amortised cost.

(l) 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 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 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 T2 receives market quotes from agent banks on a quarterly basis. This information is reviewed by T2 management and used to price the portfolio companies.

For bi-lateral loans, an independent third party performs portfolio company evaluations. As part of this independent third party's due diligence they review the following:

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

2. ACCOUNTING POLICIES(continued)

(l) Investments (continued)
(i) Financial assets and liabilities at fair value through profit or loss (continued)
- Audited and/or unaudited historical financial information including the most recent fiscal year.
- Financial information for the most current period available.
- Financial forecast prepared by the Portfolio Company.
- Most current capitalisation table.
- T2 Investment Committee Memorandum prepared prior to the date of investment.
- Documents relating to business operations, financial performance and corporate planning.
- Public filings by the Portfolio Companies.

In assessing the fair value of each investment, a third party valuation firm reviews the following:
- Recent financial performance including cash flow and profitability on an actual basis compared to plan.
- Funding history of the company, the implied valuation from the most recent funding and anticipated future funding transactions.
- Company's capital structure.
- Recent business events disclosed by the Company.
- Potential requirement for additional funding.

The fair value of loan notes is determined primarily by reference to indicative mid-market prices provided by a third party in good faith. Due to the limited trading activity, or the absence of trading activity, in these securities, the Directors do not believe that these prices represent a "market value" but consider other factors in their fair value determination including trends in credit spreads, interest rates and yields on similar securities. The Directors believe that the mid-market convention is an accurate reflection of the fair value of these securities, 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 Income Statement in the period in which they arise.

(ii) Derivative Financial Instruments
Derivatives are categorised as financial assets or liabilities held for trading and valued at fair value through profit or loss.

(iii) Subsidiary
Investment in subsidiary is initially recorded at cost. After initial recognition, the investment in subsidiary is measured at fair value, with movements in the unrealised gains and losses recognised in the Company Income Statement. Through its ownership of 100% of the preferred shares of T2 Income Fund CLO I Ltd the Directors consider the CLO to be a wholly owned subsidiary and the operating results are consolidated in these financial statements.

(m) 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 Group also makes assumptions on the classification of financial assets.

Unlisted Debt Securities
The Group can invest in financial instruments which are not quoted in active markets. Fair values are determined by using valuation techniques. Where valuation techniques, such as the Market Capitalization 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 5 for carrying amount at year end.

(n) New standards
New standards and interpretations have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods and which the Group has not early adopted:

The Group has not early adopted the new standard IFRS 8 (Operating Segments), therefore no additional disclosures have been made.

(o) Share based payments
Share options are valued in accordance with IFRS2 on an estimate of the fair value of the services received.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

3. FINANCIAL RISK MANAGEMENT
(1) Financial risk factors
The Group is exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price 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.

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 liabilitiy and equity instrument are disclosed in note 2 to the Financial Statements.

Capital Risk Management
The Group will seek to achieve a high level of current income by investing in debt securities, consisting primarily of senior debt across multiple industries.

The Group intends to invest primarily in companies located in the United States, Europe and the United Kingdom. The Group will target 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 capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders, comprising share premium, distributable reserves and retained earnings. The Group does not have any externally imposed capital requirements. At 31 December 2007 the Group had total equity of GBP39,452,097 (2006:GBP36,492,217).

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 Investment Manager ensures that not more than 15% of the Group's gross assets are invested in any one investment. The Group's leverage is capped at 500% of the Group's net asset value.

(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 Group's offering memorandum. All investments present a risk of loss of capital.

At 31 December 2007, the Group's market risk is affected by three main components: changes in actual market prices, interest rate 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.

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 GBP1,286,285 (2006:GBP2,698,918), due to the increase in the fair value of financial assets at fair value through profit or loss by GBP7,015,794 (2006:GBP2,698,918) offset by the increase in the fair value of the financial liabilities at fair value through profit or loss by GBP5,729,509 (2006:GBPnil). Conversely, if market prices had decreased by 5%, this would have decreased net assets attributable to holders of equity shares by approximately GBP1,286,285 (2006:GBP2,698,918), due to the decrease in the fair value of financial assets at fair value through profit or loss by GBP7,015,794 (2006:GBP2,698,918) offset by the decrease in the fair value of the financial liabilities at fair value through profit or loss by GBP5,729,509 (2006:nil).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

3. FINANCIAL RISK MANAGEMENT (continued)
(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.

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

At 31 December 2007	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	140,315,881	-	-	140,315,881
Note receivable	-	500,000	-	500,000
Trade and other receivables		-	1,119,113	1,119,113
Cash and cash equivalents	16,078,863	-	-	16,078,863
Total assets	156,394,744	500,000	1,119,113	158,013,857
Liabilities				
Loan notes	114,590,180	-	-	114,590,180
Trade and other payables	-	-	3,971,580	3,971,580
Capital and reserves attributable to the Company's equity holders	-	-	39,452,097	39,452,097
Total liabilities	114,590,180	-	43,423,677	158,013,857
Total interest sensitivity gap	41,804,564	500,000	(42,304,564)	-

At 31 December 2006	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	53,978,368	-	-	53,978,368
Note receivable	-	500,000	-	500,000
Trade and other receivables		-	610,946	610,946
Cash and cash equivalents	4,929,513	-	-	4,929,513
Total assets	58,907,881	500,000	610,946	60,018,827
Liabilities				
Warehouse facility	22,374,308	-	-	22,374,308
Trade and other payables	-	-	1,152,302	1,152,302
Capital and reserves attributable to the Company's equity holders	-	-	36,492,217	36,492,217
Total liabilities	22,374,308	-	37,644,519	60,018,827
Total interest sensitivity gap	36,533,573	500,000	(37,033,573)	-

A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management and represents management's assessment of the possible change in interest rates.

At 31 December 2007, should interest rates have lowered by 25 basis points with all other variables remaining constant, the reduction in net assets attributable to holders of equity for the year would amount to approximately GBP103,498 (2006:GBP64,389). If interest rates had risen by 25 basis points, the increase in net assets attributable to holders of equity would amount to approximately GBP103,498 (2006:64,389).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

3. FINANCIAL RISK MANAGEMENT (continued)
(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. The Group has entered into currency hedging transactions to minimise this risk (see note 16).

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

<u>31 December 2007</u>				
Assets	**USD**	**EUR**	**GBP**	**Total**
Financial assets at fair value	137,374,272	2,941,609	-	140,315,881
Cash and cash equivalents	15,907,649	100,259	70,955	16,078,863
Trade and other receivables	1,049,316	-	569,797	1,619,113
Total assets	154,331,237	3,041,868	640,752	158,013,857
Liabilities				
Trade and other payables	118,474,858	-	86,902	118,561,760
Total currency sensitivity gap	35,856,379	3,041,868	553,850	39,452,097

<u>31 December 2006</u>				
Assets	**USD**	**EUR**	**GBP**	**Total**
Financial assets at fair value	49,060,856	4,917,512	-	53,978,368
Cash and cash equivalents	2,826,963	130,412	1,972,138	4,929,513
Trade and other receivables	574,186	35,675	501,085	1,110,946
Total assets	52,462,005	5,083,599	2,473,223	60,018,827
Liabilities				
Trade and other payables	23,270,769	-	255,841	23,526,610
Total currency sensitivity gap	29,191,236	5,083,599	2,217,382	36,492,217

At 31 December 2007, had the exchange rate between the US dollar, EUR and GBP increased or decreased by 5%, with all other variables held constant, the increase or decrease respectively in net assets attributable to holders of equity shares would amount to approximately GBP36,454 (2006: GBP52,411).

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

Portfolio by rating category	**2007**	**2006**
1	2%	0%
2	77%	100%
3	21%	0%
4	0%	0%
5	0%	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 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) These are guidelines and when determining a Credit Ratings Level and other facts and circumstances may be considered.

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

None of the Group's financial assets are secured by collateral or other credit enhancements.

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 and related equity securities until maturity of the debt, the Group does not expect realisation events to occur in the near term.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flow. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Current		Non-Current		
	within 6 months	6 to 12 months	1 to 5 years	later than 5 years	No stated maturity
At December 2007					
Loan notes	-	-	-	114,590,180	-
Trade and other payables	3,971,580	-	-	-	-
Total financial liabilities	3,971,580	-	-	114,590,180	-
At 31 December 2006					
Warehouse facility	-	-	22,374,308	-	-
Trade and other payables	1,152,302	-	-	-	-
Total financial liabilities	1,152,302	-	22,374,308	-	-

(2) Fair value estimation

The fair values of the Group's short-term trade receivables and payables approximate their carrying amounts at the balance sheet date.

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 2% of 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.

Total fees charged for the year ended 31 December 2007 amounted to GBP2,420,301 (2006:GBP298,751). The total amount due and payable at the year end amounted to GBP12,725 (2006:GBP57,207).

Administration and secretarial fees

The Administrator and Secretary, Butterfield Fund Services (Guernsey) Limited, is 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 is subject to a minimum of GBP40,000 per annum. They are 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 (excluding accounting and registrar fees) charged for the year ended 31 December 2007 amounted to GBP40,000 (2006:GBP40,000). The total amount due and payable at the year end amounted to GBP10,000 (2006:GBP20,000).

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 2007 amounted to GBP15,043 (2006:GBP15,000). The total amount due and payable at the year end amounted to GBP3,750 (2006:GBP3,780).

Directors fees

The current level of fees for the Chairman of the Board of Directors of the Group is GBP25,000 per annum, and GBP20,000 each for non-executive directors.

Total fees charged to the Group for the year ended 31 December 2007 amounted to GBP64,919 (2006:GBP65,000). The total amount due and payable at the year end amounted to GBP16,321 (2006:GBP16,250).

Patrick Conroy received fees, as Chief Financial Officer to the Group, for the year ended 31 December 2007 of GBP99,495 (2006:GBP50,000) . Fees outstanding at the year end amounted to GBP54,165 (2006:4,167).

Loan note expenses

Total loan note expenses for 2007 was GBP3,054,047 (2006:GBP nil). These costs are the transaction costs that were incurred as a direct result of the raising and issuing of the loan notes raised and issued during the year.

Finance costs

Total finance costs for 2007 was GBP5,207,811 (2006:GBP104,215). These finance costs are for interest paid to Merrill Lynch for the Warehouse facility (GBP1,686,232) and interest due to the loan note holders (GBP3,521,579). The liability for the Warehouse facility was repaid on 19 July 2007 (2006:GBP22,374,308) and replaced with long-term notes. Long-term notes outstanding at 31 December 2007 were GBP114,590,180.

5. EARNINGS PER SHARE

Earnings per share has been calculated by dividing the profit attributable to ordinary share holders GBP1,605,583 Group, GBP1,709,156 Company (2006:GBP496,524 Group, GBP531,945 Company) by the weighted average number of ordinary shares outstanding during the year 40,589,041 (2006:38,000,000). Fully diluted profit per share has been calculated by dividing the profit attributable to ordinary share holders of GBP1,605,583 Group, GBP1,709,156 Company (2006: GBP496,524 Group, GBP531,945 Company), by the weighted average number of ordinary shares outstanding during the year adjusted for the effects of all dilutive potential ordinary shares 45,098,934 (2006:42,222,222).

Date	No. of shares	No. of days	Weighted average no. of shares
01/01/07	38,000,000	176	18,323,288
25/06/07	43,000,000	189	22,265,753
		365	40,589,041

Date	Fully diluted no. of shares	No. of days	Weighted average no. of shares
01/01/07	42,222,222	176	20,359,208
25/06/07	47,777,777	189	24,739,726
		365	45,098,934

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group 2007 GBP	Group 2006 GBP	Company 2007 GBP	Company 2006 GBP
Listed debt securities	30,063,114	8,127,281	-	6,085,423
Unlisted debt securities	110,252,767	45,851,087	4,227,734	20,316,155
	140,315,881	53,978,368	4,227,734	26,401,578
(Loss)/Gains recognised in relation to financial assets at fair value through profit or loss				
- realised (1)	(1,730,802)	(248,633)	(547,568)	(248,633)
- unrealised (2)	(6,820,160)	(1,835,169)	3,198,134	(1,630,983)
	(8,550,962)	(2,083,802)	2,650,566	(1,879,616)

	Group 2007 GBP	Group 2006 GBP	Company 2007 GBP	Company 2006 GBP
Opening value of financial assets	55,780,153	5,854,260	27,387,224	5,854,260
Purchases	137,310,167	59,465,371	10,226,998	41,570,229
Sales	(40,750,789)	(8,307,610)	(18,877,404)	(8,307,610)
Realised loss on sale of investments	(1,730,802)	(248,633)	(547,568)	(248,633)
Transfer to subsidiary	-	-	(14,125,152)	(10,775,207)
Capital repayments	(1,670,903)	(983,235)	-	(705,815)
Cost of investments at year end	148,937,826	55,780,153	4,064,098	27,387,224
Unrealised (loss)/gain at year end	(8,621,945)	(1,801,785)	163,636	(985,646)
Closing value at year end	140,315,881	53,978,368	4,227,734	26,401,578

(1) For the year ended 31 December 2007 the Group had a realised gain on financial assets and liabilities at fair value through the profit and loss account of GBP1,768,561. This is comprised of a realised loss on financial assets of GBP1,730,802 and a realised gain on liabilities of GBP3,499,363.

(2) For the year ended 31 December 2007 the Group had an unrealised gain on financial assets and liabilities at fair value through the profit and gain of GBP122,030. This is comprised of an unrealised loss on financial assets of GBP6,820,160 and an unrealised gain on liabilities of GBP6,942,190.

7. INVESTMENT IN SUBSIDIARY

	Company 2007 GBP	Company 2006 GBP
Opening value of Investment in subsidiary	6,934,680	-
Additions at cost	22,993,548	6,934,680
Cost of Investment in subsidiary at year end	29,928,228	6,934,680
Unrealised gain/(loss) on net assets transferred to subsidiary	1,436,898	(611,954)
Closing fair value of Investment in subsidiary	31,365,126	6,322,726

The cost of the investment is represented by the net assets transferred to the subsidiary.

The Company from time to time makes asset transfers between the Company, T2 Income Fund Limited, and the subsidiary, T2 Income Fund CLO I Ltd.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

8. TRADE AND OTHER RECEIVABLES

	Group 2007 GBP	Group 2006 GBP	Company 2007 GBP	Company 2006 GBP
Accrued bank interest	32,312	6,138	-	6,138
Loan interest receivable	1,060,213	444,417	169,909	312,011
Prepaid expenses	26,588	28,106	26,589	28,106
Unrealised gain on forward exchange contracts	-	132,285	-	132,285
	1,119,113	610,946	196,498	478,540
Non current assets				
Note receivable	500,000	500,000	500,000	500,000

The GBP500,000 note receivable relates to a promissory note due for payment in 2009 from T2 Advisers, LLC, the Company's Investment Manager. This note, which is subject to certain conditions, was signed on 5 December 2006 and is subject to interest of 8% per annum, compounded annually. The promissory note is recognised in the financial statements as the Directors, having reviewed the conditions pertaining to the promissory note, deem that receipt of payment is virtually certain.

9. CASH AND CASH EQUIVALENTS

	Group 2007 GBP	Group 2006 GBP	Company 2007 GBP	Company 2006 GBP
Call account	16,078,863	4,929,513	3,380,265	3,854,472

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

Included within call account balances is an amount held as Collateral by RBC Capital Markets for GBPnil (2006:GBP1,413,332 (US$2,768,717)) in relation to the forward exchange contracts.

10. TRADE AND OTHER PAYABLES

	Group 2007 GBP	Group 2006 GBP	Company 2007 GBP	Company 2006 GBP
Current liabilities				
Due to RBC	-	896,461	-	896,461
Due to Subsidiary	-	-	56,440	-
Management fees	12,725	57,207	12,725	57,207
Administrator's fees	10,000	20,000	10,000	20,000
Custodian's fees	3,750	3,780	3,750	3,780
Audit fees	35,204	28,500	35,204	28,500
Directors' fees	16,321	16,250	16,321	16,250
Finance cost (1)	3,556,392	86,788	-	-
Unrealised loss on forward exchange contracts	5,266	-	5,266	-
Other accruals	331,922	43,316	77,820	42,901
	3,971,580	1,152,302	217,526	1,065,099
Non current liabilities				
Warehouse facility	-	22,374,308	-	-
Loan notes	114,590,180	-	-	-

On 21 November 2006 T2 Income Fund CLO I Ltd. entered into a credit and warehouse agreement (the "Agreement") by and among Merrill Lynch Capital Corp., T2 Income Fund CLO I Ltd. (as the Issuer), T2 Advisers, LLC (as the Collateral Manager) and T2 Income Fund Limited. The facility amount was US$200,000,000. Interest due to Merrill Lynch was calculated daily on the total amount at 1 month LIBOR plus 50 basis points. Merrill Lynch provided funding of 80% of the par value of loans assigned to T2 Income Fund CLO I Ltd.

On 19 July 2007 the Warehouse facility was repaid and loan-notes were issued in the amount of US$309,050,000 with a twelve year term. 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".

(1) Interest on the loan-notes is calculated on a weighted average interest rate of LIBOR plus 75 basis points.

11. SHARE CAPITAL
The Company has the power to issue an unlimited number of ordinary shares of no par value.

On incorporation two Ordinary Shares were issued at 100p each to the subscribers to the Memorandum of Association of the Company. On Admission to the AIM on 5 August 2005 the Company repurchased these Ordinary Shares.

On Admission to the AIM on 5 August 2005 the Company allotted 38,000,000 fully paid Ordinary Shares.

During the year 5,000,000 Ordinary Shares of no par value were issued at 101.75p per Share.
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds, net of tax.

On 15 June 2007 Court approval was received to reduce the issued share premium of the Company by an amount of £0.95 per share and that the aggregate of such reduction be credited as a distributable reserve.

The distributable reserve may be applied in any manner in which the Company's profits available for distribution are able to be applied, including the purchase of the Company's own shares and the payment of dividend.

The Investment manager, T2 Advisers LLC, has been granted options to purchase 4,222,222 Ordinary Shares at the Placing Price, as reduced by dividends paid per share, subject to the Company achieving certain performance criteria as follows:

The Investment manager options vested and became exercisable in respect of 50 per cent immediately on conclusion of the first three month period during which the Company paid dividends on the Shares in an aggregate amount during that three month period equal to or exceeding 8 per cent of the Initial Offer Price on an annualised basis (the hurdle rate). The remaining 50 per cent vest and become exercisable immediately on conclusion of the twelve month period following the date specified above.

On 23 February 2007 the hurdle rate was met. Accordingly on 31 March 2007 the options on 2,111,111 of these Ordinary shares became vested. The remaining options for 2,111,111 Ordinary shares vested on 31 March 2008.

The Investment Manager has been granted options to purchase 555,555 Ordinary Shares at 101.75p per Share, based upon the 5,000,000 Ordinary Shares issued in June 2007, in accordance with the terms of the Investment Manager Agreement.

In accordance with IFRS2, the value of the options was based upon an estimate of the fair value of the services received. The Company believes that the fair value can be determined by a comparison to a performance-based incentive fee program, which arrangements are common practice in the industry, because the option program was similarly intended to compensate the Investment manager for achieving superior returns. The fair value estimate was based, in good faith, upon the present value of a hypothetical performance-based incentive fee, assuming a fee of 20% of the excess return above an 8% hurdle rate over a ten-year period; the fair value of the options was determined to be £100,000. For the year ending 31 December 2007 the Company charged £85,833 (2006: £10,000) to expenses representing the amortisation of the fair value of the options.

The calculation of fair value is sensitive to a number of assumptions, including the average interest rate on investments, the pace of investment activity, the amount and cost of leverage, if any, and expenses. It should be noted that the actual value of the options may ultimately be substantially greater or less than the fair value calculated. If actual financial performance is significantly better than the assumptions used in the calculation of fair value, the options could be worth several million pounds; to the extent that the performance criteria is not achieved, the options would expire worthless.

Share Capital

Ordinary shares - nil par value	**Shares in issue**	**Shares in issue**
Balance at start year	38,000,000	38,000,000
Issued during the year	5,000,000	-
Balance at end year	43,000,000	38,000,000

Share Premium	**31 December 2007**	**31 December 2006**
	GBP	GBP
Balance at start year	36,694,149	36,694,149
Issued during year	5,087,500	-
Issue costs	(62,609)	-
Transfer to distributable reserves	(36,100,000)	-
Balance at end year	5,619,040	36,694,149

12. NET ASSET VALUE PER SHARE
The net asset value per Ordinary Share is calculated by dividing the net assets at the year end of GBP39,452,097 (2006:GBP36,492,217) by the Ordinary Shares in issue at the end of the year being 43,000,000 (2006:38,000,000).

13. CASH GENERATED FROM OPERATIONS

	Group 2007	**Group 2006**	**Company 2007**	**Company 2006**
	GBP	GBP	GBP	GBP
Profit for the year	1,605,583	496,524	1,709,156	531,945
Adjustments for:				
Realised (gain)/loss arising on adjustment to financial assets and liabilities	(1,768,561)	248,633	547,568	248,633
Unrealised (gain)/loss arising on adjustment to financial assets and liabilities	(122,030)	1,835,169	(3,198,134)	1,630,983
Amortisation of fair value of options	85,833	10,000	85,833	10,000
Foreign exchange on consolidation	103,573	35,421	-	-
Changes in working capital:				
Trade and other receivables	(508,167)	(1,070,506)	282,042	(938,100)
Trade and other payables	2,819,278	(3,569,803)	(847,573)	(3,657,006)
Cash inflow/(outflow) from operations	2,215,509	(2,014,562)	(1,421,108)	(2,173,545)

14. CONSOLIDATED SUBSIDIARY UNDERTAKING
Through its 100% ownership of preferred shares in T2 Income Fund CLO I Ltd., the Directors consider the following entity as a wholly owned subsidiary of the Company and its results and financial position are included within the consolidated results of the Company.

	Date of incorporation	Country of incorporation	Nature of holding	Percentage holding
T2 Income Fund CLO I Ltd.	11 October 2006	Cayman Islands	Direct	100%

15. RELATED PARTY TRANSACTIONS

Saul Rosenthal is a member of BDC Partners which owns T2 Advisers, LLC., the Investment Manager.
Saul Rosenthal and Patrick Conroy are officers of T2 Advisers, LLC., the Investment Manager.
Patrick Firth is a director of the Administrator, Butterfield Fund Services (Guernsey) Limited.

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

	Group 2007	**Group 2006**	**Company 2007**	**Company 2006**
	GBP	GBP	GBP	GBP
Amounts incurred during the year to related parties				
Fees due to P Conroy as Chief Financial Officer to the Company	99,495	50,000	99,495	50,000
Fees due to the Investment Manager, T2 Advisers, LLC	2,420,301	798,751	2,420,301	798,751
Note receivable from the Investment Manager, T2 Advisers, LLC	-	(500,000)	-	(500,000)
Reimbursement due to BDC Partners, LLC	193,974	28,912	193,974	28,912
Amounts due to related parties at the year end				
Fees due to P Conroy as Chief Financial Officer to the Company	54,165	4,167	54,165	4,167
Due to subsidiary in relation to Wall Street Office system	-	-	56,440	-
Fees due to the Investment Manager, T2 Advisers, LLC	12,725	57,207	12,725	57,207
Amounts due from related parties at the year end				
Note receivable from the Investment Manager, T2 Advisers, LLC	500,000	500,000	500,000	500,000

The Investment Manager has been granted options giving it the right to acquire a total of 4,777,777 Ordinary Shares, refer note 11.

Directors shareholdings in Company

Saul Rosenthal has a beneficial interest in 1,319,445 ordinary shares (2006:1,055,556) in the Company as at 31 December 2007. Through his ownership interest in T2 Advisers, LLC, the Investment Manager, Mr Rosenthal has an interest of 1,194,445 shares related to the share option plan (re note 11), and 125,000 shares relate to a purchase of shares during the year for his own account. This is equal to a beneficial interest of 2.8% based on the Share Capital as at that date when diluted by the number of Ordinary Shares subject to the option.

T2 Income Fund Limited

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

16. COMMITMENTS

At the balance sheet date the following commitment in respect of forward foreign exchange contracts existed:

Contract amount - GBP	Buy	Sell	Unrealised loss
GBP1,563,524 (USD3,100,000)	USD	GBP	(5,266)

17. POST BALANCE SHEET EVENTS

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

Date	Par Amount	Purchase Price
4 January 2008	US$4,000,000 Houghton International	99.50
12 March 2008	US$3,000,000 Paetec	90.75
14 March 2008	US$5,000,000 HCA,Inc.	91.75

T2 Income Fund Limited

Portfolio Statement of the Group
As at 31 December 2007

	Fair Value GBP	% of net assets
Atlantic Inertial	2,421,382	6.14%
4437667 Canada Inc. (Mold Master)	2,958,239	7.50%
Attachmate	4,370,064	11.08%
Cavalier Telephone	5,206,354	13.20%
Conner Steel	2,425,402	6.15%
Corel	5,540,960	14.04%
CPM Holdings	1,887,664	4.78%
DTN	2,433,928	6.17%
Emdeon Business Services LLC	3,028,153	7.68%
Express Energy	4,393,944	11.14%
First Data Corp B1 Term Loan	4,292,087	10.88%
Ford	4,155,987	10.53%
Georgia Pacific LLC	2,389,834	6.06%
Hudson Products Holdings Inc.	1,164,120	2.95%
Inverness Medical	2,393,154	6.07%
InfoNXX	3,368,532	8.54%
Infor Global	2,868,815	7.27%
Investools	4,403,087	11.16%
Koosharem Corp 1st Lien Credit	1,286,125	3.26%
Koosharem (Select Remedy) 2nd	2,723,559	6.90%
Krispy Kreme	2,547,041	6.46%
Merrill Corp	471,579	1.20%
Metrologic 1st lien	1,411,636	3.58%
Metrologic 2nd lien	1,392,041	3.53%
MR Default	1,590,331	4.03%
NameMedia, Inc.	2,995,915	7.59%
Nova 10.75%	2,941,609	7.46%
NPC 1st lien	1,855,169	4.70%
NPC 2nd lien	1,896,404	4.81%
Navisite	1,927,072	4.88%
Nuvox	3,394,327	8.60%
Oshkosh Trucks	2,875,723	7.29%
PAETEC Holding Corp.	1,297,069	3.29%
Peacock Engineering	1,497,957	3.80%
Pegasus	5,055,375	12.81%
Prodigy Health 1st lien	2,696,326	6.83%
Prodigy Health 2nd lien	887,678	2.25%
Proquest	4,165,229	10.56%
QA Direct Holdings, LLC	2,777,104	7.04%
Realogy	5,291,913	13.41%
Sirsi Dynix	865,002	2.19%
SkillSoft	2,935,769	7.43%
Stratus Technologies	2,977,083	7.55%
Sunquest Holdings(Misys)	1,982,146	5.02%
Topps Co. Inc.	2,874,868	7.29%
TravelCLICK Acquisition Co	2,007,364	5.09%
Tribune	2,135,960	5.40%
TVC	1,932,088	4.90%
VS Holdings (CBA Group)	3,285,520	8.33%
Wimar Landco (Tropicana)	2,950,522	7.48%
Workflow	1,703,420	4.32%
X-rite 1st Lien	1,987,251	5.04%
Total financial assets at fair value through profit or loss	140,315,881	355.66%
Cash balances	16,078,863	40.76%
Other net liabilities	(116,942,647)	-296.42%
Net Assets	39,452,097	100.00%

Part D: GLIF Unaudited Consolidated Financial Information for the six months ended 30 June 2010 which has not been reviewed by the Company's auditors

Annex I 20.6.1, 20.6.2

Please note the page references in this Part D of Part III are to the pages of the interim report and accounts of GLIF for the six months ended 30 June 2010.

CONSOLIDATED INCOME STATEMENT

	NOTES	Unaudited Period to 30 June 2010 GBP	Unaudited Period to 30 June 2009 GBP	Audited Year to 31 December 2009 GBP
Revenue				
Other income	2	**11,483**	–	3,888
Investment Income				
Gain/(loss) on financial assets and liabilities at fair value through profit or loss	6			
– Realised		**518,952**	2,336,902	(417,906)
– Unrealised		**8,368,492**	12,773,405	2,440,128
– Changes due to interest rates	2	**5,059,959**	5,137,664	9,866,468
– Finance costs		**(1,757,936)**	(2,034,584)	(2,711,017)
Gain/(loss) on foreign currency transactions		**769,881**	(2,741,379)	(2,260,447)
Total Income		**12,970,831**	15,472,008	6,921,114
Expenses				
Management fees	4	**1,988,648**	1,415,927	2,965,261
Administration and secretarial fees	4	**42,968**	25,581	47,418
Custodian fees	4	**7,469**	7,469	15,070
Legal and professional fees		**–**	3,316	20,867
Directors' remuneration	4	**33,750**	32,500	100,000
Directors' and officers' insurance		**29,704**	24,476	53,402
Audit fees		**31,000**	20,050	45,050
Share option expense		**–**	–	58,240
Other expenses		**834,362**	764,838	1,580,642
Total Expenses		**2,967,901**	2,294,157	4,885,950
Profit for the period/year		**10,002,930**	13,177,851	2,035,164
Basic earnings per share	5	**0.1146**	0.3065	0.0392
Diluted earnings per share	5	**0.1142**	0.3026	0.0388

All of the profit for the period relates to the equity holders of the parent.

The accompanying notes on pages 8 to 26 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Period to 30 June 2010 GBP	Unaudited Period to 30 June 2009 GBP	Audited Year to 31 December 2009 GBP
Profit for the period/year	**10,002,930**	13,177,851	2,035,164
Other comprehensive income			
Foreign exchange on consolidation	**1,278,801**	(5,147,476)	(4,678,284)
Total comprehensive income for the period/year	**11,281,731**	8,030,375	(2,643,120)
Attributable to:			
Equity holders of the parent	**11,281,731**	8,030,375	(2,643,120)
	11,281,731	8,030,375	(2,643,120)

The accompanying notes on pages 8 to 26 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	Unaudited 30 June 2010 GBP	Unaudited 30 June 2009 GBP	Audited 31 December 2009 GBP
ASSETS				
Non-current assets				
Financial assets at fair value through profit or loss	6	**180,889,304**	121,697,909	153,256,998
		180,889,304	121,697,909	153,256,998
Current assets				
Note receivable	7	**500,000**	500,000	500,000
Trade and other receivables	7	**1,665,828**	761,248	1,200,566
Cash and cash equivalents	8	**17,691,004**	23,288,691	24,253,613
		19,856,832	24,549,939	25,954,179
Total assets		**200,746,136**	146,247,848	179,211,177
EQUITY				
Capital and reserves attributable to the Group's equity holders				
Share premium	10	**16,087,290**	5,619,040	16,087,290
Other reserve		**34,802,740**	34,800,000	34,802,740
Foreign exchange reserve		**(656,042)**	(2,404,035)	(1,934,843)
Retained earnings		**20,549,496**	23,865,253	12,292,566
Total equity		**70,783,484**	61,880,258	61,247,753
LIABILITIES				
Non-current liabilities				
Loan notes at fair value through profit or loss	9	**129,272,947**	83,171,177	117,354,993
Current liabilities				
Trade and other payables	9	**689,705**	1,196,413	608,431
Total liabilities		**129,962,652**	84,367,590	117,963,424
Total equity and liabilities		**200,746,136**	146,247,848	179,211,177
Net Asset Value per Share	11	**£0.81**	£1.44	£0.70

The accompanying notes on pages 8 to 26 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital GBP	Share Premium GBP	Other Reserve*** GBP	Foreign Exchange Reserve GBP	Retained Earnings** GBP	Total Equity GBP
Balance at 31 December 2008	–	5,619,040	34,800,000	2,743,441	10,687,402	**53,849,883**
Profit for the period	–	–	–	–	13,177,851	**13,177,851**
Other comprehensive income:						
Foreign exchange on consolidation	–	–	–	(5,147,476)	–	**(5,147,476)**
Total comprehensive income for the period	–	–	–	(5,147,476)	13,177,851	**8,030,375**
Balance at 30 June 2009	–	5,619,040	34,800,000	(2,404,035)	23,865,253	**61,880,258**
Net proceeds from share issue	–	10,382,750	–	–	–	**10,382,750**
Exercise of share options	–	85,500	–	–	–	**85,500**
Grant of share options	–	–	2,740	–	–	**2,740**
Dividends paid*	–	–	–	–	(430,000)	**(430,000)**
Transactions with owners	–	10,468,250	2,740	–	(430,000)	**10,040,990**
Profit for the period	–	–	–	–	(11,142,687)	**(11,082,687)**
Other comprehensive income:						
Foreign exchange on consolidation	–	–	–	469,192	–	**469,192**
Total comprehensive income for the period	–	–	–	469,192	(11,142,687)	**(10,673,495)**
Balance at 31 December 2009	–	16,087,290	34,802,740	(1,934,843)	12,292,566	**61,247,753**
Dividends paid**	–	–	–	–	(1,746,000)	**(1,746,000)**
Transactions with owners	–	–	–	–	(1,746,000)	**(1,746,000)**
Profit for the period	–	–	–	–	10,002,930	**10,002,930**
Other comprehensive income:						
Foreign exchange on consolidation	–	–	–	1,278,801	–	**1,278,801**
Total comprehensive income for the period	–	–	–	1,278,801	10,002,930	**11,281,731**
Balance at 30 June 2010	–	16,087,290	34,802,740	(656,042)	20,549,496	**70,783,484**

*During the year the Company made two dividend payments.
**During the period the Company made two dividend payments.
***Distributable reserves.

The accompanying notes on pages 8 to 26 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTES	**Unaudited Period to 30 June 2010 GBP**	Unaudited Period to 30 June 2009 GBP	Audited Year to 31 December 2009 GBP
Cash flows from operating activities				
Cash (used in)/generated from operations	12	**731,498**	(2,411,896)	(1,435,558)
Purchase of investments	6	**(37,282,651)**	(4,434,695)	(35,662,307)
Sales of investments	6	**–**	4,746,054	12,535,692
Net cash outflow from operating activities		**(36,551,153)**	(2,100,537)	(24,562,173)
Cash flows from investing activities				
Principal received	6	**30,455,743**	14,378,348	28,149,558
Net cash inflow from investing activities		**30,455,743**	14,378,348	28,149,558
Cash flows from financing activities				
Net proceeds from issue of shares		**–**	–	10,382,750
Exercise/(settlement) of share options		**–**	–	30,000
CLO loan notes purchased		**–**	–	(561,350)
CLO loan notes principal paid		**–**	–	(235,244)
Dividends paid		**(1,746,000)**	–	(430,000)
Net cash (outflow)/inflow from financing activities		**(1,746,000)**	–	9,186,156
Net increase/(decrease) in cash and cash equivalents		**(7,841,410)**	12,277,811	12,773,541
Cash and cash equivalents at beginning of period/year		**24,253,613**	16,158,356	16,158,356
Foreign exchange on consolidation		**1,278,801**	(5,147,476)	(4,678,284)
Cash and cash equivalents at end of period/year		**17,691,004**	23,288,691	24,253,613

The accompanying notes on pages 8 to 26 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2010

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. The address of the registered office is P.O. Box 296, Sarnia House, Le Truchot, St Peter Port, Guernsey, GY1 4NA.

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

A Cayman Islands registered subsidiary company, T2 Income Fund CLO I Ltd. ("T2 CLO" or the "CLO"), was created on 11 October 2006. Through its ownership of the residual economic interest of T2 Income Fund CLO I Ltd. the Directors consider the CLO to be a wholly owned subsidiary and the operating results are consolidated in these financial statements. The Group is comprised of the "Company" and the "CLO".

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.

Investing Policy

The Group generally invests in syndicated and non-syndicated corporate loans issued by a range of companies, with a focus to date on issuers with a credit rating of B or CCC (S&P). The Group began with a particular focus on technology related companies and continues to leverage the technology-based expertise of its principals. The Group focuses its investments primarily in small to medium sized companies, including those companies traditionally defined as "middle market." The Group usually expects to take a senior debt position, and may also invest in senior and junior subordinated debt.

T2 Advisers seeks to take advantage of its current relationships with US and global agent banks and private equity funds to source deals. The Group principally targets companies with experienced management, a significant financial or strategic sponsor or partner, a strong competitive position and positive cash flow.

The Board anticipates that the Group's maximum investment size, at the time of investment, will be limited to 15 per cent of the Group's gross assets; however, the Group may make larger investments and in such circumstances it may seek to syndicate or sell a portion of its initial investment.

The Group may seek additional debt (or raise additional capital through the issuance of its equity) to fund future investments. Any gearing will not be undertaken without the approval of the Board.

The Group's objective is to produce a stable and predictable dividend yield, with long term preservation of net asset value.

2. ACCOUNTING POLICIES

(a) Basis of preparation

The interim financial information as at and for the six month periods ended 30 June 2010 and 30 June 2009 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 2009 have been extracted from the statutory accounts. The auditors' report on those financial statements was unmodified. The Group has chosen to prepare full consolidated interim financial statements. The accounting policies adopted are consistent with those of the annual consolidated financial statements for the year ended 31 December 2009, as described in those financial statements.

The consolidated 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 31 December 2009. The Board does not consider it necessary to provide comparative information for the period to 30 June 2009.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of Greenwich Loan Income Fund Limited and its subsidiary, T2 Income Fund CLO I Ltd. Subsidaries are all entities over which the Group has the power to control the financial and operating policies. The Company obtains and exercises control of its subsidiary through ownership of the income notes of the entity. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated.

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

2. ACCOUNTING POLICIES CONTINUED

(c) Foreign currency translation

(i) Functional and presentation currency

The financial statements of the Group are presented in the currency of the primary economic environment in which the entity 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 on a break up basis. 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 Dollars the functional currency of the subsidiary. Therefore the books and records are maintained in Sterling and 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.

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 company

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 end;

2. income and expenses for the Consolidated Income Statement are translated at average exchange rates for the period (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 as a separate component of shareholders' equity.

(d) Revenue recognition

Revenue is recognised as follows:

Other income – relates to bank interest received. Bank interest is recognised on an accruals basis.

Dividend income – dividend income is recognised when the right to receive payment is established

(e) 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.

(f) 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.

(g) 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.

(h) Dividends

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

(i) 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.

(j) 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.

2. ACCOUNTING POLICIES CONTINUED

(k) Trade and other payables

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

(l) 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 Directors recognise that the magnitude of fair value movement of the CLO loan notes is 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, 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 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, 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 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 2010 and 31 December 2009, there were no bi-lateral loans in the Group's portfolio.

The fair value of the CLO loan notes is determined primarily by reference to a mid-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 mid-market value report to be the best indicator of fair value for the notes. The mid-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 Income Statement in the period in which they arise.

Net income from financial instruments at fair value through profit or loss

Net 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, dividends, finance costs and foreign exchange differences.

Total finance costs for period were GBP1,757,936 (31 December 2009: GBP2,711,017). These finance costs are for interest due to the loan note holders. Fair value of long-term notes outstanding at 30 June 2010 were GBP129,272,947 (31 December 2009: GBP117,354,993).

(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 30 June 2010 (31 December 2009: none).

2. ACCOUNTING POLICIES CONTINUED

(l) Investments and loan notes continued

(iii) Subsidiary

Investment in subsidiary is initially recorded at cost. The Company carries its investment in the CLO subsidiary at fair value through profit or loss. This is based upon the fair value of the assets and liabilities held by the CLO, which the Directors consider to be indicative of fair value for financial reporting purposes. Through its ownership of the residual economic interest of T2 Income Fund CLO I Ltd the Directors consider the CLO to be a wholly owned subsidiary and the operating results are consolidated in these financial statements.

(m) 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 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 Capitalization 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 period 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.

(n) New standards

New standards and interpretations have been published that are mandatory for the Group's accounting periods after 1 January 2010 or later periods and which the Group has not early adopted:

- IFRS 9 Financial Instruments (effective 1 January 2013)
- IAS 24 (Revised 2009) Related Party Disclosures (effective 1 January 2011)
- Improvements to IFRSs 2009 (various effective dates)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1July 2010)
- Prepayments of a Minimum Funding Requirement - Amendments to IFRIC 14 (effective 1 January 2011)
- Amendment to IAS 32 Classification of Rights Issues (effective 1 February 2010)

As of 30 June 2010, the following standards and interpretations are in issue but not yet adopted by the EU:

- IFRS 9 Financial Instruments (effective 1 January 2013)
- Prepayments of a Minimum Funding Requirement - Amendments to IFRIC 14 (effective 1 January 2011)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010)
- IAS 24 (Revised 2009) Related Party Disclosures (effective 1 January 2011)

The Directors anticipate that the adoption of these standards and interpretations in future periods will not have a material impact on the financial statements of the company.

IFRS 8, "Operating segments" was effective from 1 January 2009. IFRS 8 replaces IAS 14, "Segment reporting", and aligns segment reporting with the requirements of the US standard SFAS 131, "Disclosures about segments of an enterprise and related information," The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segment information is therefore reported in a manner that is more consistent with the internal reporting provided to the Investment Committee of the Investment Manager ("ICIM"). The adoption of IFRS 8 results in additional disclosures but does not have an impact on the Company's financial position or performance.

(o) Share based payments

Share options are valued in accordance with IFRS2. In accordance with IFRS2, 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 10 for details. No share options were issued during the period.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2010

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.

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 2010			
	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	**180,889,304**	**–**	**–**	**–**
Note receivable	**–**	**500,000**	**–**	**–**
Trade and other receivables	**–**	**1,665,828**	**–**	**–**
Cash and cash equivalents	**–**	**–**	**–**	**17,691,004**
Total assets	**180,889,304**	**2,165,828**	**–**	**17,691,004**
Financial liabilities				
Loan notes at fair value through profit or loss	**129,272,947**	**–**	**–**	**–**
Trade and other payables	**–**	**–**	**689,705**	**–**
	129,272,947	**–**	**689,705**	**–**

	CARRYING VALUE AT 31 DECEMBER 2009			
	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	153,256,998	–	–	–
Note receivable	–	500,000	–	–
Trade and other receivables	–	1,200,566	–	–
Cash and cash equivalents	–	–	–	24,253,613
Total assets	153,256,998	1,700,566	–	24,253,613
Financial liabilities				
Loan notes at fair value through profit or loss	117,354,993	–	–	–
Trade and other payables	–	–	608,431	–
	117,354,993	–	608,431	–

The same measurement categories are applied to the balances held by the Company.

3. FINANCIAL RISK MANAGEMENT CONTINUED

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, retained earnings, and debt. 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 2010 the Group had total equity of GBP70,783,484 (31 December 2009: GBP61,247,753).

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 indebtedness (approximately US$246.6 million; GBP164.8million) through its CLO subsidiary in the form of long-term notes.

(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 Group's offering memorandum. All investments present a risk of loss of capital.

At 30 June 2010, the Group's market risk is affected by three main components: changes in actual market prices, interest rate 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.

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 GBP2,580,818 (31 December 2009: GBP1,795,100), due to the increase in the fair value of financial assets at fair value through profit or loss by GBP9,044,465 (31 December 2009: GBP7,662,850) offset by the increase in the fair value of the financial liabilities at fair value through profit or loss by GBP6,463,647 (31 December 2009: GBP5,867,750). Conversely, if market prices had decreased by 5%, this would have decreased net assets attributable to holders of equity shares by approximately GBP2,580,818 (31 December 2009: GBP1,795,100), due to the decrease in the fair value of financial assets at fair value through profit or loss by GBP9,044,465(31 December 2009: GBP7,662,850) offset by the decrease in the fair value of the financial liabilities at fair value through profit or loss by GBP6,463,647 (31 December 2009: GBP5,867,750).

(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.

3. FINANCIAL RISK MANAGEMENT CONTINUED

(b) Interest rate risk continued

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

At 30 June 2010	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	179,753,168	–	1,136,136	180,889,304
Note receivable	–	–	500,000	500,000
Trade and other receivables	–	–	1,665,828	1,665,828
Cash and cash equivalents	17,691,004	–	–	17,691,004
Total assets	197,444,172	–	3,301,964	200,746,136
Liabilities				
Loan notes	129,272,947	–	–	129,272,947
Trade and other payables	–	–	689,705	689,705
Total liabilities	129,272,947	–	689,705	129,962,652
Total interest sensitivity gap	68,171,225	–	2,612,259	70,783,484

At 31 December 2009	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	153,256,998	–	–	153,256,998
Note receivable	–	–	500,000	500,000
Trade and other receivables	–	–	1,200,566	1,200,566
Cash and cash equivalents	24,253,613	–	–	24,253,613
Total assets	177,510,611	–	1,700,566	179,211,177
Liabilities				
Loan notes	117,354,993	–	–	117,354,993
Trade and other payables	–	–	608,431	608,431
Total liabilities	117,354,993	–	608,431	117,963,424
Total interest sensitivity gap	60,155,618	–	1,092,135	61,247,753

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 and represents management's assessment of the possible change in interest spreads, and 25 basis points is used when reporting interest rate risk.

At 30 June 2010, should the interest spread have lowered by 200 basis points with all other variables remaining constant, the decrease in net assets attributable to holders of equity for the period would amount to approximately GBP681,712 (31 December 2009: GBP4,311,447). If the interest spread had risen by 200 basis points, the increase in net assets attributable to holders of equity would amount to approximately GBP681,712 (31 December 2009: GBP4,311,447).

3. FINANCIAL RISK MANAGEMENT CONTINUED

(b) Interest rate risk continued

At 30 June 2010, should interest rates have lowered by 25 basis points with all other variables remaining constant, the increase in net assets attributable to holders of equity for the year would amount to approximately GBP85,214 (31 December 2009: increase in net assets GBP100,940). If the interest rate had risen by 25 basis points, the decrease in net assets attributable to holders of equity would amount to approximately GBP85,214 (31 December 2009: decrease in net assets GBP100,940).

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 2010	USD	EUR	GBP	Total
Assets				
Financial assets at fair value through profit or loss account	**180,889,304**	**–**	**–**	**180,889,304**
Cash and cash equivalents	**17,690,933**	**–**	**71**	**17,691,004**
Trade and other receivables	**600,007**	**–**	**1,565,821**	**2,165,828**
Total assets	**199,180,244**	**–**	**1,565,892**	**200,746,136**
Liabilities				
Trade and other payables	**129,689,002**	**–**	**273,650**	**129,962,652**
Total currency sensitivity gap	**69,491,242**	**–**	**1,292,242**	**70,783,484**

31 December 2009	USD	EUR	GBP	Total
Assets				
Financial assets at fair value through profit or loss account	153,256,998	–	–	153,256,998
Cash and cash equivalents	24,253,537	–	76	24,253,613
Trade and other receivables	1,077,478	–	623,088	1,700,566
Total assets	178,588,013	–	623,164	179,211,177
Liabilities				
Trade and other payables	117,829,014	–	134,410	117,963,424
Total currency sensitivity gap	60,758,999	–	488,754	61,247,753

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.

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, translated at the period end date.

At 30 June 2010, if GBP had weakened or strengthened by 5% against the US Dollar, with all other variables held constant, the increase or decrease respectively in net assets attributable to holders of equity shares would amount to approximately GBP3,474,562 (31 December 2009: GBP2,235,321).

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.

3. FINANCIAL RISK MANAGEMENT CONTINUED

(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 balance sheet 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 Group 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.

Portfolio by rating category	30 June 2010	31 December 2009
1	**9%**	8%
2	**65%**	58%
3	**25%**	33%
4	**0%**	0%
5	**1%**	1%
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.

The credit risk associated with the CLO loan notes, designated as a financial liability held at fair value through profit or loss, is affected by changes in the credit ratings associated with the different classes of the loan notes. During 2009 the following changes in ratings were noted for each of the classes:

- Class A - rated as AAA by Standard & Poor's and Aaa by Moody's throughout the year
- Class B - rated as AA by Standard & Poor's and Aa2 by Moody's throughout the year
- Class C - rated as A by Standard & Poor's throughout the year and rated as A2 by Moody's at the start of the year and subsequently downgraded to Ba1 then upgraded to Baa3 during the year
- Class D - rated as BBB by Standard & Poor's throughout the year and rated as Baa2 by Moody's at the start of the year and subsequently downgraded to B1 then upgraded to Ba3 during the year
- Class E - rated as BB by Standard & Poor's throughout the year and rated as Ba2 at the start of the year and subsequently downgraded to Caa2 then upgraded to B3 during the year.

(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.

3. FINANCIAL RISK MANAGEMENT CONTINUED

(e) Liquidity risk continued

The Company's investment in its subsidiary, T2 Income Fund CLO I Ltd, 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 balance sheet 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. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	CURRENT		NON-CURRENT		
	Within 6 months GBP	6 to 12 months GBP	1 to 5 years GBP	Later than 5 years GBP	No stated maturity GBP
At 30 June 2010					
Loan notes	**860,543**	**846,513**	**6,832,900**	**170,461,917**	**–**
Trade and other payables	**689,705**	**–**	**–**	**–**	**–**
Total financial liabilities	**1,550,248**	**846,513**	**6,832,900**	**170,461,917**	**–**
At 31 December 2009					
Loan notes	766,093	766,093	6,128,743	158,516,210	–
Trade and other payables	608,431	–	–	–	–
Total financial liabilities	1,374,524	766,093	6,128,743	158,516,210	–

Fair value estimation

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

Financial instruments measured at fair value

The Group adopted the amendments to IFRS 7 "Improving Disclosures about Financial Instruments" effective from 1 January 2009. These amendments require the Group to present certain information about financial instruments measured at fair value in the Consolidated Statement of Financial Position.

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 balance sheet are grouped into the fair value hierarchy as follows:

30 June 2010	Note	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Assets					
Broadly syndicated loans	a	**–**	**–**	**179,753,168**	**179,753,168**
Equity securities	b	**–**	**–**	**1,136,136**	**1,136,136**
Total		**–**	**–**	**180,889,304**	**180,889,304**
Liabilities					
CLO loan notes	c	**–**	**–**	**(129,272,947)**	**(129,272,947)**
Total		**–**	**–**	**(129,272,947)**	**(129,272,947)**
Net Fair Value		**–**	**–**	**51,616,357**	**51,616,357**

3. FINANCIAL RISK MANAGEMENT CONTINUED

(e) Liquidity risk continued

Financial instruments measured at fair value continued

31 December 2009	Note	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Assets					
Broadly syndicated loans	a	–	–	153,256,998	153,256,998
Total		–	–	153,256,998	153,256,998
Liabilities					
CLO loan notes	c	–	–	(117,354,993)	(117,354,993)
Total		–	–	(117,354,993)	(117,354,993)
Net Fair Value		–	–	35,902,005	35,902,005

Measurement of fair value

The methods and valuation techniques used for the purposes of measuring fair value are unchanged compared to the previous reporting period.

(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 techiques to assist the Board in its determining of the fair value.

(b) Equity securities

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

(c) CLO loan notes

The CLO loan notes are denominated in USD. 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:

Period ended 30 June 2010	Broadly Syndicated loans GBP	Equity GBP	CLO Loan Notes GBP	Total GBP
Opening balance	**153,256,998**	**–**	**(117,354,993)**	**35,902,005**
Purchases	**37,282,651**	**–**	**–**	**37,282,651**
Sales	**–**	**–**	**–**	**–**
Capital repayments	**(30,455,743)**	**–**	**–**	**(30,455,743)**
Gains and losses recognised in profit and loss				
– realised	**518,952**	**–**	**–**	**518,952**
– unrealised	**19,150,310**	**1,136,136**	**(11,917,954)**	**8,368,492**
Closing balance	**179,753,168**	**1,136,136**	**(129,272,947)**	**51,616,357**

3. FINANCIAL RISK MANAGEMENT CONTINUED

(c) CLO loan notes continued

Level 3 fair value measurements continued

Year ended 31 December 2009	Broadly Syndicated loans GBP	CLO Loan Notes GBP	Total GBP
Opening balance	126,644,228	(88,538,096)	38,106,132
Purchases	35,662,307	–	35,662,307
Sales	(12,535,692)	561,350	(11,974,342)
Capital repayments	(28,149,558)	235,244	(27,914,314)
Gains and losses recognised in profit and loss			
– realised	(1,876,127)	1,458,221	(417,906)
– unrealised	33,511,840	(31,071,712)	2,440,128
Closing balance	153,256,998	(117,354,993)	35,902,005

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 2% of 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.

Total fees charged for the period ended 30 June 2010 amounted to GBP1,988,648 (30 June 2009: GBP1,415,927 & 31 December 2009; GBP2,965,261). The total amount due and payable at the period end amounted to GBPnil (30 June 2009: GBPnil & 31 December 2009: GBPnil).

Administration and secretarial fees

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 are 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 (excluding accounting and registrar fees) charged for the period ended 30 June 2010 amounted to GBP42,968 (30 June 2009: GBP25,581 & 31 December 2009: GBP47,418). The total amount due and payable at the period end amounted to GBP12,864 (30 June 2009: GBP11,574 & 31 December 2009: GBP1,410).

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 2010 amounted to GBP10,195 (30 June 2009: GBP7,469 & 31 December 2009: GBP15,070). The total amount due and payable at the period end amounted to GBP3,740 (30 June 2009: GBP3,750 & 31 December 2009: GBP3,750).

Directors fees

The current level of fees for the Chairman of the Board of Directors of the Group is GBP40,000 per annum, and GBP25,000 each for non-executive directors.

Total fees charged to the Group for the period ended 30 June 2010 amounted to GBP33,750 (30 June 2009: GBP32,500 & 31 December 2009: GBP100,000). The total amount due and payable at the period end amounted to GBP22,500 (30 June 2009: GBP16,250 & 31 December 2009: GBP16,250).

5. EARNINGS PER SHARE

Earnings per share has been calculated by dividing the profit/(loss) attributable to ordinary share holders of GBP8,866,795 (30 June 2009: GBP13,177,851 & 31 December 2009: GBP2,035,164) by the weighted average number of ordinary shares outstanding during the period 87,300,000 (30 June 2009:43,000,000 & 31 December 2009: 51,857,534). Fully diluted profit per share has been calculated by dividing the profit/(loss) attributable to ordinary share holders of GBP8,866,795 (30 June 2009: GBP13,177,851 & 31 December 2009: GBP2,035,164), by the weighted average number of ordinary shares outstanding during the period adjusted for the effects of all dilutive potential ordinary shares 87,610,896 (30 June 2009: 43,555,555 & 31 December 2009: 52,516,651).

Basic earnings per share

Date	No. of shares	No. of days	Weighted average no. of shares
01/01/10 & 30/06/10	87,300,000	181	87,300,000
01/01/09	43,000,000	292	34,400,000
20/10/09	87,000,000	3	715,068
23/10/09	87,300,000	70	16,742,466
		365	51,857,534
01/01/09 & 30/06/09	43,000,000	181	43,000,000

Diluted earnings per share

Date	No. of shares	No. of days	Weighted average no. of shares
01/01/10	87,905,555	85	41,281,614
26/3/10	87,350,000	96	46,329,282
		181	87,610,896
01/01/09	43,555,555	197	23,508,067
17/07/09	43,905,555	95	11,427,473
20/10/09	87,905,555	73	17,581,111
		365	52,516,651
01/01/09 & 30/06/09	43,555,555	181	43,555,555

	30 June 2010 No. of shares	31 December 2009 No. of shares	30 June 2009 No. of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	**87,300,000**	51,857,534	43,000,000
Effect of dilutive potential ordinary shares:			
Share options	**50,000**	659,117	555,555
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**87,350,000**	52,516,651	43,555,555

6. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited Period to 30 June 2010 GBP	Unaudited Period to 30 June 2009 GBP	Audited Year to 31 December 2009 GBP
Listed debt securities	**41,180,141**	23,556,415	52,098,842
Unlisted debt securities	**138,573,027**	98,141,494	101,158,156
Unlisted equity securities	**1,136,136**	–	–
	180,889,304	121,697,909	153,256,998
Realised gain/(loss) recognised on financial assets and liabilities at fair value through profit or loss (1)			
– Realised gain/(loss) on investments	**518,952**	878,681	(1,876,127)
– Realised gain on financial liabilities	**–**	1,458,221	1,458,221
	518,952	2,336,902	(417,906)
Unrealised gains recognised on financial assets and liabilities at fair value through profit or loss (2)			
– Unrealised gain/(loss) on financial assets	**20,286,446**	8,864,707	33,511,840
– Unrealised (loss)/gain on financial liabilities	**(11,917,954)**	3,908,698	(31,071,712)
	8,368,492	12,773,405	2,440,128

	Unaudited Period to 30 June 2010 GBP	Unaudited Period to 30 June 2009 GBP	Audited Year to 31 December 2009 GBP
Opening cost of financial assets	**137,653,776**	144,552,846	144,552,846
Purchases	**37,282,651**	4,434,695	35,662,307
Sales	**–**	(4,746,054)	(12,535,692)
Realised gain/(loss) on sale of investments	**518,952**	878,681	(1,876,127)
Capital repayments	**(30,455,743)**	(14,378,348)	(28,149,558)
Cost of investments at period/year end	**144,999,636**	130,741,820	137,653,776
Unrealised gain/(loss) at period/year end	**35,889,668**	(9,043,911)	15,603,222
Closing value at period/year end	**180,889,304**	121,697,909	153,256,998

(1) For the six months to 30 June 2010 the Group had a realised gain of GBP518,952 (30 June 2009: realised gain of GBP2,336,902 & 31 December 2009: realised loss of GBP417,906) which comprised a realised gain on investments of GBP518,952 (30 June 2009: realised gain of GBP878,681 & 31 December 2009: realised loss of GBP1,876,127) and a realised gain on the purchase of some of the CLO loan notes by the parent company, Greenwich Loan Income Fund Limited, of GBPnil (30 June 2009: realised gain of GBP1,458,221 & 31 December 2009: realised gain of GBP1,458,221).

(2) For the six months to 30 June 2010 the Group had an unrealised gain on financial assets and liabilities at fair value through the profit and loss of GBP8,368,492 (30 June 2009: GBP12,773,405 & 31 December 2009: GBP2,440,128). This is comprised of an unrealised gain on financial assets of GBP20,286,4456 (30 June 2009: unrealised gain GBP8,864,707, 31 December 2009: unrealised gain GBP33,511,840) and an unrealised loss on liabilities of GBP11,917,954 (30 June 2009: GBP3,908,698 gain & 31 December 2009: GBP31,071,712 loss).

7. TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2010 GBP	Unaudited 30 June 2009 GBP	Audited 31 December 2009 GBP
Accrued bank interest	**–**	7,664	1
Loan interest receivable	**715,745**	741,206	1,155,306
Prepaid expenses	**950,083**	12,378	45,259
	1,665,828	761,248	1,200,566
Current assets			
Note receivable	**500,000**	500,000	500,000

The GBP500,000 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 is 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 for payment on the promissory note to be deferred (without interest) 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 promissory note has been classified as current at 31 December 2009.

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 are designated as receivables held at amortised cost.

8. CASH AND CASH EQUIVALENTS

	Unaudited 30 June 2010 GBP	Unaudited 30 June 2009 GBP	Audited 31 December 2009 GBP
Call account	**71**	14	76
Foreign currency accounts	**17,690,933**	23,288,677	24,253,537
	17,691,004	23,288,691	24,253,613

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

9. TRADE AND OTHER PAYABLES

	Unaudited 30 June 2010 GBP	Unaudited 30 June 2009 GBP	Audited 31 December 2009 GBP
Current liabilities			
Administrator's fees	**12,864**	11,574	11,410
Custodian's fees	**3,740**	3,750	3,750
Audit fees	**20,000**	30,000	40,000
Directors' fees	**22,500**	16,250	16,250
Finance cost (1)	**416,055**	599,558	327,717
Due to broker	**–**	273,345	–
Other accruals	**214,546**	261,936	209,304
	689,705	1,196,413	608,431
Non current liabilities			
Loan notes	**129,272,947**	83,171,177	117,354,993

9. TRADE AND OTHER PAYABLES CONTINUED

On 19 July 2007 loan notes were issued in the amount of US$309,050,000 with a twelve year term by T2 Income Fund CLO I Ltd. 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 have been eliminated within the consolidated financial statements for consolidation purposes only and a realised gain of GBP1,458,221 recognised.

(1) Interest on the loan notes is calculated on a weighted average interest rate of LIBOR plus 75 basis points.

10. SHARE CAPITAL

The Company has the power to issue an unlimited number of ordinary shares of no par value.

Upon incorporation, the Investment Manager, T2 Advisers LLC, was granted options to purchase 4,222,222 Ordinary Shares at the Placing Price, as reduced by dividends paid per share, subject to the Company achieving certain performance criteria as follows:

The Investment Manager options vested and became exercisable in respect of 50 per cent immediately on conclusion of the first three month period during which the Company paid dividends on the Shares in an aggregate amount during that three month period equal to or exceeding 8 per cent of the Initial Offer Price on an annualised basis (the hurdle rate). The remaining 50 per cent vested and became exercisable immediately on conclusion of the twelve month period following the date specified above.

On 23 February 2007 the hurdle rate was met. Accordingly on 31 March 2007 the options on 2,111,111 of these Ordinary shares became vested. The remaining options for 2,111,111 Ordinary shares vested on 31 March 2008.

Effective 21 April 2008, the options to acquire 4,222,222 ordinary shares were cancelled in consideration of a one-off cash payment by the Company to the Investment Manager of £1.4 million. The amount of the payment was determined by the Board with reference to the present value of the options, with the application of a further discount, and after consultation with the Company's nominated advisor.

The Investment Manager was been granted options to purchase 555,555 Ordinary Shares at 101.75p per Share, based upon the 5,000,000 Ordinary Shares issued in June 2007, in accordance with the terms of the Share Option Plan. Effective 26 March 2010, upon mutual agreement the 555,555 options were cancelled without additional payment as part of the restructuring of the investment management agreement.

In accordance with IFRS2, the value of the options was based upon an estimate of the fair value of the services received. The Company believes that the fair value can be determined by a comparison to a performance-based incentive fee program, which arrangements are common practice in the industry, because the option program was similarly intended to compensate the Investment Manager for achieving superior returns. The fair value estimate was based, in good faith, upon the present value of a hypothetical performance-based incentive fee, assuming a fee of 20% of the excess return above an 8% hurdle rate over a ten-year period; the fair value of the options was determined to be £100,000. For the year ending 31 December 2009 the Company charged £nil (2008: £nil) to expenses representing the amortisation of the fair value of the options, which had been fully expensed during 2007 upon meeting the performance criteria.

On 17 July 2009, the directors were granted options over 350,000 shares in total exercisable at a price of 10p per share at any time up to the second anniversary of the passing of the relevant resolution. On 23 October 2009, 300,000 of these options were exercised. 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 Income Statement. There was no share option expense for the period ended 30 June 2010. During the year to 31 December 2009, a share option expense of GBP58,240 was recognised in relation to these share options issued.

Share Capital	**Unaudited 30 June 2010 Shares in issue**	Unaudited 30 June 2009 Shares in issue	Audited 31 December 2009 Shares in issue
Ordinary shares – nil par value			
Balance at start of the period/year	**87,300,000**	43,000,000	43,000,000
Issued during the period/year	**–**	–	44,000,000
Options exercised during the period/year	**–**	–	300,000
Balance at end of the period/year	**87,300,000**	43,000,000	87,300,000

10. SHARE CAPITAL CONTINUED

Share Premium	**Unaudited Period to 30 June 2010 GBP**	Unaudited Period to 30 June 2009 GBP	Audited Year to 31 December 2009 GBP
Balance at start of the period/year	**16,087,290**	5,619,040	5,619,040
Issued during the period/year	**–**	–	11,000,000
Options exercised during the period/year	**–**	–	85,500
Issue costs during the period/year	**–**	–	(617,250)
Balance at end of the period/year	**16,087,290**	5,619,040	16,087,290

11. NET ASSET VALUE PER SHARE

The net asset value per Ordinary Share is calculated by dividing the net assets at the period end of GBP70,783,484 (30 June 2009: GBP61,880,258 & 31 December 2009: GBP61,247,753) by the Ordinary Shares in issue at the end of the period being 87,300,000 (30 June 2009: 43,000,000 & 31 December 2009: 87,300,000).

12. CASH GENERATED FROM OPERATIONS

	Unaudited Period to 30 June 2010 GBP	Unaudited Period to 30 June 2009 GBP	Audited Year to 31 December 2009 GBP
Profit for the period/year	**8,866,794**	13,177,851	2,035,164
Adjustments for:			
Realised (gain)/loss arising on adjustment to financial assets and liabilities	**(518,952)**	(2,336,902)	417,906
Unrealised gain arising on adjustment to financial assets and liabilities	**(7,232,357)**	(12,773,405)	(2,440,128)
Share option expense	**–**	–	58,240
Changes in working capital:			
Trade and other receivables	**(465,262)**	656,685	217,367
Trade and other payables	**81,275**	(1,136,125)	(1,724,107)
Cash inflow/(outflow) from operations	**731,498**	(2,411,896)	(1,435,558)

13. CONSOLIDATED SUBSIDIARY UNDERTAKING

Through its 100% ownership of the residual economic interest in T2 Income Fund CLO I Ltd., the Directors consider the following entity as a wholly owned subsidiary of the Company and its results and financial position are included within the consolidated results of the Company.

	Date of incorporation	Country of incorporation	Nature of holding	Percentage holding
T2 Income Fund CLO I Ltd	11 October 2006	Cayman Islands	Income Notes	100%

14. 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 portfolio of its CLO subsidiary, and considers the business to have a single operating segment. Although the CLO is a legally distinct entity, investment allocation decisions are based upon an integrated investment strategy and performance is evaluated on an overall basis.

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 Canada. 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 period or prior year.

15. RELATED PARTY TRANSACTIONS

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

	Unaudited Period to 30 June 2010 GBP	Unaudited Period to 30 June 2009 GBP	Audited Year to 31 December 2009 GBP
Amounts incurred during the period/year to related parties			
Fees to P Conroy as Chief Financial Officer to the Company	**62,250**	37,500	–
Fees to the Investment Manager, T2 Advisers, LLC	**1,988,648**	1,415,927	2,965,261
Reimbursement due to BDC Partners, LLC	**22,919**	45,578	85,942
Amounts due to related parties at the period/year end			
Fees due to P Conroy as Chief Financial Officer to the Company	**10,417**	6,250	56,250
Amounts due from related parties at the period/year end			
Note receivable from the Investment Manager, T2 Advisers, LLC	**500,000**	500,000	500,000

On 18 December 2009, the Company acquired an investment in senior secured corporate notes, Koosharem 2nd Lien, from the CLO for US$8.55 million (GBP5.31 million). While on a consolidated basis the transaction had no net impact on the Group Statement of Financial Position, the acquisition may improve the CLO's likelihood of being in compliance with certain covenants, and will have the effect of increasing the probability of the Company receiving future interest payments from the CLO.

Directors shareholdings in Company

At 30 June 2010, Geoff Miller had a beneficial interest in 500,000 ordinary shares, representing 0.57% of the Company's issued share capital and Patrick Firth held 50,000 ordinary shares, representing 0.06% of the Company's issued share capital.

16. COMMITMENTS AND CONTINGENCIES

There were no commitments or contingencies as at 30 June 2010 (30 June 2009: none & 31 December 2009: none).

17. POST BALANCE SHEET EVENTS

Significant Portfolio Movements

Since the period end the Group has made 5 new investment purchases, these are detailed below:

Closing Date	Par Amount		Purchase Price US$
19 July 2010	US$1,000,000	Dyncorp	98.00
21 July 2010	US$2,000,000	Dyncorp	99.875
30 July 2010	US$4,000,000	Sophos	96.00
12 August 2010	US$2,000,000	Cedar Fair	99.00
18 August 2010	US$3,000,000	Topps	90.00

Since the period end the Group made the following sales:

Closing Date	Par Amount		Realised gain GBP
13 August 2010	US$2,000,000	Cedar Fair	19,241

17. POST BALANCE SHEET EVENTS CONTINUED

Moody's upgrades the ratings of notes issued by T2 Income Fund CLO I Ltd

On the 9 September 2010, Moody's Investors Service announced that it has upgraded the ratings of the following notes issued by T2 Income Fund CLO I Ltd.:

- U.S. $22,000,000 Class C Third Priority Subordinated Deferrable Notes Due 2019, Upgraded to Baa1 (sf); previously on 30 July 2009 Upgraded to Baa3 (sf*);
- U.S. $9,000,000 Class D Fourth Priority Subordinated Deferrable Notes Due 2019, Upgraded to Ba1 (sf); previously on 30 July 2009 Upgraded to Ba3 (sf*);
- U.S. $12,000,000 Class E Fifth Priority Subordinated Deferrable Notes Due 2019, Upgraded to Ba3 (sf); previously on 30 July 2009 Upgraded to B3 (sf*).

*structure finance rating

Investment Manager Agreement Variation

As announced on 26 March 2010, the Company has agreed to amend certain terms of the Investment Manager Agreement with its Investment Adviser, T2 Advisers, LLC ("T2 Advisors") whereby:

With effect from 1 July 2010, the management fee payable T2 Advisors will be reduced by 25 basis points from 2.00% of gross assets to 1.75% of gross assets.

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

PORTFOLIO STATEMENT OF THE GROUP
AS AT 30 JUNE 2010

Loans	Principal US$	Fair Value US$	Fair Value GBP	% of net assets
4437667 Canada Inc. (Mold Masters)	5,817,900	5,017,939	3,353,565	4.74%
Anchor Glass	4,427,885	4,383,606	2,929,630	4.14%
Aramark Corp.	5,632,909	5,252,688	3,510,451	4.96%
Attachmate	7,568,533	6,981,972	4,666,158	6.59%
Autotrader	4,000,000	4,000,000	2,673,261	3.78%
Boise Paper	4,046,096	4,010,693	2,680,407	3.79%
Broadlane	3,990,000	3,900,225	2,606,580	3.68%
Cablevision	3,069,714	2,993,923	2,000,884	2.83%
Cavalier Telephone	10,631,744	9,630,553	6,436,245	9.09%
Charter Communications	5,969,388	5,529,742	3,695,611	5.22%
Community Health	5,967,691	5,557,412	3,714,103	5.25%
Conner Steel	4,174,528	3,339,623	2,231,920	3.15%
Corel	7,180,336	6,659,762	4,450,820	6.29%
Dean Foods	5,969,231	5,527,150	3,693,878	5.22%
Emdeon Business Solutions	6,012,706	5,779,714	3,862,671	5.46%
First Data Corporation B-1	8,752,500	7,362,165	4,920,247	6.95%
Ford	8,651,786	8,166,248	5,457,627	7.71%
Georgia Pacific TL B	3,216,422	3,103,847	2,074,348	2.93%
Getty Images	4,710,438	4,715,337	3,151,331	4.45%
HCA TL-A	3,066,576	2,892,793	1,933,297	2.73%
Houghton	3,880,107	3,608,499	2,411,615	3.41%
Hudson Products	4,243,182	3,861,295	2,580,562	3.65%
Huish Detergents	5,938,853	5,545,404	3,706,078	5.24%
IM Holding (Inverness Medical)	3,855,128	3,625,208	2,422,782	3.42%
InfoNXX	6,755,000	6,391,919	4,271,816	6.04%
Infor Global	5,775,000	5,347,650	3,573,916	5.05%
Intergraph	3,733,333	3,728,667	2,491,925	3.52%
Keane (Caritor)	4,921,828	4,491,168	3,001,516	4.24%
Koosharem (Select Remedy) 1st lien (1)	2,930,726	2,279,259	1,523,260	2.15%
Koosharem (Select Remedy) 2nd lien (1)	9,000,000	3,016,751	2,016,140	2.85%
Mediacom TL-C	3,958,974	3,597,718	2,404,410	3.40%
Mediacom TL-D	1,985,000	1,932,894	1,291,782	1.82%
Merrill Corp 2nd Lien	1,016,857	826,196	552,160	0.78%
MetroPCS	3,979,328	3,799,860	2,539,504	3.59%
MR Default	2,603,154	2,525,059	1,687,535	2.38%
NameMedia (2)	3,945,469	3,550,922	2,373,135	3.35%
National Cinemedia	5,000,000	4,693,750	3,136,904	4.43%
National Processing 1st lien	3,138,461	3,048,231	2,037,179	2.88%
National Processing 2nd lien	4,000,000	3,590,000	2,399,251	3.39%
Navisite	1,786,546	1,679,353	1,122,337	1.59%
Network Solutions	4,816,241	4,497,165	3,005,524	4.25%
Nusil	2,897,143	2,897,143	1,936,205	2.74%
Peacock Engineering	2,249,169	2,215,431	1,480,606	2.09%
Pegasus	8,770,819	7,762,175	5,187,579	7.33%
Prodigy Health 1st lien	5,766,582	4,901,595	3,275,810	4.63%
Prodigy Health 2nd lien	2,000,000	1,490,000	995,790	1.41%
Proquest	8,160,000	7,670,400	5,126,245	7.23%
Provo Craft	4,000,000	3,890,000	2,599,746	3.66%
QA Master	5,306,393	4,974,743	3,324,697	4.70%
Quebecor (World Color Press)	3,978,333	3,978,333	2,658,781	3.75%
QVC	4,000,000	3,970,000	2,653,211	3.75%
Sally	5,000,000	4,796,900	3,205,841	4.53%
Shearer's Foods	3,990,000	3,870,300	2,586,580	3.65%
SkillSoft	3,000,000	2,975,640	1,988,665	2.81%
Skype	5,925,000	5,845,368	3,906,548	5.51%
Stratus Technologies 2nd Lien	5,418,391	3,088,483	2,064,080	2.92%
SuperValu	3,600,355	3,409,536	2,278,645	3.22%
Sunquest Holdings (Misys)	2,591,878	2,507,642	1,675,895	2.37%
Topps	5,846,412	5,027,914	3,360,231	4.75%
TravelClick	3,509,926	3,194,033	2,134,620	3.02%
TVC Communications	3,614,342	3,207,728	2,143,773	3.03%
UI Holdings (CBA Group) (3)	3,145,314	2,988,048	1,996,958	2.82%
Workflow	2,386,365	1,909,093	1,275,876	1.80%
X-rite	2,095,896	1,951,805	1,304,421	1.84%
Total Loans		268,964,670	179,753,168	253.95%

PORTFOLIO STATEMENT OF THE GROUP CONTINUED
AS AT 30 JUNE 2010

Equity	Nominal	Fair Value US$	Fair Value GBP	% of net assets
Stratus Technologies Bermuda Holdings Limited Series B1 Ordinary Shares	775,631.8730	246,795	164,937	1.07%
Stratus Technologies Bermuda Holdings Limited Series B1 Preference Shares	176,648.8226	1,453,205	971,199	0.53%
CBA Group (UI Acquisition Holding Co) Class A	10.6267	–	–	–
CBA Group (UI Acquisition Holding Co) Class B	0.5542	–	–	–
Total Equity		1,700,000	1,136,136	1.61%
Warrants				
Koosharem – warrants to purchase 6,029 shares of common stock	6,029.0000	–	–	–
Total warrants		–	–	–
Total financial assets at fair value through profit or loss			180,889,304	255.56%
Cash balances			17,691,004	24.99%
Other net liabilities			(127,796,824)	(180.55%)
Net Assets			70,783,484	100.00%

PART IV

HISTORICAL FINANCIAL INFORMATION ON AMIC

1. Statutory accounts

Statutory accounts of AMIC for the three financial years ended 30 September 2009, in respect of which AMIC's auditors, Nexia Smith & Williamson LLP for the years ended 30 September 2009 and 2008 and Smith & Williamson Solomon Hare Audit LLP for the year ended 30 September 2007, made unqualified reports under section 495 of the Companies Act, have been delivered to the Registrar of Companies. Such reports did not contain any statements under section 498 of the Companies Act. The financial statements for the years ended 30 September 2009, 30 September 2008 and 30 September 2007 were prepared in accordance with IFRS.

AMIC's auditors, Nexia Smith & Williamson LLP for the years ended 30 September 2009 and 2008 and Smith & Williamson Solomon Hare Audit LLP for the year ended 30 September 2007, are members of the Institute of Chartered Accountants in England and Wales.

2. Interim report and unaudited financial statements

AMIC has also published a half-yearly unaudited financial report in respect of the period 1 October 2009 to 31 March 2010.

3. Published annual reports and financial statements for the three financial periods ended 30 September 2009

The published annual reports and audited accounts for AMIC for the three financial periods ended 30 September 2009 are incorporated into this document by reference, including the information specified in the tables below. Where these documents make reference to other documents, such other documents are not incorporated into and do not form part of this document.

	Report and financial statements for the financial periods ended 30 September		
Nature of information	*2007*	*2008*	*2009*
	Page No(s)	*Page No(s)*	*Page No(s)*
Balance sheet	26	24	27
Income statement	25	23	26
Statement of changes in equity	27–28	25–26	28
Cash flow statement	29	27	29
Notes to the financial statements	30–43	28–44	30–44
Related party transactions	43	44	44
Independent auditors' report	23–24	21–22	24–25
Chairman's review	5–7	5–7	5–6
Investment portfolio	8–11	8–10	7–9
Report of the Directors	12–18	11–16	10–18

4. Published interim report and unaudited financial statements for the financial period ended 31 March 2010

The published interim report and unaudited financial statements for the six month financial period ended 31 March 2010 are incorporated into this document by reference, including the information specified in the tables below. Where this document makes reference to other documents, such other others are not incorporated into and do not form part of this document.

Interim report and unaudited financial statements for the financial period from 1 October 2009 to 31 March 2010

PART V

PRO FORMA FINANCIAL INFORMATION ON THE ENLARGED COMPANY

The unaudited pro forma statement of net assets set out below has been prepared by the Directors, in accordance with the notes set out below, to illustrate the effect of the Acquisition on GLIF's net assets as if it had occurred as at 30 June 2010. It has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and therefore does not represent the actual financial position or results of GLIF or the combined entity.

The pro forma statement has been prepared in accordance with IFRS adopted by GLIF in its published interim accounts for the six months ended 30 June 2010.

Pro forma statement of net assets

	GLIF As at 30 June 2010 £'000 Note 1	*AMIC As at 31 March 2010 £'000 Note 2*	*Adjustments on acquisition £'000 Note 3*	*Pro forma net assets £'000*
Assets				
Non-current assets				
Property, plant and equipment	–	4	–	4
Financial assets at fair value through profit or loss	180,889	12,983	–	193,872
	180,889	12,987	–	193,876
Current assets				
Note receivable	500	–	–	500
Trade and other receivable	1,666	216	–	1,882
Cash and cash equivalents	17,691	668	(12,742)	5,617
	19,857	884	(12,742)	7,999
Total assets	200,746	13,871	(12,742)	201,875
Liabilities				
Current liabilities				
Trade and other payables	690	332	–	1,022
Loan redemption derivative	–	137	–	137
	690	469	–	1,159
Non-current liabilities				
Loan notes at fair value through profit or loss	129,273	–	–	129,273
Net assets	70,783	13,402	(12,742)	71,443

Notes:

The unaudited pro forma statement of net assets has been prepared on the following basis:

(1) The net assets of GLIF have been extracted without material adjustment from the consolidated interim financial statements of GLIF for the six month period ended 30 June 2010.

(2) The net assets of AMIC have been extracted without material adjustment from the interim financial statements of AMIC for the six month period ended 31 March 2010.

(3) Adjustments have been made to reflect £642,000 in respect of the estimated expenses of the acquisition excluding the banking arrangement fees and expenses as described in Part 1, paragraph headed Costs of the Proposals and £12.1 million of cash consideration assuming there is no take up of the share alternative.

(4) No adjustments have been made to reflect the trading results or other transactions since the dates of the interim financial statements given above.

Impact of the acquisition on the earnings of GLIF

By way of illustration only, had the acquisition occurred on 1 January 2010, being the first day of GLIF's last interim financial period, the results of GLIF would have reflected the results of AMIC over that period.

If the results of AMIC had been consolidated into those of GLIF for the interim six month period to 30 June 2010 (based on the results of AMIC for the 6 months ended 31 March 2010) the hypothetical effect would have been to increase the earnings of AMIC. In addition, the earnings per share of the GLIF Shares would have benefited from the spreading of certain non-proportional administrative expenses over a larger investment portfolio, resulting in a reduction of these expenses on a per share basis. This statement is solely for illustrative purposes only, represents a hypothetical situation, and therefore, does not reflect the Company's actual performance or results.

Report of Grant Thornton UK LLP on pro forma financial information.

The following is the text of a letter from Grant Thornton UK LLP.

Grant Thornton

The Directors
Greenwich Loan Income Fund Limited
Sarnia House
Le Truchot
St. Peter Port
Guernsey GY1 4NA
Channel Islands

16 December 2010

Dear Sirs,

Greenwich Loan Income Fund Limited

We report on the pro forma net asset statement (the 'pro forma financial information') set out in Part V of the Equivalent Document dated 16 December 2010, which has been prepared on the basis described in notes 1 to 4, for illustrative purposes only, to provide information about how the transaction might have affected the financial information presented on the basis of the accounting policies adopted by Greenwich Loan Income Fund Limited in preparing its interim accounts for the period ended 30 June 2010.

This report is required by paragraph 20.2 of Annex I of Commission Regulation (EC) No 809/2004 (the "PD Regulation") and is given for the purpose of complying with that paragraph of the PD Regulation and for no other purpose.

Responsibilities

Save for any responsibility arising under PR 5.5.3(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with, 20.2 of Annex 1 to the PD Regulation consenting to its inclusion in the Equivalent Document.

It is the responsibility of the directors of Greenwich Loan Income Fund Limited to prepare the pro forma financial information in accordance with paragraph 20.2 of Annex I of the Prospectus Regulation.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Regulation, as to the proper compilation of the pro forma financial information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board of the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the pro forma financial information with the directors of Greenwich Loan Income Fund Limited.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of Greenwich Loan Income Fund Limited.

Opinion

In our opinion:

- the pro forma financial information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of Greenwich Loan Income Fund Limited.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Equivalent Document and declare that we have taken all reasonable care to ensure that the information contained in this report is to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Equivalent Document in compliance with item 1.2 of annex I of the PD Regulation.

Yours faithfully

Grant Thornton UK LLP

PART VI

CALCULATION OF AMIC FAV

The AMIC FAV shall be calculated as at the Calculation Date and shall be the amount in pence which is the result of the following formula, rounded to four decimal places (with 0.00005p being rounded upwards):

$$\text{AMIC FAV} = \frac{A - B}{C}$$

where:

“A” is the aggregate of:

(i) the value of those investments which are listed, traded, quoted or dealt in on a stock exchange, calculated by reference to the bid quotations or, if not available, prices or the last trade prices for those investments as at the Calculation Date as derived from the relevant exchange’s recognised method of publication of prices for such investments;

(ii) the value of those investments which are dealt in or traded on any publicly-available exchange or market (including any “over-the-counter” market but excluding any exchange or market referred to in paragraph (i) above) calculated by reference to the average of the prices marked for such investments on each of the five business days up to and including the Calculation Date on which there were dealings of trading in such investments as derived from the relevant market’s recognised method of publication of prices for such investments;

(iii) the value of all other investments, calculated as being their fair and realisable values in accordance with IAS 39 as at the Calculation Date as determined by agreement between the Board, on behalf of GLIF, and by the AMIC Board, on behalf of AMIC (or, failing such agreement within three days the Calculation Date, as determined by an independent expert);

(iv) the amount, as at the Calculation Date, of any sums due from debtors (including, for this purpose, any dividends or distributions receivable on investments quoted ex-dividend or ex-distribution on the Calculation Date and any interest accrued on any debt securities as at the Calculation Date and any recoverable tax credit in relation thereto, but excluding any dividend, distribution or interest not yet received which has been taken into account in the value of any investments referred to in paragraphs (i) to (iii) (inclusive) above or is unlikely to be received), cash and deposits with or balances at banks, bills receivable and any money market instruments (together with, in each case, any accrued interest at that date less an accrual for any associated tax) and the fair realisable value of any other tangible assets not otherwise accounted for in paragraphs (i) to (iii) (inclusive) above, less any provision for diminution of value (including provisions for bad or doubtful debts), in each case, as determined by agreement between the Board, on behalf of GLIF, and by the AMIC Board, on behalf of AMIC (or, failing such agreement within three days the Calculation Date, as determined by an independent expert);

“B” is the aggregate of:

(i) the principal amounts as at the Calculation Date of any outstanding borrowings plus any accrued but unpaid interest, commitment fees and other charges up to and including that date and the higher of any premiums or penalties payable on either early or final repayment if required;

(ii) the cost, as at the Calculation Date, of closing any open foreign exchange or other forward purchase or sale contract;

(iii) the cost, as at the Calculation Date, of termination of any service provider arrangements in force on that date, including, but not limited to, any compensation or other payments to be made to any administrator, secretary, director or employee of AMIC, such amount to include irrecoverable value added tax (where applicable) but to exclude any tax relief;

(iv) the rental costs, as at the Calculation Date, associated with the lease in respect of Fourth Floor (South), 30/32 Ludgate Hill, London EC4 to the end of the term of such lease (being 24 March 2012), together with any associated additional insurance, service charges, rates including irrecoverable value added tax (where applicable) but to exclude any tax relief;

(v) the cost, as at the Calculation Date, of terminating any other contracts or arrangements whatsoever in force on that date to which AMIC is a party, but excluding, for the purpose of this paragraph (v), any arrangements referred to in (iii) above;

(vi) the total cost of any dividend or other distribution declared by AMIC with a record date falling after the Calculation Date and on or before the Effective Date;

(vii) the aggregate of the amount of any Panel fees, UK Listing Authority fees and printing costs to be borne by AMIC in respect of the Acquisition, as may be applicable (including any VAT chargeable);

(viii) the aggregate of the amount of all accrued but unpaid professional, advisory, legal and other fees and other advertising costs and expenses incurred by AMIC in connection with the Acquisition, such amount to include irrecoverable value added tax (where applicable) but to exclude any tax relief;

(ix) the aggregate of the amount of any accrued but unpaid professional, advisory, legal and other fees and advertising and other costs and expenses whatsoever incurred by AMIC otherwise than in connection with the Acquisition, such amount to include irrecoverable value added tax (where applicable) but to exclude any tax relief; and

(x) an amount which fully reflects all other liabilities and obligations of AMIC whatsoever, including a fair provision for any contingent liabilities (including any additional liabilities to taxation, whether or not deferred) and any liabilities arising on liquidation) or losses (including disputed claims) as at the Calculation Date determined by agreement between the Board, on behalf of GLIF, and by the AMIC Board, on behalf of AMIC (or, failing such agreement within three days the Calculation Date, as determined by an independent expert); and

"C" is the aggregate of the number of AMIC Shares in issue as at the Calculation Date.

Notes:

1. For the purpose of the above calculations, the value of any investments, other assets or liabilities denominated or valued in currencies other than sterling shall be converted into sterling at the closing mid point spot rate of exchange between sterling and such other currencies in London as at the close of business on the Calculation Date as published in the Financial Times or, failing which, as certified by GLIF (acting as an expert and not as an arbiter).

2. In the case of sub-paragraphs A(i) and (ii) above, if there has been any general suspension of trading on the relevant stock or other securities exchange or market, or if it was closed for business on the Calculation Date, the value of the relevant investments shall be taken as at the close of business on the immediately preceding date on which there was trading on such exchange or market, provided that such date is not more than seven days prior to the Calculation Date and save that, if there has been a material adverse change in the financial position of any such underlying investment since the date by reference to which its value is calculated but prior to the close of business on the Calculation Date, a fair provision (as determined by agreement between the Board, on behalf of GLIF, and the AMIC Board, on behalf of AMIC (or failing such agreement within three days after the Calculation Date, as determined by an independent expert)) shall be made to take account of such adverse change in the value of the relevant investment.

3. Subject to note 2 above, in the case of sub-paragraphs A (i) and (ii) above:

   (i) where any such investment is subject to restrictions on transfer or a suspension of dealings or if no such published or quoted prices are available in respect of any such investment, in each case as at the close of business on the Calculation Date, the value of such investment will be calculated as at the close of business on the Calculation Date in accordance with sub-paragraph A (iii) above; and

   (ii) where any such investment is, at the close of business on the Calculation Date, subject to any right of any person to acquire the same or any obligation on AMIC to dispose of the same, whether as a result of the Acquisition being made or becoming or being declared unconditional or otherwise, at a price more or less than would otherwise be determined in accordance with sub-paragraphs A (i) and (ii) above, such investment shall be valued at such greater or lesser price unless such right or obligation is unconditionally and irrevocably waived or lapses prior to the calculation of the AMIC FAV otherwise being agreed or determined.

4. Subject to note 5 below, with regard to sub-paragraph A (iii) above, the Board and the AMIC Board, and if appointed, any independent expert, shall have regard, *inter alia*, to the following when determining the value of any investment or other asset (which shall be calculated on the basis of a notional sale by a willing seller to a willing buyer, without regard to any additional value that might be attributed to such investment or other asset by any special category of potential purchaser):

   (i) the International Private Equity and Venture Capital Valuation Guidelines;

   (ii) the existence or exercise of any pre-emption rights or obligations in respect of such investment or other asset or any other restrictions on the transfer or disposal of the same which may exist or which may arise as a consequence of the Acquisition or any AMIC Shares or of the transfer of such investment or other asset to any party or of the winding up of AMIC;

   (iii) the terms and volumes of any recent dealings in, and marketability of, such investment or other asset; and

   (iv) the amount of any *bona fide* offer to acquire such investment or other asset which may be made by any person and brought to the attention of the Board and the AMIC Board or, if appointed, any independent expert.

5. With regard to sub-paragraph A (iii) above, the Board, the AMIC Board and, if appointed, any independent expert shall, except in the case of debtors and tangible assets, be bound by the actual amount of cash items and, in the case of debtors and tangible assets, shall adopt the accounting policies used by AMIC in its latest audited financial statements.

6. If any liability referred to in paragraph B above has not been determined by the date on which the calculations and adjustments otherwise necessary to determine the AMIC FAV have been made, there shall be included in "B" such amount in respect of any such liability as shall be considered to be an appropriate estimate by agreement between the Board and the AMIC Board (or failing such agreement within three days after the Calculation Date, as determined by an independent expert).

7. The independent expert referred to herein shall be a member of the Association for Financial Markets in Europe (not connected with any of the parties providing advice to AMIC or GLIF in connection with the Acquisition) selected by the Board, the AMIC Board or, in default of such selection within 3 days after the Calculation Date, by the chairman for the time being of the Association for Financial Markets in Europe on the application of either the Board or the AMIC Board. Such member shall act as an expert and not as an arbitrator and his determination shall (subject to any agreement to the contrary between GLIF and AMIC) be final and binding on all persons and such member shall not be under any liability to any person by reason of his appointment or by anything done or omitted to be done by him for the purposes of such appointment or in connection therewith.

8. Notwithstanding any of the above provisions, in the event that the valuation of any investment or other asset of AMIC in accordance with any of such provisions, or the amount of any deduction made in accordance with sub-paragraph B above, is, in the opinion of the Board and the AMIC Board, incorrect or unfair they may, if they so agree, adopt an alternative method of valuation or deduction, as the case may be.

   The number of GLIF Shares to be issued and allotted per AMIC Share pursuant to the Acquisition will be announced through a Regulatory Information Service as soon as reasonably practicable following the Calculation Date.

PART VII

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 is located at Sarnia House, Le Truchot, St. Peter Port, Guernsey GY1 4NA. GLIF is not authorised or regulated by the FSA.

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 The Company has no subsidiaries. However, for accounting purposes, T2 CLO is treated as a subsidiary of the Company.

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 GLIF Shares are traded on AIM. Application will be made for the New GLIF Shares to be admitted to trading on AIM. Application has been made for the New GLIF Shares and the Existing GLIF Shares to be admitted to the Official List of the CISX. Other than through the exercise of options and/or warrants which are granted subject to the provisions contained in this document GLIF Shares may not be issued at a price which is less than the Net Asset Value per GLIF Share at the time of such issue unless authorised by a majority of GLIF Shareholders or offered first on a *pro-rata* basis to those shareholders. GLIF Shares are held in both certificated and uncertificated form and New GLIF 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 GLIF Shares at 100p. There was a subsequent offering of 5,000,000 GLIF Shares at 101.75p on 25 June 2007. On 20 October 2009, the Company completed a placing of 44,000,000 new GLIF Shares at 25p.

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

As at the date of this document, there are 87,300,000 GLIF Shares in issue.

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

2.4 Following the Acquisition (and assuming that there is full acceptance of the Share Alternative), the issued share capital of the Company will comprise 130,249,926 GLIF Shares.

2.5 A special resolution allowing the Company to purchase up to 14.99 per cent. of its own shares was passed at the annual general meeting of the Company on 28 April 2010.

2.6 Save as disclosed in paragraph 9.2 of this Part VII no options over any GLIF shares (either conditional or unconditional) have been granted.

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

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

3. Portfolios

GLIF portfolio

As at 30 September 2010, GLIF's portfolio of investments was as set out in the following table. The aggregate value on 30 September 2010 (being the latest quarterly reporting date prior to the publication of this document) was £26,843,829.

Issuer	*Sector*	*Listed*	*Fair Value** *(£)*	*% of GLIF portfolio**
T2 CLO (Income Notes)	Structured Finance	Irish Stock Exchange	14,459,150	53.86%
T2 CLO (Class B Notes)	Structured Finance	Irish Stock Exchange	531,893	1.98%
T2 CLO (Class D Notes)	Structured Finance	Irish Stock Exchange	1,015,144	3.78%
			16,006,187	59.63%
Debt securities				
Koosharem (Select Remedy) 1st lien	Business equipment and services	N/A	1,282,791	4.78%
Koosharem (Select Remedy) 2nd lien	Business equipment and services	N/A	1,703,498	6.35%
			2,986,289	11.13%
Equity securities				
Stratus Technologies Bermuda Holdings Limited Series B1 Ordinary Shares *(Bermuda)*	Electronics/electrical	N/A	157,034	0.59%
Stratus Technologies Bermuda Holdings Limited Series B1 Preference Shares *(Bermuda)*	Electronics/electrical	N/A	924,666	3.44%
			1,081,700	4.03%
Warrants				
Koosharem – warrants to purchase 6,029 shares of common stock	Business equipment and services	N/A	0	0.00%
			0	0.00%
Cash	–	–	6,769,653	25.22%
			26,843,829	100.00%

* The value of GLIF's principal investments set out above is as at 30 September 2010, 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 2010, 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 2010, T2 CLO's portfolio of investments was as set out in the following table. The aggregate value on 30 September 2010 (being the latest quarterly reporting date prior to the publication of this document) was £181,585,292.

Issuer	*Sector*	*Listed*	*Fair Value** *(£)*	*% of T2 CLO portfolio**
Debt securities				
4437667 Canada Inc. (Mold Masters) *(Canada)*	Chemical & plastics	N/A	3,069,871	1.69%
Anchor Glass	Containers & glass products	N/A	2,813,916	1.55%
Aramark Corp.	Food service	N/A	1,060,928	0.58%
Aramark Corp. Extended	Food service	N/A	2,306,153	1.27%
Attachmate	Electronics/electrical	N/A	4,483,273	2.47%
Autotrader	Automotive	N/A	2,546,780	1.40%
Boise Paper	Forest products	N/A	2,504,075	1.38%
Broadlane	Healthcare	N/A	2,507,126	1.38%
Cablevision	Cable & satellite television	N/A	1,943,252	1.07%
Cavalier Telephone	Telecommunications/cellular	N/A	6,781,914	3.73%
Charter Communications	Cable & satellite television	N/A	3,692,887	2.03%
Community Health	Healthcare	N/A	3,594,924	1.98%
Conner Steel	Steel	N/A	2,066,836	1.14%
Corel	Electronics/electrical	N/A	4,231,857	2.33%
Dean Foods	Food products	N/A	3,757,132	2.07%
DynCorp	Aerospace and Defence	N/A	1,914,113	1.05%
Emdeon Business Solutions	Healthcare	N/A	3,708,749	2.04%
First Data Corporation B-1	Financial intermediaries	N/A	4,695,732	2.59%
Ford	Automotive	N/A	5,022,099	2.77%
Georgia Pacific TL B	Forest products	N/A	2,028,475	1.12%
Getty Images	Publishing	N/A	2,863,549	1.58%
HCA TL-A	Healthcare	N/A	1,883,165	1.04%
Houghton	Chemical & plastics	N/A	2,284,340	1.26%
Hudson Products	Industrial equipment	N/A	2,456,920	1.35%
Huish Detergents	Chemical & plastics	N/A	3,590,085	1.98%
IM Holding (Inverness Medical)	Healthcare	N/A	2,337,895	1.29%
InfoNXX	Telecommunications/cellular	N/A	4,065,521	2.24%
Infor Global *(Luxembourg)*	Electronics/electrical	N/A	3,401,647	1.87%
Intergraph	Electronics/electrical	N/A	2,287,750	1.26%
Keane (Caritor)	Business equipment and services	N/A	2,828,986	1.56%
Mediacom TL-C	Cable & satellite television	N/A	2,361,794	1.30%
Mediacom TL-D	Cable & satellite television	N/A	1,245,160	0.69%
Merrill Corp 2nd Lien	Publishing	N/A	585,682	0.32%
MetroPCS	Telecommunications/cellular	N/A	2,468,902	1.36%
MR Default	Financial intermediaries	N/A	1,605,109	0.88%
NameMedia	Business equipment and services	N/A	2,136,011	1.18%
National Cinemedia	Leisure goods/activities/movies	N/A	3,050,235	1.68%
National Processing 1st lien	Financial intermediaries	N/A	1,970,145	1.08%
National Processing 2nd lien	Financial intermediaries	N/A	2,300,993	1.27%
Navisite	Telecommunications/cellular	N/A	1,079,931	0.59%

Issuer	*Sector*	*Listed*	*Fair Value* (£)*	*% of T2 CLO portfolio*
Network Solutions	Electronics/electrical	N/A	2,611,625	1.44%
Nusil	Chemical & plastics	N/A	1,740,901	0.96%
Peacock Engineering	Containers & glass products	N/A	1,404,966	0.77%
Pegasus Solutions	Lodging & casinos	N/A	4,981,269	2.74%
Prodigy Health 1st lien	Healthcare	N/A	3,220,571	1.77%
Prodigy Health 2nd lien	Healthcare	N/A	843,726	0.46%
Proquest	Business equipment and services	N/A	2,910,539	1.60%
Provo Craft	Home furnishings	N/A	2,487,910	1.37%
QA Master	Publishing	N/A	3,153,414	1.74%
Sally	Cosmetics/toiletries	N/A	3,036,769	1.67%
Shearer's Foods	Food products	N/A	2,494,464	1.37%
Shield Finance *(Luxembourg)*	Electronics/electrical	N/A	2,443,990	1.35%
SkillSoft	Business equipment and services	N/A	1,917,801	1.06%
Skype	Telecommunications/cellular	N/A	3,733,712	2.06%
Stratus Technologies 2nd Lien *(Bermuda)*	Electronics/electrical	N/A	2,118,448	1.17%
SuperValu	Food/drug retailers	N/A	796,566	0.44%
SuperValu Extended	Food/drug retailers	N/A	1,412,316	0.78%
Sunquest Holdings (Misys)	Healthcare	N/A	1,593,124	0.88%
Topps	Leisure goods/activities/movies	N/A	5,094,173	2.81%
TravelClick	Lodging & casinos	N/A	2,108,245	1.16%
TVC Communications	Cable & satellite television	N/A	2,121,818	1.17%
UI Holdings (CBA Group)	Electronics/electrical	N/A	1,895,881	1.04%
Workflow	Publishing	N/A	1,140,278	0.63%
X-rite	Electronics/electrical	N/A	1,201,875	0.66%
			167,998,295	92.52%
Equity Securities				
UI Holdings (CBA Group) Class A	Electronics/electrical	N/A	0	0%
UI Holdings (CBA Group) Class B	Electronics/electrical	N/A	0	0%
			0	0%
Cash		–	13,586,997	7.48%
			181,585,292	100.00%

* The value of T2 CLO's principal investments set out above is as at 30 September 2010, 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 2010, T2 CLO has disposed of the following investments listed in the table above.

Issuer	*Sector*	*Listed*	*Disposal/ Repayment date*	*Disposal/ Repayment price (US$)*	*Disposal/ Repayment price (£)***
Broadlane	Healthcare	N/A	16/11/2010	3,980,000	2,509,141
Conner Steel	Steel	N/A	23/11/2010	3,491,858	2,201,398
Getty Images	Publishing	N/A	05/11/2010	4,477,964	2,823,077
Hudson Products	Industrial Equipment	N/A	08/11/2010	4,036,327	2,544,652
Intergraph	Electronics/electrical	N/A	28/10/2010	3,600,000	2,269,575
National Processing 1st lien	Financial Intermediaries	N/A	03/11/2010	3,138,461	1,978,604
National Processing 2nd lien	Financial Intermediaries	N/A	03/11/2010	4,000,000	2,521,750
Workflow	Publishing	N/A	05/11/2010	2,234,102	1,408,462

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 2010, T2 CLO has acquired the following investments.

Issuer	*Sector*	*Listed*	*Acquisition date*	*Acquisition price (US$)**	*Acquisition price (£)*/***
Atlantic Broadband	Broadcasting and Entertainment	Not Listed	30/11/2010	1,990,000	1,254,571
Burger King	Personal, Food and Miscellaneous Services	Not Listed	22/10/2010	2,475,000	1,560,333
Diversified Machine	Automotive	Not Listed	05/11/2010	5,335,000	3,363,384
Fifth Third	Banking	Not Listed	23/11/2010	1,980,000	1,248,266
Getty Images	Printing, Publishing, and Broadcasting	Not Listed	10/12/2010	3,960,000	2,496,533
MedAssets	Healthcare, Education & Childcare	NASDAQ	22/11/2010	990,000	624,133
MLM Holdings	Diversified/ Conglomerate Service	Not Listed	06/12/2010	5,910,000	3,725,886
Petco	Retail Stores	Not Listed	01/12/2010	3,960,000	2,496,533

* 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 13 December 2010, being the latest practicable date prior to 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).

AMIC portfolio

As at the date of this document, AMIC's portfolio of investments was as set out in the following table. The aggregate value on 14 December 2010 (being the latest practicable date prior to the publication of this document) was £13,975,413.

Issuer	*Sector*	*Listed*	*Fair Value** *(£)*	*% of AMIC portfolio*
Debt securities				
FX Concepts 10% Note	Asset management	N/A	3,747,989	26.8%
Lombardia Capital Partners 8% Convertible Note	Asset management	N/A	1,306,547	9.3%
Lombardia Capital rolled up interest	Asset management	N/A	114,025	0.8%
			5,168,561	36.9%
Equity securities				
Integrated Asset Management (£)	Asset management	AIM Market	389,987	2.8%
Lombardia Capital Partners	Asset management	N/A	346,235	2.5%
IFDC	Asset management	N/A	3,741,479	26.8%
			4,477,701	32.1%
Cash and debtors				
Cash	–	–	4,220,507	30.2%
Hillview Class deferred consideration	–	–	108,644	0.8%
			4,329,151	31.0%
			13,975,413	100%

* The value of AMIC's investments set out above is as at 14 December 2010, being the latest practicable date prior to the publication of this document.

Source: AMIC

All securities listed above are denominated in USD with the exception of the Integrated Asset Management equity investment, which is denominated in sterling.

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 disclosure 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 Director is not required to hold any qualification GLIF Shares.

(b) 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.

(c) 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.

(d) 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.

(e) A Director may vote and be counted in the quorum in respect of any resolution notwithstanding that he may be materially interested in it.

(f) A Director shall not be subject to any mandatory retirement age.

4.7 ***Transfer and compulsory transfer of GLIF Shares***

Subject as described below:

(a) Any Shareholder may transfer all or any of his uncertificated GLIF 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 GLIF 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 GLIF 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 GLIF 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 GLIF 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 GLIF 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 GLIF 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 GLIF 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 GLIF 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 GLIF 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 GLIF Shares or whose holding of GLIF 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 GLIF Shares***

(a) The Directors may serve notice 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 GLIF 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 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 GLIF 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 or given by advertisement 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 GLIF Shares of a Shareholder or any GLIF 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 of Members 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

6.1 *Material contracts of GLIF*

The following are all of the contracts (not being entered into in the ordinary course of business) that have been entered into by GLIF within the two years immediately preceding the date of this document or which are or may be, material to GLIF at any time and contain obligations or entitlements which are, or may be, material to GLIF as at the date of this document:

6.1.1 By an agreement dated 29 July 2005 between the Company and T2 Advisers (as amended by way of a side letter dated 25 March 2010), 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 objective, policies and restrictions set out in Part II of this document, T2 Advisers:

(i) determines the composition of the Company's portfolio, the nature and timing of the changes to the Company's portfolio and the manner of implementing such changes;

(ii) identifies, evaluates and negotiates the structure of the investments the Company will make;

(iii) arranges finance for the Company if appropriate and approved by the Board; and

(iv) closes, monitors and services the investments the Company will make.

Pursuant to the Investment Management Agreement, T2 Advisers is authorised to appoint other investment managers or advisers to assist it in carrying out its duties provided that it may only delegate its authority to take investment decisions on behalf of the Company to any unaffiliated entity with the prior consent of Board.

T2 Advisers will be paid a management fee for its investment management services provided pursuant to the Investment Management Agreement. The management fee will be payable quarterly in advance in pounds sterling at an annual rate of 1.75 per cent. The management fee will be calculated on the average value of the Company's gross assets at the end of the two most recently completed calendar quarters. Management fees for any partial quarter will be appropriately pro rated.

The Investment Manager may engage in any other businesses or provide similar or different services to persons or entities other than the Company, provided that its services to the Company are not thereby impaired. Nothing in the Investment Management Agreement shall limit or restrict the right of any manager, officer or employee of the Investment Manager to engage in any other business or to devote his or her time and attention in part to any other business, whether of a similar or dissimilar nature.

All employees of the Investment Manager when and to the extent engaged in providing investment management services, and the compensation of such personnel allocated to such services, will be provided and paid for by T2 Advisers. The Company is responsible for all other costs and expenses of the Company's operations and transactions, including (without limitation) the cost of calculating the Company's net asset value; the cost of effecting sales and repurchases of its share capital; investment management fees; fees payable to third parties relating to, or associated with, making investments to the extent not reimbursed by portfolio companies or prospective portfolio companies where the Company has executed a letter of intent to close on a transaction and such transaction is not consumated; travel-related expenses for executive and administrative staff in connection with performing their Company responsibilities (including travel expenses incurred in attending meetings of the Board); expenses for branding, marketing and advertising the Company; any transfer agent and custodial fees; any exchange listing fees; rent, office furniture, furnishings, equipment and supplies of the Company; local taxes; independent directors' fees and expenses and those of their counsel; the costs associated with valuing the Company's portfolio; brokerage commissions; costs of shareholder circulars; shareholder reports and notices; fidelity bond, directors'/officers' errors/omissions liability insurance and other insurance premiums; direct costs such as printing, mailing, telecoms, staff, independent audits and outside legal costs and all other expenses incurred by the Company. In addition, if the independent Directors of the Board agrees, the Company will reimburse to T2 Advisers all or part of the costs incurred by T2 Advisers of personnel, services or equipment that are used for the benefit of the Company.

The Investment Management Agreement may be terminated by the Board giving at least 12 months' notice, such notice to expire on 31 December 2008 or 31 December of any subsequent year. The Investment Management Agreement may be terminated at any time by the Company or T2 Advisers in certain circumstances including in the event there has been a material breach of the Investment Management Agreement by the other party which, if capable of remedy, has not been remedied within sixty days of receipt of notice requiring such remedy or if certain winding up events occur in relation to the other party.

The Investment Management Agreement provides that, absent fraud, wilful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations under the Investment Management Agreement, T2 Advisers and its officers, managers, agents, employees, controlling persons, members and any other person or entity affiliated with T2 Advisers (the "Indemnified Parties"), shall be indemnified by the Company and held harmless from and against all damages, liabilities, costs and expenses (including reasonable legal fees and amounts reasonably paid in settlement) incurred by the Indemnified Parties in or by reason of any pending, threatened or completed action, suit, investigation or other proceeding (including an action or suit by or in the right of the Company or its security holders) arising out of or otherwise based upon the performance of any of T2 Advisers' duties or obligations under the Investment Management Agreement or otherwise as an investment manager of the Company. The Investment Management Agreement provides that the Indemnified Parties shall not be liable to the Company for any action taken or omitted to be taken by T2 Advisers in connection with the performance of any of its duties or obligations under the Investment Management Agreement or otherwise as investment adviser to the Company, except to the extent arising by reason of fraud, wilful misfeasance, bad faith or gross negligence in the performance of T2 Advisers' duties or by reason of the reckless disregard of T2 Advisers' duties and obligations under the Investment Management Agreement.

The Investment Management Agreement is governed by Delaware law.

6.1.2 An administration and secretarial agreement made between the Company and Praxis Fund Services Limited dated 18 August 2010 pursuant to which the Administrator provides for the day-to-day administration of the Company, including maintenance of accounts and provision of a company secretary.

For the provision of its services under the Administration Agreement, the Administrator is entitled to receive a fee calculated 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 and payable quarterly in arrears. The Administrator is also entitled to receive a time based fee for all company secretarial services. In addition to the fees payable, the Company will reimburse the Administrator for all expenses reasonably incurred by the Administrator in connection with the performance of its services under the Administration Agreement.

The Administration Agreement may be terminated on three months' notice by the Company or the Administrator, given in writing so as to expire on the last day of any calendar month. The Administration Agreement may be terminated immediately by either party on the occurrence of certain specified events or if the other party is materially in breach of the Administration Agreement and fails to remedy such breach within thirty days after service of notice requiring the same to be remedied.

The Administrator will not be liable for any loss or damage which the Company may sustain or suffer as a result of or in the course of the discharge of its duties under the Administration Agreement, unless such loss arises from any negligence, breach of the Administration Agreement, dishonesty, fraud, wilful neglect, wilful misconduct or bad faith of the Administrator.

The Company has indemnified the Administrator against all claims and demands which may be made against the Administrator in connection with the carrying out of its duties under the Administration Agreement in respect of any loss or damage sustained or suffered by any third party, otherwise than by reason of negligence, breach of the Administration Agreement, dishonesty, fraud, wilful neglect, wilful misconduct or bad faith of the Administrator.

The Administration Agreement is governed by Guernsey law.

6.1.3 A custodian agreement made between the Company and Butterfield Bank (Guernsey) Limited dated 29 July 2005 pursuant to which the Custodian will be responsible for providing custodial services which include holding in safe custody for the Company all of the assets of the Company and all documents of title to or evidencing ownership of those assets, the registration of title to the property of the Company and the settlement of all transactions relating to the property of the Company.

For the provision of its services under the Custodian Agreement, the Custodian is entitled to a fee 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 and payable quarterly in arrears. In addition to this fee, the Company will reimburse the Custodian for reasonable out of pocket expenses incurred for the benefit of the Company and the fees paid to, and the expenses of, any delegates appointed by the Custodian.

The Custodian Agreement is terminable on six months' notice by the Company or the Custodian. The Custodian Agreement may be terminated immediately by either party on the occurrence of certain specified events or if the other party is materially in breach of the Custodian Agreement and fails (in the case of a breach capable of being remedied) to remedy such breach within sixty days of receipt of a written notice from the other requiring it to do so.

The Custodian will not be liable for any loss suffered by the Company or any shareholder or otherwise in connection with the subject matter of the Custodian Agreement, unless such loss arises from any fraud, wilful default or gross negligence of the Custodian. The Company has indemnified the Custodian against all actions, proceedings, claims, costs, demands and expenses which may be brought against or suffered or incurred by the Custodian in connection with the performance or non-performance of its duties, including legal expenses, except as arise from any fraud, wilful default or gross negligence of the Custodian.

The Custodian Agreement is governed by Guernsey law.

6.1.4 A transfer agent agreement dated 29 July 2005, as novated by a novation agreement dated 31 July 2007, made between the Company, Equiniti Limited and Equiniti Financial Services Limited, under which the Company has appointed the Registrar as registrar of the Company. The Registrar provides registration services for the GLIF Shares in accordance with the AIM Rules.

For the provision of its services under the Registrar Agreement, the Company will pay the Registrar fees for the services provided as from time to time agreed between the Company and the Registrar and out of pocket expenses incurred by the Registrar for the performance of its services. The basic fee is £15,000 per annum with variable charges dependent upon the services required. The Company has indemnified the Registrar against all liabilities which the Registrar may incur arising out of the Registrar properly performing its duties under the Registrar Agreement.

The Registrar Agreement is terminable on six months' notice by the Company or the Registrar. The Registrar Agreement is governed by English law.

6.1.5 An engagement letter dated 1 June 2010 with Singer Capital Markets under which the Company has appointed Singer Capital Markets as financial adviser and corporate broker to the Company in relation to the Proposals. 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 Singer Capital Markets in respect of, *inter alia*, losses incurred by Singer Capital Markets that arise from the provision of services under the agreement. The agreement is terminable on 10 days' notice in writing by either party.

6.1.6 A facility agreement dated 6 December 2010 between the Company as borrower, the guarantors detailed in Schedule 1 thereto as guarantors (currently stated to be the Company) 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 £12,000,000 for the purpose, *inter alia*, of funding in whole or in part the Acquisition. Interest is payable at a rate of LIBOR plus mandatory costs plus (i) a margin of 1 per cent. per annum in respect of the outstanding proportion of the loan that is equal or less than the amount standing from time to time to the credit of a cash collateral account and (ii) a margin of 5 per cent. per annum of the outstanding proportion of the loan that exceeds such amount. The final scheduled repayment is to be on 30 June 2014. The facility agreement contains certain financial covenants with which the Company is required to comply.

6.1.7 A debenture dated 6 December 2010 granted by the Company in favour of Investec Bank Plc constituting fixed and floating charges over the entire undertaking of the Company and its property and assets, as security for the Company's obligations under the facility agreement referred to at paragraph 6.1.6 above.

6.1.8 A security interest agreement dated 6 December 2010 over the Custodian Agreement, 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 6.1.6 above.

6.1.9 A security interest agreement dated 6 December 2010 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 6.1.6 above.

6.1.10 An irrevocable undertaking dated 22 October 2010 between Philip J Milton & Company Plc, the Company and Singer Capital Markets pursuant to which Philip J Milton & Company Plc has irrevocably undertaken to, *inter alia*, vote in favour of the Scheme at the AMIC Court Meeting and in favour of the resolutions to be proposed at the AMIC General Meeting in respect of its holding of 3,331,008 AMIC Shares (and any further AMIC Shares acquired by it which are attributable to or derived from such shares).

Philip J Milton & Company Plc has also undertaken that if the Company decides to implement the Acquisition by means of an Offer, instead of by way of the Scheme, it will accept such Offer in respect of its AMIC Shares.

These irrevocable undertakings will cease to be binding if the Scheme lapses or is withdrawn without having become effective (except where the Company exercises its discretion to proceed with the Acquisition otherwise than by way of the Scheme). These undertakings will also lapse if a person other than the Company announces, prior to the date of the AMIC Court Meeting, a firm intention to make an offer (within the meaning of the Code) for the share capital of AMIC on terms which are not subject to pre-conditions and which represent (in the reasonable opinion of Singer Capital Markets) an improvement of 10 per cent. or more on the value of the consideration offered under the Scheme.

If Philip J Milton & Company Plc enters into any agreement, arrangement or obligation to dispose of or to create any encumbrance over its AMIC Shares (save pursuant to the Scheme) it shall notify the Company in writing immediately. If any further AMIC Shares are acquired by Philip J Milton & Company Plc then such shares shall be subject to the terms of the undertaking.

6.1.11 An irrevocable undertaking dated 6 December 2010 between George Robb, the Company and Singer Capital Markets pursuant to which George Robb has irrevocably undertaken to, *inter alia*, vote in favour of the Scheme at the AMIC Court Meeting and in favour of the resolutions to be proposed at the AMIC General Meeting in respect of his holding of 1,550,380 AMIC Shares (and any further AMIC Shares acquired by him which are attributable to or derived from such shares).

George Robb has also undertaken that if the Company decides to implement the Acquisition by means of an Offer, instead of by way of the Scheme, he will accept such Offer in respect of his AMIC Shares.

He has further undertaken not to take any action or make any statement which (so far as he is aware) is or may be prejudicial to the success of the Acquisition and to provide all reasonable assistance to the Company as may be requested in relation to the Acquisition.

These irrevocable undertakings will cease to be binding if the Scheme lapses or is withdrawn without having become effective (except where the Company exercises its discretion to proceed with the Acquisition otherwise than by way of the Scheme). These undertakings will also lapse if a person other than the Company announces, prior to the date of the AMIC Court Meeting, a firm intention to make an offer (within the meaning of the Code) for the share capital of AMIC on terms which are not subject to pre-conditions and which represent (in the reasonable opinion of Singer Capital Markets) an improvement of 10 per cent. or more on the value of the consideration offered under the Scheme.

If George Robb enters into any agreement, arrangement or obligation to dispose of or to create any encumbrance over his AMIC Shares (save pursuant to the Scheme) he shall notify the Company in writing immediately. If any further AMIC Shares are acquired by him then such shares shall be subject to the terms of the undertaking.

6.1.12 An irrevocable undertaking dated 6 December 2010 between Hugh Tilney, the Company and Singer Capital Markets pursuant to which Hugh Tilney has irrevocably undertaken to, *inter alia*, vote in favour of the Scheme at the AMIC Court Meeting and in favour of the resolutions to be proposed at the AMIC General Meeting in respect of his holding of 109,500 AMIC Shares (and any further AMIC Shares acquired by him which are attributable to or derived from such shares).

Hugh Tilney has also undertaken that if the Company decides to implement the Acquisition by means of an Offer, instead of by way of the Scheme, he will accept such Offer in respect of his AMIC Shares.

He has further undertaken not to take any action or make any statement which (so far as he is aware) is or may be prejudicial to the success of the Acquisition and to provide all reasonable assistance to the Company as may be requested in relation to the Acquisition.

These irrevocable undertakings will cease to be binding if the Scheme lapses or is withdrawn without having become effective (except where the Company exercises its discretion to proceed with the Acquisition otherwise than by way of the Scheme). These undertakings will also lapse if a person other than the Company announces, prior to the date of the AMIC Court Meeting, a firm intention to make an offer (within the meaning of the Code) for the share capital of AMIC on terms which are not subject to pre-conditions and which represent (in the reasonable opinion of Singer Capital Markets) an improvement of 10 per cent. or more on the value of the consideration offered under the Scheme.

If Hugh Tilney enters into any agreement, arrangement or obligation to dispose of or to create any encumbrance over his AMIC Shares (save pursuant to the Scheme) he shall notify the Company in writing immediately. If any further AMIC Shares are acquired by him then such shares shall be subject to the terms of the undertaking.

6.1.13 A letter agreement dated 25 October 2010 (the "Indemnity for Costs") between the Company and AMIC pursuant to which, in consideration, *inter alia*, for AMIC agreeing to the release of the Indicative Offer Announcement, the Company agreed to indemnify AMIC for all reasonable costs, expenses and liabilities properly incurred by AMIC in connection with the Acquisition in the event that the Acquisition does not complete by 30 June 2011 for any reason, subject to a limit (unless the Acquisition should proceed other than by way of a Scheme) of £230,000 and provided that the Acquisition is not aborted due to the action or inaction of AMIC, its directors, officers or employees. The Indemnity for Costs will be effective if the Company or AMIC fail to obtain the requisite shareholder approvals in favour of the Acquisition.

6.2 ***Material contracts of AMIC***

The following are all of the contracts (not being entered into in the ordinary course of business) that have been entered into by AMIC within the two years immediately preceding the date of this document which are, or may be, material to AMIC at any time and contain obligations or entitlements which are, or may be, material to AMIC as at the date of this document:

6.2.1 A service agreement dated 13 May 2010 (the "Executive Director's Service Agreement") between AMIC and George Alan Robb (the "Executive Director") pursuant to which AMIC employs the Executive Director as full time Managing Director and Chief Investment Officer of AMIC or in such other capacity (of equal or higher status) as AMIC may from time to time direct.

The Executive Director's duties under the Executive Director's Service Agreement are to undertake such duties and responsibilities in relation to AMIC or its group companies as the board of directors of AMIC may from time to time delegate to him. During the term of the Executive Director's Service Agreement the Executive Director may not without the approval of AMIC be directly or indirectly engaged in any other business, trade, profession or occupation.

The Executive Director receives a fixed salary of £75,000 per annum, payable monthly in arrears, for his services under the Executive Director's Service Agreement. In addition he is entitled to (i) pension contributions from AMIC equal to 15 per cent. of such salary; (ii) a discretionary bonus of such amount, at such intervals and subject to such conditions as AMIC may in its absolute discretion determine from time to time; (iii) participation in AMIC's permanent health insurance scheme and for himself, his spouse and dependent children under 18 (if any) in AMIC's private medical expenses insurance scheme; and (iv) reimbursement of all travel, accommodation and other expenses reasonably and properly incurred on the business of AMIC.

The Executive Director's Service Agreement shall continue until terminated by either party giving not less than three months' prior notice. The Executive Director's Service Agreement may be terminated at any time by AMIC giving written notice of immediate termination, with no liability to make any further payments to the Executive Director, if certain events occur. Such events include include but are not limited to the bankruptcy, disqualification from acting as a director, serious misconduct, serious incompetence, dishonesty or criminal conviction of the Executive Director, or his material and irremediable breach of the Executive Director's Service Agreement.

If the Executive Director's Service Agreement is terminated by AMIC other than as described in the preceding paragraph, such that AMIC is or may be in breach of the Executive Director's Service Agreement, then the Executive Director's remedy shall be damages and, where such termination is by reason of redundancy, such damages shall be in a sum equivalent to the Executive Director's gross annual salary after deduction of any amount to which he is entitled by virtue of the Employment Rights Act 1996.

If the Executive Director's Service Agreement ceases by reason of a restructuring of AMIC's business (whether by liquidation, a transfer of the whole or part of the undertaking or any arrangement for the amalgamation of the undertaking) and the Executive Director is offered employment of a similar nature and on no less favourable terms with any undertaking resulting from the restructuring, then he will have no claim against AMIC in respect of the termination of the Executive Director's Service Agreement.

The Executive Director is entitled to terminate the Executive Director's Service Agreement by 30 days' prior notice in writing if any person or group of persons acting in concert acquires direct or indirect control of 50 per cent. or more of the issued ordinary share capital of AMIC, unless such a takeover is recommended by the board of directors of AMIC. If the Executive Director's Service Agreement is so terminated, the Executive Director is entitled to receive from AMIC a sum equivalent to his gross annual salary after deduction of any amount to which he is entitled by virtue of the Employment Rights Act 1996.

Following the termination of the Executive Director's Service Agreement, the Executive Director may not for a period of six months following such termination (i) directly or indirectly carry on or be engaged, concerned or interested in any business which is or is calculated or likely to be competitive with any business carried on by AMIC at any time during the period of twelve months preceding such termination; (ii) directly or indirectly canvass or solicit orders or instructions for goods or services of the same kind or nature as, or competitive or calculated or likely to be competitive with, those with which AMIC was concerned at any time during the period of twelve months preceding such termination; (iii) induce or endeavour to induce any person with which AMIC has done business with or invested in during the period of twelve months preceding such termination, to remove their business from AMIC; (iv) directly or indirectly solicit the investment or financial advice or management or custom of, or act as investment or financial adviser or manager for, or accept any benefit from, any investment or financial adviser or management business who is or was a client of AMIC or a group company; (v) directly or indirectly solicit any director or senior employee of AMIC or a group company.

The Executive Director's Service Agreement is governed by English law.

6.2.2 A letter of engagement of Numis Securities Limited ("Numis") as broker to AMIC dated 30 October 2007 (the "Numis Engagement Letter"), pursuant to which Numis acts as broker to AMIC on an ongoing basis. Pursuant to the Numis Engagement Letter AMIC pays a retainer at the rate of £30,000 per annum. The Numis Engagement Letter may be terminated by AMIC giving three months' notice in writing at any time.

6.2.3 A registrars' agreement dated 24 March 1999, as amended by a letter dated 4 August 2006 and as novated by a novation agreement dated 31 July 2007, made between AMIC, Equiniti Limited and Equiniti Financial Services Limited (the "AMIC Registrar Agreement"). Pursuant to the AMIC Registrars Agreement AMIC pays monthly fees of £739.58. The AMIC Registrar Agreement may be terminated by AMIC giving six months' notice in writing at any time.

7. Major shareholders

Insofar as it is known to GLIF, as at 14 December 2010 (being the latest practicable date prior to the publication of this document), the following persons are interested directly or indirectly in three per cent. or more of the Company's issued share capital or voting rights:

Shareholder	*Number of GLIF Shares*	*Percentage of issued share capital*
Artemis High Income Fund	5,984,676.00	6.86%
J O Hambro Investment Management Clients	5,809,166.00	6.65%
BBC Pension Scheme	4,848,431.00	5.55%
AXA Framlington Equity Income Fund	4,788,000.00	5.48%
Reliance Mutual Insurance Society	4,315,720.00	4.94%
AXA Framlington Monthly Income Fund	3,675,000.00	4.21%
Corporation of London Citys Cash/ Corporation of London Pension Fund	3,478,261.00	3.98%
Henderson Diversified Absolute Return Fund	3,250,000.00	3.72%
St James's Place All Share Income Unit Trust	3,250,000.00	3.72%
Henderson UK Equity Income Trust	3,150,000.00	3.61%
J O Hambro Investment Management Clients	2,972,000.00	3.40%
New Star Cirilium Moderate Fund	2,966,651.00	3.40%

The percentages shown in the table assume full acceptance of the Basic Offer and that no New GLIF Shares are issued as consideration for the Acquisition.

As at 14 December 2010 (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 14 December

2010 (being the latest practicable date prior to publication of this document), are set out in the following table:

	No. of GLIF Shares	*No. of options over GLIF Shares*	*Percentage of issued share capital (%)*
Geoffrey Richard Miller	500,000	–	0.57
Frederick Peter Forni	–	50,000	–
Patrick Anthony Seymour Firth	50,000	–	0.06

The percentages shown in the table above assume full acceptance of the Basic Offer and that no New GLIF Shares are issued as consideration for the Acquisition.

9. Remuneration of the Directors

This section provides information on the remuneration arrangements for the Directors.

9.1 *Non-executive Directors*

None of the Directors have service contracts with GLIF.

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 2010 and subsequent years. Since 1 January 2010, the annual fees payable to the Chairman and each non-executive Director were £40,000 and £25,000, respectively.

In accordance with past practice, the Directors' fees will be reviewed annually.

9.2 *Analysis of Directors' emoluments*

During the year ended 31 December 2009, the Chairman and the other Directors received basic fees of £25,000 and £20,000 per annum, respectively. During the year ended 31 December 2009, an additional one-off payment was made to the Chairman of £35,000 in recognition of special services provided to the Company.

The aggregate of the remuneration paid and benefits in kind granted to the Directors of the Company under any description whatsoever for the year to 31 December 2009 was £100,000. 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 £120,000 including a one-off payment of £20,000 to be made to the Chairman in recognition of special services provided to the Company. 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.

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 GLIF Share at any time up to the second anniversary of the passing of the relevant resolution. Geoffrey Miller was granted options over 250,000 GLIF Shares and Frederick Forni and Patrick Firth were each granted options over 50,000 GLIF Shares.

On 23 October 2009, Geoffrey Miller and Patrick Firth exercised their share options to subscribe for GLIF Shares. Frederick Forni's options remain unexercised and, unless exercised, will lapse 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

Save as disclosed in paragraph 9 of this Part VII, in respect of any GLIF Director, there are no actual or potential conflicts of interest between any duties they have to GLIF, either in respect of the Acquisition or otherwise, 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.

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's 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's 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's 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's 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's 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's 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 has not held any directorships in any company, other than GLIF, or been a partner in a partnership at any time in the five years prior to the date of this document.

Geoffrey Richard Miller

Current

Greenwich Loan Income Fund Limited
Smartmove Spain

Past

Asset Management Investment Company PLC

Frederick Peter Forni

Current

Greenwich Loan Income Fund Limited
Diversified CMBS Investments Inc.
Macquarie Bermuda Investments Limited
Macquarie CPS LLC
Macquarie Energy Investments LLC
Macquarie Finance (USA) Inc
Macquarie Futures (Asia) Limited
Macquarie Germany Holdings GmbH
Municipal and Infrastructure Assurance Corporation

Past

Diversified CLO Investments No. 1 Inc.
MEIF Sophisticated Investor Fund
TAC Acquisition Corp.
Macquarie Global Infrastructure Total Return Fund Inc.
Macquarie Infrastructure Fund Advisor

Patrick Anthony Seymour Firth

Current

Associated Partners GP Limited
BH Credit Catalysts Limited
EuroDekania Limited
FF&P Alternative Strategy Income Subsidiary Limited
FF&P Asset Management (Guernsey) Limited
FF&P Russia Real Estate Adviser Holdings Limited
FF&P Venture Funds Subsidiary Limited
FP Holdings Limited
Global Industrial Investments Limited
Global Partners Fund Limited
Greenwich Loan Income Fund Limited
Guernsey Portfolios PCC Limited
Ingenious International Asset Management Limited
Inflexion (2010) General Partner Limited
JZ Capital Partners Limited
L&S Distribution Limited
L&S Distribution II Limited
L&S Distribution III Limited (formerly L&S Distribution II Unitholder 2 Limited)
L&S Distribution IV Limited
London & Stamford Property Limited
London & Stamford Property Subsidiary Limited
London & Stamford Offices Limited
London & Stamford Offices Unitholder 2 Limited
London & Stamford Retail Limited
LSP Green Park Management Limited (formerly LSP Cavendish Management Limited)
MRIF Guernsey GP Limited
Olivant Limited
Porton Capital Technology Funds
Prosperity Quest II Unlisted Limited
Rufford & Ralston PCC Limited (formerly King Street Fund PCC Limited (The))

Past

Blackfish Capital (Master) Fund 1 SPC
Blackfish Capital Fund 1 SPC
Cardona Lloyd (Guernsey) Limited (in voluntary liquidation)
CBI Finance Limited
CLL Hedge Portfolio Ltd (formerly Cardona Lloyd Hedge Portfolio Limited)
CLL Management Ltd (formerly Cardona Lloyd Limited)
Deephaven Global Multi Strategy Fund D Ltd
Deephaven Credit Opportunities Fund Ltd
Deephaven Global Value Partners Ltd
Deephaven Long/Short Equity Fund Ltd
FF&P Russia Real Estate Advisers Limited
FF&P Russia Real Estate Adviser Holdings Limited
FF&P Russia Real Estate Development Limited
FF&P Alternative Strategy Income Subsidiary No 2 Limited
Halsfield Limited
Investment Fund Services Limited
JAH Real Estate Funds SPC
JPMorgan Global Convertibles Investment Company Limited
L&S Battersea Limited
L&S Business Space Limited
L&S Business Space II Limited
L&S Highbury Limited
L&S Leeds Limited
Linesey Limited (in liquidation)
Mango Tree India Fund Limited
Maple Leaf Canada Fund Limited
Merchbanc Management (Guernsey) Limited
Moneda Latin American Fund PCC Limited
Peak Asia Properties Limited

Current	*Past*
Patrick Anthony Seymour Firth (continued)	
Saltus (Channel Islands) Limited	Thornhill Premium Fund Limited
Sierra GP Limited	Grosvenor Short Selling Fund, Ltd
Suningdale Alpha Fund Limited	Grosvenor U.S. Hedged Equity Specialists Fund Ltd
Victoria Capital PCC Limited	Grosvenor Venture Firms Ltd
	Grosvenor Venture Funds Ltd
	Waveland Partners, Ltd
	Butterfield Fulcrum Corporate Nominees Limited
	Butterfield Fulcrum Group (Guernsey) Limited (Formerly Butterfield Fund Services (Guernsey) Limited)
	Professional Investor Fund PCC Limited (The) Rosebank Management Limited
	Stratos Ventures General Partner 1 Limited
	Star Asia Finance, Limited
	Deephaven Event Fund Ltd
	Deephaven Global Convertibles Select Opportunities Fund Ltd
	Deephaven Global Multi Strategy Fund Ltd (formerly Deephaven Market Neutral Fund Ltd)
	JPMorgan Progressive Multi-Strategy Fund Limited

13. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings pending or threatened of which GLIF is aware) which may have or have had a significant effect on Group's financial position or profitability during the 12 months preceding the date of this document.

There are no governmental, legal or arbitration proceedings (including any such proceedings pending or threatened of which GLIF is aware) which may have or have had a significant effect on AMIC's financial position or profitability during the 12 months preceding the date of this document.

14. 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 GLIF Shares and who hold their GLIF Shares as an investment (other than under a personal equity plan or 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 GLIF Shares under the laws of their country and/or state of citizenship, domicile or residence.

Guernsey Taxation

The Company

It is the Directors' intention to apply to the Director of Income Tax in Guernsey for exempt company status pursuant to the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. On the basis that the Company is granted exempt company status the Company will not be liable to income tax in Guernsey on its income. The Company will need to reapply annually for exempt status, an application that currently incurs a fee of £600 per annum.

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, as described below. 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 at some point after the review. 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. The Policy Council of the States of Guernsey has stated that it may consider further revenue raising measures in the future, including the possible introduction of a goods and services tax, depending on the state of Guernsey's public finances at the time.

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 GLIF 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 GLIF Shares for which a fee of approximately £35 per £10,000 of assets applies.

EU Savings Tax Directive

Guernsey has introduced measures that are the same as the EU Savings Tax Directive. The Company will not, under the existing regime, be regarded as an undertaking for collective investment established in Guernsey that is equivalent to a UCITS authorised in accordance with EC Directive 85/611/EEC of the Council for the purposes of the application in Guernsey of the bilateral agreements on the taxation of savings income entered into by Guernsey with EU Member States. Consequently, in accordance with current States of Guernsey guidance on the application of the bilateral agreements, where the Company's paying agent (as defined for these purposes) is located in Guernsey, the paying agent would not be required to retain tax from, or exchange information regarding, distributions made by the Company and/or the proceeds of the sale, refund, or redemption of shares in the Company. Amendments to the EU Savings Tax Directive are currently being considered and it is possible that Guernsey will introduce equivalent amending measures. This could lead to changes that may affect the Company.

United Kingdom

The following comments are intended only as a general guide to current United Kingdom tax law and HMRC practice and apply to Shareholders who are resident or ordinarily resident in the United Kingdom.

The Company

The Directors intend to conduct the affairs of the Company in such a manner as to minimise, so far as they consider reasonably practicable, taxation suffered by the Company. This will include conducting the affairs of the Company so that it does not become resident in the United Kingdom for United Kingdom taxation purposes. Accordingly, and provided that the Company does not carry on a trade in the United Kingdom (whether or not through a permanent establishment situated therein), the Company will not be subject to United Kingdom income tax or corporation tax other than on United Kingdom source income.

Shareholders

Disposal of GLIF Shares

Disposals of GLIF Shares by a Shareholder may give rise to a chargeable gain or an allowable loss for the purposes of United Kingdom taxation on chargeable gains, 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 United Kingdom tax purposes (including under the pre-December 2009 legislation). However, if the Company were to be treated as such, gains arising to a Shareholder on a disposal or deemed disposal of GLIF Shares may be subject to tax as income.

Dividends

UK resident individual Shareholders who receive a dividend from the Company, and who hold less than 10 per cent. of the issued share capital of the Company, will generally be entitled to a tax credit equal to one-ninth of the dividend payment, which can be set against the individual's income tax liability on the dividend payment.

Such resident individual Shareholder will generally be taxable on the total of the dividend payment and the tax credit (the "gross dividend"), which will be regarded as the top slice of the Shareholder's income. The tax credit will discharge the individual's liability to income tax on the gross dividend except to the extent the gross dividend falls above the threshold for higher rate income tax. To that extent the Shareholder will, except to the extent that the gross dividend falls above the threshold for additional rate income tax, be subject to income tax on the gross dividend at the dividend upper rate of 32.5 per cent., but taking into account the tax credit, the effective rate will be 25 per cent. of the actual dividend payment. To the extent that the gross dividend falls above the threshold for additional rate income tax, the Shareholder will be subject to income tax on the gross dividend at the dividend additional rate of 42.5 per cent., but taking into account the tax credit, the effective rate will be approximately 36.1 per cent. of the actual dividend payment.

In principle, UK tax resident corporate Shareholders will be liable to corporation tax on dividends received from the Company. However, there are broad-ranging exemptions from this charge which would be expected to cover most Company dividends and other distributions. Nevertheless, a prospective UK tax resident corporate investor should seek its own specialist advice in relation to how these new rules affect it, particularly if it is to hold no less than 10 per cent. of the Company's issued share capital.

Individual Savings Accounts

After admission to the Official List of the CISX, GLIF Shares will, subject to a GLIF Shareholder's individual circumstances, be eligible to be held in the stocks and shares component of an individual savings account.

Stamp Duty and Stamp Duty Reserve Tax (SDRT")

Generally, no United Kingdom stamp duty or SDRT is payable on the issue of, or on the transfer of or agreement to transfer, GLIF Shares.

Other United Kingdom tax considerations

United Kingdom resident companies having an interest in the Company, such that 25 per cent. or more of the Company's profits for an accounting period could be apportioned to them, may be liable to United Kingdom corporation tax in respect of their share of the Company's undistributed profits. This applies only if the Company is controlled by United Kingdom residents.

Individuals ordinarily resident in the United Kingdom should note that United Kingdom tax legislation contains provisions for preventing avoidance of income tax by transfers of income to persons (including companies) abroad, which may render them liable to taxation in respect of any undistributed income and profits of the Company. However, those provisions will not apply if the Shareholder can satisfy HM Revenue & Customers that either:

(1) the purpose of avoiding liability to UK taxation was not the purpose or one of the purposes of his investment in the Company; or

(2) the investment was a *bona fide* commercial transaction and was not designed for the purpose of avoiding UK taxation.

Shareholders should also note that in certain circumstances, a portion of capital gains made by the Company can be attributed to a Shareholder who holds, alone or together with associated persons, more than 10 per cent. of the shares of the Company. The capital gains attributed to the Shareholder may (in certain circumstances) be liable to United Kingdom tax on capital gains in the hands of the Shareholder.

If any potential investor is in any doubt about the taxation consequences of acquiring, holding or disposing of Shares, he should seek advice from his own independent professional adviser.

15. General

15.1 The principal place of business and registered office of GLIF is at Sarnia House, Le Truchot, St. Peter Port, Guernsey GY1 4NA, Channel Islands.

15.2 The Company has no employees.

15.3 Save in relation to the Acquisition, the New GLIF Shares have not been marketed to and are not available in whole or in part to, the public.

15.4 Singer Capital Markets 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.

15.5 Grant Thornton UK LLP has given and has not withdrawn its written consent to the inclusion in Part V of this document of its report in the form and context in which it appears and has authorised the contents of its report for the purposes of Prospectus Rule 5.5.3 R(2)(f).

15.6 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.

15.7 In relation to information provided by third parties, the Company confirms that that information has been accurately reproduced and so far as the Company is aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

16. Corporate governance

The Company is a Guernsey-domiciled authorised closed-ended investment company. Guernsey does not have a corporate governance regime. However, GLIF is committed to high standards of corporate governance.

The Board consists of a Chairman and two non-executive directors. All of the Directors are considered by the Board to be independent of T2 Advisers and free of any material relationship with the Investment Manager. Each Director has the requisite high level and range of business and financial experience which enables the Board to provide clear and effective leadership and proper stewardship of GLIF. The Board considers that the post of chief executive officer is not relevant for an investment company as this role has effectively been delegated to T2 Advisers under the terms of the Investment Management Agreement. The Board also considers that the role of a senior independent director is not appropriate to the size of the Board. The Board takes the view that independence is not necessarily compromised by length of tenure on the Board and that experience can add significantly to the Board's strength.

The Board meets at least four times each year and more frequently when business needs require. The Board has a schedule of matters reserved to it for decision and the requirement for Board approval on these matters is communicated directly to the senior staff of T2 Advisers. Such matters include strategy, borrowings, treasury and dividend policy. Full and timely information is provided to the Board to enable the Directors to function effectively and to discharge their responsibilities. The Board also reviews the financial statements, performance and revenue budgets.

The Board conducts, on an annual basis, an appraisal of the Chairman of the Board as well as a performance evaluation of the Board as a whole. The Board has reviewed the Chairman's and Directors' other commitments and is satisfied that the Chairman and other Directors are capable of devoting sufficient time to GLIF.

There is an agreed procedure for Directors to take independent professional advice if necessary and at GLIF's expense. This is in addition to the access which every Director has to the advice and services of the GLIF secretary, Praxis Fund Services Limited, which is responsible to the Board for ensuring the Board procedures are followed and that applicable rules and regulations are complied with.

The Directors have appointed an audit committee consisting of the entire Board, chaired by Patrick Firth. The audit committee reviews audit matters within clearly defined written terms of reference (copies of which are available upon request from GLIF and on GLIF's website). In summary, the audit committee's main audit review functions are:

- to review and monitor the internal control systems and risk management systems on which GLIF is reliant;
- to consider annually whether there is a need for GLIF to have its own internal audit function;
- to monitor the integrity of the interim and annual financial statements of GLIF by reviewing and challenging where necessary, the actions and judgements of the manager and administrator;
- to meet, if required, with the auditors to review their proposed audit programme of work and the findings of the auditors. The audit committee shall also use this as an opportunity to assess the effectiveness of the audit process;
- to develop and implement policy on the engagement of the auditors to supply non-audit services;
- to review an annual statement from T2 Advisers detailing the arrangements in place within T2 Advisers whereby T2 Advisers staff may in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters ("whistle blowing");
- to make recommendations in relation to the appointment of the auditors and to approve the remuneration and terms of engagement of the auditors; and
- to monitor and review annually the auditors' independence, objectivity, effectiveness, resources and qualification.

17. 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.

18. Capitalisation and Indebtedness

The following table shows the Group's unaudited indebtedness (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) as at 30 September 2010 and the Group's unaudited capitalisation as at 30 June 2010 (being the last date in respect of which the Group has published financial information). The information below on capitalisation has been extracted without material adjustment from its published interim report for the period ended 30 June 2010.

	£'000
Total Current Debt	
Guaranteed	–
Secured	–
Unguaranteed/unsecured	–
Total	–
Total Non-current Debt	
Guaranteed	–
Secured	–
Unguaranteed/unsecured	124,977
Total	124,977

	£'000
Shareholders equity	
Share capital	–
Legal reserves (share premium)	16,087
*Other reserves (other reserves and foreign exchange reserve)	34,147
Total	50,234

* Other reserves do not include retained earnings.

The following table shows the Group's unaudited net indebtedness as at 30 September 2010.

	£'000
A. Cash and cash equivalents	20,374
B. Cash equivalents	–
C. Trading securities	–
D. Liquidity (A+B+C)	20,374
E. Current financial receivable	–
F. Current bank debt	–
G. Current portion of non-current debt	–
H. Trading securities payable	–
I. Other current financial debt	–
J. Current financial debt (F+G+H+I)	–
K. Net current liquidity (J-E-D)	-20,374
L. Non-current bank loans	–
M. Bonds issued	–
N. Other non-current loans	124,977
O. Non-current financial indebtedness (L+M+N)	124,977
P. Net financial indebtedness (K+O)	104,603

The Group currently has no indirect or contingent indebtedness.

There has been no material change in the indebtedness of the Group since 30 September 2010, and no material change in the capitalisation of the Group since 30 June 2010.

19. Significant change

There has been no significant change in the trading or financial position of the Group since 30 June 2010, the date to which the unaudited interim financial information has been prepared.

Save as disclosed in the interim management statement announced on 5 August 2010 (summarised in sub-paragraphs (a) to (c) below), there has been no significant change in the trading or financial position of AMIC since 31 March 2010, the date to which the unaudited interim financial information has been prepared.

(a) AMIC completed the sale of the holding in City of London Plc on 15 April 2010. The total proceeds from the sale of the holding in City of London Plc were £3,995,060, realising a profit on the investment of £3,268,233.

(b) The deferred part of the consideration of US$150,000 on the sale of the Financial Management Advisors ("FMA") on 30 May 2008 secured by a promissory note from Mr. Kenneth D Malamed, Chairman and Chief Executive Officer of FMA, was received in full on the due date on 28 May 2010. The AMIC Board had made a full provision against the value of the promissory note.

(c) On the sale of Hillview Capital Partners ("Hillview") on 7 December 2007, it was agreed that three annual payments of 2.5 per cent. of gross revenues of Hillview less commissions on sales would be received by AMIC on the second anniversary of the closing. Accordingly, the first annual payment amount to US$84,978 was received on 7 June 2010 being net revenue due to AMIC in respect of the year ended 31 December 2009. The amount received was approximately equal to its carrying value in AMIC's records.

20. Working capital

GLIF is of the opinion that the Group has sufficient working capital for its present requirements, that is, for at least the 12 months following the date of the publication of this document.

21. Related party transactions

The related party transactions contained within this paragraph 21 have been set out in accordance to the Regulation (EC) No 1606/2002, being those that the Company has entered into during the period covered by the historical financial information (as set out in Part II of this document) and up to the date of this document.

21.1 Saul Rosenthal is a member of BDC Partners, LLC which owns T2 Advisers. Saul Rosenthal and Patrick Conroy are officers of T2 Advisers. Patrick Firth was a director of Butterfield Fulcrum Group (Guernsey) Limited until 30 June 2009. Butterfield Fulcrum Group (Guernsey) Limited was the administrator of the Company until 18 August 2010.

21.2 Since 1 January 2007 and to the date of this document:

21.2.1 Patrick Conroy has been paid £413,467 in respect of his role of chief financial officer to the Company;

21.2.2 the Company has paid fees of £11,206,309 to T2 Advisers under the terms of the Investment Management Agreement;

21.2.3 the Company has paid fees of £177,944 to Butterfield Fulcrum Group (Guernsey) Limited in its role as the former administrator and secretary to GLIF; and

21.2.4 the Company paid amounts owing to BDC Partners, LLC of £524,035.

21.3 As at the date of this document:

21.3.1 there is a sum of £56,440 due to T2 CLO from the Company in relation to a Wall Street Office system; and

21.3.2 there is a receivable from T2 Advisers to the Company of £495,178.

21.4 Upon the incorporation of the Company on 9 June 2005, T2 Advisers was granted options to purchase 4,222,222 Shares at a price of 100 pence per Share, as reduced by dividends paid per Share, subject to the Company achieving certain performance criteria as follows:

21.4.1 the options vested and became exercisable in respect of 50 per cent. immediately on conclusion of the first three month period during which the Company paid dividends on the Shares in an aggregate amount during that three month period equal to or exceeding 8 per cent. of the initial offer price of 100 pence per Share on an annualised basis (the "Hurdle Rate"); and

21.4.2 the remaining 50 per cent. vested and became exercisable immediately on conclusion of the twelve month period following the date specified above.

On 23 February 2007, the Hurdle Rate was met. Accordingly, on 31 March 2007, the options on 2,111,111 Shares became vested. The remaining options for 2,111,111 Shares vested on 31 March 2008.

Effective 21 April 2008, the options to acquire 4,222,222 Shares were cancelled in consideration of a one-off cash payment by the Company to the Investment Manager of £1.4 million. The amount of the payment was determined by the Board with reference to the present value of the options, with the application of a further discount, and after consultation with the Company's nominated advisor.

21.5 In June 2007 T2 Advisers was granted options to purchase 555,555 Shares at a price of 101.75p per Share, based upon the 5,000,000 Shares issued at that time, in accordance with the terms of the Investment Management Agreement. Effective 26 March 2010, upon mutual agreement between the Investment Manager and the Company, the 555,555 options were cancelled without additional payment.

21.6 On 18 December 2009, the Company acquired an investment in senior secured corporate notes, Koosharem 2nd Lien from T2 CLO for US$8.55 million (GBP 5.31 million).

21.7 On 17 July 2009, Geoffrey Miller, Frederick Forni and Patrick Firth were granted share options in the Company exercisable at a price of 10 pence per Share at any time up to the second anniversary of the passing of the relevant resolutions. Geoffrey Miller was granted options over 250,000 shares, Frederick Forni and Patrick Firth were each granted options over 50,000 shares. On 23 October 2009, Geoffrey Miller and Patrick Firth exercised their share options to subscribe for Shares in the Company.

21.8 On 12 August 2010, the Company acquired the equity holding in Stratus Technologies Bermuda Holdings Ltd from T2 CLO for US$1.7 million (GBP 1.1 million).

Save for these arrangements, the Company has not entered into any related party transactions during the period from incorporation of the Company until the date of this document.

22. Investor Profile

Any investment in the Company and, following the Acquisition, the Enlarged Group, 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 GLIF 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.

23. 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, and the offices of Stephenson Harwood, One, St. Paul's Churchyard, London EC4M 8SH, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) until the date of Admission:

(A) the existing Memorandum and Articles of Association of GLIF;

(B) the consent letters referred to in paragraph 15 of this Part VII;

(C) the audited consolidated accounts of GLIF for the three years ended 31 December 2009 and the interim accounts for the six months to 20 June 2010 referred to in Part III of this document;

(D) the audited accounts of AMIC for the three years ended 30 September 2009 and the interim accounts for the six months to 31 March 2010 referred to in Part IV of this document;

(E) the Scheme Circular;

(F) the GLIF Circular;

(G) the material contracts referred to in paragraph 6 of this Part VII; and

(H) 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 VIII

ADDITIONAL INFORMATION ON T2 CLO

T2 CLO was incorporated as an exempted company on 11 October 2006 under the Companies Law (2004 Revision) of the Cayman Islands with the registered number WK-175493. The registered office of T2 CLO is located at the offices of Walkers SPV Limited, Walker House, 87 Mary Street, George Town, Grand Cayman, KY1 9002, Cayman Islands, telephone number: (345) 945-3727. T2 CLO was established as a special purpose entity for the purpose of issuing the Notes.

The objective of T2 CLO is to act as a funding vehicle for the Company and the investment policy of T2 CLO is to invest in a portfolio of collateral debt obligations. These collateral debt obligations secure the Notes pursuant to the Indenture for the benefit, amongst others, of the holders from time to time of the Rated Notes.

All of T2 CLO's ordinary shares are issued and are legally owned by the Share Trustee and are held in trust by the Share Trustee under the terms of a declaration of trust for the benefit of one or more charitable organisations in the Cayman Islands. The Share Trustee has no beneficial interest in and derives no benefit other than its fees from its holding of the Ordinary Shares.

Pursuant to the Collateral Management Agreement between T2 Advisers and T2 CLO, T2 Advisers provides investment management services to T2 CLO. The directors of T2 CLO are Ferona Bartley-Davis and David Lloyd, each of whom is an officer of the Share Trustee.

The Rated Notes were subscribed by financial institutions and are listed on the main securities market of the Irish Stock Exchange, an EU regulated market. On 24 June 2009, the Company acquired Class B Rated Notes in a principal amount of US$1,137,000 and, on 2 July 2009, the Company acquired Class D Rated Notes in a principal amount of US$3,000,000. The Income Notes are also listed on the Irish Stock Exchange.

Dated: 16 December 2010

PART IX

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

"Acquisition"	the proposed acquisition by GLIF of AMIC to be effected by the Scheme;
"Acquisition Illustration"	the illustrative calculations based on the assumptions set out therein as further described in Part I of this document;
"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 6.1.2 of Part VII of this document;
"Administrator"	Praxis Fund Services Limited;
"Admission"	the admission of the New GLIF Shares to be issued in connection with the Acquisition to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules and/or the admission of such New GLIF Shares and the Existing GLIF Shares to the Official List of the CISX becoming effective in accordance with the listing rules of CISX, as the context requires;
"AIM"	the AIM market of the London Stock Exchange;
"AIM Rules"	means the AIM Rules for Companies published by the London Stock Exchange;
"AMIC"	Asset Management Investment Company PLC, a company registered in England and Wales with number 02918390;
"AMIC Board" or **"AMIC Directors"**	the board of directors of AMIC, or a duly constituted committee thereof;
"AMIC Court Meeting"	the meeting of the holders of AMIC Shares convened by order of the Court pursuant to Part 26 of the Companies Act to consider and, if thought fit, approve the Scheme and confirm the Reduction of Capital, including any adjournment thereof;
"AMIC FAV"	the Formula Asset Value as at the Calculation Date attributable to AMIC as determined in accordance with the formula set out in Part VI of this document;
"AMIC General Meeting"	the general meeting of AMIC to be held at 10.15 a.m. on 11 January 2011 (or as soon thereafter as the AMIC Court Meeting shall have concluded or been adjourned), including any adjournment thereof;
"AMIC Shareholders"	holders of AMIC Shares;
"AMIC Shares"	fully paid ordinary shares of 25 pence each in the capital of AMIC;
"Articles of Association" or **"Articles"**	the articles of association of GLIF;
"Basic Offer"	the offer of cash for each AMIC Share pursuant to the Acquisition;

"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;
"Calculation Date"	the time and date on which AMIC's NAV will be calculated for the Scheme currently expected to be 6.00 p.m. on 21 January 2011 or such later date as may be agreed between AMIC and GLIF;
"certificated" or **"certificated form"**	a share or security which is not in uncertificated form (that is, not in CREST);
"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;
"Companies Act"	the UK Companies Act 2006, as amended;
"Companies Law"	The Companies (Guernsey) Law, 2008 as may be amended from time to time;
"Conditions"	the conditions of the Acquisition summarised in Part I of this document;
"Court"	the High Court of Justice in England and Wales or the Court of Appeal in England and Wales, as the case may be;
"Court Hearing"	the hearing by the Court of the petition to sanction the Scheme and confirm the Reduction of Capital;
"Court Order"	the Court order sanctioning the Scheme and confirming the Reduction of Capital;
"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;
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/3755), as amended;
"Custodian"	Butterfield Bank (Guernsey) Limited;
"Custodian Agreement"	the custodian agreement made between the Company and Butterfield Bank (Guernsey) Limited dated 29 July 2005 further details of which are set out at paragraph 6.1.3 of Part VII of this document;
"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;
"Effective"	the Scheme having become effective pursuant to its terms;

"Effective Date"	the date on which the Scheme becomes Effective;
"Eligible Investments"	investments that fulfil the criteria stipulated by the investment policy of the Company from time to time;
"Enlarged Group"	GLIF as enlarged by the Acquisition;
"Enlarged Group Shares"	ordinary shares of no par value each in the capital of the Enlarged Group;
"Equivalent Document"	this document which is equivalent to a prospectus pursuant to paragraphs PR1.2.2R (2) and PR1.2.3R (3) of the Prospectus Rules;
"Excluded Overseas Shareholders"	Overseas Shareholders who are not resident in, ordinarily resident in, or a citizen of an EEA State;
"Existing Shareholders"	holders of GLIF Shares as at the date of this document;
"Existing GLIF Shares"	GLIF Shares in issue as at the date of this document;
"Formula Asset Value" or **"FAV"**	the amount at any date as is calculated as such at that date in accordance with Part VI of this document;
"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;
"GLIF Circular"	the circular to Existing Shareholders dated the same date as this document to approve, among other matters, the Acquisition and containing a notice convening the GLIF Extraordinary General Meeting;
"GLIF Extraordinary General Meeting"	the extraordinary general meeting of GLIF to be held at 10.00 a.m. on 11 January 2010, including any adjournment thereof;
"GLIF Shareholders" or **"Shareholders"**	holders of GLIF Shares;
"GLIF Shares"	ordinary shares of no par value each in the capital of GLIF;
"Group"	GLIF and T2 CLO (which is currently treated by GLIF as its subsidiary for accounting purposes);
"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;
"Indicative Offer Announcement"	the announcement made on 26 October 2010 that the boards of GLIF and AMIC were in advanced discussions regarding a possible offer;

"Investments"	investments of the Company and/or T2 CLO from time to time;
"Investment Management Agreement"	the investment management agreement dated 29 July 2005 between GLIF and T2 Advisers;
"Investment Manager"	T2 Advisers, LLC;
"London Stock Exchange"	London Stock Exchange plc;
"Long Stop Date"	31 March 2011 (or such later date (if any) as GLIF and AMIC may with the consent of the Panel agree);
"Main Market"	the main market for listed securities of the London Stock Exchange;
"Memorandum of Association"	the memorandum of association of GLIF;
"Net Asset Value" or **"NAV"**	the net asset value of a company determined in accordance with the relevant company's normal accounting policies;
"New GLIF Shares"	means the ordinary shares of no par value in GLIF proposed to be issued to AMIC Shareholders electing for the Share Alternative pursuant to the Scheme;
"New AMIC Shares"	means the fully paid new shares in AMIC to be issued to GLIF (or such company as GLIF may nominate) pursuant to the Scheme;
"Notes"	Rated Notes and/or Income Notes, as the context permits or requires;
"Numis Securities"	Numis Securities Limited;
"Offer"	"takeover offer" as that term is defined in section 974 of the Companies Act;
"Offer Announcement"	the joint announcement, made by GLIF and AMIC, dated 7 December 2010, of the terms of GLIF's offer to acquire the entire issued and to be issued share capital of AMIC;
"Overseas Shareholders"	Shareholders or AMIC Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the UK, the Channel Islands and the Isle of Man;
"Proposals"	the Acquisition as described in Part I of this document;
"Prospectus Rules"	the prospectus rules made under Part VI of FSMA (as set out in the FSA Handbook), as amended;
"Rated Notes"	U.S.$176,250,000 Class A First Priority Senior Notes due 2019, U.S.$30,000,000 Class B Second Priority Senior Notes Due 2019, U.S.$22,000,000 Class C Third Priority Subordinated Deferrable Notes Due 2019, U.S.$9,000,000 Class D Fourth Priority Subordinated Deferrable Notes Due 2019 and/or U.S.$12,000,000 Class E Fifth Priority Subordinated Deferrable Notes Due 2019, as the context requires, issued by T2 CLO;
"Reduction of Capital"	the reduction of AMIC's share capital, involving the cancellation and extinguishing of the AMIC Shares provided for by the Scheme under section 648 of the Companies Act;
"Registrar"	Equiniti Limited;

"Registrar Agreement"	the transfer agreement dated 29 July 2005, as novated by a novation agreement dated 31 July 2007, made between the Company, Equiniti Limited and Equiniti Financial Services Limited further details of which are set out at paragraph 6.1.4 of Part VII of this document;
"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;
"Restricted Jurisdiction"	any jurisdiction where the New GLIF Shares cannot be made available without breaching applicable laws;
"Scheme"	the scheme of arrangement of AMIC under Part 26 of the Companies Act and the related Reduction of Capital, with any modification thereof or addition thereto or condition approved or imposed by the Court;
"Scheme Circular"	the document sent to AMIC Shareholders which contains, among other things, details of the Scheme and notice of the AMIC Court Meeting and AMIC General Meeting;
"Scheme Record Time"	6.00 p.m. on the second Business Day immediately preceding the Effective Date;
"SEC"	the United States Securities and Exchange Commission;
"Share Alternative"	the right of AMIC Shareholders (other than Excluded Overseas Shareholders) to elect to receive New GLIF Shares as consideration pursuant to the Acquisition;
"Share Trustee"	Walkers SPV Limited, a licensed trust company incorporated in the Cayman Islands;
"Singer Capital Markets"	Singer Capital Markets Limited;
"Statement of Capital"	the statement of capital (approved by the Court) showing with respect to AMIC's share capital, as altered by the Reduction of Capital, the information required by section 649 of the Companies Act;
"sterling" or **"£"**	the lawful currency of the United Kingdom for the time being;
"T2 Advisers"	T2 Advisers, LLC;
"T2 CLO"	T2 Income Fund CLO I Ltd, an exempted company incorporated under the law of the Cayman Islands;
"UK Listing Authority"	the FSA acting in its capacity as the competent authority for the purpose of Part VI of FSMA;
"UKLA Official List"	the list maintained by the UK Listing Authority, a division of the FSA, pursuant to Part VI of FSMA;
"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; and
"Voting Record Time"	6.00 p.m. on the day which is two Business Days before the date of the AMIC Court Meeting or, if such AMIC Court Meeting is adjourned, 6.00 p.m. on the second Business Day before the day of such adjourned meeting.