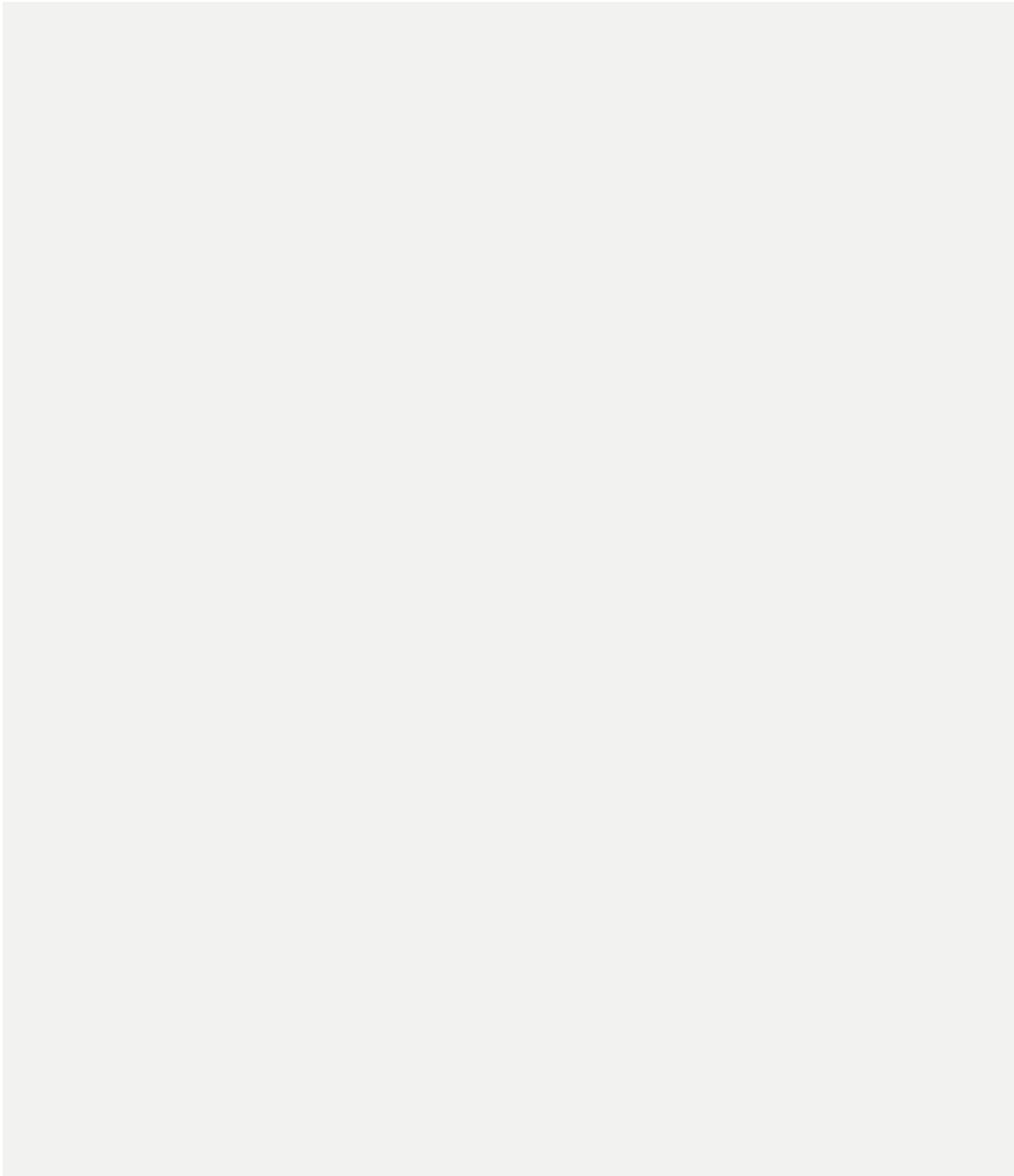




ANNUAL REPORT  
2017

**spice**  
PRIVATE EQUITY



## COMPANY PROFILE

Spice Private Equity Ltd is an investment company focused on global private equity investments. The company is managed by GP Advisors, a subsidiary of GP Investments, Ltd., a leading alternative investments firm known for its operationally oriented approach and active management model. Spice Private Equity Ltd is listed on the SIX Swiss Exchange under the ticker symbol SPCE.

## KEY INFORMATION AS OF 31 DECEMBER 2017

|                              |                   |
|------------------------------|-------------------|
| Closing price per share      | USD 28.90         |
| Net Asset Value per share    | USD 41.96         |
| Exchange rate                | CHF/USD 1.02630   |
| Number of shares issued      | 5 363 717         |
| Number of shares outstanding | 5 342 157         |
| Market capitalization        | USD 154.4 million |
| Swiss security number        | 915.331           |
| ISIN                         | CH0009153310      |
| Ticker symbol                | SPCE              |
| Reuters                      | SPCE.BN           |
| Bloomberg                    | SPCE:SW           |

[www.spice-private-equity.com](http://www.spice-private-equity.com)

## ROUNDING

Numbers presented throughout this report may not add up precisely to the totals provided in the tables and text.

Percentages and percent changes are calculated based on figures that are not rounded and may not precisely reflect the percentages and percent changes that would be derived based on rounded figures displayed in the tables and text.

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# CHAIRMAN'S STATEMENT

*Dear Shareholders,*

*2017 was a truly remarkable year for Spice Private Equity. Following the comprehensive review of our investment guidelines in 2016 we took a major step towards the implementation of our new strategy by investing USD 55 million in two direct investments; LEON Restaurants Ltd. ("LEON" or "LEON Restaurants") and Rimini Street, Inc. ("Rimini" or "Rimini Street") in which Spice is playing a leading and active role. Concurrently, we were able to improve our liquidity by collecting in full USD 75 million in proceeds resulting from the earlier sale of legacy assets. This puts us in a strong position, with a debt-free balance sheet and ample liquidity to pursue prudent and opportunistically further investments in a variety of sectors.*

*On 19 May 2017, Spice announced the acquisition of a significant minority stake in LEON Restaurants, a UK-based natural fast food chain, through an equity investment of approximately GBP 25 million. LEON is a fast-growing quick service restaurant model built on the founders' vision that it is possible to serve fast food that both tastes good and does you good. The menu is inspired by the flavors, variety and natural healthiness of Mediterranean cooking, and prices are reasonable so that everyone can eat well. The investment in LEON represents a milestone for Spice as the first transaction under our new investment guidelines.*

*Spice's investment in LEON has been instrumental in supporting the restaurant company's global growth ambitions. LEON has recently been able to close several franchise deals across Europe as well as kick-starting its expansion plan in the United States. LEON has also been focused on simplifying and reshaping its menu to reinforce the concept of value for money and ensuring that the food is "perfect every time".*

*Later, on 11 October 2017, Spice announced the closing of its USD 24 million investment in Rimini Street, a global provider of enterprise software support products and services and the leading third-party support provider for Oracle and SAP software products. Following the transaction, Rimini was listed on the Nasdaq Exchange and began to trade as "RMNI". Since its founding in 2005, Rimini Street has redefined the enterprise software support services space with an innovative, award-winning program that enables licensees of IBM, Microsoft, Oracle, SAP and other enterprise software vendors to save up to 90 percent on total support costs. Clients can remain on their current software release without any required upgrades for a minimum of 15 years. Over 1,330 global Fortune 500, midmarket, public sector and other organizations from a broad range of industries currently rely on Rimini Street as their trusted, third-party support provider.*

*Through these two transactions, Spice was able to increase its private equity investments allocation to almost 50% of total NAV at the end of 2017, compared to nearly 20% in 2016. Nevertheless, the Company's liquidity position remains strong. This enables Spice to continue pursuing attractive opportunities to deploy capital through an opportunistic and patient approach. By the end of 2017, the Company's total assets amounted to USD 224.9 million, comprising mainly cash and equivalents of USD 119.6 million and an investment portfolio of USD 104.5 million. The liability side had no debt. As of 31 December 2017, the total NAV of Spice Private Equity was USD 224.2 million, representing a slight decrease of 0.8% versus 2016.*

*In a subsequent event, in early March, Spice announced a merger agreement with the Bravo Brio Restaurant Group, Inc ("Bravo Brio" or "BBRG") under which the Company will acquire Bravo Brio for a total enterprise value of approximately USD 100.0 million, along with certain third party financing sources. The transaction is still subject to shareholder approval and other customary closing conditions and is expected to be completed by the end of the second quarter of 2018. Bravo Brio is a leading owner and operator of two distinct Italian restaurant brands. BBRG reported annual sales in excess of USD 400 million for the year ended 31 December 2017, and owns and operates 110 locations in 32 states across the United States.*

*These investments announced during the last months reinforce our focus on the Company's new strategy of holding direct stakes and strong governance rights. In addition, we continue to develop a strong pipeline to allocate the Company's liquidity position and to compound long term returns to shareholders.*

*On March 2017, we launched a share repurchase program for a one year test period as one of several measures having the twin objectives of providing shareholders with an additional path to liquidity and in an effort to reduce the discount of the shares price to our prevailing NAV. The Board of Directors has assessed at regular intervals the effectiveness of the buyback program which has been conducted in conformity with applicable Swiss regulations. Based upon the progress to date and the cost of executing the procedure, your Board is now reluctant to renew the program for a further period. Your Board of Directors will naturally continue to pursue alternative avenues to optimize the return of capital to shareholders and will examine other ways to reduce the discount of the share price to NAV.*

*Christopher Brotchie, Chairman of the Board*

# MANAGEMENT REPORT

## REVIEW OF THE YEAR

SPICE PRIVATE EQUITY LTD (THE “COMPANY” OR “SPICE”) HAD A STRONG YEAR FOCUSED ON ITS NEW INVESTMENT STRATEGY, WITH TWO IMPORTANT ACQUISITIONS DURING THE PERIOD.

### OPERATING PERFORMANCE

Given our significant cash position and substantial allocation to new investments, NAV per share was largely unchanged from 2016 to 2017, with a slight decrease of 0.8%.

The new direct investments (Leon and Rimini Street) that were added to our portfolio in 2017 represented more than 27% of Spice’s total NAV as of 31 December 2017. Their performance represented an appreciation of USD 4.1 million within the annual results. The performance of our Legacy Portfolio (including our remaining funds portfolio and the Africa Oil co-investment) generated a positive total impact of USD 1.0 million, mainly due to the positive amount of USD 3.6 million in realized returns from distributions, which are mostly related to proceeds from the conclusion of the Magnesita-RHI merger transaction, creating RHI Magnesita; all this being partially offset by the negative unrealized returns of USD 2.6 million. Our Legacy Portfolio has also contributed positively to our performance through USD 0.5 million in dividends received, again largely driven by RHI Magnesita.

Spice’s expenses (excluding transaction costs) totaled USD 6.8 million in 2017, representing a reduction of 13% versus 2016 and 22% versus 2015. This reflects the significant impact of the cost-cutting efforts implemented throughout the last two years. Results were also impacted by one-off transaction expenses of USD 2.0 million, due to the fact that Spice was very active in terms of new investments in 2017.

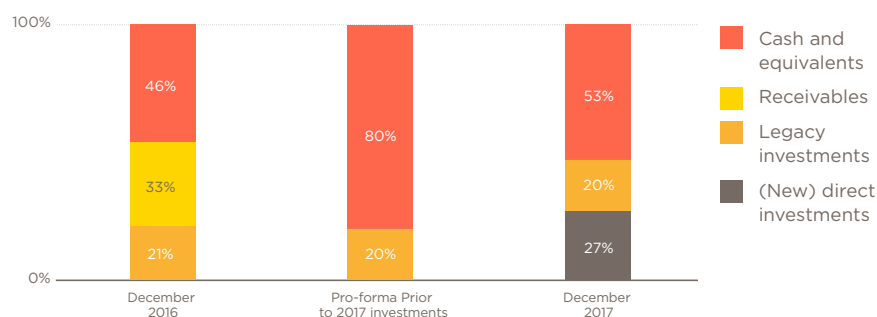
The Company generated other positive results (mainly financial results) of USD 1.4 million in 2017. Considering revenues and expenses, the result for the year was therefore negative by USD 1.7 million.

Finally, the Company’s share price increased by 11.2%, reaching USD 28.90 compared to USD 26.00 in 31 December 2016. The discount to NAV thus decreased by 7.4 percentage points, to 31.1%, as of 31 December 2017.

### NEW INVESTMENT ACTIVITY

Thanks to the two new transactions, Spice was able to increase its private equity investments allocation to almost 50% of total NAV at the end of 2017, compared to nearly 20% in 2016. Nevertheless, the Company’s liquidity position remains strong. This enables Spice to continue pursuing attractive opportunities, as in the case of the announced transaction with Bravo Brio, which remains subject to closing conditions.

### TOTAL ASSETS EVOLUTION



### TOP TEN UNDERLYING ASSETS BY FAIR VALUE

|                                                            | Rank by size | Company name          | Fund/lead investor name                   | Region               | Sector           | Date of initial investment | FMV in USD Dec 16 | FMV in USD Dec 17 |
|------------------------------------------------------------|--------------|-----------------------|-------------------------------------------|----------------------|------------------|----------------------------|-------------------|-------------------|
| New Strategy - Direct Investments                          | 1            | Leon Restaurants Ltd. | Direct investment                         | United Kingdom       | Restaurants      | Aug 17                     | -                 | 32.8              |
|                                                            | 2            | Rimini Street Inc     | Direct investment                         | North America        | Technology       | Oct 17                     | -                 | 26.9              |
| Legacy Portfolio                                           | 3            | RHI Magnesita         | GP Capital Partners IV, Magma Fund I & II | Europe/Latin America | Industrial       | Apr 15                     | 7.6               | 14.6              |
|                                                            | 4            | SRL                   | NYLIM Jacob Ballas III                    | Asia Pacific         | Medical & Health | Sep 15                     | 5.5               | 5.1               |
|                                                            | 5            | BHG                   | GP Capital Partners IV                    | Latin America        | Leisure          | Apr 15                     | 4.4               | 3.4               |
|                                                            | 6            | Africa Oil            | Helios Investors                          | Sub-Saharan Africa   | Energy           | Jun 15                     | 5.2               | 2.9               |
|                                                            | 7            | Blitz Megaplex        | Quvat Capital Partners II                 | Asia Pacific         | Leisure          | Mar 14                     | 2.6               | 2.7               |
|                                                            | 8            | Religare              | NYLIM Jacob Ballas III                    | Asia Pacific         | Services         | Sep 15                     | 3.1               | 2.4               |
|                                                            | 9            | Centauro              | GP Capital Partners V                     | Latin America        | Retail           | Sep 15                     | 2.0               | 2.1               |
|                                                            | 10           | Financial Software    | NYLIM Jacob Ballas III                    | Asia Pacific         | Technology       | Sep 15                     | 1.4               | 1.4               |
| Aggregated fair value of 10 largest underlying investments |              |                       |                                           |                      |                  |                            | 35.1              | 94.3              |
| as % of investments portfolio                              |              |                       |                                           |                      |                  |                            | 72%               | 90%               |

# DIRECT INVESTMENTS

## LEON RESTAURANTS



In the second quarter of 2017, Spice announced the acquisition of a significant minority stake in LEON Restaurants, a UK-based natural fast food chain, through an equity investment of approximately GBP 25 million.

Spice's investment in LEON has been instrumental in supporting the restaurant company's global growth ambitions, and it was recently able to close several franchise deals across Europe as well as to kick-start its expansion plans for the United States. LEON has also been focused on reshaping its menu to reinforce the concept of value for money and ensuring that the food is "perfect every time". The company has established a simple menu architecture and a clear price strategy, reducing expensive items.

2017 was a rough year for restaurants in the UK in general, with multiple LEON peers reporting declining revenues. Despite the negative environment, LEON managed to increase same-store sales (SSS), delivering strong growth in the last quarter of the year. This positive trend has continued in 2018, with an SSS increase in January. In addition, the company was able to open five new stores during 2017 and is currently in negotiations to sign master franchise deals throughout Europe.

### Products Overview



### Key Figures

- Quick service restaurant chain based in the UK
- First restaurant opened in 2004
- 46 restaurants across the UK in 2017
- 700+ employees
- 20,000+ people served daily
- 30 seconds average transaction time target
- Global expansion opportunity

### Expansion Plans

- Leon is working on the pipeline in US and the first store is expected in 2018
- During 2017, LEON signed three additional franchise deals since Spice joined the company

## RIMINI STREET

In the last quarter of 2017, the Company announced the closing of the investment in Rimini Street, Inc. Following the transaction, Rimini was listed on the Nasdaq Exchange and began to trade as "RMNI". The transaction, as part of the merger of GP Investments Acquisition Corp. ("GPIAC") and Rimini Street Inc., raised USD 50 million for Rimini Street. Spice invested USD 24 million. As a result of the transaction Spice obtained a stake of 5.1% in Rimini Street, already including the sponsor shares from GPIAC, as per the terms and conditions agreed upon its IPO in 2015. Spice has been able to benefit from significant governance of the combined company, working closely with Rimini Street's management team and with two representatives joining the board of directors.

Rimini Street is a global provider of enterprise software support products and services, and the leading third-party support provider for Oracle and SAP software products. The company has redefined enterprise software support services since 2005 with an innovative, award-winning program that enables licensees of IBM, Microsoft, Oracle, SAP and other enterprise software vendors to save up to 90 percent on total support costs. Clients can remain on their current software release without any required upgrades for a minimum of 15 years. Over 1,330 global Fortune 500, midmarket, public sector and other organizations from a broad range of industries currently rely on Rimini Street as their trusted, third-party support provider.

Rimini reported net revenue of USD 213 million and revenue growth of 33% in 2017 vs. 2016, with operating income of USD 22.0 million, up 58% year over year. The fourth quarter was the 48th consecutive quarter of revenue growth for the company. Rimini Street was honored

## Rimini Street

Engineered for Support

### Software Support Services

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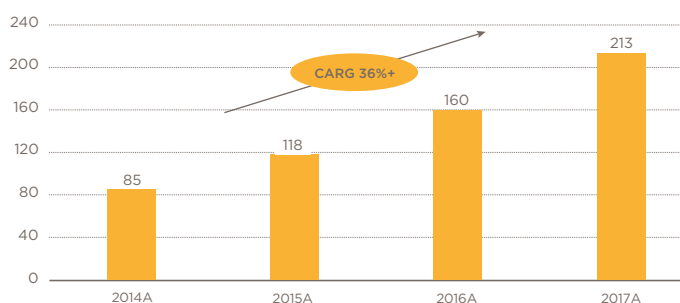
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J D E D W A R D S

SAP BusinessObjects<sup>™</sup>

### STRONG NET REVENUE GROWTH PROFILE

USD; in million



with seven Golden Bridge Awards for 2017, including IT Company of the Year, in addition to winning multiple awards for delivering excellence in customer service. It invested in growth and expansion worldwide including the opening of expanded Latin American headquarters in São Paulo, Brazil, and saw the launch of the French subsidiary, Rimini Street SAS, with the opening of its new Paris office.

### Global Platform

- **Founded:** 2005
- **Public:** October 2017 - Nasdaq: RMNI
- **Global Headquarters:** Las Vegas, NV
- **Employees:** Approximately 900
- **Active Clients:** Over 1,450
- **Global Offices:** Beijing, Bengaluru, Frankfurt, Hyderabad, London, Melbourne, New York, Osaka, Paris, San Francisco Bay Area, São Paulo, Seoul, Singapore, Stockholm, Sydney, Tel Aviv and Tokyo

## BRAVO BRIO – TRANSACTION SUBJECT TO CLOSING CONDITIONS

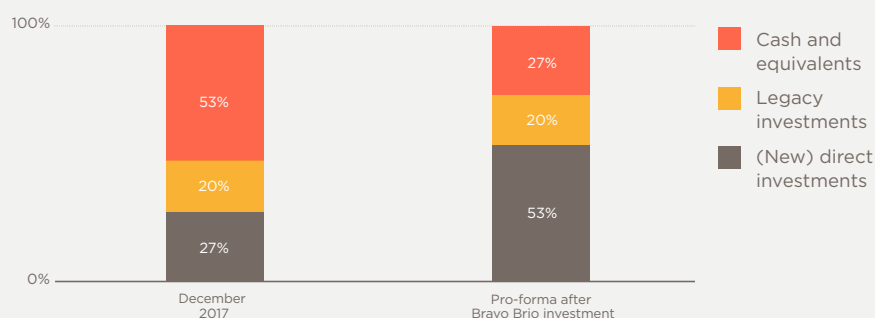


In the first quarter of 2018, Spice announced a merger agreement with the Bravo Brio Restaurant Group, Inc (“Bravo Brio” or “BBRG”) under which Spice will acquire Bravo Brio for a total enterprise value of approximately USD 100.0 million, along with certain third party financing sources. Bravo Brio is a leading owner and operator of two distinct Italian restaurant brands, BRAVO! Cucina Italiana and BRIO Tuscan Grille. The company reported annual sales in excess of USD 400 million for the year ended 31 December 2017, and owns and operates 110 locations in 32 states across the United States.



Bravo Brio has positioned its brands as multifaceted culinary destinations that deliver the ambiance, design elements and food quality reminiscent of fine dining restaurants at a value typically offered by casual dining establishments, a combination known as the upscale affordable dining segment. Each of BBRG’s brands provides its guests with a fine dining experience and value by serving affordable cuisine prepared using fresh flavorful ingredients and authentic Italian cooking methods, combined with attentive service in an attractive, lively atmosphere. BBRG strives to be the best Italian restaurant company in America and is focused on providing its guests with an excellent dining experience through consistency of execution.

BBRG’S ACQUISITION IMPACT IN TOTAL ASSETS



### Key Figures

- Leading owner and operator of two distinct Italian restaurant brands
- 110 locations in 32 states across the United States
- Listed on the NASDAQ (ticker: BBRG) since 2010
- ~9,500 employees

## LEGACY PORTFOLIO

### PERFORMANCE OF MAIN ASSETS IN THE FUNDS PORTFOLIO

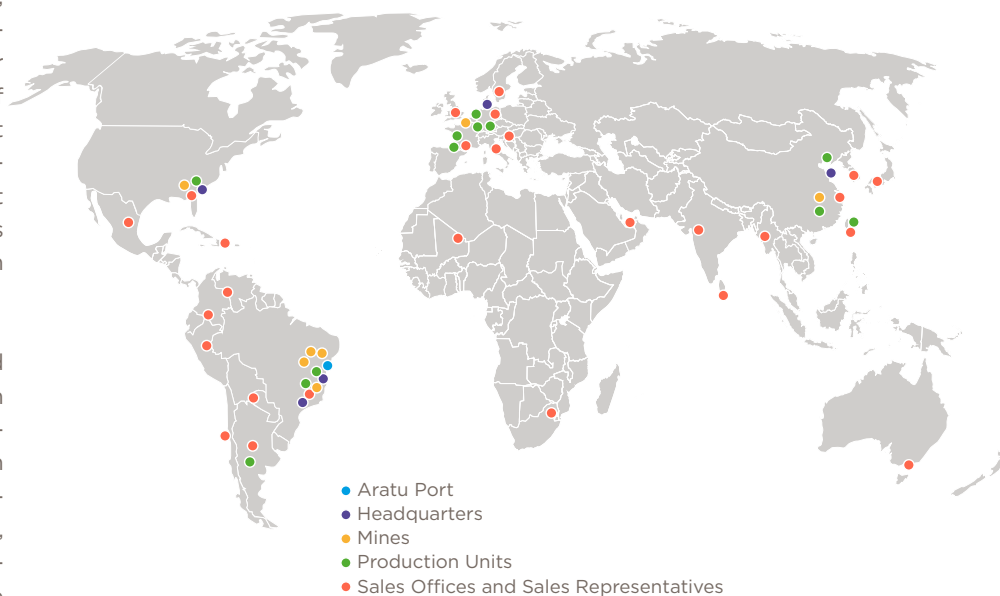
#### RHI MAGNESITA



RHI Magnesita is the largest asset in our Legacy Portfolio, representing USD 14.6 million of our NAV as of December 31, 2017 and being managed by GP Investments. The company is the global leader in refractories with the largest number of locations around the world and the most innovative, reliable products and services. It also provides the most robust supply and quality security, thanks to its vertical integration – from mining through production to full-service solutions.

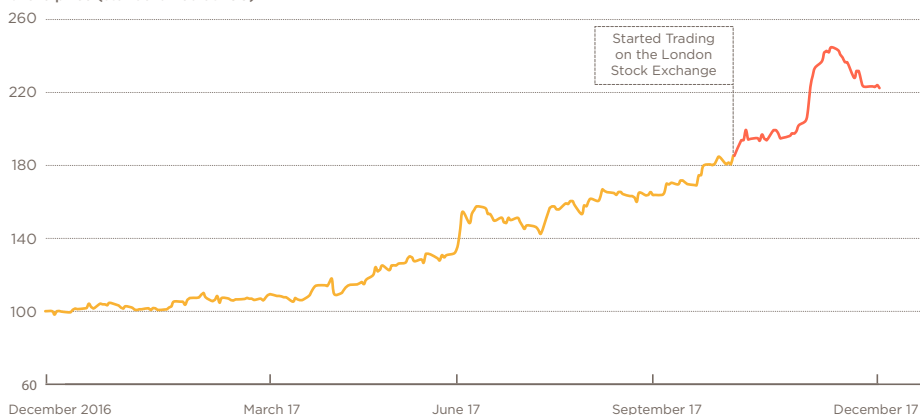
In October 2017, Magnesita announced the conclusion of a merger transaction with RHI. The new company started trading on the London Stock Exchange on 28 October 2017 and is on track to deliver synergies resulting from the merger, which should have a positive EBITDA impact of at least EUR 70 million. Until the closing on 27 October 2017, the share price of Magnesita increased by 85.8% in BRL terms. After the transaction the share price of the combined company, RHI Magnesita, appreciated by more than 20% in GBP terms through the end of 2017. Additionally, the current strong growth momentum in the steel industry should have a positive impact on the company's performance in 2018.

**With 35 facilities in 16 countries, RHI Magnesita is a global player with a unique footprint**



#### RHI MAGNESITA NV (LSE: RHIM)

Share price (standardized at 100)



— Magnesita's share price in BRL  
— RHI Magnesita's share price in GBP

## SRL DIAGNOSTICS

SRL Diagnostics is a diagnostic company based in Mohali providing diagnostic services in pathology and radiology. With corporate offices in Gurgaon, New Delhi and Mumbai, the company has more than 300 networking laboratories and a footprint spanning over 100 collection points. The company has the largest market share in the organized sector. During 2017, the company presented important improvements: it restructured and decentralized its operations to achieve focus and accountability; increased digital initiatives; invested further in brand appeal and explored new business channels. At the same time, the company faced the challenge of increasing competition.



## BHG (BRAZIL HOSPITALITY GROUP)

BHG owns and manages hotels in all Brazilian regions, catering to the budget, midscale, upscale and luxury markets. The group, recognized for its management and multibrand operations expertise, represents the Royal Tulip, Golden Tulip and Tulip Inn brands in Brazil. The mission of BHG, one of the largest hotel chains in Brazil, is to provide quality accommodation and ensure guests' well-being.

Following a very difficult 2016 for the industry, 2017 turned out to be an even more challenging year with a decrease in RevPar YoY (Revenue Per Available Room) in Rio de Janeiro, the regional

market that represents more than half of BHG's revenues. Despite the negative market performance, Q3 and Q4 figures showed some signs of recovery and the industry as a whole is forecasting positive growth (above inflation) in 2018. Despite the difficult market environment, BHG made significant progress on strategic projects that aim to unlock value in the company's assets. Among the most important strategic initiatives are: (i) conclusion of the sale of a set of BHG management agreements to Accor for around BRL 200 million; (ii) sale of a substantial batch of non-core assets (nearly BRL 40 million in land bank); and (iii) the beginning of the hotels renovation process.



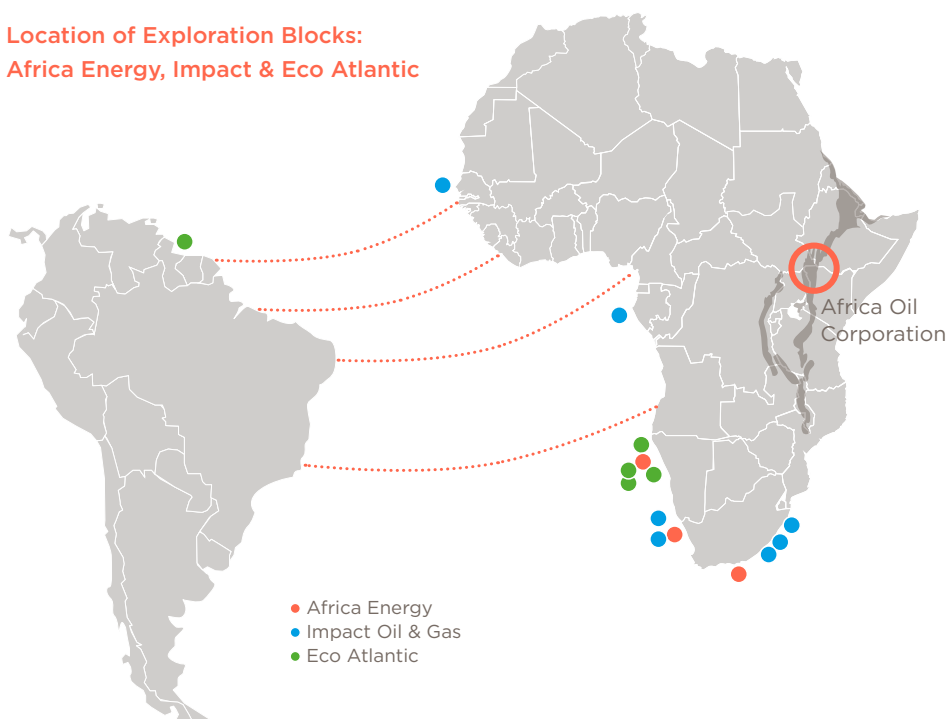
## AFRICA OIL CORPORATION



Africa Oil Corporation, a direct co-investment, posted a flow of good news during the second half of the year, including two discoveries made through its exploration and appraisal drilling campaign and the completion of a strategic partnership with Eco Atlantic Oil. Despite contributing negatively to Spice's results in 2017, the company's investment thesis remain solid and its shares, listed on the Toronto and Nasdaq Stockholm stock exchanges, are being well recommended by research analysts, which should help build investors' confidence.



Location of Exploration Blocks:  
Africa Energy, Impact & Eco Atlantic



## ASSET ALLOCATION

### INVESTMENT ACTIVITY

As previously noted, Spice was able to increase its private equity investments allocation to almost 50% of total NAV by the end of 2017, compared to nearly 20% in 2016. Nevertheless, the Company's liquidity position remains strong. This enables Spice to continue pursuing attractive opportunities to deploy capital through an opportunistic and patient approach. The focus is to invest directly in companies.

Furthermore, Spice currently has a global investment focus and started to develop a global footprint during 2017. The alloca-

tion effort is also on being a significant investor, exercising influence in each target investment and its respective corporate governance. The Company therefore expects to maintain higher concentration in its portfolio than observed in previous years, as it expects to invest significant amounts of capital in each individual transaction.

The portfolio will be primarily invested in direct investments held alone or in conjunction with other private equity investors in privately held companies or in the acquisition of shares of publicly listed companies in transactions that will normally allow the investor group to exercise significant influence over the manage-

ment of the investees. Spice may also invest by way of primary or secondary transactions in funds managed by GP Investments, Ltd. ("GP") and occasionally in funds managed by third-party managers.

In that context, the acquisitions made during 2017 meant that the Company's investment portfolio at the end of 2017 comprised USD 62.6 million in direct investments, compared to USD 5.2 million in 2016, thus already reflecting the efforts made to implement the new investment strategy. In addition, the fair value of the funds portfolio was USD 41.9 million, implying total investments of USD 104.5 million at end the year.

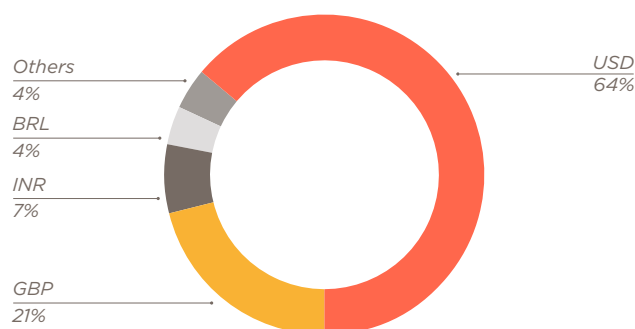
### LIQUIDITY POSITION

On 30 December 2017, the Company received the final instalment of the 2014 portfolio sale, so ending 2017 with a strong liquidity position of USD 119.6 million even after making two acquisitions during the year.

With only mature funds and direct investments with minimal expected capital calls to be made out of remaining outstanding commitments, the Company is very active in searching for interesting investment opportunities and plans to allocate the available capital in the coming years.

This large and favorable cash position is held with a number of internationally renowned financial institutions for reasons of diversification. The Company monitors the standing of these institutions on a regular basis.

ASSET ALLOCATION PER CURRENCY AS % OF TOTAL NAV



## INVESTMENTS

### DIRECT INVESTMENTS

#### LEON RESTAURANTS

LEON is a quick service restaurant chain based in the UK, with two outlets in the Netherlands. The founders set out to prove that it was possible to serve fast food that both tastes good and does you good. The menu is inspired by the flavors, variety and natural healthiness of Mediterranean cooking, and prices are reasonable so that everyone can eat well. Spice's investment aims to help LEON pursue its growth plans in the UK and internationally. With the transaction, Spice became the largest shareholder in LEON and benefited from relevant governance within the company, working in partnership with CEO and Co-founder John Vincent and with Active, a long-standing investor in the business.

[www.leon.co](http://www.leon.co)



#### RIMINI STREET

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[www.riministreet.com](http://www.riministreet.com)



### LEGACY PORTFOLIO CO-INVESTMENTS

#### AFRICA OIL CORPORATION

Spice Private Equity has co-invested with Helios Investment Partners ("Helios") to acquire a significant minority stake in Africa Oil Corporation ("AOC"), an upstream E&P company in East Africa. The total Spice Private Equity contribution was USD 5.0 million.

AOC is a pioneering East African focused oil company with a footprint covering seven oil blocks across Kenya and Ethiopia, which are core target regions within the Spice Private Equity investment strategy. AOC has a dual listing on the Toronto and Nasdaq Stockholm stock exchanges.

All involved partners have long track records in the region and in the industry. Helios is one of the most reputable private equity managers in Africa and has extensive experience with energy and particularly oil-related transactions in the region. AOC's management team is highly experienced and is backed by the Lundin Group, a successful investor in the sector and in the region. AOC's operating partner is Tullow, a leading E&P group with worldwide operations and long-standing presence in Africa.

[www.africaoilcorp.com](http://www.africaoilcorp.com)

## FUND INVESTMENTS

### DLJ SOUTH AMERICA PARTNERS

Spice Private Equity acquired, through a secondary transaction, an LP stake in DLJ South America Partners, a private equity fund managed by Victoria Capital Partners.

Victoria Capital Partners was formed in 2006 through the spinoff of DLJ South America Partners from Credit Suisse and has aggregate capital commitments of over USD 1.7 billion. Victoria Capital Partners currently comprises 14 investment professionals in three regional offices in South America: Buenos Aires (Argentina), São Paulo (Brazil) and Bogotá (Colombia).

DLJ South America Partners is a 2007 vintage fund with total commitments of approximately USD 300 million. The fund has been highly successful and still holds a quality portfolio which should create further substantial upside. The four portfolio companies operate in the financial services, healthcare and consumer industries.

[www.victoriacp.com](http://www.victoriacp.com)



### QUVAT CAPITAL PARTNER II

Through a secondary transaction, Spice Private Equity acquired an LP stake in Quvat Capital Partners II, a private equity fund managed by Quvat, a leading Indonesian private equity fund manager with a deep local network.

The fund is a 2007 vintage with capital commitment exceeding USD 200 million. The 12 portfolio companies operate in a broad array of industries including financial services, entertainment, mining, logistics and real estate. The assets are mostly based in Indonesia with some exposure to neighboring countries such as Singapore and Malaysia.

[www.quvat.com](http://www.quvat.com)



### GLOBAL EM PORTFOLIO I

Through a secondary transaction bidding process, Spice Private Equity acquired, from a third party, LP interests in NYLIM Jacob Ballas India Fund III, LLC, Tara India Fund III, LLC, GP Capital Partners IV, L.P., and GP Capital Partners V, L.P.

NYLIM Jacob Ballas India Fund III, LLC, ("Fund III") is a 2008 vintage fund with total commitments of USD 439 million. It is managed by NYLIM Jacob Ballas Asset Management Company III, LLC ("AMC"), a Mauritius company.

Tara India Fund III, LLC is a 2008 vintage fund with USD 225 million in total commitments, managed by IL&FS Investment Managers Limited ("IIML"), the private equity arm of IL&FS. GP Capital Partners IV is a 2007 vintage partnership with total commitments of approximately USD 1.27 billion, managed by GP Investments, Ltd. GP Capital Partners V is a 2008 vintage partnership with total commitments of approximately USD 1.05 billion, also managed by GP Investments.

### LATAM PORTFOLIO 1

Spice Private Equity acquired from a third party, via a secondary transaction bidding process, LP stakes in GP Capital Partners IV, Magma Fund and Magma Fund II, a portfolio of private equity investments managed by GP Investments.

GP Capital Partners IV is a 2007 vintage fund with total commitments of approximately USD 1.27 billion. The fund still holds three investments. The three portfolio companies operate in the refractory mining and products, hospitality and business services sectors. The Magma Fund and Magma Fund II are two funds established to invest in Magnesita Refratários, a refractory mining and products company in Brazil that is also present in GP Capital Partners IV.

GP Investments is a Latin American diversified asset management company with private equity investments focused on the acquisition of companies with high potential for value creation. GP Investments is also the largest shareholder in Spice Private Equity and the parent company of GP Advisors, Spice Private Equity's investment manager.



# CONSOLIDATED FINANCIAL STATEMENTS (IFRS) – SPICE PRIVATE EQUITY LTD

**CONSOLIDATED BALANCE SHEET**

IN TUSD

|                                                        | Note | 31.12.2017     | 31.12.2016     |
|--------------------------------------------------------|------|----------------|----------------|
| <b>Assets</b>                                          |      |                |                |
| Current assets                                         |      |                |                |
| – Cash and cash equivalents                            | 3.1  | 119 627        | 103 660        |
| – Receivables and prepayments                          | 3.2  | 754            | 74 883         |
| <b>Total current assets</b>                            |      | <b>120 381</b> | <b>178 542</b> |
| Non-current assets                                     |      |                |                |
| – Investments                                          | 18   | 104 543        | 48 577         |
| <b>Total non-current assets</b>                        |      | <b>104 543</b> | <b>48 577</b>  |
| <b>Total assets</b>                                    |      | <b>224 924</b> | <b>227 119</b> |
| <b>Liabilities and Shareholders' Equity</b>            |      |                |                |
| Current liabilities                                    |      |                |                |
| – Payables and accrued charges                         | 4.1  | 553            | 824            |
| – Provisions                                           | 4.3  | 164            | 283            |
| <b>Total current liabilities</b>                       |      | <b>717</b>     | <b>1107</b>    |
| <b>Total liabilities</b>                               |      | <b>717</b>     | <b>1107</b>    |
| Shareholders' Equity                                   |      |                |                |
| – Share capital                                        | 5    | 53 980         | 53 980         |
| – Share premium                                        | 4.2  | 362 087        | 362 087        |
| – Treasury shares (at cost)                            | 6    | (541)          | (439)          |
| – Retained earnings/(accumulated deficit)              |      | (190 088)      | (190 851)      |
| – Net profit/(loss) for the period                     |      | (1704)         | 763            |
| – Currency translation differences                     |      | 473            | 473            |
| <b>Total Shareholders' Equity</b>                      |      | <b>224 207</b> | <b>226 012</b> |
| <b>Total liabilities and Shareholders' Equity</b>      |      | <b>224 924</b> | <b>227 119</b> |
| <b>Net Asset Value per share</b>                       |      |                |                |
| Number of shares outstanding at reporting date         | 6    | 5 342 157      | 5 345 732      |
| Net Asset Value per share attributable to shareholders |      | 41.96          | 42.28          |

The accompanying notes on pages 22 to 40 form an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

IN TUSD

|                                                                                    | Note | 1.1.2017–31.12.2017 | 1.1.2016–31.12.2016 |
|------------------------------------------------------------------------------------|------|---------------------|---------------------|
| <b>Income</b>                                                                      |      |                     |                     |
| Net realized gain on investments                                                   | 7.1  | 3 647               | 3 450               |
| Interest income                                                                    | 7.2  | 868                 | 640                 |
| Dividend income                                                                    | 7.3  | 485                 | -                   |
| Net unrealized gain of investments designated at fair value through profit or loss | 18   | 1 529               | 4 791               |
| Other income                                                                       |      | 22                  | -                   |
| Net gain/(loss) on foreign currency exchange                                       |      | 480                 | (352)               |
| <b>Total income</b>                                                                |      | <b>7 031</b>        | <b>8 529</b>        |
| <b>Expenses</b>                                                                    |      |                     |                     |
| Management fees                                                                    | 12   | (5 090)             | (5 052)             |
| Administration fees                                                                | 12   | (114)               | (101)               |
| Other operating expenses                                                           | 8    | (3 531)             | (1 971)             |
| Finance costs                                                                      | 9    | -                   | (642)               |
| <b>Total expenses</b>                                                              |      | <b>(8 735)</b>      | <b>(7 766)</b>      |
| Income tax expenses                                                                | 10   | -                   | -                   |
| <b>Net profit/(loss) for the period</b>                                            |      | <b>(1 704)</b>      | <b>763</b>          |
| <b>Net profit/(loss) attributable to shareholders</b>                              |      | <b>(1 704)</b>      | <b>763</b>          |
| <b>Earnings per share</b>                                                          | 11   |                     |                     |
| Weighted average number of shares outstanding during the period                    |      | 5 345 177           | 5 349 558           |
| Net profit/(loss) per share – basic                                                |      | (0.32)              | 0.14                |
| Net profit/(loss) per share – diluted                                              |      | (0.32)              | 0.14                |
| <b>Other comprehensive income or/(loss) for the period</b>                         |      | <b>-</b>            | <b>-</b>            |
| <b>Total comprehensive income or/(loss) for the period</b>                         |      | <b>(1 704)</b>      | <b>763</b>          |
| <b>Total comprehensive income/(loss) attributable to shareholders</b>              |      | <b>(1 704)</b>      | <b>763</b>          |

The accompanying notes on pages 22 to 40 form an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

IN TUSD

|                                                                     | Note | 1.1.2017–31.12.2017 | 1.1.2016–31.12.2016 |
|---------------------------------------------------------------------|------|---------------------|---------------------|
| <b>Cash flows from operating activities</b>                         |      |                     |                     |
| Proceeds from non-current assets                                    |      | 5 327               | 33 808              |
| Purchase of non-current assets                                      |      | (55 802)            | (8 368)             |
| Operating costs                                                     |      | (9 267)             | (7 338)             |
| <b>Total net cash generated from/(used in) operating activities</b> |      | <b>(59 742)</b>     | <b>18 101</b>       |
| <b>Cash flows from investing activities</b>                         |      |                     |                     |
| Investment in financial instruments                                 |      | (5 019)             | -                   |
| Divestment of financial instruments                                 |      | 5 032               | -                   |
| Proceeds from sale of the subsidiaries                              | 3.2  | 74 745              | 37 372              |
| Interest income                                                     |      | 542                 | -                   |
| <b>Total net cash generated from investing activities</b>           |      | <b>75 300</b>       | <b>37 372</b>       |
| <b>Cash flows from financing activities</b>                         |      |                     |                     |
| Finance costs paid                                                  |      | -                   | (1 086)             |
| Treasury share purchases                                            | 6    | (314)               | (1 067)             |
| Treasury share sales                                                | 6    | 213                 | 784                 |
| <b>Total net cash generated used in financing activities</b>        |      | <b>(101)</b>        | <b>(1 368)</b>      |
| <b>Foreign exchange effect on cash and cash equivalents</b>         |      | <b>510</b>          | <b>(91)</b>         |
| <b>Increase in cash and cash equivalents</b>                        |      | <b>15 967</b>       | <b>54 015</b>       |
| <b>Cash and cash equivalents as of 1 January</b>                    |      | <b>103 660</b>      | <b>49 645</b>       |
| <b>Cash and cash equivalents as of 31 December</b>                  |      | <b>119 627</b>      | <b>103 660</b>      |

The accompanying notes on pages 22 to 40 form an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

IN TUSD

| Shareholders' Equity                                             | Note | Share capital | Share premium  | Treasury shares (at cost) | Currency translation differences | Retained earnings/ (accumulated deficit) | Total          |
|------------------------------------------------------------------|------|---------------|----------------|---------------------------|----------------------------------|------------------------------------------|----------------|
| <b>Balance as of 1 January 2016</b>                              |      | <b>53 980</b> | <b>346 067</b> | <b>(157)</b>              | <b>473</b>                       | <b>(190 851)</b>                         | <b>209 512</b> |
| Net profit/(loss)                                                |      | -             | -              | -                         | -                                | 763                                      | 763            |
| Other comprehensive income                                       |      | -             | -              | -                         | -                                | -                                        | -              |
| <b>Total comprehensive income</b>                                |      | <b>-</b>      | <b>-</b>       | <b>-</b>                  | <b>-</b>                         | <b>763</b>                               | <b>763</b>     |
| Purchase and sale of treasury shares                             | 6    |               |                | (282)                     | -                                | -                                        | (282)          |
| Release contractual obligation to purchase own equity instrument | 4.2  | -             | 16 019         | -                         | -                                | -                                        | 16 019         |
| <b>Total equity changes</b>                                      |      | <b>-</b>      | <b>16 019</b>  | <b>(282)</b>              | <b>-</b>                         | <b>763</b>                               | <b>16 500</b>  |
| <b>Total Equity as of 31 December 2016</b>                       |      | <b>53 980</b> | <b>362 087</b> | <b>(439)</b>              | <b>473</b>                       | <b>(190 088)</b>                         | <b>226 012</b> |
| <b>Balance as of 1 January 2017</b>                              |      | <b>53 980</b> | <b>362 087</b> | <b>(439)</b>              | <b>473</b>                       | <b>(190 088)</b>                         | <b>226 012</b> |
| Net profit/(loss)                                                |      | -             | -              | -                         | -                                | (1704)                                   | (1704)         |
| Other comprehensive income                                       |      | -             | -              | -                         | -                                | -                                        | -              |
| <b>Total comprehensive income</b>                                |      | <b>-</b>      | <b>-</b>       | <b>-</b>                  | <b>-</b>                         | <b>(1704)</b>                            | <b>(1704)</b>  |
| Purchase and sale of treasury shares                             | 6    |               |                | (102)                     | -                                | -                                        | (102)          |
| <b>Total equity changes</b>                                      |      | <b>-</b>      | <b>-</b>       | <b>(102)</b>              | <b>-</b>                         | <b>(1704)</b>                            | <b>(1806)</b>  |
| <b>Total Equity as of 31 December 2017</b>                       |      | <b>53 980</b> | <b>362 087</b> | <b>(541)</b>              | <b>473</b>                       | <b>(191 792)</b>                         | <b>224 207</b> |

The accompanying notes on pages 22 to 40 form an integral part of these consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1 CORPORATE INFORMATION

Spice Private Equity Ltd (“the Company”) is a Swiss stock corporation established under the relevant provisions of the Swiss Code of Obligations and domiciled in Zug. The Company’s shares are listed on the SIX Swiss Exchange. The address of the registered office of the Company is Industriestrasse 13c, 6302 Zug, Switzerland.

Spice Private Equity (Bermuda) Ltd (“the Subsidiary”) is a wholly owned subsidiary. The Company and the Subsidiary together constitute “the Group”. The Group’s structure as of 31 December 2017 is displayed below.

On 5 May 2016, GP Investments Ltd (“GP”) agreed to acquire the shares in Spice Private Equity Ltd (ticker symbol “SPCE”) which were held by investment vehicles managed by Fortress Investment Group LLC (“Fortress”) and Newbury Associates LLC (“Newbury”). GP acquired the new stake for USD 35.25 per share, which represents a 15% discount to the published economic NAV of 31 March 2016. Closing of the transaction, took place right after the annual general meeting of shareholders on 28 June 2016. GP now indirectly holds 58.48% of the shares and voting rights of the Group.

Given the new shareholder base, upon motion of GP Swiss Ltd., a company controlled by GP Investments Ltd, the Board of Directors (“BoD”) proposed to amend Art. 2a of the Articles of Association, the Group’s Investment Objective, which was then approved at the Annual General Meeting, held on 28 June 2016. The investment objective of Spice Private Equity Ltd and its subsidiary, Spice Private Equity (Bermuda) Ltd, is to achieve long-term capital growth for shareholders by investing directly in companies (“Direct Investments”) and in private equity specialized funds (“Fund Investments”). Direct Investments and Fund Investments may include investments in private equity and private equity related instruments and opportunistically in certain categories of credit products. Investments will typically be made through the Subsidiary. Net profits generated upon realizations will typically be re-invested. The Group will invest in assets denominated in foreign currencies and may from time to time enter into transactions with the objective of hedging foreign currency exposure.

The Group expects to invest significant amounts of capital in each individual transaction and will therefore be expected to sustain a higher portfolio concentration than was evident in prior years. In the case of an investment in any blind pool fund or limited partnership of which GP or its affiliates is the General Partner, the Group’s investment shall not represent more than 10% of such fund’s aggregate committed capital. Further,

as long as there remains in effect an investment management agreement between GP Advisors (Bermuda) Ltd and Spice Private Equity (Bermuda) Ltd, the Group shall not pay any additional management or performance fees to GP or affiliates of GP related to any investment made by the Group in respect of primary fund commitments where GP or an affiliate thereof also acts as the general partner or manager. Customary fees may, however, be payable in respect of secondary limited partnership interests in funds managed by GP or affiliates of GP which have been or may in the future be acquired from third parties in arm’s length transactions.

The Board of Directors currently has the following composition:

- Mr. Christopher Brothie,  
Chairman of the Board of Directors
- Mr. Christopher Wright,  
member of the Board of Directors
- Mr. Fersen Lamas Lambranh,   
member of the Board of Directors
- Mr. David Justinus Emery,  
member of the Board of Directors
- Mr. Alvaro Lopes da Silva Neto,  
member of the Board of Directors

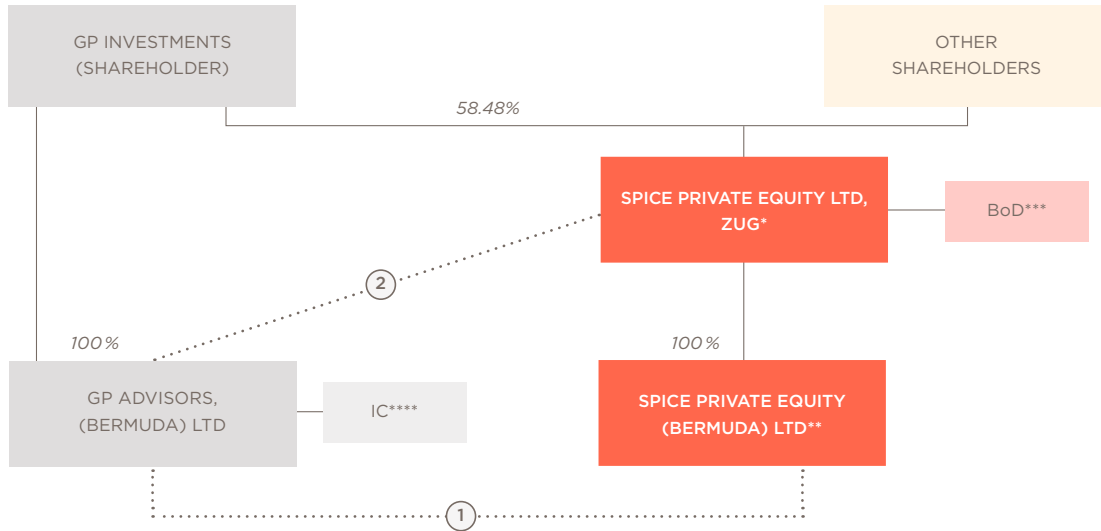
The Board of Directors is responsible for the policies and management of the Group. As of 31 December 2017 the Company had no employees (31 December 2016: nil).

In 2013, the Company and GP Advisors Ltd (formerly APEN Services GmbH) amended their agreement on administrative services to be provided to the Company. Under the agreement, the Company issued a power-of-attorney to GP Advisors Ltd staff to handle matters of a mere administrative nature. Under this agreement, the Company shall pay to GP Advisors Ltd an annual fee of CHF 100 000 plus out-of-pocket expenses reasonably incurred. On 1 July 2017, this agreement was transferred to GP Advisor (Bermuda) under the same terms.

The Group’s consolidated financial statements were authorized by the Board of Directors for issue on 28 March 2018. The consolidated financial statements are subject to approval at the Annual General Meeting of shareholders on 30 May 2018.

The consolidated financial statements are presented in US Dollars (USD) and all values are rounded to the nearest thousands, except per share data or when otherwise indicated.

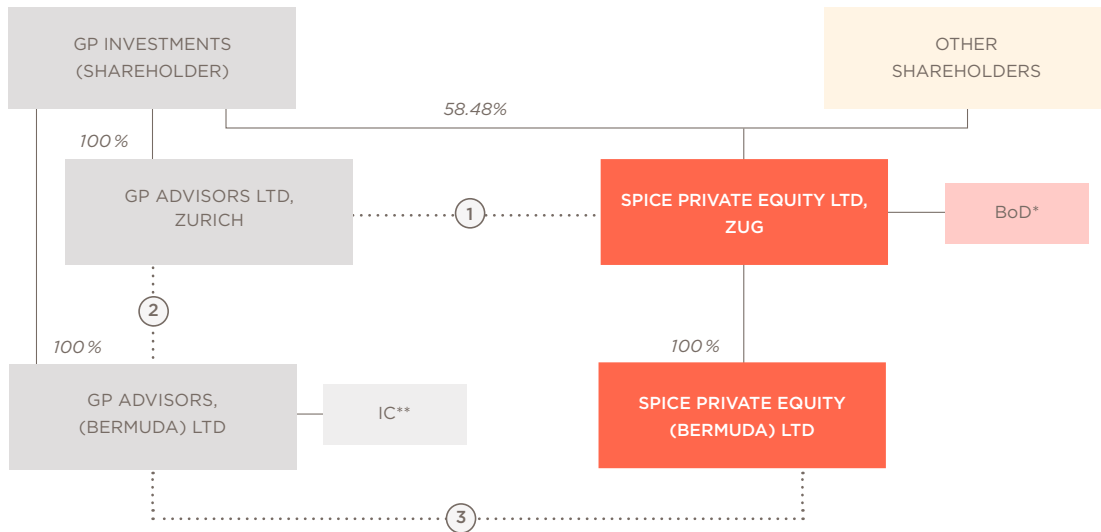
## Organizational Structure As of December 31, 2017



- 1 Investment Management Agreement between GP Advisors (Bermuda) Ltd and Spice Private Equity (Bermuda) Ltd
- 2 Administrative Services Agreement between GP Advisors (Bermuda) Ltd and Spice Private Equity Ltd.

\* Spice Private Equity Ltd.  
 \*\* Spice Private Equity (Bermuda) Ltd.  
 \*\*\* Board of Directors  
 \*\*\*\* Investment Committee

## As of December 31, 2016



- 1 Administration Agreement between GP Advisors Ltd, Zurich and Spice Private Equity Ltd
- 2 Advisory Agreement between GP Advisors Ltd, Zurich and GP Advisors (Bermuda) Ltd
- 3 Investment Management Agreement between GP Advisors (Bermuda) Ltd and Spice Private Equity (Bermuda) Ltd

\* Board of Directors  
 \*\* Investment Committee

## NOTE 2 ACCOUNTING POLICIES

### 2.1 Basis of Preparation

The accompanying consolidated financial statements of the Group for the year ended 31 December 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and comply with Swiss Law and the accounting guidelines laid down in the SIX Swiss Exchange's Directive on Financial Report (DFR) for Investment Companies.

The Group's financial statements are prepared under the Historical Cost Convention, with the exception of its financial assets at fair value through profit or loss which are stated at their fair values as disclosed in the accounting policies hereafter.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Subsidiaries are consolidated from the date on which control is effectively transferred to the Group and are no longer consolidated from the date that control ceases. All intercompany transactions and balances are eliminated.

These consolidated financial statements are those of Spice Private Equity Ltd and Spice Private Equity (Bermuda) Ltd. Both companies have 31 December year-end. The following subsidiary is fully consolidated at year end:

| Name of subsidiary                 | Country of incorporation | Proportion of ownership interest | Proportion of voting rights held |
|------------------------------------|--------------------------|----------------------------------|----------------------------------|
| Spice Private Equity (Bermuda) Ltd | Hamilton, Bermuda        | 100%                             | 100%                             |

Its main business purpose is to make private equity investments for capital appreciation, investment income or both. The Subsidiary has no employees, therefore in order to perform its investment activity it has delegated the relevant tasks to GP Advisors (Bermuda) Ltd through an Investment Management Agreement. According to the agreement all investments and divestments made at the Subsidiary level are proposed by the Investment Committee of GP Advisors (Bermuda) Ltd and approved by the Subsidiary's Board of Directors. The Subsidiary's Board of Directors is composed of three members.

### 2.2 Significant Accounting Judgments and Estimates

The preparation of consolidated financial statements requires the Board of Directors to make estimates and assumptions and exercise judgement that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. In certain circumstances, actual results could differ from those estimates.

#### Judgments

As of 1 January 2016, Spice Private Equity (Bermuda) Ltd no longer qualify as an investment entity. The assessment of whether Spice Private Equity (Bermuda) Ltd meets the definition considered the characteristics of an investment entity outlined in IFRS 10 paragraph 28:

- It has more than one investment
- It has more than one investor
- It has investors that are not related parties of the entity
- It has ownership interests in the form of equity or similar interests

The paragraph notes that "the absence of any of these typical characteristics does not necessarily disqualify an entity from being classified as an investment entity". Spice Private Equity (Bermuda) Ltd does not have two of the typical characteristics (b) and (c) as of 1 January 2016. Spice Private Equity (Bermuda) Ltd holds a portfolio of investments on behalf of Spice Private Equity Ltd and also incurs associated costs. Because of its management agreement with GP Advisors (Bermuda) Ltd, Spice Private Equity (Bermuda) Ltd is considered to be providing investment management services and is in practical terms an operating subsidiary that acts as an extension of Spice Private Equity Ltd.

Spice Private Equity's BoD concludes based on the specific facts and circumstances that Spice Private Equity (Bermuda) Ltd does not meet the definition of an investment entity and is instead providing services and acting as an extension of Spice Private Equity Ltd. In this situation consolidation is appropriate and in the opinion of the directors also gives a fairer reflection of the groups activities.

The following subsidiary has therefore been consolidated by Spice Private Equity Ltd since 1 January 2016 when the Group applied the Consolidation Exception Amendment retrospectively:

- Spice Private Equity (Bermuda) Ltd Hamilton, Bermuda – 100% wholly owned by Spice Private Equity Ltd.

### Estimates

The areas involving assumptions and estimates that are significant to the financial statements are the following:

- Fair value of financial instruments

The fair value measurements of financial instruments that are not traded in an active market are determined by using valuation techniques (see also Note 2.4.6 “financial instruments – determination of fair value”). The Group uses its judgment to select an appropriate method and make assumptions that are not always supported by observable market prices or rates.

The use of valuation techniques requires management to make estimates. Changes in assumptions could affect the reported fair value of these investments for which fair values were determined using valuation techniques amounted to USD 104.5 million (2016: USD 48.6 million). Refer to Note 13.5 for further details.

## 2.3 Changes in accounting policies

The IASB has published interpretations, new standards and amendments to existing standards that are effective for the 2017 financial statements. However, none of them had impact for the Group.

### 2.3.1 Adoption of other Standards and Interpretations

Annual Improvements to IFRSs 2012–2014 Cycle – various standards

The following standards, amendments and interpretations to existing standards have been published but are not yet effective. The Group has yet to adopt those standards and plans to do so for the reporting period beginning on or after the effective date stated in the respective standard:

| New IFRS pronouncement | Title                                 | Expected to be applied first in financial year |
|------------------------|---------------------------------------|------------------------------------------------|
| IFRS 9                 | Financial Instruments                 | 2018                                           |
| IFRS 15                | Revenue from contracts with customers | 2018                                           |
| IFRS 16                | Leases                                | 2019                                           |

## IFRS 9 Assessment

### Classification and measurement

The new standard uses two criteria to determine how financial assets should be classified and therefore measured: a) the entity’s business model for managing the financial assets; and b) the contractual cash flow characteristics of the financial asset. The new classification and measurement rules will not impact the measurement basis of our currently recognized financial assets.

### Impairment

Contrary to the current impairment model, the new standard requires an entity to recognise expected credit losses at initial recognition of the debt instrument not measured at fair value through profit and loss and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk. It is therefore no longer necessary for a trigger event to have occurred before credit losses are recognised. Given our current structure of financial assets, the new impairment model will have no material impact on our equity.

The Group has assessed the potential impact of the above-mentioned new standards and interpretations. Based on the analysis performed, the Group concludes that the new standards have no material impact on the Group’s accounting policies, its overall results and financial position.

## 2.4 Summary of Significant Accounting Policies

### 2.4.1 Foreign Currency Transactions

#### Functional and presentation currency

The functional currency of Spice private Equity Ltd is the USD. The presentation currency of the consolidated financial statements of the Company is USD and its shares are traded on the SIX Swiss Exchange in USD.

#### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Comprehensive Income (“net gain or loss on foreign exchange”). Translation differences on monetary items are reported as part of the gain or loss on foreign exchange.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

#### 2.4.2 Foreign Exchange Rates

The following exchange rates have been applied to translate the foreign currencies of significance for the Group:

|                                      | Unit  | 2017<br>USD | 2016<br>USD |
|--------------------------------------|-------|-------------|-------------|
| <b>Year-end exchange rates</b>       |       |             |             |
| Swiss Franc                          | 1 CHF | 1.02630     | 0.98150     |
| Euro                                 | 1 EUR | 1.19960     | -           |
| UK Pound Sterling                    | 1 GBP | 1.35120     | -           |
| <b>Average annual exchange rates</b> |       |             |             |
| Swiss Franc                          | 1 CHF | 1.01580     | 1.01539     |
| Euro                                 | 1 EUR | 1.12981     | -           |
| UK Pound Sterling                    | 1 GBP | 1.28865     | -           |

#### 2.4.3 Cash and Cash Equivalents

Cash includes cash on hand and cash equivalents. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, with original maturities of three months or less, and that are subject to an insignificant risk of change of value. Cash and cash equivalents are recorded at nominal value.

In order to mitigate concentration risk, cash is held at various banks.

#### 2.4.4 Financial Instruments – Initial Recognition and Subsequent Measurement

##### a) Financial assets – initial recognition

Financial assets are classified as financial assets at fair value through profit or loss or as loans and receivables. The Group determines the classification of its financial assets at initial recognition.

Financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognized on the settlement date, i.e. the date a financial asset is delivered to or by the Group. The Group's financial assets include cash and cash equivalents and short-term deposits, trade and other receivables, loan and other receivables, quoted and unquoted financial instruments, and derivative financial instruments.

##### b) Financial assets – subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

###### b1) Loans and receivables

All loans and receivables are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the Statement of Comprehensive Income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

###### b2) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group. Financial assets at fair value through profit or loss are carried in the balance sheet at fair value. Changes in the fair value of financial instruments at fair value through profit or loss are recorded in the Statement of Comprehensive Income. The Group classifies its investments at fair value through profit or loss.

##### c) Financial liabilities – Initial recognition

Financial liabilities are classified as financial liabilities at fair value through profit or loss or as other financial liabilities, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognized initially at fair value and in the case of loans and borrowings, less directly attributable transaction costs.

#### d) Financial liabilities – subsequent measurement

The measurement of financial liabilities depends on their classification:

- **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. This category includes derivative financial instruments entered into by the Group. Gains or losses on liabilities held for trading are recognized in the Statement of Comprehensive Income.

- **Loans and borrowings**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the Statement of Comprehensive Income when the liabilities are derecognized as well as through the amortization process.

#### e) Cash investment guidelines

The primary objectives of this Investment Policy are preservation of capital and the maintenance of adequate liquidity, which includes:

- Institutions Minimum Ratings and Credit Quality

Deposits of more than 5 days shall be at institutions rated at or above Investment Grade level BBB/Baa2 by Standard and Poor's Corporation or Moody's Investor Services or Fitch Ratings.

Sovereign, corporate bonds and credit linked notes must be rated at or above Investment Grade levels BBB/Baa2 by Standard and Poor's Corporation or Moody's Investor Services or Fitch Ratings at the time of purchase.

- Approved Instruments

The funds will be invested in USD denominated bank deposits and non-leveraged debt obligations, fixed or floating.

- Diversification

Securities of a single issuer valued at cost at the time of purchase, shall not exceed 20% of the market value of the investment portfolio (including cash available to invest).

#### 2.4.5 Financial Instruments – Derecognition

A financial instrument is derecognized if, and only if, the Group either transfers the contractual rights to receive the cash flows of the financial asset, or it retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients, and in doing so transfers substantially all of the risks and rewards of the asset.

A financial liability is derecognized when the obligation under the liability is discharged, is cancelled or has expired. When an existing financial liability is replaced by another liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Statement of Comprehensive Income.

#### 2.4.6 Financial Instruments – Determination of Fair Value

The Group's investments are primarily non-current financial assets and market quotations are not readily available, therefore these investments are measured at their fair value using the most appropriate valuation techniques as described in detail below. The responsibility for determining the fair values lies with the Board of Directors. General partners of funds in which the Group invests, the Manager and the Service Manager of the Group's direct investments provide valuations of these investments. Due to inherent uncertainties, fair valuations may differ significantly from values that would have been used in actual market transactions.

The main driver of fair value of the Group is the valuation of its investment portfolio assets, valuation of financial liabilities as well as to a much lesser extent the valuation of remaining asset and liability line items. The valuation assumptions and techniques are therefore disclosed hereafter.

## Direct and Fund Investments

The investments are primarily non-current financial assets for which market quotations are not readily available, therefore these investments are measured at their fair value using the most appropriate valuation technique as described in detail below. General Partners of funds in which the subsidiaries invest, the Manager and the Service Manager of the subsidiaries' Direct Investments provide valuations of these investments. Due to inherent uncertainties, the fair values used may differ significantly from values that could have been obtained in actual market transactions.

### a) Direct Investments

Valuations for Direct Investments are provided by third party sources, such as General Partners of funds that are holding the same investment and that the Group is invested in or the lead investor of the relevant direct investment. The Manager monitors investments by analysing regular reports and through direct contacts with General Partners and company management. The Manager use valuations and valuation input provided by the Lead Fund Manager of the respective direct investment. Financial and market performance is compared with budget information, data obtained from competitors and subsequent rounds of financing. The Board of Directors reviews and discusses the valuations with the Manager and may independently apply adjustments to determine the investments' fair value. In determining the fair value of a direct investment, all appropriate and applicable factors relevant to their value, including, but not limited to, the following are considered in general:

- Available market prices for quoted securities in active markets;
- Reference to the valuation of the lead investor or other investors;
- Transaction price paid for an identical or a similar instrument in an investment, including subsequent financing rounds;
- Comparable company valuation multiples;
- Discounted cash flow method

For venture capital investments, the following is also considered:

A new financing round that is material in size for the Company and having new, sophisticated institutional investors making up a significant piece of the financing round. An inside round of financing does not qualify. For buyout/late stage investments for which subsequent rounds of finance are not anticipated the following is also considered:

An analysis of the fair market value of such investment will be performed on an ongoing basis. This analysis will typically be based on one of the following methods (depending on what is appropriate for that particular company/industry):

- Result of multiple analysis;
- Result of discounted cash flow analysis;
- Reference to transaction prices (including subsequent financing rounds);
- Reference to the valuation of other investors;
- Reference to comparable companies.

Based on a composite assessment of all appropriate and applicable indicators of fair value, the Board of Directors determines the fair values as of the valuation date.

### b) Fund Investments

The valuation of Fund Investments is generally based on the latest available Net Asset Value ("NAV") of the fund reported by the corresponding fund manager provided the NAV has been appropriately determined by using proper fair value principles as per generally accepted accounting standards. The Board of Directors reviews and approves the NAV provided by the fund's General Partners unless the Board of Directors is aware of reasons that such a valuation may not be the best approximation of fair value. In general, NAV is adjusted by capital calls and distributions falling between the date of the latest NAV of the fund and the reporting date of the Group. Additionally, a mark to market adjustment is applied if funds are invested in listed quoted securities which are traded in active markets.

Investment valuations are further generally based on previous quarter ended (compared to the reporting date) capital accounts. Adjustments to the valuation are considered when either of the following applies:

- The Company becoming aware of subsequent changes in the fair values of underlying companies;
- New/amended features of the fund agreement that might affect distributions;
- Changes to market or other economic conditions impacting the value of the fund;
- NAV reported by the fund has not been appropriately determined by applying the valuation principles as per generally accepted accounting standards.

Further, when information is used based on data different from the reporting date, capital drawdowns and capital distribution activity of the remaining period until year-end is being added to and subtracted from the valuation as appropriate. Where more recent reporting is not available, valuations are based on the latest capital accounts provided by portfolio funds, with capital drawdowns and capital contributions activity being added to and subtracted from the valuation. The Group monitors current market activity related to these funds and the overall market developments to determine implications on the valuations and apply appropriate adjustments if necessary. The Group reviews the valuations of these funds and discusses portfolio company performance with the relevant portfolio fund managers. The portfolio fund managers determine fair values of the underlying investments by using the same valuation techniques as noted above for Direct Investments.

#### c) Investments in securities and other financial instruments

Investments in securities and in other financial instruments traded on recognized exchanges (including equities, futures contracts, options, and funds) are valued at the listed price which is most representative of fair value on the reporting date.

#### d) Other financial assets

Investments in securities and in other financial instruments traded in the over the counter market and listed securities for which no trade is reported on the valuation date are valued at the price within the bid-ask spread that is most representative of fair value in the circumstances.

#### e) Derivative financial instruments

Fair values for derivative financial instruments are obtained from quoted market prices, discounted cash flow models, or option pricing models as appropriate.

#### 2.4.7 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Comprehensive Income.

#### 2.4.8 Shareholders' Equity

Ordinary shares are classified as equity. The transaction costs of an equity transaction are accounted for as a deduction from equity. Transaction costs for equity are comprised of only those incremental external costs directly attributable to the equity transaction, which would otherwise have been avoided. Equity is comprised of the following:

- **Share capital and share premium**

Please refer to Note 5 for a description and further details on the share capital and share premium

- **Treasury shares**

Treasury shares are presented in the balance sheet as a deduction from equity and are measured at cost. The acquisition of treasury share is presented as a change in equity. No gain or loss is recognized in the Statement of Comprehensive Income on the sale, issuance or cancellation of treasury shares. The consideration received is presented in the financial statements as a change in equity.

#### 2.4.9 Earnings per Share and Net Asset Value per Share

Basic earnings per share are calculated by dividing the net profit for the period of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares.

The Net Asset value per share is calculated by dividing the net assets (total equity) by the number of ordinary shares outstanding at the reporting date.

#### 2.4.10 Taxes

Tax expense and taxes payable are based on reported income. Taxes are calculated in accordance with enacted tax regulations. Capital taxes charged to the Group are included in operating expenses in the Statement of Comprehensive Income. Spice Private Equity Ltd is taxed as a holding company in the canton of Zug. Income, including dividend income and capital gains deriving from its participations are exempt from taxation at the Zug cantonal/communal level. However, capital taxes are levied on Zug cantonal/communal level.

For Swiss federal tax purposes, income tax at an effective tax of 7.8% is levied.

Provisions for taxes payable on profits earned by the Company are calculated and recorded based on the applicable tax rate in Switzerland. Spice Private Equity (Bermuda) Ltd's activities are not subject to any income, withholding or capital gains taxes in Bermuda.

#### 2.4.11 Capital Management

The investment objective of the Group is to realize long-term capital appreciation by creating a portfolio of Direct Investments and Fund Investments in the private equity sector, also management follow a specific guideline for cash investments (please refer to Note 2.4.4). The investments will be diversified among fund managers, geographical regions, economic sectors and stages.

#### 2.4.12 Segment Reporting

IFRS 8 requires companies to define operating segments and segment performance in the financial statements.

The sole operating segment of the Group is investing in private equity. Therefore, the results published in this report reflect the required operating segment information provided to the Chief Operating Decision Maker which are equivalent with the members of the Board of Directors. Additional disclosures required by IFRS 8 are presented in Note 16.

#### 2.4.13 Contingencies

Contingent liabilities are not recognized in the balance sheet. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

#### 2.4.14 Share-based Compensation Plans

##### Stock Appreciation Rights (SARs)

The Group operates a cash settled, share-based compensation plan. The corresponding liability is re-measured at each balance sheet date to fair value, with changes recognized immediately in the Statement of Comprehensive Income.

### NOTE 3 CURRENT ASSETS

#### 3.1 Cash and Cash Equivalents

|                           | 2017<br>TUSD   | 2016<br>TUSD   |
|---------------------------|----------------|----------------|
| Cash at banks             | 96 632         | 103 660        |
| Fiduciary call investment | 12 995         |                |
| Secured extendible note   | 10 000         |                |
| <b>Total</b>              | <b>119 627</b> | <b>103 660</b> |

Cash and cash equivalents comprise all cash, short-term deposits and other money market instruments, net of short-term overdrafts, with an original maturity of three months or less. Cash and cash equivalents are at the full disposal of the Group.

The carrying amounts of cash and cash equivalents approximate fair value.

#### 3.2 Receivables and Prepayments

|                                   | 2017<br>TUSD | 2016<br>TUSD  |
|-----------------------------------|--------------|---------------|
| Receivables                       | -            | 74 434        |
| Other receivables and prepayments | 754          | 449           |
| <b>Total</b>                      | <b>754</b>   | <b>74 883</b> |

Receivable of nil (2016: TUSD 74 434) relates to deferred payments resulting from the sale of the "Legacy portfolio" as of 31 December 2014. The 2016 carrying amount included effective interest rate and represented present value of the future cash flow received during 2017.

During the reporting period, the Group received in March 2017 USD 37.4 million and the last instalment in December 2017 (USD 37.4 million) from its counterparty in line with the deferred payment schedule.

The carrying amount of other receivables and prepayments approximate fair value due to their short-term maturities and that the effect of not discounting them is immaterial.

## NOTE 4 CURRENT LIABILITIES

### 4.1 Payables and Accrued Charges

|                              | 2017<br>TUSD | 2016<br>TUSD |
|------------------------------|--------------|--------------|
| Payables and accrued charges | 553          | 824          |
| <b>Total</b>                 | <b>553</b>   | <b>824</b>   |

The carrying amounts of accounts payable and accrued charges approximate fair value.

### 4.2 Put Option Liability (Put/Call on Shares of Spice Private Equity Ltd)

Pursuant to the subscription agreement dated 17 May 2013 between Drawbridge Special Opportunities Fund LP, New York, NY, USA (“Fortress-Drawbridge”) and the Group, Fortress-Drawbridge had the right to sell to the Group 717 266 shares acquired in connection with the implementation of the new corporate structure in 2013. As a result, the Group had recognized a financial liability in the amount of USD 15.8 million in prior periods which was equal with the present value of the redemption amount. As a result of the closing of the transaction between a company controlled by GP Investments Ltd and Fortress Investment Group LLC and Newbury Associates LLC in 2016, the contractual obligation to purchase own shares was cancelled. This resulted in a reversal of the put option liability of USD 16.0 million (as of transaction date 30 June 2016) against share premium.

### 4.3 Provisions for other Liabilities

|              | 1 January 2017<br>TUSD | 31 December 2017<br>TUSD |
|--------------|------------------------|--------------------------|
| Provisions   | 283                    | 164                      |
| <b>Total</b> | <b>283</b>             | <b>164</b>               |

|              | 1 January 2016<br>TUSD | 31 December 2016<br>TUSD |
|--------------|------------------------|--------------------------|
| Provisions   | 283                    | 283                      |
| <b>Total</b> | <b>283</b>             | <b>283</b>               |

The outstanding balances represent provisions in connection with the sale of the “Legacy Portfolio” transaction concluded as of 31 December 2014. Based on the management best estimate, the provision decreased from TUSD 283 to TUSD 164, reverting a total of TUSD 119. No additional provisions were made during 2017.

The carrying amounts of provisions approximate fair value.

## NOTE 5 SHARE CAPITAL

The share capital of the Company as of 31 December 2017 amounts to TUSD 53 980 (2016: TUSD 53 980) consisting of 5 363 717 registered shares (2016: 5 363 717) with a par value of CHF 10.00 (USD 10.06) each. All issued shares are fully paid-in.

As of 1 January 2015, the Company changed its functional currency from CHF to USD. All equity items were translated into USD using the prevailing USD/CHF rate as of 31 December 2014. Based thereon the share capital of the Company was USD 53 979 943 divided into 5 363 717 fully paid registered shares with a nominal amount of USD 10.06 each.

As of 31 December 2017 the Company has CHF 26.8 million (2016: CHF 26.8 million) authorized share capital outstanding. This authorized share capital will expire per 28 June 2018. As of 31 December 2017 the Company has CHF 26.8 million (2016: CHF 26.8 million) conditional share capital outstanding.

## NOTE 6 NUMBER OF SHARES OUTSTANDING AT YEAR-END

|                              | Number of Shares |
|------------------------------|------------------|
| Outstanding 1 January 2016   | 5 357 322        |
| - Treasury shares sold       | 30 985           |
| - Treasury shares purchased  | 42 575           |
| Outstanding 31 December 2016 | 5 345 732        |
| Outstanding 1 January 2017   | 5 345 732        |
| - Treasury shares sold       | 7 658            |
| - Treasury shares purchased  | 11 233           |
| Outstanding 31 December 2017 | 5 342 157        |

The Group can trade in treasury shares in accordance with the relevant guidelines (the Company's Articles of Association, Swiss company law, listing rules of the SIX Swiss Exchange). Treasury shares are treated as a deduction from the Shareholders' Equity TUSD 541 (2016: TUSD 439).

Currently, the Group does not intend to pay any dividends to shareholders.

The following major shareholders held shares and voting rights of 3% and more as of 31 December (number of shares according to the public disclosures of shareholdings at SIX Swiss Exchange voting rights):

|                                                  | Number<br>of shares<br>2017 | Participation<br>%<br>2017 | Number<br>of shares<br>2016 | Participation<br>%<br>2016 |
|--------------------------------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|
| GP Swiss Ltd.                                    | 3 136 474                   | 58.48%                     | 3 136 474                   | 58.48%                     |
| OAM European Value Fund                          | 270 149                     | 5.04%                      | 270 149                     | 5.04%                      |
| AXA S.A.                                         | 167 000                     | 3.11%                      | 167 000                     | 3.11%                      |
| PPF ("PMG Partners Fund") - LP Active Value Fund | 161 075                     | 3.00%                      | 161 075                     | 3.00%                      |

## NOTE 7 INCOME

### 7.1 Net realized gain on investments

|                                                     | 2017         | 2016         |
|-----------------------------------------------------|--------------|--------------|
| Net realized gain on sale of investments            | -            | 3 123        |
| Net realized gain on distributions from investments | 3 647        | 327          |
| <b>Total</b>                                        | <b>3 647</b> | <b>3 450</b> |

In pursuing Spice's new strategy, the Group sold in December 2016 all primary fund investments (Navis Asia VII, Northstar IV, Baring Asia VI, Carlyle Sub Saharan Africa Fund and Helios III) and two co-investments (Altico Capital and Rede d'Or) for a cash consideration of USD 31.1 million generating a total realized gain of USD 3.1 million for 2016.

### 7.2 Interest Income

|                                              | 2017       | 2016       |
|----------------------------------------------|------------|------------|
| Interest income on deferred payments         | 311        | 620        |
| Interest income on cash and cash equivalents | 557        | 20         |
| <b>Total</b>                                 | <b>868</b> | <b>640</b> |

Interest income of TUSD 311 (2016: TUSD 620) included in the carrying amount of the receivables (carried at amortized cost) related to the deferred payments resulted from the sale of the "Legacy Portfolio" as of 31 December 2014.

### 7.3 Dividend Income

The dividends income refers to the amount received by the Company in respect of dividends distributions made by the portfolio companies. The Company received during the year-ended 31 December 2017 TUSD 485 (2016: nil).

## NOTE 8 OTHER OPERATING EXPENSES

|                             | 2017         | 2016         |
|-----------------------------|--------------|--------------|
| Board of Directors expenses | 563          | 487          |
| SAR's                       | (40)         | (216)        |
| Accounting                  | 217          | 276          |
| Consulting <sup>1)</sup>    | 1 971        | 40           |
| Audit fees                  | 206          | 147          |
| Legal                       | 335          | 539          |
| Other                       | 279          | 699          |
| <b>Total</b>                | <b>3 531</b> | <b>1 971</b> |

<sup>1)</sup> Consulting expenses includes approximately USD 1 945 thousand related to transactions costs.

## NOTE 9 REVOLVING CREDIT FACILITY

The Company obtained a USD 75 million loan facility from Falcon Private Bank Ltd., Zurich and VP Bank Ltd., Vaduz on 11 May 2015. As a result of the change in strategy of the Group, the revolving credit facility was cancelled by Falcon Private Bank Ltd. and VP Bank Ltd with effective date 28 June 2016 in line with the facility agreement clauses.

Finance costs were nil for the period ended 31 December 2017 (31 December 2016: TUSD 642).

## NOTE 10 TAXES

|                                                                       | 2017     | 2016     |
|-----------------------------------------------------------------------|----------|----------|
| Current income tax                                                    | -        | -        |
| Reconciliation of income tax calculated with the applicable tax rate: |          |          |
| - Profit/(loss) before tax expense                                    | (1704)   | 763      |
| - Applicable tax rate                                                 | 7.8%     | 7.8%     |
| - Income tax                                                          | (133)    | 59       |
| Effect from:                                                          |          |          |
| - unrecognized tax gain/(loss)                                        | (133)    | (59)     |
| <b>Total income tax expenses</b>                                      | <b>-</b> | <b>-</b> |

In 2017 the Company paid nil (2016: nil) non-refundable withholding taxes. The Company did not recognize income tax assets in the form of losses than can be carried forward against future taxable income. No deferred tax assets are capitalized due to the inherent uncertainty of a refund, which depends on achieving taxable net incomes in Switzerland in the foreseeable future.

| Expiry of unrecognized tax losses | 2017          | 2016          |
|-----------------------------------|---------------|---------------|
| Within 1 year                     | -             | 5142          |
| Within 2-4 years                  | 44 403        | 40168         |
| Within 5-7 years                  | 3 609         | 4 857         |
| <b>Total</b>                      | <b>48 012</b> | <b>50 167</b> |

## NOTE 11 EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS

|                                                                                     | 2017          | 2016       |
|-------------------------------------------------------------------------------------|---------------|------------|
| Net profit/(loss) per share outstanding from continuing operations – basic          | (0.32)        | 0.14       |
| Net profit/(loss) per share outstanding from continuing operations) – fully diluted | (0.32)        | 0.14       |
| <b>Net profit/(loss) for the period</b>                                             | <b>(1704)</b> | <b>763</b> |
| Weighted average of total number of shares outstanding – basic                      | 5 345 177     | 5 349 558  |
| Weighted average of total number of shares outstanding – diluted                    | 5 345 177     | 5 349 558  |

## NOTE 12 RELATED PARTY TRANSACTIONS

Related Parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or to exercise significant influence over the other party in making financial and operating decisions.

Related Parties include:

- Board of Directors of Spice Private Equity Ltd;
- GP Investments Group consisting of GP Swiss Ltd, GP Investments Ltd. (Bermuda), GP Advisors (Bermuda) Ltd and GP Advisors Ltd, Zurich in liquidation

### Material transactions

Expense of TUSD 563 (2016: TUSD 487) were booked during the reporting period for Board of Directors compensation and travel expenses. SARs gain of TUSD 40 (2016: TUSD 216) were booked during the reporting period (see Note 14). Board of Directors members have not received any new SARs during 2017.

Administration fee expenses and payments to GP Advisors Ltd, Zurich, amounted to TUSD 62 (2016: TUSD 101) until the termination of the agreement (30 June 2017). From 1 July 2017 to 31 December 2017, administration fee expenses and payments to GP Advisors (Bermuda) Ltd amounted TUSD 52 (2016: nil). Please refer to Note 1 in respect to the agreement transferred from GP Advisors Ltd, Zurich to GP Advisors (Bermuda) Ltd.

In the reporting period, the Group paid management fee of USD 5.1 million (2016: USD 5.1 million). Based on the investment management agreement, the management fee per quarter is calculated as follows: (a) during the period from 1 January 2015 to 31 December 2018 (“Initial Period”), the management fee is equal to the sum of (i) CHF 1250 000 plus (ii) ¼ of 1.5% of the New Capital Amount (meaning the total amount of capital raised by the Company from the issuance and sale of ordinary registered shares or other securities of the Company after 1 January 2015) and (b) after the Initial Period, the management fee is equal to ¼ of 1.5% of the Company’s NAV.

The Group is invested as of 31 December 2017 in four funds managed by GP Investments (GP Capital Partners IV L.P., GP Capital Partners V L.P., Magma Fund I and Magma Fund II). The Group also invests directly in two vehicles, which hold Rimini Street's investment (RMNI InvestCo, LLC and RMNI InvestCo II, LLC).

GP Advisors (Bermuda) Ltd is entitled to a performance fee of 10% of the increase, if any, in the Group's NAV after a 5% hurdle and subject to customary catch-up and high-watermark clauses. The high-watermark was reset to the USD value of the Company's NAV as of 31 December 2014 of USD 203.6 million to reflect the new structure and size of the Group after the sale of the "Legacy Portfolio". No performance fees have been accrued or paid as of 31 December 2017 and 2016.

In 2016, GP Advisors (Bermuda) Ltd exceptionally accepted and agreed that it will eliminate the effect of the extinction of the put option (Note 4.2) to the calculation of the performance fee. As long as there remains in effect an investment management agreement between GP Advisors (Bermuda) Ltd and Spice Private Equity Ltd, the Group shall not pay any additional management or performance fees to GP or affiliates of GP related to any investment made by the Group in respect of primary fund commitments where GP or an affiliate thereof also acts as the general partner or manager. Customary fees may, however, be payable in respect of secondary limited partnership interests in funds managed by GP or affiliates of GP which have been or may in the future be acquired from third parties in arm's length transactions.

## NOTE 13 FINANCIAL RISK MANAGEMENT

### 13.1 Strategy in using Financial Instruments

The investment objective of the Group is to realize long-term capital appreciation, investment income or both by creating a portfolio of Direct Investments and Fund Investments in the private equity sector. The investments will be diversified among fund managers, geographical regions, economic sectors and stages through its subsidiary.

Although the Company may invest directly in Fund Investments or Direct Investments, it is anticipated that investments will generally be made through Spice Private Equity (Bermuda) Ltd.

The Group's activities expose it to a variety of financial risks, namely market risk (including interest rate risk, currency risk and other price risks), liquidity risk and credit risk. Management observes and manages these risks. These risks could result in a reduction of the Group's net assets.

The Group seeks to minimize these risks and adverse effects by considering potential impacts from the financial markets. The Group manages these risks, where necessary, via collaboration with service partners that are market leaders in their respective area of expertise. Additionally, the Group has internal guidelines and policies in place to ensure that transactions are effected in a consistent and diligent manner.

### 13.2 Market Risk

#### a) Interest rate risk

The Group is subject to cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates. Changes in interest rates affect mainly financial assets as well as financial liabilities.

The cash flow interest rate risk is not deemed to have a material impact due to fluctuation in the prevailing levels of market interest rates.

The Manager monitors interest rates on a regular basis and informs the Board of Directors accordingly at its quarterly meetings.

## b) Currency risk

The Net Asset Value per share is calculated in USD, the presentation currency of the Group. The Group's underlying investments are largely denominated in USD. The Group is exposed to a certain degree of currency risk, which can adversely affect performance. Fluctuations in foreign currency exchange rates affect the Net Asset Value of the investments and therefore the Group. The Group can enter into currency contracts to mitigate these currency risks.

The Group's currency position is monitored on a regular basis and the foreign currency exposure is reviewed by the Board of Directors at the meetings.

| As of 31.12.2017<br>in TUSD | USD            | CHF       | GBP           | EUR      | Total          |
|-----------------------------|----------------|-----------|---------------|----------|----------------|
| <b>Assets</b>               |                |           |               |          |                |
| Cash and cash equivalents   | 119 607        | 17        | 1             | 2        | 119 627        |
| Receivables and prepayments | 700            | 31        | 23            | -        | 754            |
| Receivables – non current   | -              | -         | -             | -        | -              |
| Investments                 | 71 710         | -         | 32 833        | -        | 104 543        |
| <b>Total assets</b>         | <b>192 017</b> | <b>48</b> | <b>32 857</b> | <b>2</b> | <b>224 924</b> |

|                              | USD        | CHF        | GBP      | Total      |
|------------------------------|------------|------------|----------|------------|
| <b>Liabilities</b>           |            |            |          |            |
| Payables and accrued charges | 241        | 312        | -        | 553        |
| Put option liability         | -          | -          | -        | -          |
| Provisions                   | 164        | -          | -        | 164        |
| <b>Total liabilities</b>     | <b>405</b> | <b>312</b> | <b>-</b> | <b>717</b> |

| As of 31.12.2016<br>in TUSD | USD            | CHF        | GBP      | Total          |
|-----------------------------|----------------|------------|----------|----------------|
| <b>Assets</b>               |                |            |          |                |
| Cash and cash equivalents   | 103 589        | 71         | -        | 103 660        |
| Receivables and prepayments | 74 837         | 46         | -        | 74 883         |
| Receivables – non current   | -              | -          | -        | -              |
| Investments                 | 48 577         | -          | -        | 48 577         |
| <b>Total assets</b>         | <b>227 003</b> | <b>116</b> | <b>-</b> | <b>227 119</b> |

|                              | USD        | CHF        | GBP      | Total       |
|------------------------------|------------|------------|----------|-------------|
| <b>Liabilities</b>           |            |            |          |             |
| Payables and accrued charges | 297        | 526        | -        | 824         |
| Provisions                   | 283        | -          | -        | 283         |
| <b>Total liabilities</b>     | <b>581</b> | <b>526</b> | <b>-</b> | <b>1107</b> |

## c) Other price risks

Other price risks (i.e. changes in market prices other than from interest rate risks or currency risk) may affect the value of the investments carried at fair value through profit or loss. Other price risks arise mainly from the uncertainty about future valuations of the underlying investments held by the Group. As of 31 December 2017 total investments of the Group amounted to USD 104.5 million (2016: USD 48.6 million). For these investments the Group calculates the corresponding fair value on a monthly basis. Please see the "Accounting Policies" (Note 2) for more information on the fair value process.

The Group attempts to minimize the investment risk incurred through effective due diligence prior to investing, conservative underwriting, reviews of investment partners, and contractual provisions that limit the Group's downside risk.

The Group's Manager performs extensive analysis prior to recommending any direct or fund investment including an analysis of the potential risks of the investment. The Manager monitors investments by analysing regular reports and through direct contact with General Partners and company management. Investment recommendations are approved by the Investment Committee of the Manager and the Board of Directors of the consolidated subsidiary prior to commitment. Investment performance is reviewed regularly by the Manager and the Board of Directors. Valuations are updated on a monthly basis by taking new currency rates, stock price at the end of the month for listed portfolio companies and new reports from portfolio funds available to the Manager into account. Furthermore the Manager discusses fund performance with the fund managers and may take part in the annual meetings of significant portfolio funds. Detailed valuations are established quarterly/semi-annually by the fund managers. The Board of Directors reviews and subsequently approves the valuations.

Changes in valuations can have an impact on net profit. In order to demonstrate the sensitivity, the average change of the TR LPX 50® index (one of the leading benchmarks for the listed private equity industry) of the past two years is calculated and used as input to the sensitivity analysis. If the value of the investments (based on year-end values) had increased or decreased by 11% with all other variables held constant, the impact on the Shareholders Equity and net income would have been USD 11.5 million (2016: 12.8%, USD 6.2 million). The Group is exposed to a variety of market risk factors which may change significantly over time. As a result, measurement of such exposure at any given point in time may be difficult given the complexity and limited transparency of the underlying investments. Therefore, a sensitivity analysis is deemed to be of limited explanatory value.

### 13.3 Liquidity Risk

Due to the specific nature of private equity funds of the type in which the Group invests through immediate and full investment of assets is not always possible. Commitments made by a private equity investor in a private equity fund typically result in actual investments being made over a period of up to five years. Outstanding commitments entered into amounted to USD 7.9 million at year-end 2017 (2016: USD 6.6 million).

Cash on hand is in excess of 100% of all unfunded commitments. Management monitors cash flows on a weekly basis by updating its cash flow report at least on a quarterly basis to the Board of Directors. The table below summarizes the Company's payables (gross undiscounted cash-flows).

| As of 31.12.2017             | On demand  |
|------------------------------|------------|
| Payables and accrued charges | 553        |
| <b>Total</b>                 | <b>553</b> |
| Unfunded commitments         | 7 891      |

| As of 31.12.2016             | On demand  |
|------------------------------|------------|
| Payables and accrued charges | 824        |
| <b>Total</b>                 | <b>824</b> |
| Unfunded commitments         | 6 623      |

### 13.4 Credit Risk

The Group has credit exposure only to established, credit-worthy third parties, so that no collateralization is required. Receivables are monitored continuously. The Board of Directors monitors credit risk on a regular basis.

The Group holds cash with a number of internationally renowned financial institutions for diversification reasons. The Company monitors the standing of these institutions on a regular basis. The minimum credit rating of these institutions at year-end 2017 was "A" (Standard & Poor's).

As of 31 December 2016 the Company had a significant outstanding receivables balance with Strategic Partners VI Acquisitions G, L.P. (a special purpose vehicle majority owned by Strategic Partners Fund VI, L.P.) resulting in a concentration of credit risk with one counter party. The receivable was recognized as a result of the disposal of the "Legacy Portfolio" through the sale of two Company subsidiaries, APEN Faith Media Holdings LLC and APEN Holdings LLC. The credit risk is mitigated by a multiple layer guarantee structure with the ultimate majority guarantor being Strategic Partners Fund VI, L.P., a private equity secondary fund managed by Strategic Partners Fund Solutions, Blackstone's dedicated secondary and fund solutions platform. The receivable was settled during 2017 (Note 3.2).

| As of 31.12.2017                                  | Neither past due nor impaired | 2017<br>Total carrying amount |
|---------------------------------------------------|-------------------------------|-------------------------------|
| Cash and cash equivalents                         | 119 627                       | 119 627                       |
| Receivables and prepayments                       | 754                           | 754                           |
| <b>Total financial assets (excl. investments)</b> | <b>120 381</b>                | <b>120 381</b>                |

| As of 31.12.2016                                  | Neither past due nor impaired | 2016<br>Total carrying amount |
|---------------------------------------------------|-------------------------------|-------------------------------|
| Cash and cash equivalents                         | 103 660                       | 103 660                       |
| Receivables and prepayments                       | 74 883                        | 74 883                        |
| <b>Total financial assets (excl. investments)</b> | <b>178 542</b>                | <b>178 542</b>                |

### 13.5 Fair Value Estimation

In addition to the fair value approach highlighted in Note 2.4.6, IFRS requires the Group to disclose fair value measurements by level of the following fair value measurement hierarchy:

**Level 1** – inputs to the valuation methodology are quoted prices available in active markets as of the reporting date. The type of investments listed under Level 1, include unrestricted securities listed in active markets.

**Level 2** – inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date. Investments which are included in this category include restricted securities listed in active markets, securities traded in other than active markets, derivatives, corporate bonds and loans.

**Level 3** – inputs to the valuation methodology are unobservable and significant to overall fair value measurement. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category include investments in privately held entities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Management's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The following table summarizes the Group's investments measured at fair value on a recurring basis by the above fair value hierarchy levels:

| As of 31.12.2017                                      | Level 1  | Level 2  | Level 3        | Total          |
|-------------------------------------------------------|----------|----------|----------------|----------------|
| Financial assets at fair value through profit or loss | -        | -        | 104 543        | 104 543        |
| <b>Total</b>                                          | <b>-</b> | <b>-</b> | <b>104 543</b> | <b>104 543</b> |

| As of 31.12.2016                                      | Level 1  | Level 2  | Level 3       | Total         |
|-------------------------------------------------------|----------|----------|---------------|---------------|
| Financial assets at fair value through profit or loss | -        | -        | 48 577        | 48 577        |
| <b>Total</b>                                          | <b>-</b> | <b>-</b> | <b>48 577</b> | <b>48 577</b> |

There are no transfers between level 1, 2 and 3 assets.

The fair values of these investments is derived based on the Net Asset Value of the underlying investments considering also inherent leveraging with financial liabilities appropriately, as outlined in Note 2.4.6.

The following table discloses the changes to the fair value of Level 3 assets during the year:

|                                                    | 2017    | 2016     |
|----------------------------------------------------|---------|----------|
| Level 3 assets fair value at 1 January             | 48 577  | 65 824   |
| Purchases and capital calls                        | 57 571  | 8 381    |
| Distributions                                      | (6 782) | (33 869) |
| Change in unrealized gain/(loss) of Level 3 assets | 1 529   | 4 791    |
| Realized gain/(loss) of Level 3 assets             | 3 647   | 3 450    |
| Level 3 assets fair value at 31 December           | 104 543 | 48 577   |

Assets and liabilities not carried at fair value but for which fair value is disclosed are a reasonable approximation of fair value.

#### a) Fund investments

Most inputs used to derive the adjusted underlying Net Asset Value of the investments are unobservable (including adjustments that are calculated by the fund manager for the underlying investments). For year-end 2017 the Company used 30 September 2017, quarterly reports (unaudited) as input parameters for its investments. In cases where September reports were used, the Company calculated the year-end fair value of a specific fund or direct investment by adding (cash paid) and subtracting (cash received) fourth quarter activity to the investment's September capital account balance. Additionally, a mark to market adjustment is applied if funds or direct investments are invested in listed quoted securities which are traded in active markets and any other events observed during Q4 that impact the Q3 values. 2017 activity is also reviewed for any significant developments that may have an impact on the year-end valuation.

| Source                            | NAV    |
|-----------------------------------|--------|
| 2017 Audited financial statements | 0.0%   |
| Unaudited Q4 2017 reporting       | 0.0%   |
| Roll forward of Q3 2017 reporting | 100.0% |
| Roll forward of Q2 2017 reporting | 0.0%   |

| Source                            | NAV    |
|-----------------------------------|--------|
| 2016 Audited financial statements | 0.0%   |
| Unaudited Q4 2017 reporting       | 0.0%   |
| Roll forward of Q3 2017 reporting | 100.0% |
| Roll forward of Q2 2017 reporting | 0.0%   |

As outlined in Note 2.4.6, the Group does not utilize valuation models with model inputs to calculate the fair value for their Level 3 investments. Rather, the Group utilizes a methodology that uses NAV as the key input. Thus, the main "unobservable input" would be NAV itself.

#### b) Direct investments

For the year-end 2017, the Company used the following appropriate and applicable factors relevant to the direct investments fair value:

- Available market prices for indirectly held quoted securities in active markets;
- Transaction price paid for an investment, including subsequent financing rounds if applicable.

## NOTE 14 SHARE-BASED COMPENSATION PLAN

### Stock Appreciation Rights (SARs)

A total of 220 000 SARs were originally issued to members of the Board of Directors and GP Advisors (in liquidation) employees. Outstanding SARs as of 31 December 2017 were 8 000 as follows:

| Number of SARs | Year of grant | Vesting date | Expiry  | Subscription ratio | Strike price |
|----------------|---------------|--------------|---------|--------------------|--------------|
| 4 000          | 2014          | Vested       | 3.9.19  | 1:1                | CHF 23.42    |
| 4 000          | 2013          | Vested       | 21.8.18 | 1:1                | CHF 23.19    |

The SARs were granted free of charge. Each SAR entitles the holder to receive in cash the difference between the strike price and the market price of one share of the Group at the exercise date. For SARs originally issued with a strike price in CHF (i. e., year of grant of 2011 – 2014) the above difference is calculated separately for the periods before and after the change of the listing currency from CHF to USD on 20 May 2015. Payout to the holder is based on the sum of the differences for the two periods. A third of the SARs are each exercisable after a vesting period of one, two and three years. The SARs expire after five years. In case of a termination of the working contract (termination of office for Board of Directors members) during the vesting period, the SARs are cancelled.

Movements in the number of Stock Appreciation Rights (SARs) and their related exercise prices are as follows:

|                   | 2017                    |          | 2016                    |           |
|-------------------|-------------------------|----------|-------------------------|-----------|
|                   | Average price per share | SARs     | Average price per share | SARs      |
| As of January 1   | 26.00                   | 30 000   | 24.60                   | 176 000   |
| Granted           | -                       | -        | -                       | -         |
| Exercised         | 27.09                   | (22 000) | 24.84                   | (146 000) |
| Expired           | -                       | -        | -                       | -         |
| As of 31 December | 28.90                   | 8 000    | 26.00                   | 30 000    |

Of the outstanding 8 000 SARs (2016: 30 000), 8 000 SARs (2016: 30 000) were exercisable per 31 December 2017.

In the current year, TUSD 40 gain (2016: 216) was charged as a negative expense relating to SARs within other operating expenses in the Statement of Comprehensive Income. The gain results from the fact that SARs were exercised in 2017 at a lower cost than estimated at the end of 2016. Further, the average accrual per SAR at the end of 2017 is by USD 1.00 lower than at the end of 2016. The carrying amount of the liability at the end of the period amounted to TUSD 34 (2016: 156).

The following table lists the inputs in the models used for the plan for the year ended 31 December 2017:

| Model input variables        | 2014 SARs  | 2013 SARs  |
|------------------------------|------------|------------|
| Dividend yield               | 0%         | 0%         |
| Expected volatility          | 14.02%     | 13.70%     |
| Risk-free interest rate      | (0.546%)   | (0.610%)   |
| Expected life of option/SARs | 1.67 years | 0.64 years |
| Model used                   | Hull-White | Hull-White |
| Exercise multiple            | 2          | 2          |

Since market implied volatilities for Spice Private Equity Ltd are not available, the average of the historical volatility of a basket of peer Companies was determined (for 2014 SARs: 12.98%, 2013 SARs: 10.49%). Additionally, a historical volatility estimate of the Company, using a time window of observations equal to 1.67 years was calculated at 15.06% (for 2014 SARs), 0.64 years at 16.90% (for 2013 SARs). For calculation purposes, the average of the two values was taken.

## NOTE 15 COMMITMENTS, CONTINGENCIES AND OTHER OFF-BALANCE SHEET TRANSACTIONS

In addition to those commitments disclosed in Note 13.3 the Group has nil off-balance-sheet transactions open as of 31 December 2017 (2016: nil). The operations of the Group may be affected by legislative, fiscal and regulatory developments for which provisions are made where deemed necessary. Please refer to Note 13.3 “Liquidity Risk” for additional information on commitments.

Customary representations and warranties related to the sale of the “Legacy Portfolio” were given to the purchaser by the Company.

## NOTE 16 SEGMENT REPORTING

The Management determined that the Group has operated in the sole operating segment of private equity investments. The geographical analysis of total assets is determined by specifying in which region the investment was made:

| in TUSD            | 2017           | 2016           |
|--------------------|----------------|----------------|
| USA                | 59 342         | 74 539         |
| Bermuda            | 77             | 33 219         |
| Switzerland        | 87 837         | 70 724         |
| Asia-Pacific       | 20 865         | 26 102         |
| Latin America      | 21 098         | 17 312         |
| Sub-Saharan Africa | 2 871          | 5 223          |
| UK                 | 32 834         | -              |
| <b>Total</b>       | <b>224 924</b> | <b>227 119</b> |

The geographical analysis of total income is determined by specifying from which region the profits are generated:

| in TUSD            | 2017         | 2016         |
|--------------------|--------------|--------------|
| Switzerland        | 399          | -            |
| USA                | 3 344        | 640          |
| Asia-Pacific       | (3 746)      | 1 166        |
| Latin America      | 7 630        | 6 634        |
| Sub-Saharan Africa | (2 352)      | 441          |
| UK                 | 1 276        | -            |
| <b>Total</b>       | <b>6 551</b> | <b>8 881</b> |

## NOTE 17 SUBSEQUENT EVENTS

On March 8, 2018, Spice announced a merger agreement with Bravo Brio Restaurant Group, Inc (“Bravo Brio” or “BBRG”) under which the Company will acquire Bravo Brio for a total enterprise value of approximately USD 100.0 million, along with certain third party financing sources. Bravo Brio is a leading owner and operator of two distinct Italian restaurant brands.

NOTE 18 INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

SPICE PRIVATE EQUITY GROUP PORTFOLIO

IN TUSD

| Name of the investment                               | Opening<br>balance at cost<br>1.1.2017 | Opening balance<br>at fair value<br>1.1.2017 | Cumulative<br>gain/(loss)<br>1.1.2017 | Paid in capital<br>1.1.2017–31.12.2017 | Returned capital<br>1.1.2017–31.12.2017 | Cost<br>31.12.2017 | Fair value<br>31.12.2017 | Cumulative<br>gain/(loss)<br>31.12.2017 | Change in unrealized<br>gain/(loss)<br>1.1.2017–31.12.2017 | Change in realized<br>gain/(loss)<br>1.1.2017–31.12.2017 | Outstanding<br>commitments | Investment<br>currency | Vintage year |
|------------------------------------------------------|----------------------------------------|----------------------------------------------|---------------------------------------|----------------------------------------|-----------------------------------------|--------------------|--------------------------|-----------------------------------------|------------------------------------------------------------|----------------------------------------------------------|----------------------------|------------------------|--------------|
| Direct Co-Investments                                |                                        |                                              |                                       |                                        |                                         |                    |                          |                                         |                                                            |                                                          |                            |                        |              |
| Stampede Co-Investments Partners, LP <sup>1)</sup>   | 5 043                                  | 5 223                                        | 180                                   | -                                      | -                                       | 5 043              | 2 871                    | (2 172)                                 | (2 352)                                                    | -                                                        | -                          | USD                    | 2015         |
| Leon Restaurants Ltd.                                | -                                      | -                                            | -                                     | 31 579                                 | -                                       | 31 579             | 32 833                   | 1 254                                   | 1 254                                                      | -                                                        | -                          | GBP                    | 2017         |
| RMNI InvestCo LLC <sup>2)</sup>                      | -                                      | -                                            | -                                     | 24 000                                 | -                                       | 24 000             | 18 984                   | (5 016)                                 | (5 016)                                                    | -                                                        | -                          | USD                    | 2017         |
| RMNI InvestCo II LLC <sup>2)</sup>                   | -                                      | -                                            | -                                     | -                                      | -                                       | -                  | 7 892                    | 7 892                                   | 7 892                                                      | -                                                        | -                          | USD                    | 2017         |
| Subtotal Direct Co-Investments                       | 5 043                                  | 5 223                                        | 180                                   | 55 579                                 | -                                       | 60 622             | 62 580                   | 1 958                                   | 1 778                                                      | -                                                        | -                          |                        |              |
| As % of Total Spice Private Equity Group Investments |                                        |                                              |                                       |                                        |                                         |                    | 60%                      |                                         |                                                            |                                                          |                            |                        |              |
| Fund Investments                                     |                                        |                                              |                                       |                                        |                                         |                    |                          |                                         |                                                            |                                                          |                            |                        |              |
| Global EM Funds Portfolio                            |                                        |                                              |                                       |                                        |                                         |                    |                          |                                         |                                                            |                                                          |                            |                        |              |
| Fund 1                                               | 1 557                                  | 2 286                                        | 729                                   | 629                                    | 188                                     | 1 998              | 2 363                    | 365                                     | (364)                                                      | 441                                                      | -                          | USD                    | 2015         |
| Fund 2                                               | 4 511                                  | 4 049                                        | (462)                                 | 57                                     | -                                       | 4 568              | 3 167                    | (1 401)                                 | (940)                                                      | 73                                                       | 3 840                      | USD                    | 2015         |
| Fund 3                                               | 1 511                                  | 4 008                                        | 2 497                                 | -                                      | 219                                     | 1 292              | 3 480                    | 2 188                                   | (309)                                                      | -                                                        | -                          | USD                    | 2015         |
| Fund 4                                               | 5 447                                  | 14 429                                       | 8 982                                 | 86                                     | 1 247                                   | 4 286              | 11 522                   | 7 236                                   | (1 746)                                                    | 39                                                       | 3 452                      | USD                    | 2015         |
| Subtotal Global EM Funds Portfolio                   | 13 026                                 | 24 772                                       | 11 746                                | 772                                    | 1 653                                   | 12 144             | 20 533                   | 8 388                                   | (3 358)                                                    | 553                                                      | 7 292                      |                        |              |
| Latin American Funds Portfolio                       |                                        |                                              |                                       |                                        |                                         |                    |                          |                                         |                                                            |                                                          |                            |                        |              |
| LatAm Portfolio I                                    |                                        |                                              |                                       |                                        |                                         |                    |                          |                                         |                                                            |                                                          |                            |                        |              |
| Fund 5                                               | 3 276                                  | 4 286                                        | 1 010                                 | 1 179                                  | 395                                     | 4 060              | 4 431                    | 371                                     | (639)                                                      | 784                                                      | -                          | USD                    | 2015         |
| Fund 6                                               | 1 678                                  | 4 212                                        | 2 534                                 | 12                                     | 790                                     | 900                | 8 156                    | 7 256                                   | 4 722                                                      | 2 012                                                    | -                          | USD                    | 2015         |
| Fund 7                                               | 255                                    | 609                                          | 355                                   | -                                      | 122                                     | 132                | 1 186                    | 1 054                                   | 699                                                        | 284                                                      | -                          | USD                    | 2015         |
| Subtotal Latin American Portfolio I Funds            | 5 209                                  | 9 107                                        | 3 898                                 | 1 191                                  | 1 308                                   | 5 092              | 13 773                   | 8 681                                   | 4 782                                                      | 3 079                                                    | -                          |                        |              |
| DLJ South America Partners                           | 2 117                                  | 1 809                                        | (308)                                 | 29                                     | 173                                     | 1 973              | 1 795                    | (178)                                   | 130                                                        | 16                                                       | 594                        | USD                    | 2015         |
| Subtotal Latin American Funds Portfolio              | 7 325                                  | 10 916                                       | 3 591                                 | 1 220                                  | 1 481                                   | 7 065              | 15 567                   | 8 503                                   | 4 912                                                      | 3 095                                                    | 594                        |                        |              |
| Asia-Pacific Funds Portfolio                         |                                        |                                              |                                       |                                        |                                         |                    |                          |                                         |                                                            |                                                          |                            |                        |              |
| Quvat Capital Partners II                            | 5 156                                  | 7 666                                        | 2 510                                 | -                                      | -                                       | 5 156              | 5 863                    | 708                                     | (1 803)                                                    | -                                                        | 5                          | USD                    | 2014         |
| Subtotal Asia-Pacific Funds Portfolio                | 5 156                                  | 7 666                                        | 2 510                                 | -                                      | -                                       | 5 156              | 5 863                    | 708                                     | (1 803)                                                    | -                                                        | 5                          |                        |              |
| Subtotal Fund Investments                            | 25 507                                 | 43 354                                       | 17 847                                | 1 992                                  | 3 134                                   | 24 365             | 41 963                   | 17 598                                  | (249)                                                      | 3 647                                                    | 7 891                      |                        |              |
| As % of Total Spice Private Equity Group Investments |                                        |                                              |                                       |                                        |                                         |                    | 40%                      |                                         |                                                            |                                                          |                            |                        |              |
| Total                                                |                                        |                                              |                                       |                                        |                                         |                    |                          |                                         |                                                            |                                                          |                            |                        |              |
| Total of all Investments                             | 30 550                                 | 48 577                                       | 18 027                                | 57 571                                 | 3 134                                   | 84 987             | 104 543                  | 19 556                                  | 1 529                                                      | 3 647                                                    | 7 891                      |                        |              |
| As % of Total Spice Private Equity Group Investments |                                        |                                              |                                       |                                        |                                         |                    | 100%                     |                                         |                                                            |                                                          |                            |                        |              |

<sup>1)</sup> The valuation of this SPV is driven by the share price of Africa Oil Corporation

<sup>2)</sup> The valuation of this SPV is driven by the share price of Rimini Street Inc.

## REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF SPICE PRIVATE EQUITY LTD, ZUG

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS 2017

#### Opinion

We have audited the consolidated financial statements of Spice Private Equity Ltd. and its subsidiary (the Group), which comprise the consolidated balance sheet as at 31 December 2017 and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 18 to 40) give a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Article 14 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange and Swiss law.

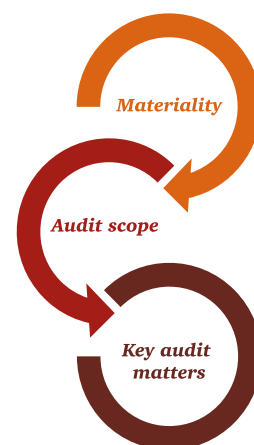
#### Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Our audit approach

#### Overview



Overall Group materiality:  
USD 2240 000

We concluded full scope audit work at both reporting units, which are located in Switzerland and Bermuda.

Our audit scope therefore addressed 100% of the Group's assets, equity, income, expenses and cash flows.

As key audit matters the following areas of focus have been identified:

- Valuation of Private Equity Investments
- Ownership of Private Equity Investments

#### Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of a holding company located in Switzerland and a reporting entity located in Bermuda which holds private equity investments. Full scope audit work has been performed on both reporting entities.

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### Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material, if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

|                                                        |                                                                                                                                                                                            |
|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Overall Group materiality</b>                       | USD 2 240 000                                                                                                                                                                              |
| <b>How we determined it</b>                            | 1% of total consolidated shareholders' equity                                                                                                                                              |
| <b>Rationale for the materiality benchmark applied</b> | We chose total shareholders' equity as the benchmark because, in our view, this is the key metric of interest to investors and is a generally accepted benchmark for investment companies. |

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Valuation of Private Equity Investments

| Key audit matter                                                                                                                                                                                                                                                                                       | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The investment portfolio comprises investments in private equity funds ('Fund Investments') and direct private equity investments ('Direct Co-Investments'). All of the Group's investments are unlisted.                                                                                              | We verified the design and implementation of the controls relating to the valuation of investments in order to determine whether the Investment Manager has appropriate controls in place.                                                                                                                                       |
| We focused on this area because of the significance of the investments in the financial statements, and because determining the valuation methodology and the inputs requires estimation and judgement to be applied by the Investment Manager and the Board of Directors.                             | <b>Fund Investments</b><br>The valuation as provided by the administrator or target fund manager is the primary source for valuation. We obtained information on the latest available valuation from the administrator or target fund manager, and checked that this information appropriately supported the valuations applied. |
| As set out in note 2.2 (Significant accounting judgments and estimates) and note 18 (Investments designated at fair value through profit and loss) investments amount to USD 104.5 million or 46.5% of total assets. Refer to the accounting policies in note 2.4.6 for the valuation methods applied. | We tested the process applied by the Investment Manager to determine investments for which a fair value adjustment may be required.                                                                                                                                                                                              |
| The investment valuations are prepared by the Investment Manager by applying the valuation methods as disclosed in note 2.4.6. The Board of Directors approves the valuation of the investments.                                                                                                       | This process includes a check of the 2016 audited financial statements of each target fund with an assessment of how the underlying fund assesses fair value and how accurate the December 2016 estimated fair value was in comparison to the audited figure.                                                                    |

| Key audit matter | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                  | <p>We challenged the procedures applied by the Investment Manager, including the accuracy of the inputs used as set out in note 2.4.6.</p> <p>We tested the determination of the fair value by the Investment Manager where a time lag between the date of the latest available reporting and the balance sheet date of the Group existed and no December 2017 valuation of the underlying fund was available. Our procedures were as follows:</p> <p>For investments purchased and sold during the year, we tested cash flow amounts to check that they were correctly reconciled to the relevant legal documents from the target fund.</p> <p>We tested cash flows from capital calls and distributions on a sample basis over the course of the year and subsequent to the year end. In particular, we checked that the cash flow amounts recorded by the company were appropriately reconciled to call or distribution notices received from the target fund.</p> <p><b>Direct Co-Investments</b></p> <p>The valuation as provided by third party sources (such as General Partner or lead investor) is the primary source for valuation. We obtained information on the latest available valuation and checked that this information appropriately supported the valuations applied.</p> <p>For investments purchased during the year, we tested cash flow amounts to check that they were correctly reconciled to the relevant legal documents from the target investment.</p> <p>We challenged the procedures applied by the investment manager including the adequacy of inputs used as set out in note 2.4.6.</p> <p><b>Overall</b></p> <p>We obtained sufficient audit evidence to conclude that the inputs, estimates and methodologies used for the valuation of the investments are within a reasonable range and that valuation policies were appropriate and consistently applied by the Investment Manager and the valuation of Private Equity Investments was ultimately approved by the Board of Directors.</p> |

## Ownership of Private Equity Investments

| Key audit matter                                                                                                                | How our audit addressed the key audit matter                                                                                                                         |
|---------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Private Equity Investments are not safeguarded by an independent custodian.                                                     | We examined the ownership of private equity investments by confirming investment holdings with the target fund manager, registrar or transfer agent, as appropriate. |
| There is a risk that Spice Private Equity Ltd. may not have sufficient legal entitlement to these investments.                  | We obtained sufficient audit evidence to conclude that there is sufficient legal entitlement to the private equity investments.                                      |
| We consider this area to be a key audit matter because of the significant value of the investments in the financial statements. |                                                                                                                                                                      |

## Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and the compensation report of Spice Private Equity Ltd. and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS, the Article 14 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

|                   |               |
|-------------------|---------------|
| Guido Andermatt   | Martin Gubler |
| Audit expert      | Audit expert  |
| Auditor in charge |               |

Zurich, 29 March 2018



# CORPORATE GOVERNANCE



## CORPORATE GOVERNANCE AT SPICE PRIVATE EQUITY LTD

## 1. GROUP STRUCTURE AND SHAREHOLDERS

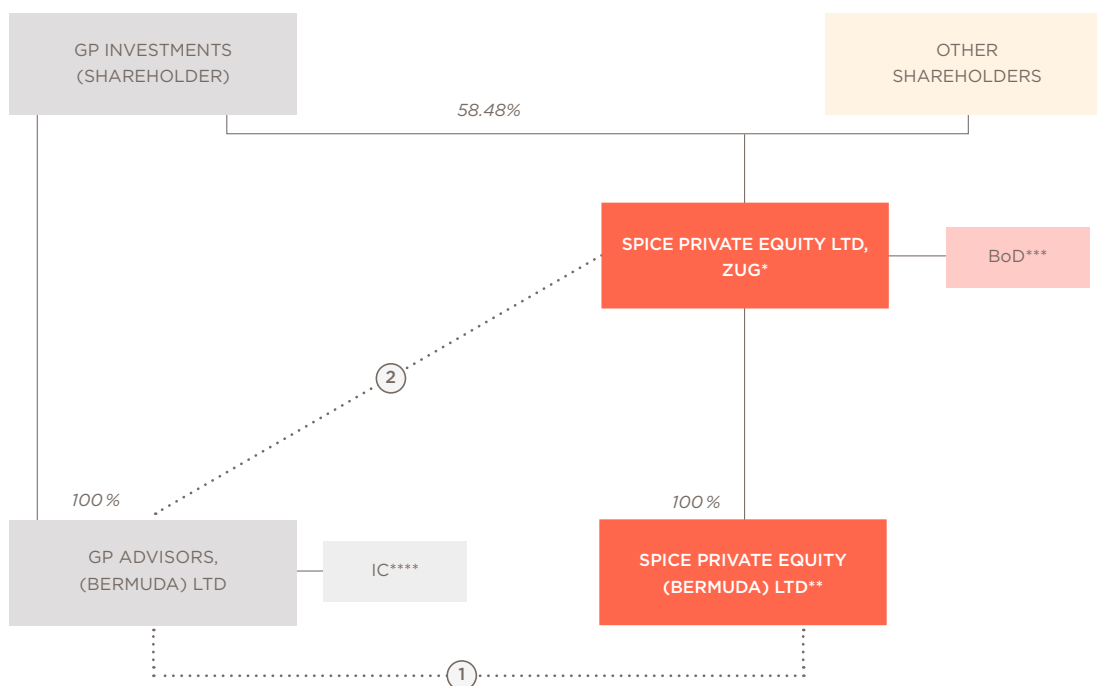
**Spice Private Equity Ltd**

Spice Private Equity Ltd is a holding company according to Swiss law and has its registered office at Industriestrasse 13c, 6300 Zug, Switzerland.

**Group Structure as of 31 December 2017**

The Company owns all shares in Spice Private Equity (Bermuda) Ltd (the Subsidiary) through which investments are made. The Subsidiary has its registered office in Clarendon House 2, Church Street Hamilton, HM 11 Bermuda and has a share capital of 1 USD. The investment objective is to achieve long-term capital growth for shareholders by investing directly in companies ("Direct Investments") and in private equity specialized funds ("Fund Investments").

Direct Investments and Fund Investments may include investments in private equity and private equity related instruments and opportunistically in certain categories of credit products. Investments will typically be made through the Subsidiary. Net profits generated upon realizations will typically be reinvested.

**Organizational Structure  
As of December 31, 2017**

- 1 Investment Management Agreement between GP Advisors (Bermuda) Ltd and Spice Private Equity (Bermuda) Ltd  
 2 Administrative Services Agreement between GP Advisors (Bermuda) Ltd and Spice Private Equity Ltd.

\* Spice Private Equity Ltd.

\*\* Spice Private Equity (Bermuda) Ltd.

\*\*\* Board of Directors

\*\*\*\* Investment Committee

### Significant Shareholders

There are several shareholders with a reported participation exceeding the 3% threshold of the Company's share capital. The number of shares and voting rights of the major shareholders are disclosed in Note 2 of the Swiss GAAP financial statements.

Disclosure notices relating to persons or groups with significant shareholdings (more than 3% of voting rights) can be found at:

<https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>

### Cross Shareholdings

There are no cross-shareholdings with other companies.

## 2. CAPITAL STRUCTURE

### Capital

As of 31 December 2017, the issued share capital of the Company, as registered in the commercial register, was CHF 53 637 170, divided into 5 363 717 fully paid registered shares with a nominal amount of CHF 10.00 each. As per the same date, the Company held 21 560 shares as treasury shares.

The reserves from capital contributions (statutory reserves) amounted to CHF 384.5 million and the market capitalization to CHF 150.4 million.

The shares are listed on the SIX Swiss Exchange (ISIN: CH0009153310).

### Changes of Capital

In June 2013 the share capital was increased by CHF 12 387 170 through the issuance of 1 238 717 new shares with a nominal value of CHF 10.00 each by utilizing the authorized share capital. There were no further share capital increases or other changes to the share capital during the last four reporting years.

### Shares and Participation Certificates

There are no shares with preferential rights or similar rights. Each share is entitled to one vote and has full dividend rights. Voting rights may be exercised only after a shareholder has been registered in the Company's share register. No shares and/or share certificates will be physically issued to shareholders. Transfers of shares are effected through a book-entry system maintained by SIX SIS Ltd.

### Authorized and Conditional Capital

The Board of Directors is entitled to an increase in authorized capital up to a maximum amount of CHF 26 818 580 by issuing no more than 2 681 858 shares with a nominal value of CHF 10.00 each. The authorization expires on 28 June 2018. Shares for which subscription rights were granted but not executed are at the Board of Director's disposal. The pre-emptive rights of the shareholders can be excluded in case of acquisitions of other companies or additional listings on foreign stock exchanges.

The share capital may be increased from conditional capital in connection with the exercise of conversion or option rights, which are granted in connection with bonds or similar debt instruments up to a maximum amount of CHF 26 818 580 by issuing no more than 2 681 858 shares with a nominal value of CHF 10.00 each. In connection therewith, the shareholders' pre-emptive rights are excluded. Whenever options or conversion rights are issued, the Board of Directors shall be entitled to withdraw the preferential subscription rights of shareholders for valid reasons. For further details see also Article 4b and 4c of the Articles of Association available on the Company website.

### Limitations of Transferability

The Company's shares are freely transferable, without any limitations, provided that the buyers declare they are the beneficial owners of the shares.

See also Article 4 of the Articles of Association available on the Company website.

## 3. BOARD OF DIRECTORS

### Responsibilities

The Board of Directors consists of one or more members. The Board of Directors is ultimately responsible for the policies and Management of the Company. The Board of Directors establishes the strategic, accounting, organizational and financing policies of the Company. The Board of Directors further determines the authorized signatories of the Company and their signing authority. The Board of Directors is entrusted with preparing meetings of the shareholders and carrying out Shareholders' Resolutions. Since 1 July 2013, the Board of Directors has discontinued the delegation to a Management Board of the day-to-day operations of the Company and has carried out these functions by itself.

### Meeting Schedule

The Board of Directors usually meets minimum two times per year in person. The regular meetings are typically held in March and September. Additional meetings are called on short notice if and when required. In the year under review, four board meetings took place. Each of the regular board meetings has a special focus which is basically connected to the Company's reporting rhythm. Such focuses are the financial statements, interim results, the medium-term plan, foreign exchange exposure, the Annual General Meeting (AGM) and corporate governance. The Board of Directors resolves by majority vote with the presence of a majority of members. The average duration of a board meeting is ninety minutes.

### Principles of the Election Procedure

The members of the Board of Directors as well as the Chairman of the Board of Directors are elected by the Annual General Meeting (AGM) according to Articles 10 and 11 of the Articles of Association available on the Company website. The members of the Board of Directors are elected for a term of office of one year (or, in case of an election at an Extraordinary General Meeting (EGM), for a term of office until the next Annual General Meeting (AGM)), with the possibility of repeated re-election.

### Members of the Board of Directors

**Christopher Broatchie**, born 1946 British Citizen, Chairman, executive member, term of office expires in 2018.

Mr. Broatchie serves as a Director on the Boards of Baring Private Equity International Ltd, Baring Private Equity Group Ltd, SWICORP Ltd (Riyadh), Firmdale Hotel Holdings Ltd (London) and Bolero International Ltd (London). He is a member of the Investment Committees of Baring Vostok Capital Partners (Moscow), ICentis Capital (Warsaw) and Intaj II (MENA) private equity funds. He is a member of the Advisory Council's of Baring Private Equity Partners Asia (Hong Kong), GP Investments Ltd, ICentis Capital (Warsaw), Triton Capital Partners (Frankfurt & Stockholm) and the Pacific Pensions Institute (San Francisco).

Mr. Broatchie's private equity career started in 1986 when he joined Baring Private Equity Partners in Germany. As a Senior Partner, he was responsible for starting Baring Private Equity's businesses first in Germany (1986 to 1995) and Asia (1995 to 2000) based in Singapore. After 18 years with the firm, he retired in March 2004 as Chief Executive Officer of the Baring Private Equity Partners Group and Member of the Asset Management Executive Council of the ING Group.

He holds a Bachelor of Technology degree, with honors from Brunel University and is a Chartered Engineer. He is a winner of the Society of British Aerospace Companies John de Havilland Award and Fellow of the Royal Society of Arts. Mr. Broatchie joined the Company's Board of Directors in Oct 2016.

**Fersen Lamas Lambranh**, born 1961, Brazilian and Portuguese citizen, Vice-Chairman, executive member, term of office expires in 2018.

Mr. Lambranh is a member of the board and Chairman of GP Investments. He joined the firm in 1998 and became a managing director in 1999. Prior to joining GP, Mr. Lambranh was CEO of Lojas Americanas, where he worked for 12 years and was a board member from 1998 to 2003. Currently, he is Chairman of the Board of Magnesita. He has served as chairman of the boards of Oi, Contax, Gafisa and ABC Supermercados. Mr. Lambranh serves on the boards of Centauro, BRZ Investimentos, GP Advisors and GP Investments Acquisition Corp. He previously served on the board of BRMalls, San Antonio, Allis, Estácio, Tele Norte Leste Participações, São Carlos Empreendimentos e Participações, Playcenter, Shoptime, Farmasa, BR Properties and Americanas.com. He is a board member of several non-profit entities, such as Fundação Bienal de São Paulo e COPPEAD-UFRJ. Mr. Lambranh holds a bachelor's degree in civil engineering from the Universidade Federal do Rio de Janeiro and a MSc degree in business administration from COPPEAD-UFRJ. He also completed the Owner President Management Program at the Harvard Business School.

Mr. Lambranh joined the Company's Board of Directors in February 2015. Please see "Administrative Services and Investment Management" below for a description of the significant business connections between subsidiaries of the Company and the GP Investments group.

**Alvaro Lopes da Silva Neto**, born 1957, Brazilian citizen, executive member, term of office expires in 2018.

Mr. Lopes is a member of the board and CFO & IRO of GP Investments Ltd and a member of the Investment Committee of GP Advisors (Bermuda) Ltd. He joined GP Investments Ltd in May 2012, having previously served as CFO of Genesis Investments and as an advisor to Bac Florida Bank. He was also the CEO of Mercure Investments, Senior Vice-President of Prudential/Wachovia Securities and CEO, COO and EVP of Banco Bozano, Simonsen SA and its affiliates.

Mr. Lopes holds a Bachelor's degree in Economics and Business Administration from Faculdade de Ciências Políticas e Econômicas do Rio de Janeiro and an MBA from COPPEAD-UFRJ.

Mr. Lopes joined the Company's Board of Directors in June 2016. Please see "Administrative Services and Investment Management" below for a description of the significant business connections between subsidiaries of the Company and the GP Investments group.

**Christopher Wright**, born 1957, British Citizen, executive member, term of office expires in 2018.

Mr. Wright is the Chairman of EMA Alternatives LLC in Washington DC, an asset management firm and of its former affiliate in China (Yimei Capital Management) and sits on the board of Merifin Capital Group, a private European investment firm. Until mid-2003 Mr. Wright served as Head of Global Private Equity for Dresdner Kleinwort Capital and was also Group Board Member of Dresdner Kleinwort working in New York, London and Frankfurt with overall responsibility for alternative assets in developed and emerging markets.

Mr. Wright remains a co-founding board member of Roper Technologies Inc (NYSE, S&P 500 software, healthcare and industrial technology company). He is a non-executive director of Yatra Capital Ltd (EuroNext listed Indian property investment company) and has previously served on the boards of other listed investment companies in the UK. He is non-executive Chairman of the management company of The Fine Art Fund Group in London.

Mr. Wright was educated (M.A.) at Oxford University. He is Foundation Fellow, Corpus Christi College, Oxford and serves on various sub-committees of its Governing Body, including the investment committee of its endowment fund. He holds a Certified Diploma on Accounting and Finance from the ACCA.

Mr. Wright joined the Company's Board of Directors in June 2016.

**David Justinus Emery**, born 1962, Swiss citizen, executive member, term of office expires in 2018.

Mr. Emery is the Founder and Chairman of Reciprocus International Pte Ltd, a Global M&A Advisory Boutique based in Singapore. Prior to setting up his own firm in October 2011, he was with Dun & Bradstreet, Inc (D&B) for over 16 years, lastly as Member of the Group's Executive Board (GLT), President of Asia-Pacific and Head of International Business Development and M & A. Mr. Emery serves today as an advisor to several organizations and government agencies and sits on several boards. He is also an entrepreneur in his own right, mainly as an early stage investor. He holds a Swiss Federal Bachelor's degree in Commerce and General Management.

Mr. Emery joined the Company's Board of Directors in June 2013. During the two years prior to his election to the Board of Directors, Mr. Emery (through Reciprocus International Pte Ltd) served as advisor to the Company. In 2017, Reciprocus International Pte Ltd, received no fees.

None of the members of the Board of Directors was in the three financial years preceding the period under review (i.e. the financial year 2017) a member of the Management of the Company or one of the Company's subsidiaries. Further, neither Mr. Brothie nor Mr. Wright nor Mr. Emery has significant business connections with the Company or one of the Company's subsidiaries.

### Internal Organisation

In connection with the implementation of the new corporate structure as of 1 July 2013, the Board of Directors decided to discontinue the delegation to the Management Board of the day-to-day operations of the Company. Since 1 July 2013, the Board of Directors carries out these functions by itself.

In view of the lean structure of the Company, the Board of Directors did not constitute any committees, except for the compensation committee.

Due to its relatively narrow business activities and the investment management arrangements with GP Advisors (Bermuda) Ltd, the Company does not have dedicated internal audit personnel. Risks are managed via a variety of measures. These include various regulations that are reviewed by the Board of Directors on a regular basis.

The Company is exposed to a variety of risks such as:

- Liquidity risk (financing of unfunded commitments, loan servicing etc.);
- Currency risk;
- Investment related risks; and
- Financial reporting by portfolio company.

The Board of Directors discusses these risks frequently and develops measures where required.

The Company has set up its own internal control system, which is updated and reviewed on an annual basis.

For the tasks and responsibilities of the Board of Directors see internal regulations of the Board of Directors available on the Company website.

### Administrative Services and Investment Management

In 2013 Spice Private Equity (Bermuda) Ltd entered into a Services Agreement with Conyers Dill & Pearman Ltd. in respect to administrative services to be provided in Bermuda.

In 2013, the Company and GP Advisors Ltd (formerly APEN Services GmbH) amended their agreement on administrative services to be provided to the Company. Under the agreement, the Company issued a power-of-attorney to GP Advisors Ltd staff to handle matters of a mere administrative nature. Under this agreement, the Company shall pay to GP Advisors Ltd an annual fee of CHF 100 000 plus out-of-pocket expenses reasonably incurred. On 1 July 2017, this agreement was transferred to GP Advisor (Bermuda) under the same terms.

In 2013, Spice Private Equity (Bermuda) Ltd entered into an Investment Management Agreement with GP Advisors (Bermuda) Ltd in respect to services to be provided for its investment portfolio. The Investment Management Agreement empowers, inter alia, GP Advisors (Bermuda) Ltd to take investment decisions on behalf of Spice Private Equity (Bermuda) Ltd. The agreement has an initial life of 7.5 years starting on 1 July 2013.

In essence, Spice Private Equity (Bermuda) Ltd, pays to GP Advisors (Bermuda) Ltd a management fee of CHF 5 mio per annum and a performance fee of 10% of the increase, if any, in the Company's NAV after a 5% hurdle and subject to customary catch-up and high-watermark clauses. The high watermark was reset to the USD value of the Company's NAV as of 31 December 2014 (USD 203.6 million) to reflect the new structure and size of the Company after the sale of the "Legacy Portfolio". No Performance Fees have been accrued or paid as of 31 December 2017 up to that point. In more detail, the fees are calculated as follows: As of 1 January 2015, the investment management agreement was modified and provides, as of that date, in essence that Spice Private Equity (Bermuda) Ltd shall pay to GP Advisors (Bermuda) Ltd a management fee and a performance fee on modified basis (compared to the regime applicable until 31 December 2014).

The management fee per quarter shall be calculated as follows: (a) during the period from 1 January 2015 to 31 December 2018 ("Initial Period"), the management fee shall be equal to the sum of (i) CHF 1250 000 plus (ii)  $\frac{1}{4}$  of 1.5% of the New Capital Amount (meaning the total amount of capital raised by the Company from the issuance and sale of ordinary registered shares or other securities of the Company after 1 January 2015) and (b) after the Initial Period, be equal to  $\frac{1}{4}$  of 1.5% of the Company's NAV.

The performance fee shall be calculated on the basis of the Excess Return (meaning the excess, if any, of (A) the Company's NAV as of the relevant calculation date over (B) the sum of (x) the Company's NAV as of the most recent reference date, increased at an annual rate of 5%, compounded annually, from such reference date through such calculation date, plus (y) the aggregate value of each Contribution (meaning a transfer of cash or securities into the Company in payment or exchange for its capital stock, or as a Contribution with respect to its capital stock) during the period from such reference date through such calculation date, increased in each case at an annual rate of 5% from the date of such Contribution through such calculation date, less (z) the aggregate value of each Distribution (meaning a transfer of cash or securities from the Company as a dividend or Distribution with respect to its capital stock, or in a redemption or repurchase of its capital stock) during the period from such reference date through such calculation date, decreased in each case at an annual rate of 5% from the date of such Distribution through such calculation date) as follows: (i) first, 100% of such Excess Return shall be allocated to GP Advisors (Bermuda) Ltd until GP Advisors (Bermuda) Ltd has been allocated for the relevant calendar semester an amount at least equal to 10% of the Excess NAV Amount (meaning, with respect to any calculation date, the excess, if any, of (A) the Company's NAV as of such calculation date over (B) the sum of (x) the Company's NAV as of the most recent reference date plus (y) the aggregate value of each Contribution during the period from such reference date through such calculation date, less (z) the aggregate value of each Distribution during the period from such reference date through such calculation date) and (ii) second, 10% of the remaining amount of such Excess Return shall be allocated to GP Advisors (Bermuda) Ltd.

### Mandates in other Entities

The number of mandates the members of the Board of Directors may exercise as member of the top governing or administrative body of other entities which are required to register with the Swiss Commercial Register or a similar foreign register according to Article 12 para. 1 subpara. 1 of the ordinance against excessive compensation in listed joint stock companies (VegÜV, ORAb) can be found in Article 13a of the Articles of Association of the Company. The Articles of Association of the Company are available on the Company website.

## 4. MANAGEMENT BOARD

### No Management Board

Since 1 July 2013, the Board of Directors has discontinued the delegation to the Management Board of the day-to-day operations of the Company and has carried out these functions by itself.

In light of this, the Company and GP Advisors Ltd, Zurich (formerly APEN Services GmbH) amended their agreement on administrative services to be provided to the Company. The former Chief Executive Officer of the Company, Mr. David Salim together with Dr. Guido Cornella, assumed main responsibility for the administrative services under the Services Agreement. As of 1 July 2016, these functions were assumed by Mr. Meton Moraes. Neither Mr. Moraes nor Mr. Salim nor Dr. Cornella has any managerial functions within the Company or its subsidiaries. The Company will nevertheless continue to disclose in the corporate governance report information regarding the responsible employees of GP Advisors Ltd, Zurich. Since July 2017, the responsible company for providing management and administrative services to the Company is GP Advisor (Bermuda) Ltd.

### Mandates in other Entities

As the Company has no Management Board, the Articles of Association do not contain any rules on the number of mandates the members of the Management Board may exercise as member of the top governing or administrative body of entities which are required to register with the Swiss Commercial Register or a similar foreign register according to Article 12 para. 1 subpara. 1 VegüV.

### About GP Advisors

GP Advisors is a fully owned subsidiary of GP Investments, Ltd, a leading alternative investments firm. Since its founding in 1993, GP Investments has raised \$5 billion from investors worldwide, has completed investments in more than 50 companies and has executed more than 20 equity capital market transactions. GP Investments has a consistent and disciplined investment strategy targeting established companies that have the potential to grow and be more efficient and profitable by becoming leaders in their industries. Since 2006, GP Investments has been listed on the Brazilian Stock Exchange (B3 S.A. – Brasil, Bolsa, Balcão) under the ticker symbol GPIV33 and on the Luxembourg Stock Exchange. The firm currently has offices in São Paulo, New York, London and Bermuda.

### GP Advisors Investment Committee Members

**Fersen Lambranco** is the Chairman of GP Investments. He joined the firm in 1998 and became a managing director in 1999. Prior to joining GP, Mr. Lambranco was the CEO of Lojas Americanas, where he worked for 12 years. He was also a board member from 1998 to 2003. Mr. Lambranco currently serves on the boards of Centauro, GP Advisors, Spice Private Equity, LEON Restaurants and RHI-Magnesita. He is also a board member of several non-profit entities such as Fundação Bial de São Paulo, the São Paulo Museum of Art and COPPEAD-UFRJ. He has previously served as chairman of the boards of Oi, Contax, Gafisa, ABC Supermercados and Magnesita. In addition, he previously served on the boards of BRMalls, San Antonio, Allis, BHG, Estácio, BRZ Investimentos, Tele Norte Leste Participações, São Carlos Empreendimentos e Participações, Playcenter, Shoptime, Farmasa, BR Properties and Americanas.com. Mr. Lambranco holds a bachelor's degree in civil engineering from the Universidade Federal do Rio de Janeiro and an MSc degree in business administration from COPPEAD-UFRJ. He also completed the Owner President Management Program at the Harvard Business School.

**Antonio Bonchristiano** is a member of the board and Chief Executive Officer of GP Investments. He joined GP Investments in 1993 and has been a Managing Director since 1995. Prior to joining GP Investments, Mr. Bonchristiano was a Partner at Johnston Associates Inc., a finance consultancy based in London, and worked for Salomon Brothers Inc. in London and New York. Currently, he serves as a member of the boards of directors of AMBEV, BR Properties and Rimini Street. Mr. Bonchristiano is also on the boards of several non-profit organizations, including: Fundação Estudar in São Paulo, Brazil, John Carter Brown Library (Boston, USA) and the Bodleian Library (Oxford, UK). Previously, he served as a member of the boards of directors of BHG, Estácio, LAHotels, Sé Supermercados, ALL, Kuala, CEMAR, ABC Supermercados, Gafisa, Hopi Hari, Submarino, Equatorial, Geodex Communication, Sascar, BRMalls, Tempo, Magnesita Refratários, San Antonio International and Playcenter. He was also previously the Chief Financial Officer of SuperMar Supermercados and Founder and Chief Executive Officer of Submarino. He was further vice-chairman of the board of directors of BR Properties, a director of Geodex Communication and Contax Participações and IRO of ABC Supermarkets and GP Investments, Ltd. Mr. Bonchristiano holds a bachelor's degree in Politics, Philosophy, and Economics from the University of Oxford.

**Rodrigo Boscolo** is a managing director and the Chief Financial Officer at GP Investments. Mr. Boscolo's role encompasses deploying the firm's proprietary capital in North America and Europe, as well as managing the firm's global finance, treasury, technology, investor relations and corporate development functions. Since joining GP Investments in 2010, Mr. Boscolo has led or was involved in multiple transactions in a broad range of geographies and industries, particularly in the technology, business services, consumer, restaurants and retail sectors. Mr. Boscolo also served on the board of directors of several portfolio companies including Leon Restaurants, Magnesita, Allis, Sascar and BRZ Investimentos. Previously, Mr. Boscolo co-founded a group travel platform and worked as a consultant at The Boston Consulting Group. A graduate of the University of Pennsylvania, Mr. Boscolo earned an MBA from the Wharton School and an MA in International Studies from the School of Arts and Sciences at the Lauder Institute. Mr. Boscolo also holds a MS from Euromed Management, in Marseille, France and a bachelor's degree in business from the University of Sao Paulo.

**Danilo Gamboa** joined GP in 2004 and has been a managing director since 2006. Prior to joining the firm, he worked for Submarino and Gradus Management Consultants. In addition to being a member of the board of directors of GP Investments, he is a member of the boards of Centauro and Allis. He also served as a board member of Fogo de Chão, Tempo, Submarino, LAHotels, ALL, Leitbom, Hypermarcas and Gafisa. Mr. Gamboa holds a bachelor's degree in industrial engineering from the University of São Paulo and an MBA from the MIT Sloan School of Management.

## 5. COMPENSATIONS, SHAREHOLDINGS AND LOANS

### Content and Method of Determining the Compensations

#### Performance-based Compensation and Share Ownership Plans

The rules governing the principles of performance-based compensation and the grant of equity securities, conversion rights and option rights for compensation purposes according to Article 12 para. 2 subpara. 2 and 3 VegüV can be found in the Article 17a and 17b of the Articles of Association of the Company. The Articles of Association are available on the Company website.

As the Company does not have a Management Board, the Articles of Association do not contain any corresponding rules on compensation of the Management.

#### Credits and Loans

As the Company does not grant any credits, loans and post-retirement benefits beyond occupational pensions to members of the Board of Directors, its Articles of Association do not contain any rule according to Article 12 para. 2 subpara. 1 VegüV.

#### Shareholder Vote on Compensation

The rules governing the shareholder vote on compensation according to Article 12 para. 2 subpara. 6 VegüV can be found in Article 17c of the Articles of Association. The Articles of Association are available on the Company website.

#### Compensation Report

For further information on compensation, please also refer to the compensation report on pages 58 to 59 of this annual report.

## 6. SHAREHOLDERS' PARTICIPATION RIGHTS

### Voting-Rights Restrictions and Representations

Each registered share in the Company is entitled to one vote. Please see also Article 7 section 1 in the Articles of Association available on the Company website voting rights may be exercised only after a shareholder has been registered as shareholder with voting rights in the Company's share register.

### Rules on participating in the General Meeting if different from Law

No restrictions. Please see Article 7 section 2 in the Articles of Association available on the Company website.

### Statutory Quora

The statutory quora comply with the applicable legal regulations. Please see Article 8 in the Articles of Association available on the Company website.

### Convocation of the Shareholders' Meeting and Proposal for Agenda Items

The rules for the convocation of the Shareholders' Meeting comply with the applicable legal regulations. The convocation may also be requested by one or several shareholders representing together at least ten percent of the share capital. In accordance with the applicable legal regulations, one or several shareholders holding at least ten percent of the share capital or shares with an aggregate nominal value of CHF 1000 000 are entitled to propose items for the agenda of the Shareholders' Meeting. Please see also Articles 5 and 6 in the Articles of Association available on the Company website.

### Registration in the Share Register for Annual General Meeting (AGM) 2017

In 2018, the Annual General Meeting (AGM) related to 2017 is scheduled to be held on 30 May 2018; investors who wish to attend the Annual General Meeting (AGM) 2017 must be registered in the share register of the Company no later than 22 May 2018.

### Independent Proxy

The Articles of Association of the Company do not contain any rules on the submission of directives to the independent proxy or the electronic participation in the Annual General Meeting (AGM).

## 7. CHANGES OF CONTROL AND DEFENCE MEASURES

### Duty to make an Offer

There is no duty to make an offer (opting-out; please see also Article 23 in the Articles of Association available on the Company website pursuant to Article 125 of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FMIA).

### Change of Control Clauses

The Company has agreed to change of control clauses for the benefit of the Board Members with respect to Stock Appreciation Rights (SARs), in that vesting may be immediate in a change of control situation.

## 8. AUDITORS

### Date of Assumption of the existing Auditing Mandate

PricewaterhouseCoopers AG (PwC) is elected until the next Annual General Meeting which is scheduled to be held on 30 May 2018. Responsible Partner: Guido Andermatt (since 2017).

### Total of Audit Fees in 2017

| Service            | Fee (TUSD)<br>2017 |
|--------------------|--------------------|
| Audit fees         | 178                |
| Audit related fees | 28                 |
| <b>Total</b>       | <b>206</b>         |

### Supervisory and Control Instruments vis-à-vis the Auditors, Control Instruments

Since there is no Audit Committee and no separate internal audit function, the Audit plan was provided to the Board members as well as the Auditors' report will be presented to the Board of Directors as a part of the annual report. In addition, the responsible Auditor participates in the Annual General Meeting and is standing by for questions and detailed audit information.

## 9. INFORMATION POLICY

The Company aims to offer the shareholders a high degree of transparency. In this respect the Company published during 2017 an annual report, a semi-annual report and quarterly NAV release. In between the above described publications relevant information (including information subject to ad-hoc publicity according to section 53 of the SIX Swiss Exchange Listing Rules) is published in the form of press releases and available on the Company website.



# COMPENSATION REPORT

## COMPENSATION REPORT 2017

The report confirms the compensation that has been paid to the Company's Board members in 2017. The report also confirms the decisions taken in 2016 that have set compensation policy for 2017. Our objective is to be clear, comprehensive and transparent on the pay and benefits of Board of Directors and to comply with applicable regulations including Art. 663b bis CO, the SIX Exchange Regulation, the Swiss Code of Best Practice for Corporate Governance and the Ordinance against Excessive Compensation with respect to Listed Stock Corporations (OaEC).

Approval of 2017 compensation:

The AGM held on 19 May 2017 approved the total fixed compensation of not more than CHF 420 thousand for the period starting on the AGM 2017 and ending on the AGM 2018 for the entire Board of Directors. It was also approved the election of all Board of Directors as members of the Compensation Committee for a term of office until the next Annual General Meeting to be held on 30 May 2018.

### 1 BOARD COMPENSATION

#### 1.1 Member of the Board – Compensation from 1 January 2017 until 31 December 2017 (audited)

| in TCHF                                                                        | Base compensation | Variable compensation | Other benefits | Total      |
|--------------------------------------------------------------------------------|-------------------|-----------------------|----------------|------------|
| <b>Board of Directors</b>                                                      |                   |                       |                |            |
| Christopher Brotsch (Chairman and Member of the Compensation Committee)        | 100               | –                     | 22             | 122        |
| Fersen Lamas Lambranh (Vice Chairman and Member of the Compensation Committee) | 50                | –                     | 18             | 68         |
| Alvaro Lopes da Silva Neto (Member and Member of the Compensation Committee)   | 50                | –                     | 18             | 68         |
| Christopher Wright (Member and Member of the Compensation Committee)           | 50                | –                     | 18             | 68         |
| David Justinus Emery (Member and Member of the Compensation Committee)         | 60                | –                     | 21             | 81         |
| <b>Total Board of Directors</b>                                                | <b>310</b>        | <b>–</b>              | <b>97</b>      | <b>407</b> |

- "Base compensation" comprises exclusively board meeting attendance fees which is in line with Spice's remuneration policy.
- Stock Appreciation Rights (SARs) constitute Variable Compensation and are reported under "Variable Compensation".  
The amount reported corresponds to the value of the SARs allotted in the relevant business year.
- "Other benefits" means tax at source and social security insurance contributions paid by the Company with respect to compensation of Board Members.

Company's Board of Directors compensation for 2017 was paid in May and December 2017.

#### 1.2 Member of the Board – Compensation from 1 January 2016 until 31 December 2016 (audited)

| in TCHF                                                                                    | Base compensation | Variable compensation | Other benefits | Total      |
|--------------------------------------------------------------------------------------------|-------------------|-----------------------|----------------|------------|
| <b>Board of Directors</b>                                                                  |                   |                       |                |            |
| Christopher Brotsch (Chairman and Member of the Compensation Committee) <sup>1)</sup>      | 33                | –                     | 4              | 38         |
| Fersen Lamas Lambranh (Vice Chairman and Member of the Compensation Committee)             | 50                | –                     | 7              | 57         |
| Alvaro Lopes da Silva Neto (Member and Member of the Compensation Committee) <sup>4)</sup> | 33                | –                     | 4              | 38         |
| Christopher Wright (Member and Member of the Compensation Committee) <sup>4)</sup>         | 33                | –                     | 4              | 38         |
| David Justinus Emery (Member and Member of the Compensation Committee)                     | 68                | –                     | 9              | 77         |
| Eduardo Leemann (Chairman) <sup>2)</sup>                                                   | 33                | –                     | 4              | 38         |
| Antonio Carlos Augusto Ribeiro Bonchristiano (Vice Chairman) <sup>2)</sup>                 | 17                | –                     | 2              | 19         |
| David Pinkerton (Member) <sup>2)</sup>                                                     | 25                | –                     | 3              | 28         |
| Stephan Müller (Chairman) <sup>3)</sup>                                                    | 23                | –                     | 4              | 27         |
| <b>Total Board of Directors</b>                                                            | <b>316</b>        | <b>–</b>              | <b>43</b>      | <b>360</b> |

- "Base compensation" comprises exclusively board meeting attendance fees.
- Stock Appreciation Rights (SARs) constitute Variable Compensation and are reported under "Variable Compensation".  
The amount reported corresponds to the value of the SARs allotted in the relevant business year.
- "Other benefits" means social security insurance contributions paid by the Company with respect to compensation of Board Members.

<sup>1)</sup> Member since 25 October 2016.

<sup>2)</sup> Board member until 28 June 2016

<sup>3)</sup> Stephan Müller chairman since 28 June 2016 until 20 September 2016.

<sup>4)</sup> New Board member since 28 June 2016.

Company's Board of Directors compensation for 2016 was paid in May and December 2016.

## **2 MANAGEMENT COMPENSATION AS OF 31 DECEMBER 2017 AND 31 DECEMBER 2016**

In the absence of a Management Board, the Company has not paid remuneration to a Management Board in 2017 and 2016.

## **3 CREDITS OR LOANS AS OF 31 DECEMBER 2017 AND 31 DECEMBER 2016**

No credits or loans were granted to any current or former members of executive bodies or related parties nor are any credits or loans outstanding.

The Company did not pay any non-market standard compensation, directly or indirectly, to any current or former members of the executive bodies or related parties.

## REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF SPICE PRIVATE EQUITY LTD, ZUG

We have audited the compensation report of Spice Private Equity Ltd for the year ended 31 December 2017. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables labeled ‘audited’ on pages 58 to 59 of the compensation report.

### Board of Directors’ responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

### Auditor’s responsibility

Our responsibility is to express an opinion on the compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Opinion

In our opinion, the compensation report of Spice Private Equity Ltd for the year ended 31 December 2017 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Guido Andermatt  
Audit expert  
Auditor in charge

Martin Gubler  
Audit expert

Zurich, 29 March 2018

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FINANCIAL STATEMENTS  
(SWISS LAW) –  
SPICE PRIVATE EQUITY LTD

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## REPORTING AS OF 31 DECEMBER 2017 AND AS OF 31 DECEMBER 2016

IN TCHF

|                                                   | Note | 31.12.2017     | 31.12.2016     |
|---------------------------------------------------|------|----------------|----------------|
| <b>BALANCE SHEET</b>                              |      |                |                |
| <b>Assets</b>                                     |      |                |                |
| <b>Current assets</b>                             |      |                |                |
| Cash and cash equivalents                         |      | 112 017        | 71 772         |
| Receivables                                       |      | 290            | 76 301         |
| Prepayments                                       |      | 179            | 238            |
| <b>Total current assets</b>                       |      | <b>112 486</b> | <b>148 311</b> |
| <b>Non-current assets</b>                         |      |                |                |
| Participations                                    | 8    | 100 149        | 75 167         |
| <b>Total non-current assets</b>                   |      | <b>100 149</b> | <b>75 167</b>  |
| <b>Total assets</b>                               |      | <b>212 635</b> | <b>223 478</b> |
| <b>Liabilities and Shareholders' Equity</b>       |      |                |                |
| <b>Current liabilities</b>                        |      |                |                |
| Payables                                          |      | 120            | 62             |
| Accrued charges                                   | 5    | 541            | 741            |
| <b>Total liabilities</b>                          |      | <b>661</b>     | <b>803</b>     |
| <b>Shareholders' Equity</b>                       | 10   |                |                |
| Share capital                                     |      | 53 637         | 53 637         |
| Reserve from capital contributions                |      | 384 476        | 384 476        |
| Accumulated deficit brought forward               |      | (214 970)      | (218 719)      |
| Net profit/(loss) for the year                    |      | (10 622)       | 3 730          |
| Treasury shares                                   | 9    | (547)          | (448)          |
| <b>Total Shareholders' Equity</b>                 |      | <b>211 974</b> | <b>222 675</b> |
| <b>Total liabilities and Shareholders' Equity</b> |      | <b>212 635</b> | <b>223 478</b> |

## REPORTING 1 JANUARY TO 31 DECEMBER 2017 AND 1 JANUARY TO 31 DECEMBER 2016

IN TCHF

|                                              | Note | 1.1.2017-31.12.2017 | 1.1.2016-31.12.2016 |
|----------------------------------------------|------|---------------------|---------------------|
| <b>INCOME STATEMENT</b>                      |      |                     |                     |
| <b>Operating Income</b>                      |      |                     |                     |
| Net interest income from current assets      |      | 548                 | 20                  |
| Net gain/(loss) on foreign currency exchange |      | (15)                | (11)                |
| <b>Total operating income</b>                |      | <b>533</b>          | <b>8</b>            |
| <b>Operating Expenses</b>                    |      |                     |                     |
| Administration fees                          | 5    | (100)               | (100)               |
| Other operating expenses                     | 5    | (1 335)             | (1 447)             |
| <b>Total operating expenses</b>              |      | <b>(1 435)</b>      | <b>(1 547)</b>      |
| Financial expense                            | 16   | -                   | (470)               |
| <b>Profit/(loss) from operations</b>         |      | <b>(902)</b>        | <b>(2 008)</b>      |
| Currency translation differences gain/(loss) |      | (9 714)             | 5 744               |
| <b>Profit/(loss) before tax</b>              |      | <b>(10 616)</b>     | <b>3 736</b>        |
| Tax expenses                                 |      | (6)                 | (6)                 |
| <b>Net profit/(loss) after tax</b>           |      | <b>(10 622)</b>     | <b>3 730</b>        |
| <b>Net profit/(loss) for the year</b>        |      | <b>(10 622)</b>     | <b>3 730</b>        |

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1 COMPANY INFORMATION

Spice Private Equity Ltd, Zug ("the Company") is a Swiss stock corporation established under the relevant provisions of the Swiss Code of Obligations ("CO") and domiciled in Industrie-strasse 13c, CH-6302, Zug.

The Company's financial statements were authorized for issue on 28 March 2018 by the Board of Directors. The financial statements are subject to approval at the Annual General Meeting of shareholders on 30 May 2018.

### NOTE 2 MAJOR SHAREHOLDERS

#### Major Shareholders

The following major shareholders held shares and voting rights of 3% and more as of 31 December 2017 (number of shares according to the public disclosures of shareholdings at SIX Swiss Exchange; voting rights recalculated based on current share capital):

|                                                        | Number<br>of shares<br>2017 | Participation<br>%<br>2017 | Number<br>of shares<br>2016 | Participation<br>%<br>2016 |
|--------------------------------------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|
| GP Swiss Ltd                                           | 3 136 474                   | 58.48%                     | 3 136 474                   | 58.48%                     |
| OAM European<br>Value Fund                             | 270 149                     | 5.04%                      | 270 149                     | 5.04%                      |
| AXA S.A.                                               | 167 000                     | 3.11%                      | 167 000                     | 3.11%                      |
| PPF ("PMG Partners<br>Fund") – LP Active<br>Value Fund | 161 075                     | 3.00%                      | 161 075                     | 3.00%                      |

### NOTE 3 METHOD OF FINANCIAL ACCOUNTING

These financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (Art. 957 to 963b CO). The company prepares consolidated financial statements in accordance with a recognized financial reporting standard (IFRS), the additional information in the notes to the financial statements, the cash flow statement and the management report are waived (Art. 961d para 1).

The quoting currency in which shares are traded at the SIX Swiss Exchange in USD (starting 20 May 2015).

The books of the company are kept in USD (functional currency). In 2015, the board of directors resolved that the Company's financial statements shall be presented in Swiss Francs, in line with the provisions of the Swiss Code of Obligations.

The Board of Directors decided to continue to present the statutory financial statements in CHF and applied the following accounting rules:

- All assets and liabilities by applying the year-end exchange rate;
- The shareholder's equity at the historical exchange rate; and
- Income and expenses at the average exchange rate for the year.

The translation difference from the conversion of the functional currency to the reporting currency are recorded in the income statement as currency translation difference (functional currency conversion). Net foreign exchange losses from the revaluation of an asset or liability not denominated in the Company's functional currency are charged to the statement of income, whereas net translation gains are deferred (unless such translation gains are a recovery of translation losses previously charged to the income statement).

### NOTE 4 FOREIGN EXCHANGE RATES

The following exchange rates have been applied to translate the foreign currencies of significance for the Company:

|                                      | Unit  | 2017<br>CHF | 2016<br>CHF |
|--------------------------------------|-------|-------------|-------------|
| <b>Year-end exchange rates</b>       |       |             |             |
| US Dollar                            | 1 USD | 0.9744      | 1.01885     |
| <b>Average annual exchange rates</b> |       |             |             |
| US Dollar                            | 1 USD | 0.9846      | 0.98484     |

## NOTE 5 EXPLANATION OF BALANCE SHEET AND PROFIT AND LOSS STATEMENT POSITIONS

After the receipt of the deferred payment of CHF 36.5 million (USD 37.4 million) at the end of December 2017 stemming from the sale of the “Legacy Portfolio”, the outstanding receivables from Strategic Partners was liquidated, in line with the deferred payment schedule. Cash held by the Company increased to CHF 112 million as of 31 December 2017. The valuation of the participation is based on the lower of the capital contributed to the subsidiary (cost) and the reported net equity of Spice Private Equity (Bermuda) Ltd. Dividend income is recognized when the Company’s right to receive payment is established. Spice Private Equity Ltd generated operating income of CHF 0.5 million (2016: CHF 0.0 million), operating expenses of CHF 1.4 million (2016: CHF 1.5 million), financial expenses of CHF 0.0 million (2016: CHF 0.5 million) and a currency translation difference loss of CHF 9.7 million (2016: gain of CHF 5.7 million) resulting in a net operating loss before tax of CHF 10.6 million (2016: CHF 3.7 million profit). After tax expenses of CHF 0.0 million (2016: CHF 0.0 million) the net loss of the year stood at CHF 10.6 million (2016: net profit of CHF 3.7 million). The decrease in operating expenses compared to 2016 was mainly driven by lower expenses with Publication fees and Insurance costs, reducing the operating expense from CHF 1.5 million to CHF 1.4 million.

In 2013, the Company and GP Advisors Ltd (formerly APEN Services GmbH) amended their agreement on administrative services to be provided to the Company. Under the agreement, the Company issued a power-of-attorney to GP Advisors Ltd staff to handle matters of a mere administrative nature. Under this agreement, the Company shall pay to GP Advisors Ltd an annual fee of CHF 100 000 plus out-of-pocket expenses reasonably incurred. On 1 July 2017, this agreement was transferred to GP Advisor (Bermuda) Ltd under the same terms.

As of 31 December 2017, there is an intercompany balance of CHF 50 001 in the Accrued charges in respect to the administration fee paid to Spice Private Equity (Bermuda) Ltd. (31 December 2016: nil).

## NOTE 6 TOTAL AMOUNT OF REPLACEMENT RESERVES USED AND REALIZED HIDDEN RESERVES

In the year 2017 (2016: nil), no replacement reserves used and no hidden reserves were realized.

## NOTE 7 NUMBER OF FULL-TIME POSITIONS

The Company does not have any employees (2016: nil).

## NOTE 8 PARTICIPATIONS

| 2017 Company                       | Domicile          | Function           | % capital and votes held | Currency | Share capital |
|------------------------------------|-------------------|--------------------|--------------------------|----------|---------------|
| Spice Private Equity (Bermuda) Ltd | Hamilton, Bermuda | Investment Company | 100                      | USD      | 1 USD         |

| 2016 Company                       | Domicile          | Function           | % capital and votes held | Currency | Share capital |
|------------------------------------|-------------------|--------------------|--------------------------|----------|---------------|
| Spice Private Equity (Bermuda) Ltd | Hamilton, Bermuda | Investment Company | 100                      | USD      | 1 USD         |

During the year-ended 31 December 2017, the Company increased its participation in Spice Private Equity (Bermuda) Ltd on the amount of CHF 24 982 thousand (31 December 2016: CHF 3145 thousand).

## NOTE 9 BALANCES AND TRANSACTIONS WITH TREASURY SHARES

Per year-end 2017 the Company held 21560 treasury shares (2016: 17985). As shown in the table below during 2017 the Company purchased 11233 shares (2016: 42575) at market conditions (average price of CHF 27.50) and sold 7658 (2016: 30985) at market conditions (average price of CHF 27.35).

| Transactions with treasury shares 2017 | No of shares | Amount in CHF | Average price |
|----------------------------------------|--------------|---------------|---------------|
| As of January 1                        | 17 985       | 447 711       | 24.89         |
| Purchase                               | 11 233       | 308 947       | 27.50         |
| Sold                                   | 7 658        | 209 489       | 27.35         |
| As of December 31                      | 21 560       | 547 169       | 25.38         |

| Transactions with treasury shares 2016 | No of shares | Amount in CHF | Average price |
|----------------------------------------|--------------|---------------|---------------|
| As of January 1                        | 6 395        | 156 042       | 24.40         |
| Purchase                               | 42 575       | 1 064 090     | 24.99         |
| Sold                                   | 30 985       | 772 421       | 24.93         |
| As of December 31                      | 17 985       | 447 711       | 24.89         |

## NOTE 10 SHAREHOLDER'S EQUITY

As at 31 December 2017 half of the share capital and legal reserves are no longer covered (article 725 para 1 CO). The company has total Shareholder's equity of CHF 211 974 (31 December 2016: 222 675). The Board of Directors is currently evaluating appropriate measures and preparing a proposal to the next AGM.

## NOTE 11 OBLIGATIONS TOWARDS PENSION FUNDS

The Company does not have any obligations towards pension funds.

## NOTE 12 SECURITIES, RESERVATION OF TITLE

The Company has not granted any securities for third parties. The Company has not used own assets to secure liabilities, and none of its assets are subject to a reservation of title.

## NOTE 13 CONTINGENT LIABILITIES

The Company has no contingent liabilities.

## NOTE 14 SHAREHOLDINGS, CONVERSION AND OPTION RIGHTS

### Shareholdings, Conversion and Option Rights

| Name                                                       | Function                                      | Shares 31.12.2017 | SARs 31.12.2017 | Shares 31.12.2016 | SARs 31.12.2016 |
|------------------------------------------------------------|-----------------------------------------------|-------------------|-----------------|-------------------|-----------------|
| Christopher Brotchie                                       | Chairman since 25 October 2016                | -                 | -               | -                 | -               |
| Fersen Lamas Lambranh <sup>2)</sup>                        | Vice Chairman since 28 June 2016              | 3 136 474         | -               | 3 136 474         | -               |
| Alvaro Lopes da Silva Neto                                 | Member since 28 June 2016                     | -                 | -               | -                 | -               |
| Christopher Wright                                         | Member since 28 June 2016                     | -                 | -               | -                 | -               |
| David Justinus Emery                                       | Member                                        | -                 | 8 000           | -                 | 8 000           |
| Eduardo Leemann                                            | Chairman until 28 June 2016                   | -                 | -               | 200               | 8 000           |
| Antonio Carlos Augusto Ribeiro Bonchristiano <sup>2)</sup> | Vice Chairman until 28 June 2016              | 3 136 474         | -               | 3 136 474         | -               |
| David Pinkerton                                            | Member until 28 June 2016                     | -                 | -               | -                 | 8 000           |
| Stephan Müller                                             | Chairman from 28 June until 20 September 2016 | -                 | -               | 2 000             | -               |

<sup>1)</sup> SARs are granted free of charge. Each SAR entitles the holder to receive in cash the difference between the strike price and the market price of one share of the Company at the exercise date. A third of the SARs are each exercisable after a vesting period of one, two and three years. The SARs expire after five years. In case of a termination of the working contract during the vesting period, the SARs are cancelled. The Company has agreed to change of control clauses for the beneficiaries with respect to SARs, in that vesting may be immediate in a change of control situation (this policy has been applied to all SARs issued in 2011 and 2012).

<sup>2)</sup> Members Bonchristiano and Lambranh are parties to a shareholders agreement based on which the reported shares are held. The share number disclosed for each of the two persons corresponds to the total number of shares held by the entity covered by the shareholders agreement. For further details see disclosure of significant shareholdings as published by SIX Swiss Exchange Regulation.

## NOTE 15 SPECIAL EVENTS REGARDING THE PROFIT AND LOSS STATEMENT

There have not been any extraordinary or single events nor have there been any events relating to other periods that need further explanation of items in the profit and loss statement.

## NOTE 16 LONG-TERM DEBT

The Company obtained a CHF 74.7 million (USD 75 million) loan facility from Falcon Private Bank Ltd., Zurich and VP Bank Ltd., Vaduz on 11 May 2015. As a result of the change in strategy of the Group, the revolving credit facility was cancelled by Falcon Private Bank Ltd. and VP Bank Ltd with effective date 28 June 2016 in line with the facility agreement clauses. The interest rate is LIBOR +3.0% p.a. and the commitment fee for the undrawn amount 1.25% p.a. Finance costs were TCHF zero for the year ended 2017 (31 December 2016: TCHF 470).

## NOTE 17 AUDITOR'S FEES

The Company incurred the following fees to its auditors:

| Service               | Fee (TCHF)<br>2017 | Fee (TCHF)<br>2016 |
|-----------------------|--------------------|--------------------|
| Audit fees            | 175                | 145                |
| Audit related fees    | 28                 | 25                 |
| Non audit related fee | -                  | 4                  |

## NOTE 18 SUBSEQUENT EVENTS

Since the balance sheet date of 31 December 2017, there have been no material events that could impair the integrity of the information presented in the financial statements.

## REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF SPICE PRIVATE EQUITY LTD, ZUG

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Spice Private Equity Ltd, which comprise the balance sheet as at 31 December 2017, statement of income and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 64 to 69) as at 31 December 2017 comply with Swiss law and the company's articles of incorporation.

#### Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### OUR AUDIT APPROACH

#### Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgments were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

#### Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

|                                                        |                                                                                                                                                                                               |
|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Overall materiality</b>                             | CHF 2'120'000                                                                                                                                                                                 |
| <b>How we determined it</b>                            | 1% of total shareholders' equity                                                                                                                                                              |
| <b>Rationale for the materiality benchmark applied</b> | We chose total shareholders' equity as the benchmark because, in our view, this is the key metric of interest to investors and it is a generally accepted benchmark for investment companies. |

#### Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

We have determined that there are no key audit matters to communicate in our report.

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### Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

Further, we draw attention to the fact that half of the share capital and the legal reserves is no longer covered (article 725 para. 1 CO).

PricewaterhouseCoopers AG

Guido Andermatt  
Audit expert  
Auditor in charge

Martin Gubler  
Audit expert

Zurich, 29 March 2018

## ADDRESSES AND CONTACTS

### ORGANIZATION

#### Board of Directors

Christopher Brotchie, Chairman  
Fersen Lamas Lambranh, Vice-Chairman  
David Justinus Emery, Member  
Alvaro Lopes da Silva Neto, Member  
Christopher Wright, Member

#### Auditors

PricewaterhouseCoopers AG  
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### KEY INFORMATION

Swiss Security Number: 915.331  
ISIN: CH0009153310  
Ticker symbol: SPCE  
Reuters: SPCE.BN  
Bloomberg: SPCE:SW

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