

*Brighton SPC (In
Official
Liquidation) ('the
Fund')*

12 November 2015

First Report of the
Joint Official
Liquidators

Privileged and
Confidential

Basis of Preparation and Disclaimer

Basis of Preparation

This report has been prepared solely for the purpose of providing a report of the Joint Official Liquidators' ("JOLs") of Brighton SPC (In Official Liquidation) ("the Fund") to the Grand Court of the Cayman Islands ("the Court") and the creditors and investors of the Company.

PwC Corporate Finance & Recovery (Cayman) Limited is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

All currency amounts in this document are expressed in United States dollars unless otherwise noted.

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Table of Contents

1. Introduction	7
1.1 The Forensic Examination and the Controllershship	7
1.2 Appointment of the Joint Official Liquidators to the Fund.....	7
2. Background & Reported Financial Position of the Fund.....	8
2.1.1 Group Structure	8
2.1.2 Forensic Examination Report Conclusions	8
2.1.3 First Controllershship Report Conclusions	9
2.1.4 Second Controllershship Report Conclusions.....	9
2.1.5 Since the Second Controllershship Report.....	10
3. Current Financial Position	11
3.1 Receipts & Payments and Estimated Financial Position	11
3.2 Fees and Costs Incurred to Date	13
3.2.1 Controllershship	13
3.2.2 JOLs' fees.....	13
3.2.3 Legal fees	13
3.3 Limited Availability of Liquidation Funding.....	13
4. Conduct of the Liquidation to Date	15
4.1 Statutory requirements.....	15
4.2 The Company's service providers.....	15
4.3 Fund's Books and Records	16
4.4 Cross Border Considerations.....	16
5. Asset Realisation.....	18
5.1 Investment Assets	18
5.1.1 Global Swietinia PLC	18
5.1.2 Highland Trout (Pty) Limited	19
5.1.3 Other Potential Assets	20
5.2 Cash Tracing.....	21
5.3 Potential Litigation Assets.....	21
6. Meetings of Shareholders and Creditors & Liquidation Committees	23
6.1 Purpose of the Meeting	23
6.2 Attendance and Dial-In Details.....	23
7. Glossary of Terms and Abbreviations	24

Appendix 1 – Winding – Up Order	27
Appendix 2 – Four Elements PCC 2013 Financial Statements	28
Appendix 3 – KRL Financial Statements.....	29
Appendix 4 – Funded Portfolio Functional Currency and Solvency Determinations	30
Appendix 5 – Corinthian Trust Group Structure Listing.....	31
Appendix 6 – JOL’s Letter Dated 20 October 2015	32
Appendix 7 – Schedule of KRL’s Reported Investments	33
Appendix 8 – Proxy Form.....	34

1. Introduction

1.1 The Forensic Examination and the Controllership

Simon Conway and David Walker of PwC Corporate Finance & Recovery (Cayman) Limited (“PwC”) were appointed Joint Controllers (“Controllers”) of Brighton SPC (the “Fund”) on 1 June 2015.

Prior to their appointment as Controllers, on 30 April 2015, Simon Conway and David Walker were authorised by the Cayman Islands Monetary Authority (“CIMA” or “the Authority”) to perform a forensic examination of the Fund and produce a report on their findings (the “FE Report” dated 21 May, 2015). This report should be read in conjunction with the FE Report, which contains detailed information regarding the background and financial position of the Fund, together with the First Controllers’ Report, dated 26 June, 2015 (the “First Controllers’ Report”) and the Second Controllers report dated 3 August 2015 (“the Second Controllership Report”) (together the “Previous Reports”). These have been made available to investors and creditors on the data room, located at <https://dataroom.ansarada.com/BrightonSPC>. In the event that you are yet to receive log-in details to the dataroom, please contact this office at brighton@ky.pwc.com to request log-in credentials.

This report and the Previous Reports also refer to the activities of the Joint Liquidators of the Fund’s wholly owned subsidiary, Kijani Resources Limited (“KRL”). Since the activities of KRL are highly material to the Fund, the JOLs have reported on those activities as well as those carried out by the JOLs.

1.2 Appointment of the Joint Official Liquidators to the Fund

On 2 September 2015, CIMA submitted a winding up petition to the Court, pursuant to Section 94(4) of the Cayman Islands’ Companies Law (2013 Revision).

The rationale for the submission of the petition has been laid out in detail in the winding-up petition, which has been made available for investors and creditors viewing in the data room.

Following the initial directions hearing, a hearing for the winding-up petition was scheduled for 6 October 2015. Belvedere Life PCC (“Belvedere”), a substantial investor in the Fund and affiliate of the Kijani Fund’s former Mauritius directors, administrator and investment manager, was represented at this winding-up hearing by its former Cayman Counsel, HSM Chambers, and opposed the making of a winding-up order.

At the 6 October 2015 hearing, the Court determined that the Fund should be wound up and appointed Simon Conway and David Walker of PwC Cayman as the JOLs under the Order attached at Appendix 1.

On 28 October 2015, a Notice of Appeal was served upon the Fund by Belvedere’s newly appointed replacement Cayman counsel, Campbells. By its appeal, Belvedere is seeking to reverse the Winding-Up Order against the Fund and the appointment of JOLs.

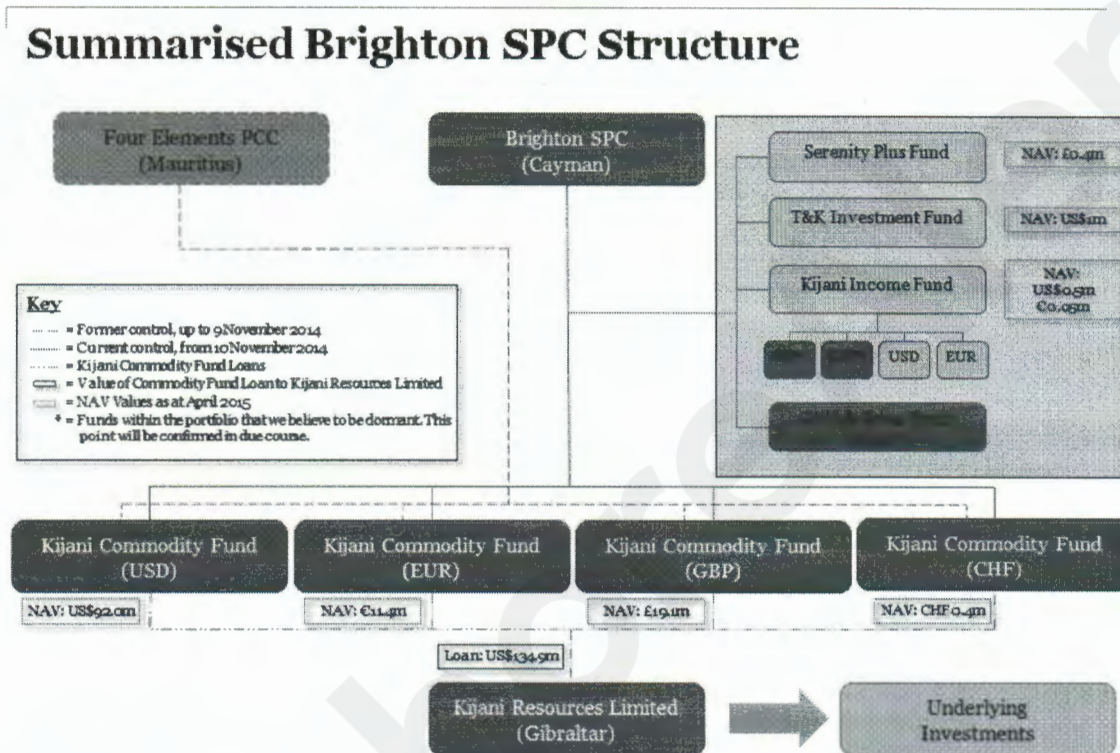
At the date of this report, no date has been issued for a hearing by the Court of Appeal and no application has been made for a stay of the liquidation proceedings. As a result, the Winding-Up Order remains valid and effective, so that the liquidation of the Fund and its underlying segregated portfolios shall proceed notwithstanding the appeal.

2. Background & Reported Financial Position of the Fund

2.1.1 Group Structure

The Fund was incorporated as a Cayman Islands Segregated Portfolio Company on 15 May 2014 and has 8 funded segregated portfolios, including Kijani Commodity Fund (USD), Kijani Commodity Fund (EUR), Kijani Commodity Fund (GBP), Kijani Commodity Fund (CHF) (together “the Kijani Funds”), Kijani Income Fund (USD), Kijani Income Fund (EUR), Serenity Plus Fund and T&K Investment Fund (together “the Funded Portfolios”). Based on information obtained to date, the JOLs believe that the remaining segregated portfolios are shell entities with no assets or liabilities. Figure 1 below provides an illustrative summary of the group structure.

Figure 1: Summarised Brighton SPC Structure:



The Previous Reports include a substantial amount of detail relating to the Fund’s historical trading, investment structure, valuation and cashflows, which has not been repeated in this first JOLs’ report. However, the key conclusions from these Previous Reports are summarised below.

2.1.2 Forensic Examination Report Conclusions

- The structure and purpose of the Kijani Funds was misrepresented to investors in the offering and marketing documents and those who invested based on those representations would have a wholly incorrect understanding of the investments and the associated risks;
- Management did not invest in accordance with the Kijani Funds’ investment criteria, with a potentially significant adverse impact for investors;
- The sole investment asset of the Kijani Funds is a loan to KRL, a company in Gibraltar (“the KRL Loan”), which was valued at US\$134.9m as at April 2015, according to the Kijani Funds’ most recent Net Asset Valuation (“NAV”). The Fund is the sole shareholder and creditor of KRL.

- Neither the KRL Loan arrangements, nor the actual investment portfolio of KRL, were disclosed to Kijani Funds investors who only received pricing and financial information with respect to the Kijani Funds' NAVs.
- Management relied on misleading valuation methodologies to value the Fund's key assets with a resulting significant overvaluation of the Fund's NAV;
- There has been no material recovery of cash returns on the sole investment of the Kijani Funds (i.e. the KRL Loan), and therefore the Kijani Funds paid redemption requests through the proceeds of new subscriptions; and
- The Fund purportedly made currency trading related payments of approximately US\$2m to Citygate Securities Limited ("Citygate"), a substantial investor in the Fund and an affiliate of Belvedere Management Limited. Since the FE Report was prepared, the Mauritius FSC issued a notice of suspension to Citygate.

The FE Report also discussed concerns with regard to the loan from the Kijani Funds to KRL, namely that it is believed that the KRL Loan and the Kijani Fund's historical performance are likely to be significantly overstated, primarily as a result of the use of inappropriate valuation methods, in summary:

- The KRL Loan has represented approximately 100% of the Kijani Funds' NAV since inception and therefore the Kijani Funds' NAV is entirely reliant on the recoverability of this loan plus interest;
- The terms of KRL Loan effectively give the Kijani Funds a right to receive the full reported value of KRL's investments;
- In our view the KRL financial statements for 2013 and 2014 are wholly insufficient for IFRS financial reporting purposes and provide no credible basis for reliance for the Kijani Funds in assessing the value of the KRL Loan;
- The valuation method for KRL's two largest investments (ALF Capital Management AG ("ALF") and Eligere Investments plc ("Eligere"), at a combined value of US\$102.4m), based on the GXG Markets quoted share price of Eligere, is misleading given the unrealistically long period (approximately 287 years) it would take to sell KRL's aggregated position in this very thinly traded stock;
- Under most of the loan agreements, KRL effectively passes on investment management discretion and abrogates oversight and control over how these monies are invested, potentially exposing KRL and therefore, the Kijani Funds, to a significant risk that the monies will not prove to be recoverable in the future.

2.1.3 First Controllership Report Conclusions

- In response to the demand for repayment of the KRL Loan, on 4 June 2015, Richard Fagan and Simon Hooper (together "the KRL Directors") advised that there were only very limited monies available and repayment under the terms of the loan was not possible, therefore it was considered that KRL was cashflow insolvent. As a result, the Controllers put KRL into liquidation in Gibraltar by a special resolution on 19 June 2015;
- Belvedere's role in both sourcing funding and introducing investments to KRL raises concerns regarding the purpose of the investment structure and the independence of the participants;
- The inability, or unwillingness, of the KRL Directors to provide basic historical financial and cashflow information for KRL raises concerns regarding the management of that entity and the use of the KRL Loan monies;
- Concerns raised by a KRL Director with respect to substantial sums paid by KRL to Belvedere in relation to currency trading correlate with similar Fund payments flagged in the FE Report as potentially suspicious;
- GXG, the exchange on which KRL's main investment is listed (representing circa 76% of NAV) confirmed the Controllers' view that KRL's use of a low volume historical share trade for valuation purposes is not appropriate; and
- When the Controllers sought to serve notices at the Gibraltar addresses given as registered office and trading address for KRL in the Fund's records, parties at both addresses disclaimed any association with KRL.

2.1.4 Second Controllership Report Conclusions

- Expenses borne by the Kijani Funds are, estimated to range between approximately \$25.8m and \$31.7m since 2011, excluding any further expenses borne at other levels of the investment structure; this corresponds to approximately 26% and 32% of the net circa \$98m invested into the Kijani Funds, which would be considered to be excessive by normal industry standards;
- KRL has received circa \$8m of funds from unidentified third parties, at least a portion of which appears to relate to investment. Where additional third party funders / investors subscribed monies directly into KRL in addition to the KRL Loan, these additional interests could dilute the interests of the Kijani Funds.

- Analysis of KRL cashflows indicates that the bulk of investor monies have passed to related party entities under the control of the principals of KRL.

2.1.5 *Since the Second Controllership Report*

A significant amount of information in respect of the Fund and, specifically KRL's investments has been obtained since the Second Controllership Report. These findings are discussed in further detail in this report; however, in relation to specific matters detailed above, the JOLs wish to highlight the following matters.

- GXG Markets, the exchange upon which KRL investments ALF and Eligere were listed, has itself now ceased to trade and delisted all quoted stocks, as of 18 August 2015. Accordingly, the largest listed investments of KRL no longer have a trading platform.
- The financial statements of Four Elements PCC ("Four Elements"), the Mauritian corporate structure under which the Kijani Funds were historically domiciled, have been obtained for the financial year ended 31 December 2013 (refer Appendix 2). These financial statements, which were audited by BDO Mauritius, have a qualified audit opinion with respect to the existence and recoverability of a substantial proportion of the reported assets, specifically, the following qualifications were included:
 - **Existence** – *"The separate financial statements include an amount of €33,763,323 representing investments, cash, cash equivalents, loans and interest receivable. We were unable to obtain sufficient appropriate audit evidence as to its existence as at the reporting date."*
 - **Recoverability** – *"The separate financial statements include an amount of €32,892,696 representing investments, loans and interest receivable. We were unable to obtain sufficient appropriate audit evidence as to its recoverability at the reporting date."*
 - **Consolidation Accounting** – *"The Company which has investment in subsidiaries has not presented consolidated financial statements as required by IFRS 10 'Consolidated Financial Statements'. The fact that no consolidated financial statements have been prepared is a departure from IFRS 10."*
- The JOLs have obtained financial statements of KRL, dated back to the year ended December 2011 (refer Appendix 3), which demonstrate the lack of any trading during that year. This is despite the numerous marketing factsheets and due diligence material from the Kijani Funds, issued to prospective investors, setting out a monthly performance throughout 2011.

3. Current Financial Position

3.1 Receipts & Payments and Estimated Financial Position

Receipts and payments accounts for the Fund, the period of the Controllership and the Official Liquidation are detailed below.

Figure 2: Receipts and Payments Account for the Period of the Controllership and the Liquidation to 4 November 2015

	KCF USD	KCF EUR	KCF GBP	Segregated Portfolio		SPF	TKIF	
	US\$	€	£	KCF CHF	KIF USD			KIF EUR
CONTROLLERSHIP								
Receipts								
Cash at Bank as at 1 June 2015	1,474,730	276,683	85,468	64,156	83,449	162	578,036	41,153
CityGate Securities Hedging Accto	(63,588)	23,746	19,298	120,093	-	-	-	-
Inter-Portfolio Recharge Receipts	181,638	-	-	-	-	-	-	-
Total Receipts	1,592,779	300,429	104,766	184,248	83,449	162	578,036	41,153
Payments								
Joint Controllers' Fees	(254,795)	-	-	-	-	-	-	-
Legal Fees	(100,096)	-	-	-	-	-	-	-
Legal Disbursements	(36)	-	-	-	-	-	-	-
IT Consultancy	(7,402)	-	-	-	-	-	-	-
IT Consultancy Disbursements	(60)	-	-	-	-	-	-	-
Bank Charges	(1,070)	(770)	(558)	(818)	(2,923)	-	(1,393)	(866)
Inter-Portfolio Recharge Payment	-	(29,615)	(50,283)	(64,235)	(1,354)	(125)	(949)	(3,297)
Total Payments	(363,459)	(30,385)	(50,842)	(65,052)	(4,276)	(125)	(2,341)	(4,163)
Controllership Total	1,229,320	270,044	53,925	119,196	79,173	37	575,695	36,990
LIQUIDATION								
Receipts								
Controllership Balance c/f	1,229,320	270,044	53,925	119,196	79,173	37	575,695	36,990
Inter-Portfolio Recharge Receipts	49	-	3,384	-	-	-	-	-
Liquidation Receipts	1,229,369	270,044	57,309	119,196	79,173	37	575,695	36,990
Payments								
Advertising Fees	-	-	(2,100)	-	-	-	-	-
IT Consultancy	(141)	-	-	-	-	-	-	-
Meeting Room Hire	-	-	(2,205)	-	-	-	-	-
Inter-Portfolio Recharge Payment	(4,401)	(572)	-	(20)	(25)	(2)	(18)	(61)
Liquidation Payments	(4,542)	(572)	(4,305)	(20)	(25)	(2)	(18)	(61)
GRAND TOTAL	1,224,827	269,472	53,004	119,176	79,148	35	575,677	36,929

Notes:

- 1)The above 'Cash at Bank' figures exclude amounts held in designated subscription and redemption accounts, due to there being further review required into whether these constitute trust accounts.
- 2)To date, costs of the Liquidation and Controllership have been charged in full to the KCF USD and KCF GBP accounts. Where this is the case, the amounts incurred have been apportioned to each of the Funded Portfolios on the basis of their NAV and converted to the respective functional currencies as at the transaction date, using the open market spot exchange rates.
- 3)The inter-portfolio recharges represent the gross amounts recharged to segregated portfolios where costs have been incurred on their behalf by another segregated portfolio's account. Additionally, the Kijani Funds USD and CHF accounts include respective movements for \$63,598 and the CHF equivalent to account for an error made in respect of the CityGate Securities hedging account balances.

In addition to the above cash at bank figures, the JOLs are holding certain funds that relate to subscriptions and redemptions that had not been finalised at the time of the Fund's suspension. The balances held are as referred to in the Previous Reports, less any bank fees levied against the same and the JOLs confirm that such funds are held separately to general trading funds.

In accordance with the Winding-Up Order, expenses of the Liquidation (including legal fees) shall be charged to the segregated portfolio on whose behalf they are incurred. In the event that expenses are incurred on behalf of or for the benefit of more than one segregated portfolio, such expenses shall be apportioned in such manner as the JOLs consider fair and equitable.

Cash at bank for each of the segregated portfolios, as at 6 October 2015, the date of the JOLs' appointment is detailed in the financial position statement at Figure 3 below.

In addition to the receipts and payments accounts, detailed below is an estimate of the financial position of the Fund as at 4 November 2015. This has been prepared using the Fund's books and records of expenses approved for payment, together with redemption requests received prior to the suspension of the Fund on 17 March 2015.

Figure 3: Statement of Liquidation Financial Position, as at 4 November 2015

	KCF USD	KCF EUR	KCF GBP	Segregated Portfolio		KIF EUR	SPF	TKIF
	US\$	€	£	KCF CHF	KIF USD	€	£	US\$
Assets								
Cash at Bank Figures	1,047,541	299,659	104,208	183,431	80,526	162	576,644	40,287
Less: Net Recharge Movements	177,286	(30,186)	(51,204)	(64,254)	(1,379)	(127)	(966)	(3,358)
Total Assets	1,224,827	269,473	53,004	119,176	79,148	35	575,677	36,929
Liabilities								
Accrued Controllership Expenses								
Joint Controllers' Fees	94,386	11,800	19,460	419	523	50	367	1,274
Joint Controllers' Disbursements	101	13	21	-	1	-	-	1
Total Accrued Controllership Expenses	(94,487)	(11,813)	(19,480)	(419)	(523)	(50)	(367)	(1,275)
Accrued Liquidation Expenses								
Joint Liquidators' Fees	58,403	7,301	12,041	259	324	31	227	788
Joint Liquidators' Legal Fees	4,083	510	842	18	23	2	16	55
Legal Disbursements	14,553	1,819	3,000	65	81	8	57	196
Advertising Fees	-	-	-	-	-	-	-	-
Total Accrued Liquidation Expenses	(77,594)	(9,701)	(15,998)	(345)	(430)	(41)	(302)	(1,047)
Available to Discharge Fund Liabilities	1,052,746	247,960	17,526	118,412	78,195	(56)	575,008	34,607
Less:								
Approved Portfolio Expenses (Prior to Suspension)	(712,082)	(90,475)	(215,474)	(4,486)	(2,278)	(216)	-	-
Accrued Portfolio Expenses	(46,673)	(6,485)	(15,481)	(118)	(188)	(18)	-	-
Pending Fund Performance Fees	(1,732,503)	(43,300)	(419,074)	-	-	-	-	-
Pending Redemptions (Prior to Suspension)	(1,336,341)	(256,306)	(780,264)	-	-	-	-	-
Surplus / (Deficit) as at 4 November 2015	(2,774,853)	(148,606)	(1,412,767)	113,808	75,728	(290)	575,008	34,607

The JOLs highlight that they are yet to adjudicate the previously incurred expenses of the Fund, including administration and investment management fees and, in light of the likely overvaluation of the NAV, it is possible that these expenses will not be deemed to be admissible.

In view of the valuation issue identified in the Previous Reports, asset values for KRL's underlying portfolio have been excluded at this stage.

It is noted that there is a deficit and, therefore doubtful solvency, on a number of the segregated portfolios representing 98% of the Fund's reported NAV.

As the liquidation progresses, the JOLs will develop estimates on the likely recoverable value of any remaining assets, including litigation causes of action, and provide an estimated outcome statement including these potential assets.

3.2 Fees and Costs Incurred to Date

3.2.1 Controllership

The basis of the Controllers' remuneration was fixed by reference to time properly occurred by them and their staff in attending to the matter during the Controllership period. All invoices raised by the Controllers have been subject to scrutiny and approval from CIMA.

Between 1 June 2015 and 6 October 2015 the Controllers' time costs totalled \$394,782 and, to date, \$254,795 has been paid. The remaining \$139,987, which covers the period from 25 July to 6 October is yet to be billed and shall be subject to review by CIMA.

The Controllers have determined that the costs of the Former Controllership be apportioned to each of the Funded Portfolios on the basis of 1) the weighting of the individual segregated portfolio's NAV and 2) the time incurred in relation to specific portfolios.

3.2.2 JOLs' fees

Under Cayman Islands law, the JOLs must seek approval for the basis and total amount of their remuneration from the duly appointed Liquidation Committees, following their constitution on 18 November 2015. The JOLs will seek to be remunerated on a time cost basis and, in accordance with the Order, that remuneration be allocated against the segregated portfolios in such manner as considered fair and equitable.

In addition to the above, the JOLs fees are subject to review and approval by the Court, with the next scheduled hearing for such being 30 March 2016.

For the period from 6 October 2015 to 4 November 2015 the JOLs time costs total c\$86,000.

3.2.3 Legal fees

The Controllers and JOLs have appointed Appleby (Cayman) Limited ("Appleby") as their Cayman legal counsel in respect of the Fund. To 4 November 2015, Appleby's costs in respect of the Fund are \$111,680. Of this amount, \$90,096 relates to advice given to the Controllers.

Advice given by Appleby has related principally to advice in relation to managing the affairs of the Fund throughout the period of the liquidation and the Former Controllership.

In addition, a total of \$10,000 has been paid to the Kijani Liquidators' Gibraltar legal counsel, Triay Stagnetto Neish in the period of the Controllership, in respect of a retainer that was required.

Legal fees will be apportioned on the same basis as the Former Controllership and the JOLs' costs and expenses. It should be noted that legal fees are invoiced in US\$ and, accordingly, will be apportioned to the Fund at the prevailing exchange rates. A breakdown of fees apportioned to each of the Funded Portfolios is detailed at Figures 3 and 4.

3.3 Limited Availability of Liquidation Funding

As set out in Figure 4 above, even discounting the pre-liquidation administration and investment management fee expenses, there is very limited cash available to fund the liquidation process.

Section 5 below outlines the asset realisation and cash tracing strategies available, however, it is likely that asset recovery will be a protracted process, with no certainty over the timing and quantum of recoveries.

As such, there is likely to be a significant shortfall between the Fund's available cash and the funding required to conduct the liquidation process and assess and pursue any causes of action available to the Fund (refer Section 5.3 for more detail on these). It should also be highlighted that, as a segregated portfolio company, the JOLs of the Fund must ensure any expenditures being funded by cash from any given segregated portfolio are incurred in the commercial interests of

that specific segregated portfolio. That is, there can be no subsidisation between the segregated portfolios' funding without strong commercial rationale.

In respect of funding for litigation, based on preliminary discussions held to date, the JOLs are hopeful that they will be able to obtain third party funding to pursue causes of action with merit. In the event that such a route is pursued by the JOLs, the terms of such funding will need to be developed in consultation with the relevant Liquidation Committees and approved by the Grand Court.

Furthermore, given the constraints on cash, it is likely that the JOLs and their legal counsels may need to also agree some form of contingent fee arrangements for their ongoing work. This would once again be subject to the approval of the relevant Liquidation Committees and the Court.

4. Conduct of the Liquidation to Date

4.1 Statutory requirements

Since their appointment, the JOLs have completed the filings and notifications detailed below in respect of the Fund:

- Notified the Cayman Islands Registrar of Companies of their appointment and filed a copy of the winding-up order;
- Sent notice of their appointment for publication in the Cayman Islands Gazette, which was subsequently published on 26 October 2015;
- Advertised notice of their appointment and notice of the creditors meeting, of 18 November 2015, in two international newspapers; being The Times (circulated principally in the UK and in certain other jurisdictions in limited circulation) and The Star (circulated in South Africa);
- Sent notice of their appointment and a copy of the winding-up order to the former directors of the Fund;
- Sent notice of their appointment and a copy of the winding-up order to the known shareholders and creditors of the Fund;
- Filed Forms 13 for each of the Funded Portfolios with the Court, advising on the JOLs' current solvency determinations of the Fund's funded segregated portfolios (refer Appendix 4 for a summary of these determinations);
- Filed Forms 28 for each of the Funded Portfolios with the Court, advising that the currencies of the liquidations for the respective segregated portfolios (refer Appendix 4 for a summary of these determinations);
- Provided notice of their appointment and a copy of the winding-up order to the Administrators, Drake Fund Advisors Limited ("Drake");
- Provided notice of their appointment and a copy of the winding-up order to the former Investment Advisors, Premier Capital Management;
- Convened an investor and creditors meeting, in London UK, for 18 November 2015; and
- In respect of this meeting, the JOLs have sought submission of investor and creditor claims from all potential stakeholders identified and, to date, have reviewed in excess of 800 such claims for voting purposes only.

The JOLs have transferred the registered office of the Fund from Suite #4-210, Governors Square, 23 Lime Tree Bay Avenue, PO Box 32311, Grand Cayman KY1-1209, Cayman Islands to c/o PwC, 5th Floor Strathvale House, PO Box 258, 90 North Church Street, George Town, Grand Cayman, KY1-1104, Cayman Islands.

4.2 The Company's service providers

As detailed in the Previous Reports, the JOLs, in their capacity as forensic examiners and Controllers of the Fund, obtained and analysed the key financial and legal documents of the Fund and conducted conference calls and interviews with key service providers. Further interviews have taken place since the commencement of the liquidation such that each of the following service providers have now been interviewed:

- The Fund administrator Drake and registered office Osiris International Cayman Limited ("Osiris"), an affiliate of Drake;
- The Fund's recently resigned board of directors Mr Martin Kelly, Mr Alan Dulieu and Mr Richard Craddock;
- The Fund's former directors, David Egglisshaw and John Cullinane;
- The Investment Advisor, Straffan Asset Management Limited ("Straffan"), represented by Mr Connor McGrath;
- The Fund's Cayman Islands legal counsel, Mr David Butler of Harney Westwood & Riegels ("Harneys");
- The Fund's bankers, Sparkasse and brokers, Citygate;
- The Fund's auditors, BDO Cayman Ltd ("BDO");

- KRL's board of directors, comprising Mr Richard Fagan and Mr Simon Hooper;
- KRL's former directors, Mr Guy Langton and Mr Charles Langton;
- KRL's bankers, RBS International Limited t/a NatWest Gibraltar ("NatWest") and JYSKE Bank (Gibraltar) Limited ("JYSKE");
- The Danish stock exchange GXG, which has now been closed; and
- KRL's former registered office, Corinthian Trust.

As highlighted in the Previous Reports, despite the efforts of the KRL Joint Liquidators to secure information, to date the KRL Directors have not provided any basic financial or banking records for KRL and are therefore in breach of their obligations in this regard. The Joint Liquidators note that the KRL Directors have advised that they currently do not have access to KRL's financial records, which are held in Dubai and are not easily accessible.

Unfortunately, this lack of any substantive financial records for a key element of the Fund's investment structure hampers the investigation of the conduct of the KRL and its management and, most importantly, the tracing of where the monies invested have been paid.

Accordingly, as outlined in Section 5.2 of this report, the JOLs have undertaken a cash tracing exercise to trace investor monies.

The JOLs are seeking interviews with a number of additional service providers to the Fund and KRL including, inter alia, former legal advisors, custodian banks, trust services providers, auditors, valuers and individuals who acted as directors on underlying entities.

4.3 Fund's Books and Records

As the Fund was incorporated in Cayman on 15 May 2014 and received the Funded Portfolios in November 2014, the records of the Fund, under its current Cayman Islands structure, are limited. However, statutory records, including the certificate of incorporation, memorandum and articles of association and register of directors were provided to us by the Fund's previous corporate service office, Osiris International. Further books and records have been received from the former Cayman Islands based directors, David Egglisshaw and John Cullinane.

Substantial Fund records have been received from the Fund's administrator, Drake, including shareholder registers, NAV statements, KRL Loan calculations, marketing materials, and general financial information.

With respect to KRL, to date the JOLs have obtained certain limited statutory records and limited accounting records from KRL's former corporate service office, Corinthian Trust Company Limited ("Corinthian"), dating back to 2011, detailing the statutory accounts for KRL. However, as noted above, to date the JOLs have been unable to obtain the detailed financial records of KRL. The JOLs note that the Joint Liquidators have statutory powers to enforce co-operation from directors and former service providers in order to obtain these records. Any such process will incur legal costs and will therefore need to be considered on its merits, in consultation with the relevant Liquidation Committees.

4.4 Cross Border Considerations

As a result of the transfer of the Kijani Funds from Four Elements to the Fund in late 2011, and also the complex structure of companies underlying KRL, the liquidation of the Fund involves a wide range of jurisdictions.

As noted in Previous Reports, one of the JOLs is jointly appointed with PwC Gibraltar partner Edgar Lavarello in the liquidation of KRL, and are working closely with the PwC Gibraltar team in the investigation of that entity.

Furthermore, PwC Mauritius, in their former capacity as administrators of Four Elements, supported the JOLs in obtaining the detailed financial records of the Kijani Funds covering the period prior to the transfer to the Cayman Islands, which has been crucial in developing an understanding of the historical position.

On 24 April 2015, the Royal Court of Guernsey appointed Alan Roberts and James Toynton, of Grant Thornton (Guernsey) (“GT”) as Joint Administrative Managers of a number of Belvedere related entities, including Global Mutual Fund PCC (“GM PCC”), an investor in the Fund.

As outlined in Section 5, GM PCC also holds an indirect equity interest in debtors of KRL. Accordingly, effective coordination between the respective insolvency processes in the Cayman Islands, Gibraltar and Guernsey will be crucial, in order to avoid duplication and maximise potential returns.

Finally, regulators in various jurisdictions are also providing support and information, where appropriate.

5. Asset Realisation

5.1 Investment Assets

As illustrated in the Second Controllers' Report, investor monies passed via KRL in Gibraltar into a highly complex structure of underlying related companies.

These underlying companies are spread over at least 5 jurisdictions and, the JOLs understand, were established and controlled by the Kijani principals and their associates. The former registered office of KRL, Corinthian, has provided the JOLs with some information on underlying corporate structures, which illustrates the complexity of the group (refer Appendix 5).

In light of the limited funding available to the liquidation, the JOLs are mindful of the need to prioritise investigations and any enforcement actions to target only real assets and/or cash holdings.

As such, and given the lack of financial or underlying investment data forthcoming from the KRL Directors, the JOLs are in the process of establishing the nature of any actual underlying assets directly, via former service providers and those with knowledge of historical transactions.

Based on these investigations, two potential underlying assets of substance have been identified, and are discussed further below.

5.1.1 Global Swietinia PLC

Global Swietinia PLC ("GS"), a BVI domiciled company, was formerly directly owned by KRL and as discussed in the FE Report, was transferred to Eligere in April 2015. As the majority shareholder in Eligere (via both direct and indirect holdings), KRL retains an indirect ownership of GS.

As outlined in the FE Report, GS's assets are understood to comprise forestry interests, which were valued in a desktop report prepared by EGR Broking Limited ("EGR"), a financial brokerage firm based in London. While the JOLs have corresponded with EGR, they are yet to receive a response to their queries on the basis of their valuation of the forestry assets.

However, the JOLs have been in discussions with former directors of KRL, Mr Guy Langton and Mr Charles Langton (the "Langtons") in this respect. In these discussions Langtons have advised that:

- Their former role with KRL was limited to sourcing and investigation of potential investments;
- As a result, they did not have access to the bank accounts or financial records of KRL and were not party to the financial reporting, which was the responsibility of the current KRL directors; and
- In 2014, as a result of the Langtons' concerns with respect to the management of KRL, and their lack of access to financial records, they resigned from their role as directors.

Given the lack of financial or other KRL records available at this stage, the JOLs are yet to investigate the historical preparation and maintenance of accounts.

The Langtons have advised that, in their investment sourcing role, they were the principal drivers behind the Suriname forestry interests, now held by GS.

Specifically, the JOLs understand that GS negotiated, via contacts within the local indigenous communities, potentially lucrative joint venture arrangements comprising royalty arrangements covering felling rights and tax incentives for 50,000 hectares of forest in the Cottica region of Suriname.

The Langtons advised that while these rights were acquired for a payment of less than US\$2m, they historically had a very significant potential value, as illustrated by the previous valuation reports.

However, the Langtons note that, following their resignation in 2014, they understand that no actions were taken by KRL and as a result GS is not in compliance with its obligations under the joint venture. Therefore the agreement has lapsed, GS no longer controls the asset, and there is a risk there will be no recoverable value for GS.

The Langtons do note however that it may be possible to restore the joint venture arrangements and revive the project, and have offered their and Mr Todd's support in achieving this. They have indicated a possible valuation range, should the project be revived, of approximately US\$20m - US\$30m, with only limited investment in working capital required.

At this stage, aside from the historical valuations discussed in the FE Report, the JOLs have no actual documentation of either the joint venture arrangements or the royalty agreements. As such, at this point the JOLs have no basis on which to opine on the potential realizable value of the position. Accordingly, the JOLs are seeking access to the relevant documents from the Langtons. Following receipt of this information and consultation with the relevant Liquidation Committee, the JOLs will conclude on the best way to preserve and realize these assets, and whether it would be practical to engage with the Langtons in pursuing that aim.

5.1.2 Highland Trout (Pty) Limited

As set out in the FE Report, KRL's reported portfolio includes a loan receivable from Highland Trout (Proprietary) Limited ("Highland"), valued at US\$3.6m.

The JOLs have contacted the directors of Highland, in order to better understand the financial position, performance of that entity and therefore recoverability of the loan.

The Highland directors confirmed Highland is an operating fish farm based in Lesotho, specialising in trout farming for sale to Japan and South Africa. While Highland is yet to generate any historical profits, the directors consider that it has long term potential as a result of its niche position in the high quality fish farming industry.

The JOLs understand that the 90% majority shareholder of Highland is Pure Ocean Aquaculture (SA), which is itself ultimately 85% owned by Kwanda African Growth Fund ("KAGF"), a protected cell of Four Elements. The JOLs also understand that Highland had originally been an investment of Basileus Capital ("Basileus"), which retains a minority interest in Highland via Pure Ocean Aquaculture and a South African entity called BK One Limited ("BK One").

In July 2012, the CEO of Basileus' CEO, Julian Williams, was shot and killed by his business partner after the South African financial regulators opened investigations into Basileus' operations and the legitimacy of its investments. Up to that point, Basileus had managed certain of the investments of BK One, including Highland.

With the subsequent loss of management and oversight from Basileus, in October 2012, KAGF approached the current Highland directors to propose their appointment as board members in order to assist in stabilising the trading position in a number of BK One's investments.

The JOLs understand that since 2012, Highland has had periods of severe funding constraint, which have undermined quality of stocks, margins and key supply contracts. The Highland directors advise that KRL was introduced by Belvedere as a potential source of funding in 2014, and as a result the loan was extended, of which a proportion has been repaid and accordingly an amount of approximately US\$2.5m is now outstanding.

The Highland directors are investigating the options for sale of Highland to private equity buyers and are optimistic that a sale can be concluded. This is borne out by the fact that the JOLs have been directly approached by potential purchasers for Highland.

Accordingly, and given that KRL's loan to Highland holds senior security against all of its assets, the JOLs consider it possible that the outstanding balance of this loan will be recoverable.

However, prior to the sale of Highland and any repayment of the loan, the more immediate concern is the urgent need for working capital, to support stocks and quality, which have deteriorated significantly as a result of funding constraints.

The Highland directors advise that they are in discussions with potential sources of short term working capital funding, including local development banks. One key pre-requisite to such funding would likely be the ability to provide senior security for the new money.

The JOLs are mindful of the need to preserve remaining value in this business, and therefore recoverability of the loan, and have therefore indicated that they will be willing to consider options for allowing Highland to grant new security for additional funding, subject to reasonable information and control covenants being in place. Any such agreement would also be subject to consultation with the Liquidation Committee and Grand Court sanctions that may be required.

However, it should also be noted that Highland was served with a transfer notice, on 17 April 2015, which purports to transfer KRL's loan to the ownership of Eligere. The JOLs have not yet concluded on whether this transfer is valid, or possibly subject to being set aside. In any event, KRL's majority ownership of Eligere would ultimately give it control to recover the loan, however, given the urgency of Highland's short term funding need the JOLs will seek to expedite any discussions in this respect. It is further noted that the Highland directors have confirmed that no payments have been made on the Highland loan since the purported transfer to Eligere.

5.1.3 Other Potential Assets

Discussions with the Highland directors also covered other investments which they control on behalf of BK One, in which KRL potentially has an interest; namely Pure Ocean East London Limited ("POEL"), and Advanced Avalloy Limited ("Avalloy").

The Highland directors advise that POEL is a planned Cob fish farm in Africa, which is still at the concept stage. In order to fund the start-up of this business, a trade financing agreement between POEL and KRL was reached and three out of an agreed twelve loan tranches, amounting to circa US\$130k were advanced. To date, there has been no return on these monies to KRL and, the Highland directors advise that it is unlikely to be a viable business without further funding and the loan is therefore unlikely to be recoverable. Notwithstanding this, the Highland directors are seeking to identify potential investors for POEL, and the JOLs have confirmed their willingness to help deliver a potential solution to enable some recovery to KRL.

The Highland directors advise that Avalloy is an independent super alloy producer in Western South Africa, which had original build up a strong order book based but was mothballed following the management issues encountered by Basileus, discussed above. However, the Highland directors advise that while it had been intended that KRL provide new funding to Avalloy, no such funding was extended, and therefore KRL has no economic interest in Avalloy, which is principally owned by KAGF.

The JOLs will continue to investigate the position with respect to POEL and Avalloy, but the initial indication is that there is unlikely to be any recoverable value from these positions.

In terms of other underlying assets of substance, as set out in the FE Report, KRL's portfolio also includes a loan to Ratio Sustainability Limited ("RSL") valued at US\$1.1m, relating to the funding of a plastic recycling plant in Dubai. The JOLs intend to carry out further investigation into this position. However, based on discussions with a former employee of the Fund's investment manager, the JOLs understand that RSL's plastic plant is at the concept stage only, with no significant capital investment having been made.

A full list of KRL's reported investments, as at 24 April 2015, is shown at Appendix 6 and has been reviewed in detail in the Previous Reports.

5.2 Cash Tracing

As highlighted above, the readily identifiable physical assets of KRL are very limited and appear to have been acquired for a very small outlay, relative to the net circa \$100m invested into the Fund.

Accordingly, and notwithstanding the possibility that there may be additional physical assets not yet identified, the JOLs conclude that a substantial portion of investors' monies have passed to other entities.

A crucial element of the investigations is therefore the tracing of payments made from KRL. Given the lack of financial records provided to the JOLs by the directors of the Fund and KRL, this exercise has focused on the tracing of receipts and payments made from the various bank accounts of the Fund's Funded Portfolios and KRL.

The Previous Reports provide an analysis of cashflows from the Fund's accounts at Sparkasse and KRL's accounts with Natwest and JYSKE Gibraltar.

The next stage of the cash tracing process is to obtain banking records for the entities that were in receipt of funds from KRL, most of which appear to be intermediary entities, such as ALF, which received circa \$40m. The JOLs have made court applications in Gibraltar in this respect and hope to obtain these records shortly.

Once in receipt of the necessary records, the JOLs will consult with the Liquidation Committees on the options for recovery of monies identified, possibly including freezing / seizure orders.

5.3 Potential Litigation Assets

The JOLs' role requires them to identify and seek to realise all potential assets of the Fund, on behalf of investors. As with most investment entities, the Fund outsourced a wide variety of functions to service providers and agents, all of whom would have owed various fiduciary or contractual obligations to the Fund. Furthermore, KRL as the underlying investment entity of the Fund also had numerous service providers.

In light of the likely significant and prolonged over-valuation of the Fund's assets, the excessive levels of expenses borne by the Fund and the lack of proper disclosure of the Fund's activity in its offering documents, the JOLs are of the view that the Fund and KRL have a number of valuable causes of action available against service providers. As discussed in Section 5.1 above, there is very limited funding available in the liquidation and as such, notwithstanding the possibility of litigation funding, potential litigations will need to be carefully prioritised based on, amongst other things, merit, jurisdiction and creditworthiness of targets. The JOLs will consult with the relevant Liquidation Committees on potential litigations, and any actions taken would require approval of the Court.

In light of the highly sensitive nature of any potential litigation, the JOLs can only provide limited information regarding their views on causes of action. However, in general, the conduct of the following parties will require further scrutiny with respect to potential causes of action:

- The Fund's investment managers, and the Kijani Fund's former investment managers in Mauritius;
- The principals, promoters and directors of the Fund, KRL and Four Elements;
- Belvedere Management Limited, the administrator of Four Elements;
- Certain of the Fund's custodian banks;
- Straffan Asset Management Limited and Balrath Capital Limited in their capacity as investment advisors to the Fund;
- KRL's legal advisors;

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- Stock exchanges upon which certain of KRL's investments were listed;
 - Hedging agents and intermediaries for the Fund, including CityGate; and
 - The auditors of KRL.

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6. Meetings of Shareholders and Creditors & Liquidation Committees

6.1 Purpose of the Meeting

On 20 October, the JOLs wrote to all investors and creditors for whom contact details are available, giving notice of a meeting to be held on 18 November, 2015 and providing proof of debt forms, proxies and nomination forms for the Liquidation Committee (refer Appendix 6 for prior correspondence in relation to the meeting).

The primary purpose of this meeting is as follows:

1. To provide an update on the conduct of the Official Liquidation to date;
2. To provide details as to the proposed future conduct of the Official Liquidation, including proposed asset realization and litigation strategies; and
3. To establish Liquidation Committees for each of the Funded Portfolios.

6.2 Attendance and Dial-In Details

The first meeting of shareholders and creditors will be held at Renaissance London Heathrow, Bath Road Hounslow, Hounslow, Heathrow, Greater London, TW6 2AQ, commencing at 2pm UK time.

If you would prefer to attend the meeting by telephone conference, the dial in details for the call are set out below:

Name of Teleconference: Brighton SPC Meeting of Shareholders and Creditors

Teleconference Dial-In Number: +1 (612) 288 0337

Please note that parties intending to attend and participate in the meeting (whether in person, by conference call or by proxy), must give notice of such intention in writing (email will suffice), to brighton@ky.pwc.com, three business days prior to the meeting, i.e. no later than 5pm UK time on 15 November 2015, so that arrangements for appropriate access to the meeting can be arranged by the JOLs.

Your notice of attendance should be accompanied with a completed proxy form, if you are not attending the meeting in person or by telephone conference and wish to be represented. Please note that all corporate creditors must submit a proxy form if they intend on being represented at the meeting. A proxy form is enclosed at Appendix 8.

The conference call operator, who will be a representative from AT&T, will cross reference your name against the confirmed list of participants entitled to attend. This will allow an efficient and orderly meeting and will allow the JOLs to assess the quantum of your claim for voting purposes at the meeting, as discussed below. If you have not provided the JOLs with notice that you will be attending, you will not be on the participant list and you may not be permitted to attend the meeting.

7. *Glossary of Terms and Abbreviations*

ALF	ALF Capital Management AG
Appleby	Appleby (Cayman) Limited, the JOLs' and Controllers' Cayman legal counsel
Avalloy	Advanced Avalloy Limited – a West South African based prospective investment of KRL
Basileus	Basileus Capital – a former investment manager, responsible for managing a number of investments in which KRL had an indirect financial interest, including Highland
BDO	BDO Mauritius – the former auditors of Four Elements
Belvedere	Belvedere Life PCC – an investor in the Fund and affiliate of the Kijani Fund's former Mauritius directors, administrator and investment manager
BK One	BK One Limited – an entity holding an indirect investment in Highland
CIMA / the Authority	The Cayman Islands Monetary Authority
Citygate	Citygate Securities Limited – a privately owned Mauritian stockbroker, which is a substantial investor in the Fund and a possible affiliate of Belvedere.
the Controllers	Simon Conway and David Walker, of PwC, the former Joint Controllers of the Fund.
the Court	The Grand Court of the Cayman Islands
Corinthian	Corinthian Trust Company Limited – the former registered office of KRL
Drake	Drake Fund Advisors Limited – the fund administrator of the Fund
EGR	EGR Broking Limited - a financial brokerage firm based in London which undertook valuations on GS' forestry assets
Eligere	Eligere Investments plc, a United Kingdom based company listed on the GXG stock exchange, which is marketed as a European platform for listing small and medium sized entities
the FE Report	A report to CIMA, detailing the findings of a forensic examination into the Fund, dated 21 May 2015
the First Controllers' Report	The first report of the Joint Controllers, to CIMA, dated 26 June 2015
Four Elements	Four Elements PCC – a Mauritius based protected cell company and the predecessor investment entity of the Kijani Funds
the Fund	Brighton SPC

GM PCC	Global Mutual Fund PCC – a Belvedere related entity, domiciled in Guernsey, and under the Control of GT via an Administration order
GS	Global Swietinia plc - a BVI domiciled company, was formerly directly owned by KRL and transferred to Eligere in April 2015
GT	Grant Thornton Limited – the Guernsey Administrators of GM PCC
Harneys	Harneys Westwood & Riegels – the former Cayman counsel to the Fund
Highland	Highland Trout (Proprietary) Limited – a Lesotho based fish farm that has received direct loan finance from KRL
the Joint Liquidators	Simon Conway of PwC Cayman and Edgar Lavarello of PwC Gibraltar
the JOLs	Simon Conway and David Walker, of PwC Cayman
JYSKE	Jyske Bank (Gibraltar) Limited
the Kijani Funds	The Kijani Commodity segregated portfolios of the Fund, including the commodity funds traded in United States Dollars, Euros, Great British Pounds and Swiss Francs
KRL	Kijani Resources Limited (In Liquidation), a related party entity incorporated in Gibraltar and the sole investment of the Kijani Funds
the KRL Directors	Richard Joseph Fagan and Simon Charles Hooper
the KRL Loan	The principal investment of the Kijani Fund's, being loans to KRL totalling US\$134.9m
KAGF	The Kwanda African Growth Fund – a protected cell of Four Elements and an investor in entities in which KRL has an indirect investment
NatWest	RBS International Limited t/a NatWest Gibraltar – a banker of KRL
NAV	Net Asset Valuations
Osiris	Osiris International Cayman Limited – an affiliate of Drake and the former registered office of the Fund
POEL	Pure Ocean East London Limited – the holding company of Highland and the recipient of loan finance from KRL
the Previous Reports	The FE Report and the First Controllers' Report and the Second Controllershship Report
PwC	PwC Corporate Finance and Recovery (Cayman) Limited
the Second Controllershship Report	The second report of the Joint Controllers, to CIMA, dated 3 August 2015
Sparkasse Bank	Sparkasse Bank Malta plc – Maltese bank and provider of custodian bank accounts to the Fund

Straffan

Staffan Asset Management Limited – the Fund’s former investment advisor

RSL

Ratio Sustainability Limited – a Dubai based plastics recycling factory and the beneficiary of KRL loan finance.

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Appendix 1 – Winding – Up Order

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Appendix 2 – Four Elements PCC 2013 Financial Statements

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Appendix 3 – KRL Financial Statements

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Appendix 4 – Funded Portfolio Functional Currency and Solvency Determinations

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Appendix 5 – Corinthian Trust Group Structure Listing

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Appendix 6 – JOL’s Letter Dated 20 October 2015

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Appendix 7 – Schedule of KRL’s Reported Investments

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Appendix 8 – Proxy Form

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