# J.P. Morgan GMIF (GP) Limited

Registered number: 07220674

Annual report for the year ended 31 December 2016

## J.P. Morgan GMIF (GP) Limited

## Contents

# J.P. Morgan GMIF (GP) Limited

## Company information

### Directors

K W McCathern

R A Crombie

S Weddle (resigned 23 November 2016)

C J Whittington

J B Yagerman (resigned 9 March 2017)

### Secretary

J.P. Morgan Secretaries (UK) Limited

### Registered office

25 Bank Street
Canary Wharf
London
E14 5JP

### Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

# J.P. Morgan GMIF (GP) Limited

## Directors' report for the year ended 31 December 2016

The directors present their report and the audited financial statements of J.P. Morgan GMIF (GP) Limited for the year ended 31 December 2016.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. The Company has also taken the exemption from presenting a strategic report.

### Principal activities

The principal activity of J.P. Morgan GMIF (GP) Limited ("the Company") is to act as general partner to a limited partnership which invests in maritime and maritime related investments.

### Review of business

The directors consider that the profit for the year and the financial position at the end of the year were satisfactory.

The directors of the Company do not anticipate any changes in the activities of the Company for the foreseeable future.

### Results and dividends

The profit on ordinary activities before taxation was $1,566 (2015: $545). The accumulated profit for the financial year was $1,566 (2015: $545) and has been transferred to reserves.

The directors do not recommend the payment of a dividend (2015: $nil).

### Directors

The names of the directors who were in office during the year and up to the date of signing the financial statements are listed on page 1.

**Principal risks and uncertainties**

Whilst management of the Company's risks and uncertainties is integrated with that of JPMorgan Chase & Co. (the "Firm") and its associated subsidiaries (collectively, the "Group") of which the Company is part, the Company also manages its risks at a legal entity level.

The principal risks and uncertainties relating to the Group as a whole are discussed within the Group's annual report (which does not form part of this report). Those relating specifically to the Company itself are discussed in the Financial risk management section of this report.

**Financial risk management**

Risk management is an inherent part of the business activities of the Group of which the Company is a part. The Company has adopted the same risk management policies and procedures as the Group as a whole. The Company's risk management framework and governance structure are intended to provide comprehensive controls and ongoing management of its major risks. The Company exercises oversight through the Board of Directors.

The Company's operations expose it to a variety of financial risks, the most significant of which are credit risk, operational risk and foreign exchange risk.

An overview of the key aspects of risk management and the use of financial instruments is provided below. A more detailed description of the policies and processes adopted by all Group companies may be found within the JPMorgan Chase & Co. annual report.

Credit risk

The Company complies with Group policies which require monthly monitoring and reporting of exposures to all financial institutions. These exposures are subject to a Group concentration limit and are reviewed annually by the relevant risk committees.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed processes or systems, human factors or external events. To monitor and control operating risk, the Group and the Company maintain a system of comprehensive policies and a control framework designed to provide a well-controlled operational environment and to monitor and record any control failures.

**Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the financial statements, the directors are required to:
• select suitable accounting policies and then apply them consistently;
• state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
• make judgements and accounting estimates that are reasonable and prudent;
• notify its shareholder in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
• prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors of the ultimate parent company are responsible for the maintenance and integrity of the of the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Disclosure of information to the auditors**

Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and

(2) each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

## J.P. Morgan GMIF (GP) Limited

## Directors' report for the year ended 31 December 2016

**Liability insurance for directors**

As permitted by Section 233 of the Companies Act 2006, the directors of the Company are covered for insurance purposes by the Group's insurance maintained at a consolidated level.

**Third party indemnities**

An indemnity is provided to the directors of the Company under the by-laws of JPMorgan Chase & Co. against liabilities and associated costs which they could incur in the course of their duties to the Company. The indemnity remains in force at the date of these financial statements and a copy of the by-laws of JPMorgan Chase & Co. is kept at the registered office of the Company.

**Independent Auditors**

The auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office.

**Small company provisions**

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

Approved by the board on 6 June 2017 and signed on its behalf by:

R A Crombie

**Director**

6 June 2017
Date

## Independent auditors' report to the members of J.P. Morgan GMIF (GP) Limited

### Report on the financial statements

**Our opinion**

In our opinion, J.P. Morgan GMIF (GP) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**What we have audited**

The financial statements, included within the Annual report (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2016;
- the profit and loss account for the year then ended;
- the statement of changes in equity for the year then ended; and
- *the notes to the financial statements, which include a summary of significant accounting policies and other* explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### Opinion on the matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' report. We have nothing to report in this respect.

## Independent auditors' report to the members of J.P. Morgan GMIF (GP) Limited

**Other matters on which we are required to report by exception**

**Adequacy of accounting records and information and explanations received**
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

**Directors remuneration**
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

**Entitlement to exemptions**
Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption in preparing the Directors' report and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

**Responsibilities for the financial statements and the audit**

**Our responsibilities and those of the directors**
As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## J.P. Morgan GMIF (GP) Limited

## Independent auditors' report to the members of J.P. Morgan GMIF (GP) Limited

**What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

• whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;

• the reasonableness of significant accounting estimates made by the directors; and

• the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Directors' report, we consider whether this report includes the disclosures required by applicable legal requirements.

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Jonathan Wiseman (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date: 6 June 2017

## J.P. Morgan GMIF (GP) Limited

## Profit and loss account for the year ended 31 December 2016

| | Note | 2016<br>$ | 2015<br>$ |
|---|---|---|---|
| **Turnover** | 2 | 7,891,806 | 6,685,130 |
| Administrative expenses | 3 | (7,890,240) | (6,684,585) |
| **Operating profit** | | 1,566 | 545 |
| **Profit on ordinary activities before taxation** | | 1,566 | 545 |
| Tax on profit on ordinary activities | 4 | - | - |
| **Profit for the financial year and total comprehensive income for the year** | 10 | 1,566 | 545 |

All amounts relate to continuing operations.

There is no material difference between the profits reported above and the results on an unmodified historical cost basis.

The notes on pages 12 to 16 form an integral part of these financial statements.

## J.P. Morgan GMIF (GP) Limited

## Balance sheet as at 31 December 2016

| | Note | 2016<br>$ | 2015<br>$ |
|---|---|---|---|
| **Current assets** | | | |
| Debtors | 7 | 3,984,529 | 3,572,878 |
| Cash at bank and in hand | | 190,527 | 188,960 |
| | | 4,175,056 | 3,761,838 |
| **Creditors: amounts falling due within one year** | 8 | (4,170,231) | (3,758,579) |
| **Net current assets** | | 4,825 | 3,259 |
| **Capital and reserves** | | | |
| Called up share capital | 9 | 100 | 100 |
| Profit and loss account | 10 | 4,725 | 3,159 |
| **Total shareholder's funds** | 11 | 4,825 | 3,259 |

The financial statements on pages 9 to 16 were approved by the board of directors on 6 June 2017 and signed on its behalf by:

R A Crombie

**Director**

Company registered number: 07220674

## J.P. Morgan GMIF (GP) Limited

## Statement of changes in equity for the year ended 31 December 2016

| | Called up share capital | Profit and loss account | Total shareholder's funds |
|---|---|---|---|
| | $ | $ | $ |
| At 1 December 2015 | 100 | 2,614 | 2,714 |
| Profit for the financial year and total comprehensive income for the year | - | 545 | 545 |
| At 31 December 2015 | 100 | 3,159 | 3,259 |
| Profit for the financial year and total comprehensive income for the year | - | 1,566 | 1,566 |
| At 31 December 2016 | 100 | 4,725 | 4,825 |

The following describes the nature and purpose of each reserve within equity:

• Called up share capital - nominal value of share capital subscribed for.
• Profit and loss account - all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

The notes on pages 12 to 16 form an integral part of these financial statements.

## 1 Accounting policies

The Company is a private company limited by shares and is incorporated and domiciled in England & Wales. The address of its registered office is 25 Bank Street, Canary Wharf, London, E14 5JP.

### Basis of preparation

The financial statements have been prepared in accordance with UK Financial Reporting Standard 100 "Application of Financial Reporting Requirements" and Financial Reporting Standard 101 "Reduced Disclosure Framework".

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements have been prepared on a going concern basis using the historical cost convention.

Disclosure exemptions adopted:

In preparing these financial statements the Company has taken advantage of disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by JPMorgan Chase & Co.

The financial statements of JPMorgan Chase & Co. can be obtained as described in note 12.

### Income and expenditure

Income and expenditure are recognised on an accruals basis. Income comprises of management fees receivable from the Limited Partnership.

### Judgements and key areas of estimation uncertainty

Due to the nature of business undertaken by the Company, no significant accounting estimates on judgements were required in preparation of these financial statements.

### Cash at bank and in hand

This is solely made up of cash at bank.

**Functional and presentational currency**

Items included in the financial statements, are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in US Dollar, which is the Company's functional and presentation currency and the currency in which the majority of the Company's revenue streams, assets. liabilities and funding is denominated.

## 2 Turnover

Turnover comprises a profit share (General Partner's Share) receivable from J.P. Morgan Global Maritime Investment Fund LP. The Company has only one class of business and operates in the United Kingdom.

## 3 Administrative expenses

Auditors' remuneration was £7,000 (2015: £8,247) wholly for audit services. The audit remuneration costs are borne by a fellow subsidiary.

## 4 Tax on profit on ordinary activities

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| **(a) Analysis of tax charge in the year** | | |
| **Current tax:** | | |
| Total current tax | - | - |

**(b) Factors affecting tax charge for year**

The total tax charge for the year differs from the standard rate of corporation tax in the UK of (20%). The differences are explained below:

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| Profit on ordinary activities before taxation | 1,566 | 545 |
| Profit on ordinary activities multiplied by effective rate of corporation tax in the UK of 20% (2015: 20.25%) | 313 | 110 |
| **Effects of:** | | |
| Group relief claimed for nil consideration | (313) | (110) |
| **Total tax charge** | - | - |

## 5 Employee information

The Company had no employees during the year (2015: nil).

## 6 Directors' emoluments

The directors did not receive any remuneration from the Company (2015: $nil). Remuneration for their services is provided elsewhere in the Group, and it is not possible to apportion the amount specific to this entity.

## 7 Debtors

| | 2016 $ | 2015 $ |
|---|---|---|
| Amounts owed by Group undertakings | 3,984,529 | 3,572,878 |

Amounts owed by Group undertakings are unsecured and repayable on demand.

## 8 Creditors: amounts falling due within one year

| | 2016 $ | 2015 $ |
|---|---|---|
| Amounts owed to Group undertakings | 4,170,231 | 3,758,579 |

Amounts owed to Group undertakings are unsecured and repayable on demand.

## 9 Called up share capital

| | 2016 $ | 2015 $ |
|---|---|---|
| **Authorised, allotted and fully paid** | | |
| 100 (2015: 100) ordinary shares of $1 each | 100 | 100 |

## 10 Reconciliation of movement in reserves

| | Profit and loss account |
|---|---|
| | $ |
| Balance at 1 January 2015 | 2,614 |
| Profit for the financial year and total comprehensive income for the year | 545 |
| Balance at 31 December 2015 | 3,159 |
| Profit for the financial year and total comprehensive income for the year | 1,566 |
| Balance at 31 December 2016 | 4,725 |

## 11 Reconciliation of movement in shareholder's funds

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| Shareholder's funds brought forward | 3,259 | 2,714 |
| Profit for the financial year and total comprehensive income for the year | 1,566 | 545 |
| Shareholder's funds carried forward | 4,825 | 3,259 |

## 12 Ultimate parent undertaking

The immediate parent undertaking and controlling party is JPMorgan Asset Management Holdings (Luxembourg) S.a.r.l.

The parent company of the largest group for which consolidated financial statements are prepared, and whom the directors regard as the ultimate holding company is JPMorgan Chase & Co. which is incorporated in the United States of America.

The consolidated financial statements of JPMorgan Chase & Co. are available to the public and may be obtained from the Company's registered office at:

The Company Secretary
25 Bank Street
Canary Wharf
London
E14 5JP

FINANCIAL STATEMENTS FOR THE
J.P. MORGAN GLOBAL MARITIME INVESTMENT FUND LP (THE "FUND PARTNERSHIP")
FOR THE YEAR ENDED DECEMBER 31, 2016

122067

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# General information 2016

| | |
|---|---|
| **Partnership Number:** | LP013886 |
| **General Partner:** | J.P. Morgan GMIF (GP) Limited |
| **Directors of the General Partner:** | K.W. McCathern<br>R.A. Crombie<br>C.J. Whittington<br>J.B. Yagerman (resigned on March 09, 2017)<br>S. Weddle (resigned on November 23, 2016) |
| **Operator:** | J.P. Morgan Investment Management Inc.<br>270 Park Avenue<br>New York<br>NY 10017<br>USA |
| **Investment Advisor:** | JPMorgan Asset Management (UK) Limited<br>25 Bank Street, Canary Wharf<br>London<br>E14 5JP<br>England |
| **Accountants:** | JPMorgan Chase Bank<br>JPMorgan House<br>IFSC<br>Dublin 1<br>Ireland |
| **Independent Auditors:** | PricewaterhouseCoopers LLP<br>Chartered Accountants and Statutory Auditors<br>7 More London Riverside,<br>London, SE1 2RT<br>United Kingdom |
| **Legal Advisors:** | Allen & Overy LLP<br>One Bishops Square<br>London<br>E1 6AD<br>England<br><br>Stroock & Stroock & Lavan LLP<br>180 Maiden Lane<br>New York<br>NY 10038-4982<br>USA<br><br>Burness LLP<br>50 Lothian Road<br>Festival Square<br>Edinburgh<br>EH3 9WJ<br>Scotland |

# General Partner's Report 2016

The Board of Directors of the General Partner presents its Annual Report and the audited financial statements of J.P. Morgan Global Maritime Investment Fund LP for the year ended December 31, 2016.

**Principal activities**

The objective of J.P. Morgan Global Maritime Investment Fund LP (the "Fund Partnership") is to seek a combination of income generation and capital appreciation through exposure to maritime investments.

**Business review and future development**

***Investments***

During the year ended December 31, 2016, the Fund Partnership, through its subsidiaries and joint ventures, took delivery of fifteen vessels (of which eleven are dry bulk carriers and the remaining four are tankers). Thirteen of the vessels delivered are currently trading on the water. Two of the tankers delivered in 2016 were sold upon delivery.

During the year ended December 31, 2016, the Fund Partnership's net additional investment in its subsidiaries amounted to USD52.97 million (2015: USD80.04 million), mainly in connection with the ship building contracts, leading to total investment cost as at December 31, 2016 of USD606.56 million (December 31, 2015: USD553.59 million). These investments had a fair value of USD409.91 million as at December 31, 2016 (December 31, 2015: USD478.60 million).

As at December 31, 2016, the Fund Partnership, through its underlying subsidiaries and joint ventures, owned a total of fifty eight operating vessels, of which thirty five of which are dry bulk carriers, sixteen are containerships and five are car carriers and two are tankers.

As at December 31, 2016 the Fund Partnership, through its underlying subsidiaries and joint ventures, also owned ship building contracts for the construction of a total of nine vessels which are expected to be delivered in the period to Q2 2018. Of the nine ship building contracts, three relate to the construction of dry bulker carriers, two to car carriers and four to the construction of containerships.

As at December 31, 2016, the Fund Partnership had commitments of approximately USD110.62 million in relation to the above-mentioned joint ventures and shipbuilding contracts (December 2015: USD341.93 million). These commitments were partly offset by the Fund Partnership's indirect share of credit facilities secured by the relevant joint ventures of USD8.75 million (December 2015: USD71.95 million).

**Results**

***Dividend and interest income received***

During the year, the Fund Partnership received USD0.55 million of dividend from its subsidiary Proteus Holding Limited (2015: USD0.90 million of dividend income from Heavy Lift Sumo Holding Limited.)

***Fair value movements of investments***

During the year, the Fund Partnership's investments decreased in value by USD121.65 million (2015: USD134.87 million decrease in value). This decrease in value was mainly brought about by unrealised losses on vessels and ship building contracts.

***Net result***

The net result for the year, after taking into account the dividend income received of USD0.55 million (2015: USD0.90 million), guarantee fee income of USD0.17 million (2015: USD0.95 million), the loss in fair value of investments of USD121.65 million (2015: loss of USD134.87 million), the general partner share of USD7.89 million (2015: USD6.69 million) and other fund operating and finance costs of USD4.12 million (2015: USD5.54 million) is a loss of USD132.94 million (2015: loss of USD145.25 million).

***Capital calls***
During the year, the Fund Partnership made four capital calls from its limited partners amounting to USD133.05 million (2015: USD170.00 million). The purpose of these capital calls was to repay amounts previously drawn from the Fund Partnership's credit facility for investment and working capital purposes.

***Distributions***
During the year, the Fund Partnership made no distributions to its limited partners (December 31, 2015: USD38.00 million).

**Financial risk management objectives and policies**
Refer to Note 3 in the notes to the financial statements for details on financial risk management objectives and policies.

**Events after the balance sheet date**
Refer to Note 17 in the notes to the financial statements for details of events after the balance sheet date.

**Statement of General Partner's responsibilities in respect of the Annual Report and the financial statements**

The General Partner is responsible for preparing the General Partner's Report and the financial statements in accordance with applicable law and regulations.

UK Company law requires the General Partner to prepare financial statements for each financial year. Under that law, the General Partner has prepared the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

Under UK Company law, the General Partner must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Fund Partnership and of the profit or loss of the Fund Partnership for that year. In preparing these financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund Partnership will continue in business.

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain these transactions and disclose with reasonable accuracy at any time the financial position of the Fund Partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to qualifying partnerships by the Partnership (Accounts) Regulation 2008. The General Partner is also responsible for safeguarding the assets of the Fund Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Fund Partnership has applied the Investment Entities amendment to IFRS 10 'Consolidated Financial Statements'. Since the Fund Partnership is an investment entity under the standard, it is exempt from consolidating underlying subsidiaries and instead it is required to account for these subsidiaries at fair value through profit or loss. Refer to Notes 2A, 2C and 4.

The Fund has taken advantage of the small companies exemption and has not presented a strategic report.

The financial statements are made available through SunGard Data Exchange, a third party hosted site. The maintenance and integrity of the SunGard Data Exchange site is the responsibility of the General Partner; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom and Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Statement of General Partner's responsibilities in respect of the Annual Report and the financial statements (continued)**

In accordance with Section 418 of Companies Act 2006, the General Partner report shall include a statement, in the case of each director in office at the date the General Partner report is approved, that:

(a) so far as each director of the General Partner is aware, there is no relevant audit information of which the Fund Partnership's auditor is unaware; and

(b) each director of the General Partner has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Fund Partnership's auditor is aware of that information.

**Independent Auditors**

The General Partner confirms that so far as it is aware, there is no relevant audit information of which the Fund Partnership's auditors are unaware, and it has taken all the steps that it ought to have taken as a General Partner in order to make itself aware of any relevant audit information and to establish that the Fund Partnership's auditor is aware of that information.

PricewaterhouseCoopers LLP has expressed its willingness to continue in office as the auditor.

By order of the General Partner

For and on behalf of J.P. Morgan GMIF (GP) Limited
Director

25 April 2017
Date

**Independent auditors' report to the members of J.P. Morgan Global Maritime Investment Fund LP**

**Report on the financial statements**

### Our opinion

In our opinion, J.P. Morgan Global Maritime Investment Fund LP's financial statements (the "financial statements"):

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2016 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008.

### What we have audited

The financial statements, included within the Annual Report, comprise:

- the Statement of Financial Position as at 31 December 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Cash flows for the year then ended;
- the Statement of Changes in Net Assets Attributable to Limited Partners for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the general partner has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, it has made assumptions and considered future events.

### Other matters on which we are required to report by exception

### Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### General Partner's remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of general partner's remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the general partner were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

## Responsibilities for the financial statements and the audit

### Our responsibilities and those of the general partner

As explained more fully in the Statement of General Partner's responsibilities in respect of the Annual Report and financial statements set out on page 4 and 5, the general partner is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the members of the qualifying partnership as a body in accordance with the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the qualifying partnership's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the general partner; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the general partner's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Sandra Dowling (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 April 2017

**J.P. Morgan Global Maritime Investment Fund LP**
**Statement of Financial Position**
**As at December 31, 2016**
**All amounts in USD thousands**

| | Note | December 31, 2016 | December 31, 2015 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Investments at fair value through profit or loss | 4 | 409,911 | 478,598 |
| *Total Non-current assets* | | **409,911** | **478,598** |
| **Current assets** | | | |
| Due from limited partners and affiliates | 5 | 804 | 2,926 |
| Prepayments | | 70 | 74 |
| Cash and cash equivalents | | 2,849 | 14,427 |
| *Total Current assets* | | **3,723** | **17,427** |
| **Total assets** | | **413,634** | **496,025** |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 8 | 60 | 86 |
| Borrowings | 7 | 30,469 | 113,095 |
| Due to Affiliates | 5 | 37 | - |
| Due to General Partner | 6 | 3,985 | 3,573 |
| Accrued expenses | 9 | 826 | 1,119 |
| *Total Current liabilities* | | **35,377** | **117,873** |
| **Total liabilities (excluding net assets attributable to limited partners)** | | **35,377** | **117,873** |
| **Net assets attributable to limited partners** | | **378,257** | **378,152** |
| **Total liabilities** | | **413,634** | **496,025** |

The financial statements were approved by the General Partner on April 2017 and signed on its behalf by

Director

25 April 2017
Date

The accompanying notes from pages 12 to 42 form an integral part of these financial statements

**J.P. Morgan Global Maritime Investment Fund LP**
**Statement of Comprehensive Income**
**For the year ended December 31, 2016**
**All amounts in USD thousands**

| | Note | Year ended December 31, 2016 | Year ended December 31, 2015 |
|---|---|---|---|
| **Investment income** | | | |
| Dividend income | 11 | 550 | 900 |
| Guarantee fee income | 12 | 166 | 949 |
| Net change in fair value of investments through profit or loss | 4 | (121,653) | (134,874) |
| **Net investment income** | | **(120,937)** | **(133,025)** |
| **General and administrative expenses** | | | |
| General Partner's share | 6 | (7,892) | (6,685) |
| Other expenses | 13 | (1,814) | (1,709) |
| **Total general and administrative expenses** | | **(9,706)** | **(8,394)** |
| **Operating result** | | **(130,643)** | **(141,419)** |
| Finance income | | 10 | - |
| Finance costs | 10 | (2,312) | (3,830) |
| **Net result for the year attributable to limited partners** | | **(132,945)** | **(145,249)** |

The accompanying notes from pages 12 to 42 form an integral part of these financial statements

**J.P. Morgan Global Maritime Investment Fund LP**
**Statement of Changes in Net Assets Attributable to Limited Partners**
**For the year ended December 31, 2016**
**All amounts in USD thousands**

| | Capital Contribution | Advance Contribution/ distribution | Retained earnings | Fund Partnership total |
|---|---|---|---|---|
| **Balance as at January 1, 2016** | **108** | **532,192** | **(154,148)** | **378,152** |
| Advance contribution | - | 133,050 | - | **133,050** |
| Distribution | - | - | - | - |
| Net result for the year | - | - | (132,945) | **(132,945)** |
| **Balance as at December 31, 2016** | **108** | **665,242** | **(287,093)** | **378,257** |

| | Capital contribution | Advance Contribution/ distribution | Retained earnings | Fund Partnership Total |
|---|---|---|---|---|
| **Balance as at January 1, 2015** | **108** | **400,192** | **(8,899)** | **391,401** |
| Advance contribution | - | 170,000 | - | **170,000** |
| Distribution | - | (38,000) | - | **(38,000)** |
| Net result for the year | - | - | (145,249) | **(145,249)** |
| **Balance as at December 31, 2015** | **108** | **532,192** | **(154,148)** | **378,152** |

The accompanying notes from pages 12 to 42 form an integral part of these financial statements

**J.P. Morgan Global Maritime Investment Fund LP**
**Statement of Cash Flows**
**For the year ended December 31, 2016**
**All amounts in USD thousands**

| | Note | Year ended December 31, 2016 | Year ended December 31, 2015 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net result for the year attributable to limited partners | | (132,945) | (145,249) |
| *Adjustments in relation to:* | | | |
| Investment income- | | | |
| Dividend income | 11 | (550) | (900) |
| Net change in fair value of investments at fair value through profit or loss | 4 | 121,653 | 134,874 |
| Changes in working capital | 16 | 89 | 200 |
| Finance costs, net | 10 | 2,302 | 3,830 |
| ***Net cash used in operations*** | | **(9,451)** | **(7,245)** |
| Finance cost paid, net | | (2,330) | (3,997) |
| ***Net cash used in operating activities*** | | (11,781) | **(11,242)** |
| **Cash flows from investing activities** | | | |
| Investments in subsidiaries, net | | (18,712) | (48,045) |
| Dividend received | 11 | 550 | 900 |
| ***Net cash used in investing activities*** | | **(18,162)** | **(47,145)** |
| **Cash flows from financing activities** | | | |
| Contributions from limited partners | | 135,245 | 167,805 |
| Distribution paid to limited partners | | - | (38,000) |
| Proceeds from borrowings | | 83,598 | 209,271 |
| Repayment of borrowings | | (200,478) | (277,295) |
| ***Net cash generated by financing activities*** | | **18,365** | **61,781** |
| **Net (decrease)/increase in cash and cash equivalents** | | **(11,578)** | **3,394** |
| Cash and cash equivalents at the beginning of the year | | 14,427 | 11,033 |
| **Cash and cash equivalents at the end of the year** | | **2,849** | **14,427** |

The accompanying notes from pages 12 to 42 form an integral part of these financial statements

## 1. General information

*Structure of the Fund*

J.P. MORGAN GLOBAL MARITIME INVESTMENT FUND (the "Fund") comprises the following:

| Fund entity: | Date of registration: | Jurisdiction: | Registered office: |
|---|---|---|---|
| J.P. Morgan Global Maritime Investment Fund LP ("Fund Partnership") | April 26, 2010 | England | 60 Victoria Embankment, London, EC4Y 0JP, England |
| J.P. Morgan Global Maritime Investment Fund Feeder LP ("Feeder Partnership") | April 15, 2010 | Scotland | 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, Scotland |
| J.P. Morgan Global Maritime Investment Fund Intermediate LP ("Intermediate Partnership") | April 15, 2010 | Scotland | 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, Scotland |
| J.P. Morgan Global Maritime Investment Fund Feeder, LLC ("Feeder LLC") | April 7, 2010 | Delaware | 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, U.S.A. |

The Fund is closed-ended and limited partners may participate in the Fund by purchasing (i) interests directly in the Fund Partnership; (ii) limited liability company interests in the Feeder LLC which invests in the Fund Partnership via the Intermediate Partnership; (iii) limited partnership interests in the Feeder Partnership.

*Final closing*

The Fund's final closing date was December 9, 2011. The total commitments on the final closing date amounted to USD780.33 million.

J.P. Morgan Global Maritime Investment Fund Cayman CIP, L.P. (the "Carried Interest Partnership") and its limited partners participate in the Fund as a limited partner with commitments of USD22.73 million to the Fund Partnership (December 31, 2015: USD22.73 million).

The Fund Partnership's founder limited partner JPMorgan Asset Management Holdings (Luxembourg) S.á r.l (the "Founder Limited Partner") made a USD100 capital contribution to the Fund Partnership (December 31, 2015: USD100). The Founder Limited Partner has no other commitments besides the capital contributed.

*Investment strategy*

The purpose of the Fund is to invest in vessels in any part of the world. The Fund will invest through a variety of different investment methods, including, without limitation, by directly or indirectly, (i) acquiring shares or other ownership units in an existing or newly formed holding company which owns one or more vessels; (ii) investing in listed and unlisted equity or debt securities (including shares, bonds and other securities) of an entity that owns one or more vessels (including in an entity at a pre-IPO stage or a listed entity which the Fund seeks to take private); or (iii) making, refinancing or acquiring a loan (including a non-performing loan) secured by one or more vessels.

The Fund will invest, directly or indirectly, in vessels in the bulker sector (including, without limitation, roll-on/roll-off vessels), the tanker sector (including, without limitation, crude, product, chemical and liquid petroleum gas carriers and liquefied natural gas carriers (LNG vessels)) and the containership sector (together bulker tanker containership vessels ("BTC vessels")) and, subject to the investment guidelines included in the Limited Partnership Agreement ("LPA"), may invest in offshore supply vessels, barges, car carrier vessels and vessels in other sectors (Non-BTC vessels).

*Investment period*

The Fund's investment period commenced on the initial closing date (June 10, 2010) and ended on December 9, 2014, the third anniversary of the final closing date (December 9, 2011).

**1. General information (continued)**

*Fund termination*

The Fund shall terminate on the sixth anniversary of the end of the investment period (including any extension of the investment period) plus an additional two consecutive one-year periods, at the election of the Operator with prior approval of the Fund investors.

*Drawdowns*

During the year ended December 31, 2016, the Fund Partnership drew down USD133.05 million (year ended December 31, 2015, USD170.00 million) from the limited partners to repay amounts previously drawn from the Fund Partnership's credit facility for investment and working capital purposes.

The total amount drawn down at December 31, 2016 was USD727.35 million (year ended December 31, 2015: USD594.30 million).

*Distributions*

The Fund Partnership's profits and losses are allocated to its limited partners, pro-rata on their commitments.

Distributions are made to the partners as follows:

(a) First, 100% to the General Partner until the General Partner has received the General Partner's Share;
(b) Second, 100% to the limited partners until they have received cumulative distributions equal to the aggregate of : (i) their advance contributions used to fund the vessel investment in respect of which distributions are being made and all other realised investments, plus their proportionate share of any write-downs of unrealised vessel investments, as of that time; and (ii) the advance contributions used to fund all Fund Partnership expenses and loans in respect of the General Partner's share allocated to the investments included in (i);
(c) 100% to the limited partners until the cumulative distributions to the limited partners under this paragraph (c) and paragraphs (d) and (e) equal the 9% preferred return, compounded annually;
(d) 60% to the Carried Interest Partner and 40% to the limited partners, until the Carried Interest Partner has received 20% of the aggregate distributions under paragraph (c) and this paragraph (d); and
(e) 80% to the limited partners and 20% to the Carried Interest Partner.

Total distributions made by the Fund Partnership at December 31, 2016 was USD62.00 million (December 31, 2015: USD62.00 million).

**2. Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

***A. Basis of preparation***

The financial statements have been prepared in accordance with IFRSs as adopted by the EU and in accordance with the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulation 2008. The financial statements have been prepared on a going concern basis under the historical cost convention as modified for the revaluation of financial assets and financial liabilities held at fair value through profit or loss.

The Fund Partnership meets the definition of an investment entity as defined by IFRS 10 and is required to account for the investment in its subsidiaries at fair value through profit or loss. These separate financial statements are the only financial statements presented by the Fund Partnership.

The presentation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the General Partner to exercise its judgment in the process of applying the Fund Partnership's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions or estimates are significant to financial statements are disclosed in Note 2C and 2H below.

2. **Summary of significant accounting policies (continued)**

***B. Changes in accounting policy and disclosures***

i) **Standards and amendments to existing standards for the financial year beginning January 1, 2016**

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning January 1, 2016 that have not been adopted.

ii) **Standards, amendments and interpretations effective for the financial year beginning January 1, 2016 and adopted early**

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning January 1, 2016 that have been adopted early.

iii) **New standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2016 and not adopted early**

IFRS 9 'Financial instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and reissued in October 2010. It replaces the parts of IAS 39 'Financial instruments: recognition and measurement' that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The adoption of this standard is not expected to have a material impact on the financial statements of the Fund. The Fund intends to adopt IFRS 9 no later than the accounting period beginning on or after January 1, 2018.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

The General Partner does not expect the adoption of the standards, amendments and interpretations that are in issue but not yet effective listed above will have a material impact on the Fund's financial statements in future periods. Beyond the information above, it is not practical to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

***C. Investment entity***

The Fund Partnership has multiple unrelated investors and holds multiple investments. Net assets attributable to the limited partners are classified as a financial liability, due to a finite life and contractual payment provisions to each of the limited partners within the LPA. Net assets attributable to limited partners' capital are carried at amortised cost and are classified as debt in accordance with IAS 32. The limited partners' interests are exposed to variable returns from changes in the fair value of the Fund Partnership's net assets.

The Fund Partnership has been deemed to meet the definition of an investment entity per IFRS 10 as the following conditions exist:

(a) The Fund Partnership has obtained funds for the purpose of providing investors with investment management services.
(b) The Fund Partnership's business purpose, which was communicated directly to investors, is investing solely for returns from capital appreciation and investment income.

**2. Summary of significant accounting policies (continued)**

***C. Investment entity(continued)***

(c) The performance of investments made through the subsidiaries are measured and evaluated on a fair value basis.
(d) The Fund Partnership holds more than one investment.
(e) The Fund Partnership has more than one investor.
(f) The majority of its investors are not related parties to the Fund Partnership.
(g) The investors' ownership interests in the Fund Partnership are in the form of capital and advance contributions. They are exposed to variable returns from changes in the fair value of the Fund Partnership's net assets.

***D. Subsidiaries***

As at December 31, 2016 and December 31, 2015, the Fund Partnership controlled the following subsidiaries through its majority holding of the voting rights and ownership interests. These subsidiaries have been accounted for at Fair Value through profit or loss in accordance with IFRS 10:

| Name of Entity | Country | 2016 equity ownership % | Nature of Business | Address |
|---|---|---|---|---|
| Corvair Holding B Ltd. | Bermuda | 100 | Holding company | Canon's Court 22 Victoria Street, Hamilton HM 12, Bermuda |
| Corvair Holding 2 Ltd. | Marshall Islands | 99 | Holding company | Ajeltake Road, Ajeltake Island, Majuro Marshall Islands |
| Summerland Key Ltd. | Liberia | 99 | Investment company | 80 Broad Street, Monrovia, Liberia |
| Sugarloaf Key Ltd. | Liberia | 99 | Investment company | 80 Broad Street, Monrovia, Liberia |
| Heavy Lift Sumo Holding Ltd. | Bermuda | 100 | Holding company | Canon's Court 22 Victoria Street, Hamilton Hm 12, Bermuda |
| Sumo Shipping Holding Gmbh & Co KG | Germany | 70 | Holding partnership | Gartenstr. 2 49733 Haren (Ems), Germany |
| Harren & Partner Sumo-Shipping GmbH & Co KG MS Palmarola | Germany | 70 | Investment partnership | Boschstr. 21 49733 Haren (Ems), Germany |
| Sumo Shipping Holding GP GmbH | Germany | 70 | General Partner | Gartenstr. 2 49733 Haren (Ems), Germany |
| Harren & Partner Sumo-Shipping GP GmbH | Germany | 70 | General Partner | Boschstr. 21 49733 Haren (Ems), Germany |
| Harren & Partner Sumo Palmarola Ltd. | Antigua and Barbuda | 70 | Holding company | 60 Nevis Street, St. John's, Antigua |
| Corvair Holding A Ltd. | Bermuda | 100 | Holding company | Canon's Court 22 Victoria Street, Hamilton Hm 12, Bermuda |
| Corvair Holding 1 Ltd. | Marshall Islands | 100 | Holding company | Ajeltake Road Ajeltake Island, Majuro Marshall Islands, United States |
| Little Pine Key Limited | Liberia | 93.69 | Investment company | 80 Broad Street, Monrovia, Liberia |
| Windley Key Limited | Liberia | 93.69 | Investment company | 80 Broad Street, Monrovia, Liberia |

**2. Summary of significant accounting policies (continued)**

***D. Subsidiaries (continued)***

| | | | | |
|---|---|---|---|---|
| Sands Key Limited | Liberia | 93.69 | Investment company | 80 Broad Street, Monrovia, Liberia |
| Shark Key Pte Limited | Singapore | 93.69 | Investment company | 7 Temasek Boulevard, No 21-03 Suntec Tower One, Singapore |
| Dry Bulk Selene Holding Ltd. | Bermuda | 100 | Holding company | Canon's Court 22 Victoria Street, Hamilton Hm 12, Bermuda |
| Proteus Holding Ltd. | Bermuda | 100 | Holding company | Canon's Court 22 Victoria Street, Hamilton Hm 12, Bermuda |
| Proteus 7 Ltd. | Liberia | 100 | Investment company | 80 Broad Street, Monrovia, Liberia |
| Proteus 8 Ltd. | Liberia | 100 | Investment company | 80 Broad Street, Monrovia, Liberia |
| Centurion Holding Ltd | Bermuda | 100 | Holding company | Canon's Court 22 Victoria Street, Hamilton Hm 12, Bermuda |
| Dakota Holding Ltd. | Bermuda | 100 | Holding company | Canon's Court 22 Victoria Street, Hamilton Hm 12, Bermuda |
| Dakota 1 Ltd. | Liberia | 100 | Investment company | 80 Broad Street, Monrovia, Liberia |
| Dakota 2 Ltd. | Liberia | 100 | Investment company | 80 Broad Street, Monrovia, Liberia |
| Dreadnought Holding Ltd. | Bermuda | 100 | Holding company | Canon's Court 22 Victoria Street, Hamilton Hm 12, Bermuda |
| Dragon Investments Coöperatief U.A. | Netherlands | 100 | Holding company | Naritaweg 165, Telestone 8, 1043 BW Amsterdam |
| Dynasty Holdings 1 Ltd. | Bermuda | 100 | Holding company | Canon's Court 22 Victoria Street, Hamilton Hm 12, Bermuda |
| Dynasty Holdings 2 Ltd. | Bermuda | 100 | Holding company | Canon's Court 22 Victoria Street, Hamilton Hm 12, Bermuda |
| Delphi Holdings Ltd. | Bermuda | 100 | Holding company | Canon's Court 22 Victoria Street, Hamilton Hm 12, Bermuda |
| Deadweight Holdings 1 Ltd. | Bermuda | 100 | Holding company | Canon's Court 22 Victoria Street, Hamilton Hm 12, Bermuda |
| Deadweight Holdings 2 Ltd. | Bermuda | 100 | Holding company | Canon's Court 22 Victoria Street, Hamilton Hm 12, Bermuda |
| Nautilus H Ltd. | UK | 100 | Holding company | 4th Floor, 18, Swinthin's Lane,London EC4N 8AD, England |

The Proteus 4 Ltd. wholly owned subsidiary was liquidated during 2016.

**2. Summary of significant accounting policies (continued)**

***E. Financial assets***

**Classification**
The Fund Partnership classifies its financial assets in the following categories: 'Investments at fair value through profit or loss' and 'loans and receivables'. The classification depends on the purpose for which the financial assets were acquired. The General Partner determines the classification of its financial assets at initial recognition.

*i) Investments at fair value through profit or loss*

The investments have been designated as 'at fair value through profit or loss' as the Fund Partnership manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Fund Partnership's investment strategy. These are classified as non-current assets.

*ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period.

**Recognition and measurement**
Regular purchases and sales of investments are recognised on the trade-date – the date on which the Fund Partnership commits to purchase or sell the asset. Investments carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Comprehensive Income. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund Partnership has transferred substantially all risks and rewards of ownership.

Gains or losses arising from changes in the fair value of the 'investments at fair value through profit or loss' category are presented in the Statement of Comprehensive Income within 'net change in fair value of investments through profit or loss' in the year in which they arise. Dividend income from investments at fair value through profit or loss is recognised in the Statement of Comprehensive Income as part of dividend income when the Fund Partnership's right to receive payments is established and dividend has been received.

**Offsetting financial instruments**
Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. At December 31, 2016 and December 31, 2015 no such legal right of offset was applicable.

**Impairment of financial assets**
The Fund Partnership assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

Evidence of impairment may include indications that the debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the impairment loss on loans and receivables category, is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Statement of Comprehensive Income.

**2. Summary of significant accounting policies (continued)**

***F. Foreign currency translation***

**Functional and presentational currency**

Items included in the books and records of each of the Fund Partnership's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The financial statements are presented in US Dollar (USD or $), which is the Fund Partnership's functional and presentational currency.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

When gains or losses on a non-monetary item are recognised directly in the Statement of Other Comprehensive Income, the exchange component of that gain or loss shall be recognised directly in the Statement of Other Comprehensive Income. Conversely, when gains or losses on a non-monetary item are recognised directly in the profit or loss within the Statement of Comprehensive Income, the exchange component of that gain or loss shall be recognised in the profit or loss within the Statement of Comprehensive Income.

| | |
|---|---|
| As at December 31 the exchange rate was as follows: | **2016:** 1 USD ($) = 0.9481 euros (EUR) |
| | **2015:** 1 USD ($) = 0.9206 euros (EUR) |

***G. Cash and cash equivalents***

Cash and cash equivalents comprise cash in hand, deposits held on call with banks and other short-term investments in an active market with original maturities of three months or less.

***H. Use of significant accounting estimates***

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income, expenses and unrealised gains or losses during the reporting year. Actual results could differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors. These include expectations of future events that are believed to be reasonable under the circumstances.

The General Partner makes estimates and assumptions concerning:
i) its recognition as an investment entity as defined in IFRS 10,
ii) fair value of financial assets at fair value through profit or loss (see 2E above) and
iii) the going concern status of the Fund Partnership.
The resulting accounting estimates will, by definition, seldom equal the related actual results.

***I. Dead deal costs***

Dead deal costs from transactions that don't close are fully expensed within the year in which they are incurred. These include but are not limited to legal and taxation costs incurred while pursuing the transactions.

**2. Summary of significant accounting policies (continued)**

***J. Revenue recognition***

Revenue comprises the fair value of consideration received or receivable for rendering services in the ordinary course of the Fund Partnership's activities.

Financial interest income for all interest-bearing financial instruments, except for those designated at fair value through profit or loss, are recognised within 'finance income' in the Statement of Comprehensive Income based on the effective interest rate.

Interest and dividend income arising from financial assets at fair value but not received at year end is recognised in the Statement of Comprehensive Income within "Net change in fair value of investments at fair value through profit or loss". Interest and dividend earned and received is recognised as 'interest income' and 'dividend income', respectively.

***K. Provisions***

Provisions are recognised when the Fund Partnership has an obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

***L. Borrowings***

Borrowings are recognised initially at fair value net of transaction costs incurred. They are subsequently stated at fair value. Any change in the fair value is recognised in the Statement of Comprehensive Income.

Borrowings are classified as current liabilities unless the Fund Partnership has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

Interest and expenses related to the borrowings are reported as finance costs in the Statement of Comprehensive Income based on the effective interest rate.

***M. Borrowing costs***

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are recognised as an expense in the year in which they incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

***N. Limited partners' capital***

Limited partners' capital in the Fund Partnership consists of capital contribution and advance contribution. The capital contribution of each limited partner amounts to 0.01% of each limited partner's commitment. Each limited partner contributes the full amount of its capital contribution on the closing date on which it is admitted to the Fund Partnership. The capital contributions are not returned to the limited partners until the end of the life of the Fund Partnership. No interest is paid or payable by the Fund Partnership upon any capital contribution.

In order to fund the capital calls, the Fund Partnership draws down from the limited partners' committed capital. The advances are drawn down pro rata to the aggregate undrawn commitments to the Fund Partnership, until the commitments from the limited partners are fully paid up. No interest is paid or payable by the Fund Partnership upon any advances.

On termination of the Fund Partnership, the limited partners will be subordinated to all other creditors as regards repayment of any advances outstanding.

**2. Summary of significant accounting policies (continued)**

***O. Distributions to limited partners***

Distributions are made in accordance with the LPA, see note 1.

***P. Payables***

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. The Fund Partnership's payables comprise 'trade and other payables' and 'amounts due to limited partners and affiliates' and 'amounts due to the General Partner' in the Statement of Financial Position. Payables are classified as current liabilities if payment is due within one year or less from statement of financial date. If not, they are presented as non-current liabilities. Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

***Q. Treatment of organisational expenses***

Organisational expenses are all costs and expenses incurred in relation to the formation and establishment of the Fund Partnership and its subsidiaries, which includes costs such as professional fees; i.e. tax consulting fees, legal fees and structuring fees. These costs are fully expensed within the year in which they are incurred and included under 'other expenses' in the Statement of Comprehensive Income.

***R. Receivables***

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less any provision for impairment. An estimate is made for impairment based on a review of all outstanding amounts at period-end. Bad debts are written off during the period in which they are identified.

***S. Derivative financial instruments***

The Fund Partnership may use derivative financial instruments such as interest rate swaps. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each reporting period. Changes in fair value of the derivatives are recognised immediately in the Statement of Comprehensive Income.

A derivative with a positive fair value is presented as a financial asset; a derivative with a negative value is presented as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.

***T. Guarantees***

A performance guarantee may be provided by the Fund Partnership or its subsidiaries to the shipyards contracted by the underlying investment companies, guaranteeing the performance of the various payment obligations under the shipbuilding contracts. In those instances where the relevant investment company is only partially owned by the Fund Partnership, the joint venture partner would typically provide the Fund Partnership with a back-stop guarantee for its share of the obligations under the shipbuilding contract. Similarly the joint venture partner of investment companies may provide a full performance guarantee to the shipyard and in turn, receive a back-stop guarantee from the Fund Partnership for its share of the obligations. Guarantee fee income and guarantee fee expenses are recognised in the Statement of Comprehensive Income account when incurred.

***U. Going concern***

As a result of the funding activities undertaken, the General Partner believes it will be able to operate within the level of its current financing. After making enquiries, the General Partner has a reasonable expectation that the Fund Partnership has adequate resources to continue in operational existence for the foreseeable future. The Fund Partnership therefore adopts the going concern basis in preparing its financial statements.

## 3. Financial risk management

### 3 A. Financial risk factors

An investment in the Fund involves certain risks relating to the Fund Partnership structure and to its investment policy. Where possible the Fund Partnership, J.P. Morgan Investment Management Inc. (the 'Operator' and 'Promoter') and JPMorgan Asset Management (UK) Limited ('Investment Advisor') will take the necessary actions to mitigate these risks.

The Fund Partnership's activities expose it to a variety of financial risks: market risk (including price risk, currency risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Fund Partnership's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise their potential adverse effects on the Fund Partnership's financial performance. The Fund Partnership may use derivative financial instruments to moderate certain risk exposures.

### 3.1 Market risk

*Price risk*
The Fund Partnership is exposed to price risk in connection with the selling prices that it will be able to secure for its investments in investment companies which are linked to the maritime investments they hold, should it choose to sell them in the future. To manage its price risk arising from its investments, the Fund Partnership diversifies its portfolio. Diversification of the portfolio is done in accordance with the investment guidelines per the LPA. The values of vessels or shipbuilding contracts may vary significantly. Vessel values are a function of market sentiment, which is based on forward views of vessel supply and demand. Vessel supply is limited to what can be produced at shipyards globally and the price shipyards are willing to accept to build a vessel. Vessel demand is linked to the volumes of the underlying commodities they transport and the distances the commodities need to travel. The Fund Partnership evaluates potential sales and purchases based on available market information and estimated future earnings and costs so as to maximize returns to the limited partners.

The Fund Partnership also is exposed to price risk in connection with the charter rates that its investment companies can secure on their vessels. The charter revenue is highly dependent on market conditions impacting freight rates. This risk is mitigated by lowering exposure towards the spot market by stabilizing revenue through use of long-term charters, when possible and when deemed beneficial.

*Currency risk*
The majority of the Fund Partnership's transactions are in USD and therefore it is not expected that the Fund Partnership will be exposed to any significant foreign currency risk. However, the Fund Partnership may invest or undertake transactions in target markets in which the USD is not the local currency. Where it is appropriate to do so, the Investment Advisor may advise the Fund Partnership to enter into transactions that mitigate the currency risk in connection with an investment. These transactions will not be entered into for speculative purposes.

Where hedging is deemed appropriate to reduce currency risk for the Fund Partnership, the Investment Advisor will evaluate and advise the Fund Partnership to purchase the most cost effective instrument available at the time. In some instances either (i) it may not be cost effective to enter into such transaction or (ii) the anticipated hold period for an investment may be relatively short, in which case the risk arising from such investment will remain and the risk will be monitored and assessed on a regular basis.

It is impossible to reduce currency risk entirely where the magnitude and timing of future cash flows are not known with certainty. Therefore, the Fund Partnership's policy will serve to reduce, but not eliminate all the risks of currency or interest rate fluctuations. The Fund Partnership does not apply hedge accounting as per IAS 39.

The sensitivity analyses below are based on a change in one assumption while holding other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated – for example, a change in interest rates and a change in foreign currency rates.

**3. Financial risk management (continued)**

**3.1 Market risk (continued)**

The Fund Partnership manages foreign currency risk on an overall basis. The sensitivity analysis prepared by management for foreign currency risk illustrates how changes in the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The functional and presentation currency of the Fund Partnership's indirect subsidiary Sumo Shipping Holding Gmbh & Co KG is the euro (EUR). The results of this entity is translated in accordance with the Fund Partnership's accounting policy for foreign currency translation.

If the USD weakened/strengthened by 2% (December 31, 2015: 2%) against the EUR with all other variables held constant, Net Asset Value ('NAV') and profit for the year would have been USD0.04 million higher/lower (December 31, 2015: USD0.04 million higher/lower).

*Cash flow and fair value interest rate risk*
Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

As at December 31, 2016 and December 31, 2015, the Fund Partnership's interest-bearing financial assets were included in 'investments at fair value through profit or loss' and 'cash and cash equivalents' and the Fund Partnership's interest-bearing financial liabilities were included in 'borrowings'. These interest-bearing financial assets and liabilities expose the Fund Partnership's financial position and cash flows to risks associated with the effects of fluctuations in the prevailing levels of market interest rates. Given the illiquid nature of the underlying investments, the Fund Partnership's remaining cash flow risk is largely considered to be liquidity risk and this is considered in note 3.3.

The following table summarises the Fund Partnership's exposure to interest rate risks at December 31, 2016. It includes the Fund Partnership's assets and liabilities at fair value.

**At December 31, 2016**

| **All amounts in USD thousands** | **Less than 3 months** | **3 months to 1 year** | **1 to 5 years** | **Over 5 years** | **Non interest bearing** | **Total** |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| Investments at fair value through profit or loss | - | - | - | 48,516 | 361,395 | 409,911 |
| Amounts due from limited partners and affiliates | - | - | - | - | 804 | 804 |
| Prepayments | - | - | - | - | 70 | 70 |
| Cash and cash equivalents | 2,849 | - | - | - | - | 2,849 |
| **Total assets** | **2,849** | **-** | **-** | **48,516** | **362,269** | **413,634** |
| **LIABILITIES** | | | | | | |
| Borrowings | 30,469 | - | - | - | - | 30,469 |
| Trade and other payables | - | - | - | - | 60 | 60 |
| Amounts due to general partner | - | - | - | - | 3,985 | 3,985 |
| Amounts due to affiliates | - | - | - | - | 37 | 37 |
| Accrued expenses | - | - | - | - | 826 | 826 |
| **Total liabilities (excluding net liabilities attributable to partners)** | **30,469** | **-** | **-** | **-** | **4,908** | **35,377** |
| **Net assets attributable to partners** | **-** | **-** | **-** | **-** | **378,257** | **378,257** |
| **Total liabilities** | **30,469** | **-** | **-** | **-** | **383,165** | **413,634** |

3. **Financial risk management (continued)**

**3.1 Market risk (continued)**

| At December 31, 2015<br>All amounts in USD thousands | Less than 3 months | 3 months to 1 year | 1 to 5 years | Over 5 years | Non interest bearing | Total |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| Investments at fair value through profit or loss | - | - | - | 47,025 | 431,573 | 478,598 |
| Amounts due from limited partners and affiliates | - | - | - | - | 2,926 | 2,926 |
| Prepayments | - | - | - | - | 74 | 74 |
| Cash and cash equivalents | 14,427 | - | - | - | - | 14,427 |
| **Total assets** | **14,427** | **-** | **-** | **47,025** | **434,573** | **496,025** |
| **LIABILITIES** | | | | | | |
| Borrowings | 113,095 | - | - | - | - | 113,095 |
| Trade and other payables | - | - | - | - | 86 | 86 |
| Amounts due to general partner | - | - | - | - | 3,573 | 3,573 |
| Accrued expenses | - | - | - | - | 1,119 | 1,119 |
| **Total liabilities (excluding net liabilities attributable to partners)** | **113,095** | **-** | **-** | **-** | **4,778** | **117,873** |
| **Net assets attributable to partners** | **-** | **-** | **-** | **-** | **378,152** | **378,152** |
| **Total liabilities** | **113,095** | **-** | **-** | **-** | **382,930** | **496,025** |

The Fund Partnership's financial position and cash flows are exposed to the effects of fluctuations in the prevailing levels of market interest rates. For the year ended December 31, 2016 a decrease/increase in interest rates by 50 basis points would have resulted in an increase / decrease in loss for the financial year of USD0.01 million (December 31, 2015: USD0.02 million).

The cashflow risk is limited by the fact that the Fund is closed-ended.

**3.2 Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Fund Partnership's exposure to credit risk is indicated by the carrying amount of its assets which consist principally of investments, receivables and cash and cash equivalents balances.

The Fund Partnership has no significant concentration of credit risk. Excess cash is held in short term cash accounts with credit worthy financial institutions (held with J.P. Morgan Chase Bank N.A. London Branch which has a credit rating of "Aa3" in 2016 (2015: "Aa3") for long term debt from the credit rating agency Moody's). The receivable balances as at December 31, 2016 and December 31, 2015 are neither past due nor impaired and are substantially due from the limited partners or affiliates. Management reviews outstanding receivables on a regular basis and believes there is no significant credit risk.

**3. Financial risk management (continued)**

**3.2 Credit risk (continued)**

The Fund Partnership's investments are exposed to credit risk resulting from possible default by the counterparties of the relevant investment company. The counterparties would mainly include charter parties, shipbuilding yards and joint venture partners. These risks are managed as follows (a) the client portfolio is analysed, systematically assessed and outstanding receivables are reviewed in a timely manner (b) advances paid to shipyards with which orders have been placed to construct ships are covered by appropriate refund guarantees (c) joint venture partners are subject to due diligence before contracting with them; joint venture partners directly or indirectly provide the shipyards with performance guarantees in relation to their share of the joint venture's obligations under shipbuilding contracts; the joint venture agreements take into account the possibility of a joint venture partner not providing additional funds to the joint venture as and when required and provide a solution that deals with such instances.

**3.3 Liquidity risk**

Liquidity risk is the risk that the Fund Partnership may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to settle investment transactions as they fall due. The Fund Partnership aims to maintain flexibility in funding by keeping adequate cash balances and ensuring committed credit lines are available.

Given the illiquid nature of the investments held by the Fund, the Fund aims to maintain the flexibility required to meet ongoing liquidity requirements by keeping committed credit lines available. In addition, the Fund can call outstanding capital commitments made by its investors by giving ten business days notice. At December 31, 2016 outstanding commitments were USD76.98 million (December 31, 2015: USD210.03 million) which includes recallable distribution of USD24 million (December 31, 2015: USD24 million).

The Fund Partnership has a credit line facility which serves as a bridging facility until capital calls are made to the limited partners and subsequently received. The facility limit as at December 31, 2016 was for USD50.00 million (December 31, 2015: USD214.00 million) and it is used to fund any short term liquidity requirements for the Fund. The amount drawn under the facility is USD30.47 million (December 31, 2015: USD113.09 million) at the Statement of Financial Position date.

All cash flows arising from the investments held by the subsidiaries are managed and reviewed through a detailed budgeting process. These reviews are performed based on the annual budget and reviewed throughout the year on a regular basis. The Investment Advisor makes budget recommendations for each investment which are approved by the Operator and the Board of Directors of the relevant Fund Partnership subsidiaries. The Investment Advisor provides further updates and recommendations for any particular investments to the Operator when required. The Operator will then decide on the appropriate action required.

The table below summarises the Fund Partnership's financial liabilities (excluding net assets attributable to limited partners) into relevant maturity groupings based on the remaining period from the Statement of Financial Position date (and comparative period-end) to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

The liquidity risk is limited by the fact that the Fund is closed-ended and not subject to redemption demands.

## 3. Financial risk management (continued)

### 3.3 Liquidity risk (continued)

| At December 31, 2016<br>All amounts in USD thousands | Less than<br>3 months | 3 months -<br>1 year | 1 to 2<br>years | 2 to 5<br>years | Over 5<br>years | Total |
|---|---|---|---|---|---|---|
| **Current liabilities** | | | | | | |
| Trade and other payables | 60 | - | - | - | - | 60 |
| Borrowings | 30,469 | - | - | - | - | 30,469 |
| Amounts due to General Partner | 3,985 | - | - | - | - | 3,985 |
| Amounts due to affiliates | 37 | - | - | - | - | 37 |
| Accrued expenses | 826 | - | - | - | - | 826 |
| **Total current liabilities** | **35,377** | **-** | **-** | **-** | **-** | **35,377** |

| At December 31, 2015<br>All amounts in USD thousands | Less than<br>3 months | 3 months -<br>1 year | 1 to 2<br>years | 2 to 5<br>years | Over 5<br>years | Total |
|---|---|---|---|---|---|---|
| **Current liabilities** | | | | | | |
| Trade and other payables | 86 | - | - | - | - | 86 |
| Borrowings | 113,095 | - | - | - | - | 113,095 |
| Amounts due to General Partner | 3,573 | - | - | - | - | 3,573 |
| Amounts due to affiliates | - | - | - | - | - | - |
| Accrued expenses | 1,119 | - | - | - | - | 1,119 |
| **Total current liabilities** | **117,873** | **-** | **-** | **-** | **-** | **117,873** |

### 3 B. Fair value estimation

Fair value is the amount for which an asset can be exchanged or a liability settled, between knowledgeable and willing parties transacting at "arm's length". This requires the Fund Partnership to classify, for disclosure purposes, fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The adoption of this standard does not have a material impact on the financial statements of the Fund Partnership and does not require retrospective application. The fair value hierarchy has the following levels:

**Level 1**
Quoted price (unadjusted) in active markets for identical assets or liabilities.

**Level 2**
Inputs other than quoted prices included within the level that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

**Level 3**
Inputs for asset or liability that are not based on observable market data (that is, unobservable inputs).

**3. Financial risk management (continued)**

**3 B. Fair value estimation (continued)**

The following table analyses the fair value hierarchy of the Fund Partnership's financial assets and liabilities (by class) measured at fair value as at December 31, 2016.

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | USD 000s | USD 000s | USD 000s | USD 000s |
| **Assets** | | | | |
| Investments held at fair value through profit or loss | - | - | 409,911 | 409,911 |
| **Liabilities** | | | | |
| Borrowings | - | (30,469) | - | (30,469) |
| **Net financial assets and liabilities measured at fair value** | **-** | **(30,469)** | **409,911** | **379,442** |

The following table analyses the fair value hierarchy of the Fund Partnership's financial assets and liabilities (by class) measured at fair value as at December 31, 2015.

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | USD 000s | USD 000s | USD 000s | USD 000s |
| **Assets** | | | | |
| Investments held at fair value through profit or loss | - | - | 478,598 | 478,598 |
| **Liabilities** | | | | |
| Borrowings | - | (113,095) | - | (113,095) |
| **Net financial assets and liabilities measured at fair value** | **-** | **(113,095)** | **478,598** | **365,503** |

The Fund Partnership classifies all its financial asset investments within level 3. The table of the movement in level 3 instruments for the years ended December 31, 2016 and December 31, 2015 is presented in note 4. There were no transfers between level 2 or 3 during the years presented.

**Valuation Process for Level 3 Assets**

*Overview*
The Fund Partnership's Valuation Policy and Appraisal Procedures ("Policy") are applied when determining the value of investments categorized as level 3.

The Valuations Committee ("Committee"), which consists of qualified representatives from J.P. Morgan Asset Management's Global Real Assets Group, is solely responsible for overseeing and recommending valuations for each maritime investment held by the Fund Partnership. All investments are subject to a quarterly internal valuation review process using all the appropriate valuation and reporting standards such as the guidelines described in IFRS.

In order to assess level 3 valuations per the Policy, the Operator reviews the performance of the investment companies on a quarterly basis and is regularly in contact with the joint venture partners and the management of the investment companies, in order to make assessments of business and operational matters which are considered in the valuation process. The Operator reviews the quarterly net asset value of each investment company and makes fair value adjustments to any components of the net asset value, which have a carrying amount that differs from the fair value. This would typically include vessels and shipbuilding contracts. The vessels and shipbuilding contracts' values are subject to the valuation review processes listed below:

**3. Financial risk management (continued)**

**3 B. Fair value estimation (continued)**

*Internal Valuation Review Process*
Each investment held by the Fund Partnership is screened on a quarterly basis to determine if it has experienced a change in fair value. The internal valuation process consists of the following:

1. The vessels or shipbuilding contracts are compared to recent market transactions when available for vessels of a similar size, age and type. These values are then adjusted for any differences in age, size, employment and quality of shipyard. These market comparables will be a primary source of market data impacting any changes in valuation.
2. In those instances where external valuations have been obtained from independent brokers, an average is taken of the value resulting from the market comparables as explained above and the average broker values. The resulting value is deemed to be the fair value of the vessel/shipbuilding contract.
3. In those instances where there are no comparables for vessels held, the vessel is depreciated on a straight line basis over its useful life, and reviewed quarterly to market conditions to ensure it approximates the fair value.
4. Options for the construction of shipbuilding contracts are not fair valued until they are exercised and the relevant shipbuilding contracts are signed. Vessel options are typically not traded as they cannot be assigned, until the option is exercised and a buying entity is nominated.
5. Shipbuilding contracts are typically valued once the shipbuilding contracts are signed. However, in those instances when refund guarantees, which back-stop the progress payments made to the shipyard, have not been received and thus no payments made on the shipbuilding contract, an assessment is made as to the likelihood of their receipt in the future and if less than certain, the shipbuilding contract is held at cost. This is determined following discussions with the shipbrokers, joint venture partners and the shipyard.
6. The discounted cash flow technique is used in those instances where it is deemed to be a more meaningful representation of fair value than the process described above.

The results of the Internal Valuation Review, including quantitative valuation analysis and sector specific market overviews are presented to the Committee. This report is discussed in detail during the quarterly valuation committee meeting.

*External Appraisal Process*
Following the Internal Valuation Review Process, the Committee may, at its discretion, request an external appraisal to be done for any of the Fund Partnership's investments. The key steps to be undertaken by the Committee in connection with the external valuation process are:

1. Read and review the appraisal report.
2. Review any market analysis for reasonableness to market and to the historical trends.
3. Review any discussion to the asset's competitive position compared to its competitors.
4. Review any discussion of the regulatory environment and changes that have occurred that would impact the future performance of the asset.

The Committee will communicate directly with the external broker to discuss any aspects of the appraisal report.

No sensitivity analysis has been performed, as this is not deemed to be applicable, given that values are substantially determined using comparables and external appraisals.

In the opinion of management, the carrying values of the financial assets and liabilities are not significantly different from their fair values.

**3 C. Capital risk management**

For the purpose of this section, capital means capital contributions and advance contributions.

The Fund Partnership's objective when managing capital is to safeguard the Fund Partnership's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize value and returns for the partners. In order to maintain or adjust the capital structure, the Fund Partnership will normally call additional capital from limited partners' commitments.

**4. Investments at fair value through profit or loss**

| 2016 | Total USD 000s |
|---|---|
| **Cost:** | |
| **At January 1, 2016** | **553,595** |
| Net acquisitions | 52,966 |
| **At December 31, 2016** | **606,561** |
| **Fair value movement:** | |
| **At January 1, 2016** | **(74,997)** |
| Movement in fair value through profit or loss | (121,653) |
| **At December 31, 2016** | **(196,650)** |
| **Fair value:** | |
| **At December 31, 2016** | **409,911** |
| **At December 31, 2015** | **478,598** |

The Fund Partnership had the following direct interests in subsidiaries as at December 31, 2016:

| Fund Partnership subsidiary | Category of vessel investments | Country | Equity ownership % | Investment Cost USD 000s | Investment Fair Value USD 000s | Fair value as a % of total assets |
|---|---|---|---|---|---|---|
| Corvair Holding A Ltd. [1] | Containerships | Bermuda | 100 | 41,453 | - | - |
| Corvair Holding B Ltd. [2] | Containerships | Bermuda | 100 | 45,053 | - | - |
| Dry Bulk Selene Holding Ltd. [3] | Bulkers | Bermuda | 100 | 17,918 | 3,523 | 0.85 |
| Heavy lift Sumo Holding Ltd. [4] | Bulkers | Bermuda | 100 | 9,865 | 1,947 | 0.47 |
| Proteus Holding Ltd. [5] | Tankers | Bermuda | 100 | (9,514) | 39,020 | 9.43 |
| Centurion Holding Ltd. [6] | Containerships | Bermuda | 100 | 96,840 | 125,604 | 30.37 |
| Dragon Investments Coöperatief U.A. [7] | Bulkers | Netherlands | 100 | 129,153 | 74,644 | 18.05 |
| Dreadnought Holding Ltd. [8] | Bulkers | Bermuda | 100 | 78,618 | 45,556 | 11.01 |
| Dakota Holding Ltd. [9] | Bulkers | Bermuda | 100 | 69,142 | 42,950 | 10.38 |
| Dynasty Holdings 1 Ltd. [14] | Bulkers | Bermuda | 100 | 8,472 | 4,524 | 1.09 |
| Dynasty Holdings 2 Ltd. [15] | Bulkers | Bermuda | 100 | 4,557 | - | - |
| Delphi Holding Ltd. [10] | Bulkers | Bermuda | 100 | 10,902 | 10,886 | 2.63 |
| Deadweight Holding 1 Ltd. [12] | Bulkers | Bermuda | 100 | 13,751 | 635 | 0.16 |
| Deadweight Holding 2 Ltd. [13] | Bulkers | Bermuda | 100 | 13,949 | 584 | 0.14 |
| Nautilus H Ltd. [11] | Car carriers | UK | 100 | 76,402 | 60,038 | 14.52 |
| **Total Investments** | | | | **606,561** | **409,911** | **99.10** |

**4. Investments at fair value through profit or loss (continued)**

| **2015** | **Total** USD 000s |
|---|---|
| **Cost:** | |
| **At January 1, 2015** | **473,559** |
| Net acquisitions | 80,036 |
| **At December 31, 2015** | **553,595** |
| **Fair value movement:** | |
| **At January 1, 2015** | **59,877** |
| Movement in fair value through profit or loss | (134,874) |
| **At December 31, 2015** | **(74,997)** |
| **Fair value:** | |
| **At December 31, 2015** | **478,598** |
| **At December 31 2014** | **533,436** |

**The Fund Partnership had the following direct interests in subsidiaries as at December 31, 2015:**

| **Fund Partnership subsidiary** | **Category of vessel investments** | **Country** | **Equity ownership %** | **Investment Cost USD 000s** | **Investment Fair Value USD 000s** | **Fair value as a % of total assets** |
|---|---|---|---|---|---|---|
| Corvair Holding A Ltd. [1] | Containerships | Bermuda | 100 | 41,443 | 2,162 | 0.44 |
| Corvair Holding B Ltd. [2] | Containerships | Bermuda | 100 | 40,733 | 26,062 | 5.25 |
| Dry Bulk Selene Holding Ltd. [3] | Bulkers | Bermuda | 100 | 16,875 | 5,040 | 1.02 |
| Heavy Lift Sumo Holding Ltd. [4] | Bulkers | Bermuda | 100 | 9,850 | 1,992 | 0.40 |
| Proteus Holding Ltd. [5] | Tankers | Bermuda | 100 | 3,140 | 48,541 | 9.79 |
| Centurion Holding Ltd. [6] | Containerships | Bermuda | 100 | 92,956 | 143,608 | 28.95 |
| Dragon Investments Coöperatief U.A.[7] | Bulkers | Netherlands | 100 | 105,746 | 74,959 | 15.11 |
| Dreadnought Holding Ltd.[8] | Bulkers | Bermuda | 100 | 62,643 | 35,491 | 7.16 |
| Dakota Holding Ltd. [9] | Bulkers | Bermuda | 100 | 70,392 | 56,327 | 11.36 |
| Dynasty Holdings 1 Ltd. [14] | Bulkers | Bermuda | 100 | 7,377 | 3,187 | 0.64 |
| Dynasty Holdings 2 Ltd. [15] | Bulkers | Bermuda | 100 | 4,469 | 3,890 | 0.78 |
| Delphi Holdings Ltd. [10] | Bulkers | Bermuda | 100 | 9,883 | 9,793 | 1.97 |
| Deadweight Holdings 1 Ltd. [12] | Bulkers | Bermuda | 100 | 12,051 | 281 | 0.06 |
| Deadweight Holdings 2 Ltd. [13] | Bulkers | Bermuda | 100 | 12,175 | 494 | 0.10 |
| Nautilus H Ltd. [11] | Car carriers | UK | 100 | 63,862 | 66,771 | 13.46 |
| **Total Investments** | | | | **553,595** | **478,598** | **96.49** |

**4. Investments at fair value through profit or loss (continued)**

**[1] Corvair Holding A Limited**

The Fund Partnership owns 100% (December 31, 2015: 100%) of the equity and loans of Corvair Holding A Limited ("Corvair A"). The latter, in turn, holds an equity interest of 6.57% (December 31, 2015: 6.57%) in joint venture entity Corvair Holding 1 Limited ("the Corvair 1 JV"), a joint venture between Corvair A, SeaChange Maritime LLC ("SeaChange"), and the Capricorn Parties ("Capricorn"), which was entered into in 2011.

An affiliated Company, Corvair Holding 2 Limited previously provided the Corvair 1 JV with an interest bearing loan. On March 18, 2015 this loan, which had a balance of USD14.65 million and accrued interest of USD1.74 million, was converted into the equivalent value of shares in the Corvair 1 JV. As a result Corvair A's shareholding in the Corvair 1 JV was reduced from 54.74% to 6.57%, and Corvair Holding 2 Limited received 88% of the share capital of the Corvair 1 JV. As a result of this conversion, and subsequent dilution of existing shareholders, the Fund Partnership now owns a total of 93.69% of the Corvair 1 JV. Capricorn and SeaChange now own a total of 5.00% (December 31, 2015: 5.00%) and 1.31% (December 31, 2015: 1.31%) respectively.

As at December 31, 2016, the Fund holds the value of Corvair A at nil as all proceeds from the sale of vessels are expected to go to servicing the leverage on the vessels.

Corvair 1 JV owns 100% (December 31, 2015: 100%) of the underlying investment companies Little Pine Key Limited, Windley Key Limited, Sands Key Limited and Shark Key Pte Limited.

Corvair 1 JV's principal business is the acquisition and operation of containership vessels. As of December 31, 2016 Corvair 1 JV held the following vessels:-

a) A 2003-built, 2,762 teu containership ( "Taroko"), delivered in May 2011;
b) A 2008-built, 2,564 teu containership ( "Imara"), delivered in June 2011;
c) A 2002-built, 2,824 teu containership ("Tasanee"), delivered in November 2011;
d) A 1999-built, 2,011 teu containership ("Kamala"), delivered in May 2011.

*Disposals*

On January 6, 2017, the Corvair 1 Group sold the 1999-built, 2,011 teu containership Kamala to a Chinese ship-owner for a price of USD3.03 million. Proceeds from the sale were used to cover operating expenses of the structure and part repayment of the associated debt. On April 21, 2017 a subsidiary of the Corvair A Group disposed of Imara for USD5.05 million to an Asian ship-owner. Proceeds from the sale were used to cover operating expenses of the structure and part repayment of the associated debt.

**[2] Corvair Holding B Limited**

The Fund Partnership has an equity interest of 100% (December 31, 2015: 100%) in Corvair Holding B Limited ("Corvair B"). Corvair B, in turn holds an equity interest of 99% (December 31, 2015: 99%) in Corvair Holding 2 Limited ("Corvair 2 Group"). The non-controlling interest of 1% (December 31, 2015: 1%) is held by SeaChange. Corvair 2 Group owns 100% (December 31, 2015: 100%) of the investment companies Summerland Key Limited and Sugarloaf Key Limited.

As of December 31, 2016, Corvair 2 Group held no vessels.

As noted above the Corvair 2 Group also holds 88.00% of the share capital of Corvair Holding 1 JV.

As at December 2016, the Fund holds the value of Corvair B at nil as any value remaining in the structure is expected to go to servicing the debt.

*Disposals*

On February 19, 2016, the Corvair 2 Group sold a 2001-built, 3,739 teu containership Cap Spencer to a US-based ship-owner for a price of USD12.78 million. On August 11, 2016, the Corvair 2 Group sold a 2001-built, 3,739 teu containership Cap Stewart for a price of USD 4.24 million. Receipts from the sale have been used as a partial repayment on the related debt.

**4. Investments at fair value through profit or loss (continued)**

**[3] Dry Bulk Selene Holding Limited**

The Fund Partnership has an equity interest of 100% (December 31, 2015: 100%) in Dry Bulk Selene Holding Limited ("Dry Bulk"). Dry Bulk, in turn, has an equity interest of 50% (December 31, 2015: 50%) in Selene Shipping and Trading Co Ltd a joint venture with the Carras Group which was entered into in 2011 ("the Selene JV"). The main purpose of the Selene JV is the acquisition and operation of a 2011-built, 174,000 dwt dry bulk carrier ("Aquafortune").

**[4] Heavy Lift Sumo Holding Limited**

The Fund Partnership has an equity interest of 100% (December 31, 2015: 100%) in Heavy Lift Sumo Holding Limited ("Heavy Lift Sumo"), which in turn has an equity interest of 70% (December 31, 2015: 70%) in a subsidiary, Sumo Shipping Holding Gmbh & Co KG, a joint venture with Harren and Partners which was entered into in 2011 ("the Sumo JV"). The main purpose of the Sumo JV through its 98% ownership of Harren & Partner Sumo-Shipping GmbH & Co KG MS Palmarola is the operation of a 2011-built 10,128 dwt heavy-lift vessel ("Calypso").

*Distributions*
During the year ended December 31, 2016, Heavy Lift Sumo did not receive any dividends from the Sumo JV (December 31, 2015: EUR1.22 million (USD1.35 million) and did not make any dividend distributions to the Fund Partnership (December 31, 2015: USD0.9 million).

**[5] Proteus Holding Limited**

The Fund Partnership owns 100% (December 31, 2015: 100%) of the equity of Proteus Holding Limited ("Proteus") and as of December 31, 2016 this subsidiary had made the following investments:-

*Investment in joint venture*
In May 2012, Proteus entered into a 50:50 joint venture with the Ceres Group and with one of the world's leading independent petroleum refiners, Ventic Holding Limited ("Ventic JV").

As of December 31, 2016, Ventic JV held no vessel or shipbuilding contract.

*Disposals*
In January 2016, Ventic JV, through its subsidiary, took delivery and simultaneously disposed of, one 50,300 dwt product tanker for a price of USD37.65 million.

In April 2016, the Ventic JV, through its subsidiary, took delivery and simultaneously disposed of one 50,300 dwt product tanker for a price of USD37.75 million.

*Investment in wholly-owned subsidiaries*

Proteus owns 100% (December 31, 2015: 100%) of the underlying investment companies Proteus 7 Ltd. and Proteus 8 Ltd. The underlying investment company Proteus 4 Ltd. was liquidated on June 30, 2016.

*Investments*

In addition to, and separate from the Ventic JV investment noted above, Proteus through its wholly-owned subsidiaries Proteus 7 Ltd. and Proteus 8 Ltd. held the following vessel as at December 31, 2016:

a) A 2016-built, 50,300 dwt product tanker ("Largo Sea"), delivered in September 2016;

b) A 2016-built, 50,300 dwt product tanker ("Largo Sun"), delivered in February 2016.

**4. Investments at fair value through profit or loss (continued)**

**[5] Proteus Holding Limited (continued)**

*Capital Commitments*
As at December 31, 2016, Ventic JV had no capital commitments (December 31, 2015: in relation to a shipbuilding contract and supervision contract (USD39.95 million), of which, Proteus' share was nil (December 31, 2015: USD19.97 million). Proteus' wholly-owned subsidiary had no capital commitments (December 31, 2015: in relation to a shipbuilding contract and supervision fees: USD46.88 million).

*Guarantees*
As at December 31, 2016, the Fund Partnership has guaranteed loans of USD 21.46 million (December 31, 2015: nil) in respect of credit facilities held by Proteus 8 Ltd.

**[6] Centurion Holding Limited**

The Fund Partnership owns 100% (December 31, 2015: 100%) of the equity of Centurion Holdings Limited ("Centurion") and as of December 31, 2016, this subsidiary had made the following investment:-

*Investment in joint venture*
In 2012, Centurion entered into a 50:50 joint venture with worldwide ship owner and ship manager Bernhard Schulte Group. The jointly controlled entity Benoi Park Shipping Co. Pte. Ltd and its subsidiaries, (together, "Benoi Park JV") held the following vessels and shipbuilding contracts as at December 31, 2016:

a) A 2014-built 5,400 teu containership vessel ("Charlotte Schulte"), delivered in January 2014;
b) A 2014-built 5,400 teu containership vessel ("Christa Schulte"), delivered in April 2014;
c) A 2014-built 5,400 teu containership vessel ("Clemens Schulte"), delivered in April 2014;
d) A 2014-built 5,400 teu containership vessel ("Carl Schulte"), delivered in April 2014;
e) A 2015-built 2,300 teu containership vessel ("Mathilde Schulte"), delivered in March 2015;
f) A 2015-built 2,300 teu containership vessel ("Max Schulte"), delivered in April 2015;
g) A 2015-built 2,300 teu containership vessel ("Melchior Schulte"), delivered in May 2015;
h) A 2015-built 2,300 teu containership vessel ("Mia Schulte"), delivered in June 2015;
i) A 2015-built 2,300 teu containership vessel ("Meridian Schulte"), delivered in July 2015;
j) A 2015-built 2,300 teu containership vessel ("Mariner"), delivered in August 2015;
k) A 2015-built 2,300 teu containership vessel ("Minerva"), delivered in September 2015;
l) A 2015-built 2,300 teu containership vessel ("Majestic"), delivered in December 2015;
m) Contracts with Yangfan Group Co. Ltd ("Yangfan"), for the construction of four 2,300 teu containership vessels for USD25.23 million per vessel.

*Capital Commitments*
As at December 31, 2016, the Benoi Park JV had capital commitments in relation to the shipbuilding contracts, supervision agreements and purchase contracts of USD73.77 million (December 31, 2015: USD81.34 million). As at December 31, 2016 there was no loan facility offsetting these commitments (December 31, 2015: Nil). Centurion's indirect share of the commitments amounts to USD36.88 million (December 31, 2015: USD40.66 million).

*Guarantees*
As at December 31, 2016 the Fund Partnership and Bernhard Schulte Group have provided guarantees of USD95.76 million (December 31, 2015: USD105.28 million) each in respect of credit facilities held by the Benoi Park JV. Of these guarantees, in total, USD95.76 million (December 31, 2015: USD105.28 million) relates to facilities drawn and nil (December 31, 2015: Nil) relates to facilities not yet drawn.

The Fund Partnership and Bernhard Schulte Group have directly and indirectly provided the shipyards with a guarantee in respect of the performance by the Benoi Park JV of its obligation under the shipbuilding contracts.

**4. Investments at fair value through profit or loss (continued)**

**[7] Dragon Investments Coöperatief U.A.**

The Fund Partnership owns 100% (December 31, 2015: 100%) of the equity of Dragon Investments Coöperatief U.A. ("Dragon Coop") and as of December 31, 2016 this subsidiary had made the following investment:-

*Investment in joint venture*
In June 2012, Dragon Coop entered into a 50:50 joint venture with MUR Shipping Holdings ("MUR"). The jointly controlled entity International Strategic Shipping Investments B.V. and its subsidiaries (together "ISSI JV") held the following vessels and ship building contracts as at December 31, 2016:

a) A 2013-built, 61,000 dwt Supramax vessel ("African Kite"), delivered in March 2013;
b) Two 2014-built, 34,000 dwt Handysize bulk carriers ("African Dove and African Lark"), delivered in May 2014;
c) A 2014-built, 37,800 dwt Handysize vessel ("African Harrier"), delivered in July 2014;
d) A 2014-built, 37,700 dwt Handysize vessel ("African Raven"), delivered in July 2014;
e) A 2014-built, 61,000 dwt Supramax vessel ("African Griffon"), delivered in September 2014;
f) Two 2015-built, 34,000 dwt Handysize bulk carriers ("African Pelican and African Piper"), delivered in January 2015;
g) A 2015-built, 37,700 dwt Handysize vessel ("African Rook"), delivered in February 2015;
h) A 2015-built, 61,000 dwt Supramax vessel ("African Raptor"), delivered in February 2015;
i) A 2015-built, 61,000 dwt Supramax vessel ("African Baza"), delivered in May 2015;
j) A 2015-built, 37,700 dwt Handysize vessel ("African Jay"), delivered in July 2015;
k) A 2015-built, 37,700 dwt Handysize vessel ("African Grouse"), delivered in October 2015;
l) Two 2016-built, 34,000 dwt Handysize bulk carriers ("African Merlin and African Owl"), delivered in January 2016;
m) Two 2016-built, 34,000 dwt Handysize bulk carriers ("African Goshawk and African Weaver"), delivered in January 2016;
n) One 2016-built, 37,800 dwt Handysize bulk carrier ("African Macaw"), delivered in May 2016;
o) Two 2016-built, 34,000 dwt Handysize bulk carriers ("African Heron and African Egret"), delivered in September 2016;
p) A contract with Kanda Shipbuilding ("Kanda") for the construction of a 37,400 dwt Handysize bulk carrier for USD23.72 million, expected delivery during the first quarter of 2018;
q) A contract with Kanda for the construction of a 37,400 dwt Handysize bulk carrier for USD24.72 million, expected delivery January 2018;
r) A contract with Imabari for the construction of a 37,800 dwt Handysize bulk carrier for USD25.00 million, expected delivery July 2017.

*Capital Commitments*
As at December 31, 2016, the ISSI JV had capital commitments in relation to the shipbuilding contracts of USD56.38 million (December 31, 2015: USD176.96 million), partly offset by loan facilities of USD17.5 million (December 31, 2015: USD65.90 million). Dragon Coop's indirect share of the commitments amounts to USD28.19 million (December 31, 2015: USD88.48 million), partly offset by its indirect share of loan facilities of USD8.75 million (December 31, 2015: USD32.95 million).

*Guarantees*
As at December 31, 2016, the Fund Partnership and MUR have provided guarantees of USD131.65 million (December 31, 2015: USD67.94 million) each in respect of credit facilities held by the ISSI JV. Of these guarantees, in total, USD131.65 million (December 31, 2015: USD54.22 million) relate to facilities drawn and nil (December 31, 2015: USD13.72 million) relate to facilities not yet drawn.

The Fund Partnership and MUR have directly and indirectly provided the shipyards with a guarantee in respect of the performance by the ISSI JV of its obligations under the shipbuilding contracts.

**4. Investments at fair value through profit or loss (continued)**

**[8] Dreadnought Holding Limited**

The Fund Partnership owns 100% (December 31, 2015: 100%) of the equity of Dreadnought Holding Limited ("Dreadnought") and as of December 31, 2016 this subsidiary had made the following investment:-

*Investment in joint venture*
During 2013, Dreadnought entered into a 50:50 joint venture with the international shipping group Kristian Gerhard Jebsen Skipsrederi AS ("KGJS").

As at December 31, 2016, the jointly controlled entity Bulk Trading Group Limited and its subsidiaries, (together "BTG JV") held the following vessels:

a) A 2015-built, 80,800 dwt Kamsarmaxes ("BTG Everest"), delivered in January 2015;
b) A 2015-built, 80,800 dwt Kamsarmaxes ("BTG Kailash"), delivered in February 2015;
c) A 2015-built, 80,800 dwt Kamsarmaxes ("BTG Denali"), delivered in April 2015;
d) A 2015-built, 80,800 dwt Kamsarmaxes ("BTG Rainier"), delivered in July 2015;
e) A 2015-built, 80,800 dwt Kamsarmaxes ("BTG Olympos"), delivered in October 2015;
f) A 2016-built, 80,800 dwt Kamsarmaxes ("BTG Eiger"), delivered in January 2016;
g) A 2016-built, 80,800 dwt Kamsarmaxes ("BTG Matterhorn"), delivered in February 2016;
h) A 2016-built, 80,800 dwt Kamsarmaxes ("BTG Fuji"), delivered in March 2016;

*Capital Commitments*
As at December 31, 2016, the BTG JV had no capital commitments in relation to the shipbuilding contracts (December 31, 2015: USD60.78 million).

*Guarantees*
As at December 31, 2016, the Fund Partnership and KGJS have provided guarantees of USD8.62 million with respect to loan facilities (December 31, 2015: 9.04 million). All of these guarantees related to facilities drawn.

**[9] Dakota Holding Limited**

The Fund Partnership owns 100% (December 31, 2015: 100%) of the equity of Dakota Holding Limited ("Dakota") and as of December 31, 2016 this subsidiary had made the following investments:-

*Investment in wholly-owned subsidiaries*
Dakota holds two wholly owned subsidiaries Dakota 1 Ltd. ("Dakota 1") and Dakota 2 Ltd. ("Dakota 2"). As at December 31, 2016, Dakota 1 held a 2015-built 182,000 dwt Capesize vessel ("Red Sage"), delivered in January 2015. Dakota 2 held a 2016-built 180,600 dwt Capesize vessel ("True Patriot"), delivered in March 2016.

*Guarantees:*
As at December 31, 2016, the Fund Partnership had provided guarantees of USD 38.00 million with respect to loan facilities (December 31, 2015: nil). All of these guarantees relate to facilities drawn.

**[10] Delphi Holdings Limited**

The Fund Partnership owns 100% (December 31, 2015: 100%) of the equity of Delphi Holdings Limited ("Delphi") and as of December 31, 2016 this subsidiary had made the following investment:-

*Investment in joint venture*
During 2013, Delphi entered into a 50:50 joint venture with Brittany Enterprises Limited.

**4. Investments at fair value through profit or loss (continued)**

**[10] Delphi Holdings Limited (continued)**

In July 2016, First Meridian JV, through one of its subsidiaries, issued a notice of cancellation on one of its shipbuilding contracts, due to the yard's inability to deliver the vessel within the agreed timeframe. The Manager and joint venture partner recovered the cost invested to date (USD10.09 million), plus a 5% interest (USD 0.96 million), in November 2016.

In October 2016, First Meridian JV, through one of its subsidiaries, issued a notice of cancellation on one of its shipbuilding contracts, due to the yard's inability to deliver the vessel within the agreed timeframe. The Manager and joint venture partner expect to recover the cost invested to date (USD10.09 million), plus interest.

*Capital Commitments*
As at December 31, 2016, the First Meridian JV had capital commitments in relation to the above shipbuilding contracts of USD nil (December 31, 2015: USD40.35 million. Delphi's indirect share of the commitment amounts to USD nil (December 31, 2015: USD20.18 million).

**[11] Nautilus H Ltd**

The Fund Partnership owns 100% (December 31, 2015: 100%) of the equity of Nautilus H Ltd ("Nautilus"). As at December 31, 2016 this subsidiary had made the following investment:-

*Investment in joint venture*
During 2014, Nautilus entered into a 50:50 joint venture with Klaveness Invest AS. In March 2014 the jointly controlled entity, called Car Carrier Investments AS ("CCI") acquired 95.6% of the shares in Norwegian Car Carriers AS ("NOCC"), a company listed on the Oslo Stock Exchange ("OSE"). A delisting of NOCC from the OSE was then completed in April 2014, and CCI then acquired the remaining shares outstanding in NOCC, resulting in CCI owning 100% of NOCC.

NOCC is the 100% shareholder of NOCC Shipowning AS ("NOCC AS"), a company registered in Norway. NOCC AS, together with its subsidiaries, owns the following vessels:-

a) A 2012-built, 6,500 CEU pure car and truck carriers ("NOCC Oceanic"), delivered in March 2014;
b) A 2010-built, 6,340 CEU pure car and truck carriers ("Glovis Companion") delivered in March 2014;
c) A 1998-built, 6,402 CEU pure car and truck carriers ("Asian King"), delivered in March 2014;
d) A 2004-built, 5,379 CEU pure car and truck carriers ("NOCC Kattegat"), delivered in March 2014;
e) Contracts with Hyundai Heavy Industries for the construction of two Panamax Pure Car and Truck Carriers for a contract price of USD65.05 million each.

In addition NOCC owns a 53.75% (December 31, 2015: 53.75%) interest in a 2009-built, 22,500 dwt pure car and truck carrier ("NOCC Atlantic"), delivered in March 2014.

*Disposals*

In February 2016, NOCC sold its oldest pure car and truck carrier, the 1987-built NOCC Coral, for demolition purposes to Leela Recycling. The proceeds from the transaction totalled USD2.70 million which equates to a steel scrap price of USD220 per light displacement tonne and was used to repay entirely the outstanding amount of debt that was in place for this vessel. Leela Recycling, a scrapyard located in Alang, India, is certified under the "The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009", which is the universal (international) instrument developed by the IMO which governs the recycling process of ships.

In September 2016, NOCC sold one of its older vessels, NOCC Puebla for a total of USD 12.6 million to a Chinese based shipping company. The proceeds were used to repay the outstanding amount of debt that was in place for this vessel.
In September 2016, NOCC sold NOCC Pamplona, a 2000-built pure car and truck carrier, for a total of USD 13.00 million. The proceeds were used to repay the outstanding amount of debt that was in place for this vessel.

**4. Investments at fair value through profit or loss (continued)**

**[11] Nautilus H Ltd (continued)**

*Capital Commitments*
As at December 31, 2016, the NOCC AS had capital commitments in relation to the above shipbuilding contracts of USD91.10 million (December 31, 2015: 102.19 million), partly offset by loan facilities of USD74.8 million (December 31, 2015: Nil). Nautilus's indirect share of the commitment amounts to USD45.55 million (December 31, 2015: 51.09 million), partly offset by its indirect share of loan facilities of USD37.4 million (December 31, 2015: Nil).

**[12] Deadweight Holdings 1 Ltd.**

The Fund Partnership owns 100% (December 31, 2015: 100%) of the equity of Deadweight Holdings 1 Ltd ("Deadweight 1") and as of December 31, 2016 this subsidiary had made the following investment:-

*Investment in joint venture*
During 2014, Deadweight 1 entered into a 50:50 joint venture with the Carras Group.

As at December 31, 2016, the jointly controlled entity, called Cygnus Shipping and Trading Co Limited ("Cygnus") held a 2005 Japanese built capesize bulk carrier (renamed "Aquabella"), which was acquired in May 2014.

*Guarantees*
As at December 31, 2016, the Fund Partnership and Carras Group have provided guarantees of USD6.88 million (December 31, 2015: nil) each in respect of credit facilities held by Aquabella. These guarantees relate to facilities that have been drawn.

**[13] Deadweight Holdings 2 Ltd.**

The Fund Partnership owns 100% (December 31, 2015: 100%) of the equity of Deadweight Holdings 2 Ltd ("Deadweight 2") and as of December 31, 2016 this subsidiary had made the following investment:-

*Investment in joint venture*
During 2014, Deadweight 2 entered into a 50:50 joint venture with the Carras Group. As at December 31, 2016, the jointly controlled entity, called Cronus Shipping and Trading Co Limited ("Cronus") held a 2003 Japanese built capesize bulk carrier (renamed "Aquagenie"), which was acquired in September 2014.

*Guarantees*
As at December 31, 2016, the Fund Partnership and Carras Group have provided guarantees of USD5.69 million (December 31, 2015: nil) each in respect of credit facilities held by Aquagenie. These guarantees relate to facilities that have been drawn.

**[14] Dynasty Holdings 1 Ltd.**

The Fund Partnership owns 100% (December 31, 2015: 100%) of the equity of Dynasty Holdings 1 Ltd ("Dynasty 1") and as of December 31, 2016 this subsidiary had made the following investment:-

*Investment in joint venture*
During 2014, Dynasty 1 entered into a 50:50 joint venture with the Carras Group.

As at December 31, 2016, the jointly controlled entity, called Amphitrite Shipping and Trading Co Limited ("Amphitrite") held a 61,000 dwt Supramax dry bulk carrier ("Aquaprosper"), which was delivered in January 2015.

*Guarantees*

As at December 31, 2016, the Fund Partnership and Carras Group have provided guarantees of USD7.51 million (December 31, 2015: USD8.08 million) each in respect of credit facilities held by Amphitrite. These guarantees relate to facilities that have been drawn.

**4. Investments at fair value through profit or loss (continued)**

**[15] Dynasty Holdings 2 Ltd.**

The Fund Partnership owns 100% (December 31, 2015: 100%) of the equity of Dynasty Holdings 2 Ltd ("Dynasty 2") and as of December 31, 2016 this subsidiary had made the following investment:-

*Investment in joint venture*
During 2014, Dynasty 2 entered into a 50:50 joint venture with the Carras Group.

In July 2014, the jointly controlled entity, called Artemis Shipping and Trading Co Limited ("Artemis") invested in a 61,000 dwt Supramax dry bulk carrier under construction at Imabari Shipyard with a contract price of USD28.60 million, originally scheduled for delivery by March 2016.

In February 2016, Artemis cancelled this shipbuilding contract, incurring a total cancellation fee of USD0.20 million (USD0.1 million – Fund Partnership share). Instalments paid to date to the Imabari yard were USD8.58 million (Fund Partnership share: USD4.29 million), resulting in a total loss occurring of USD8.78 million (Fund Partnership share: USD4.39 million). The JV decided to cancel the contract due to future funding requirements that were sufficiently above the loss to be incurred upon cancellation.

**5. Limited partners' contributions and commitments**

At the Statement of Financial Position date, the outstanding uncalled committed capital was as follows:

| | **December 31, 2016** USD 000s | **December 31, 2015** USD 000s |
|---|---|---|
| Committed capital | 780,328 | 780,328 |
| Capital and advance contributions called | (727,350) | (594,300) |
| Recallable distributions[1] | 24,000 | 24,000 |
| Uncalled committed capital | **76,978** | **210,028** |

[1] In October 2015 a second distribution of USD38.00 million was made to the limited partners. This distribution is not included in the table above as it is not recallable, due to the fact that it happened after the investment period ended.

As at December 31, 2016, the Carried Interest Partnership had committed USD22.73 million (December 31, 2015: USD22.73 million) and the Founder Limited Partner had committed USD 100 (December 31, 2015: USD 100).

The balances due from/to limited partners and affiliates are detailed below.

| | **December 31, 2016** USD 000s | **December 31, 2015** USD 000s |
|---|---|---|
| **Amounts due from limited partners and affiliates** | | |
| Due from limited partners | 161 | 2,336 |
| Due from affiliates | 643 | 590 |
| | **804** | **2,926** |

Amounts due from limited partners mainly relate to amounts due with respect to expenses incureed by Fund Partnership on behalf of Limited Partners. As at December 31, 2016 and December 31, 2015, amounts due from affiliates mainly related to amounts due from subsidiaries and affiliates for expenses paid by the Fund Partnership on their behalf.

**5. Limited partners' contributions and commitments (continued)**

| | December 31, 2016 USD 000s | December 31, 2015 USD 000s |
|---|---|---|
| **Amounts due to affiliates** | | |
| Due to affiliates | 37 | - |
| | **37** | - |

During the year ended December 31, 2016, amounts due to affiliates is related to fees payable to joint venture partners for backstop performance guarantees provided by them to the Fund Partnership.

**6. Related-party transactions**

The Fund Partnership, together with the Fund Partnership's General Partner, J.P. Morgan GMIF (GP) Limited, J.P. Morgan Investment Management Inc. (the 'Operator' and 'Promoter') JPMorgan Asset Management (UK) Limited ('Investment Advisor'), J.P. Morgan Chase Bank N.A. London Branch (the 'Bank') and JP Morgan Chase Bank, N.A., Dublin Branch (the 'Accountant'), are related parties as they are subsidiaries or affiliates of JPMorgan Chase & Co.

The Fund Partnership is managed by the Operator. Under the terms of the LPA, the Fund Partnership appointed the Operator as a manager to provide management services to the Fund Partnership. On July 22, 2014, J.P. Morgan Investment Management Inc. replaced JPMorgan Asset Management (UK) Limited as Operator to the Fund Partnership. On the same date JPMorgan Asset Management (UK) Limited was appointed as non-discretionary Investment Advisor to J.P. Morgan Investment Management Inc. in its capacity as Operator of the Fund Partnership. J.P. Morgan Investment Management Inc. is incorporated in the United States.

*General Partner's Share / Priority Profit Share / Management Fees ("GPS")*

The Fund Partnership pays the General Partner, a GPS per annum based on commitments into the Fund Partnership. In respect of each limited partner, the GPS is 1.5 per cent per annum of: (A) during the investment period, the total commitment of that limited partner and (B) thereafter, the aggregate amount of contributions made by that limited partner with respect to any investment vessel (including contributions used to pay Fund Partnership expenses allocated to such investment) until such investment vessel is no longer owned by the Fund or has been written off, as applicable, and taking into account any write-downs in the value of such investment vessel.

No GPS is paid in respect of commitments made by any J.P. Morgan limited partner and J.P. Morgan employees.

Total commitments held by the J.P. Morgan Global Maritime Investment Fund Cayman CIP, L.P., the Carried Interest Partnership and JPM employees amounted to USD22.43 million and USD0.30 million, respectively as at December 31, 2016 and December 31, 2015.

The total GPS for the year, and the accrued GPS due to the General Partner at the end of the year, are detailed below.

| Amounts due to General Partner | December 31, 2016 USD 000s | December 31, 2015 USD 000s |
|---|---|---|
| Accrued GPS at the beginning of the year | 3,573 | 2,531 |
| GPS for the year | 7,892 | 6,685 |
| GPS paid during the year | (7,480) | (5,643) |
| Accrued GPS at the end of the year | **3,985** | **3,573** |

### 6. Related-party transactions (continued)

The GPS has been expensed in the Statement of Comprehensive Income and not treated as a profit allocation. This is mainly due to the fact that it accrues on a daily basis and is payable to the General Partner irrespective of the results of the Fund Partnership.

*Founder Limited Partner's profit share*

A Founder Limited Partner's profit share is payable to the Founder Limited Partner on termination of the Fund Partnership and is accrued at the rate of USD 100 for each calendar year the Founder Limited Partner remains a limited partner in the Fund. As at December 31, 2016, USD 656 (December 31, 2015: USD 556) was payable.

*Accounting services*

The Fund has contracted JPMorgan Chase Bank, N.A., Dublin Branch to provide accounting services. The Fund Partnership incurred USD 241,000 (December 31, 2015: USD 204,000) relating to these accounting services. The amounts payable at the Statement of Financial Position date were USD 59,732 (December 31, 2015: USD 65,165).

### 7. Borrowings

| | December 31, 2016 USD 000s | December 31, 2015 USD 000s |
|---|---|---|
| **Current** | | |
| Short term credit facility | 30,469 | 113,095 |
| **Total borrowings (at fair value)** | **30,469** | **113,095** |

*Short term credit facility*

The Fund Partnership has a total credit facility of USD50.00 million (December 2015: USD214.00 million) from Wells Fargo and Sumitomo Mitsui Banking Corporation, with Wells Fargo acting as an agent. The facility is secured against the undrawn capital commitments. Additionally Wells Fargo and Sumitomo Mitsui Banking Corporation hold security over the bank accounts of the Fund Partnership, the Feeder Partnership and Intermediate Partnership.

As at December 31, 2016, the Fund Partnership had borrowed USD30.47 million (December 2015: USD113.10 million) by drawing down on the credit facility mentioned above to temporarily finance investments and fund expenditure.

The interest rate on the facility is variable at LIBOR plus 1.70% (December 2015: LIBOR plus 1.70%) margin per annum. The interest rate on the facility as at December 31, 2016 was 2.35% (December 2015: 2.06%) and is payable on maturity of the principal amount drawn. A non-utilization fee of 0.25% (December 2015: 0.25%) of the unutilized credit facility is also payable quarterly in arrears. The carrying value of the total borrowings is equal to the fair value. See Note 10 for costs related to this credit facility.

### 8. Trade and other payables

| | December 31, 2016 USD 000s | December 31, 2015 USD 000s |
|---|---|---|
| Accounting fees | 60 | 65 |
| Legal fees | - | 21 |
| | **60** | **86** |

## 9. Accrued expenses

| | December 31, 2016 USD 000s | December 31, 2015 USD 000s |
|---|---|---|
| Audit fees | 142 | 170 |
| Legal fees | 1 | 1 |
| Other professional fees | 397 | 177 |
| Other operating expenses | 195 | 652 |
| Borrowing costs | 91 | 119 |
| | **826** | **1,119** |

## 10. Finance costs

| | December 31, 2016 USD 000s | December 31, 2015 USD 000s |
|---|---|---|
| Loan arrangement fees | 196 | - |
| Non-utilization fees | 50 | 112 |
| Interest on borrowings | 2,037 | 3,682 |
| Other borrowing expenses | 25 | 25 |
| Bank charges | 4 | 11 |
| | **2,312** | **3,830** |

## 11. Dividend and interest income

| | December 31, 2016 USD 000s | December 31, 2015 USD 000s |
|---|---|---|
| Dividend income was received from the following investments: | | |
| Heavy Lift Sumo Holding Limited | - | 900 |
| Proteus Holding limited | 550 | - |
| | **550** | **900** |

## 12. Guarantee fee income

During the year ended December 31, 2016, the Fund Partnership earned USD0.17 million (2015: USD0.95 million) in fees from the underlying investment companies and from the joint venture partner, KGJS.

The Fund Partnership and KGJS each entered into performance guarantees in favour of a shipyard that was engaged by jointly controlled investment companies. Through these performance guarantees, the Fund Partnership and KGJS guaranteed the due and punctual fulfillment of the investment companies' obligations to the shipyard under certain shipbuilding contracts. The investment companies pay the Fund Partnership and KGJS a fee for the guarantee granted on their behalf.

The Fund Partnership also entered into agreements with various underlying entities of the BTG Group offering guarantees to lenders of the underlying vessels' for which fees are accrued.

Refer to amounts due from limited partners and affiliates in Note 5 for further detail.

**13. Other expenses**

| | December 31, 2016 USD 000s | December 31, 2015 USD 000s |
|---|---|---|
| Accounting fees | 241 | 204 |
| Audit fees | 213 | 151 |
| Insurance costs | 120 | 120 |
| Legal fees | 233 | 103 |
| Non-recoverable VAT | 47 | 207 |
| Tax advice fees | 41 | (25) |
| Travel costs | 422 | 450 |
| Other professional fees | 460 | 153 |
| Guarantee fee expense | 37 | 321 |
| Other administrative expenses | - | 25 |
| | **1,814** | **1,709** |

**14. Income tax**

The Fund Partnership is income tax transparent for the purposes of UK taxation.

**15. Commitments and contingencies**

*Capital commitments*
Capital expenditure contracted for at the Statement of Financial Position date but not yet incurred is as follows:

*Investments at fair value through profit or loss*
The Fund Partnership, through its subsidiaries and respective jointly controlled entities and their subsidiaries, has capital commitments of USD110.62 million (December 31, 2015: USD341.93 million). These commitments are mainly in relation to pre-delivery installments for new-build vessels and for other supervision or purchase contracts entered into as at the year end.

The capital commitments as at December 31, 2016, are expected to fall due as follows:

| | December 31, 2016 USD 000s | December 31, 2015 USD 000s |
|---|---|---|
| **Capital commitments** | | |
| Within one year | 96,091 | 317,598 |
| Between one year and five years | 14,532 | 24,334 |
| | **110,623** | **341,932** |

These capital commitments are partly offset by the Fund Partnership's indirect share of credit facilities of USD8.75 million (December 31, 2015: USD71.95 million) obtained for the various investment companies, as mentioned in Note 4.

*Guarantees*
The Fund Partnership has issued the following guarantees in respect of credit facilities taken out by jointly controlled entities and their subsidiaries:

As at December 31, 2016, the Fund Partnership has issued guarantees of USD315.57 million (December 31, 2015: USD198.84 million) relating to credit facilities secured by jointly controlled entities and their subsidiaries. At December 31, 2016, of these credit facilities USD315.57 million (December 31, 2015: USD176.62) is drawn, and nil (December 31, 2015: USD22.22 million) remain undrawn.
As at December 31, 2016 and December 31, 2015 no provision had been made in respect any of these guarantees.

## 16. Changes in working capital

**For the year ended December 31, 2016:**

| | **Balance as at December 31, 2016** USD 000s | **Balance as at December 31, 2015** USD 000s | **Change in working capital** USD 000s |
|---|---|---|---|
| Amounts due from limited partners | (47) | (47) | - |
| Amounts due from affiliates | (2,944) | (2,871) | (73) |
| Prepayments | (70) | (74) | 4 |
| Trade and other payables | 60 | 86 | (26) |
| Accrued expenses | 734 | 999 | (265) |
| Amounts due to General Partner | 3,985 | 3,573 | 412 |
| Amounts due to affiliates | 37 | - | 37 |
| | **1,755** | **1,666** | **89** |

**For the year ended December 31, 2015:**

| | **Balance as at December 31, 2015** USD 000s | **Balance as at December 31, 2014** USD 000s | **Change in working capital** USD 000s |
|---|---|---|---|
| Amounts due from limited partners | (47) | (100) | 53 |
| Amounts due from affiliates | (2,871) | (2,894) | 23 |
| Prepayments | (74) | (70) | (4) |
| Trade and other payables | 86 | 187 | (101) |
| Accrued expenses | 999 | 1,010 | (11) |
| Amounts due to General Partner | 3,573 | 2,531 | 1,042 |
| Amounts due to affiliates | - | 802 | (802) |
| | **1,666** | **1,466** | **200** |

## 17. Post balance sheet events

**Capital calls**

On February 06, 2017 the Fund Partnership made a capital call to its investors for USD25.00 million. The purpose of the drawdown was to repay amounts previously drawn for investment and working capital purposes from the Fund's credit facility.

On April 10, 2017 the Fund Partnership made a capital call to its investors for USD23.00 million. The purpose of the drawdown was to repay amounts previously drawn for investment and working capital purposes from the Fund's credit facility.

**Investments**

**Corvair A**

On January 06, 2017 a subsidiary of the Corvair A Group disposed of Kamala for USD 3.03 million to a China ship-owner. Proceeds from the sale were used to cover operating expenses of the structure and part repayment of the associated debt.

On April 21, 2017 a subsidiary of the Corvair A Group disposed of Imara for USD5.05 million to an Asian ship-owner. Proceeds from the sale were used to cover operating expenses of the structure and part repayment of the associated debt.

## 17. Post balance sheet events

**Investments (continued)**

**Delphi Holdings**

After the cancellation of one of its shipbuilding contracts in October 2016, the Manager and joint venture partner recovered the cost invested to date (USD10.09 million), plus a 5% interest (USD 0.98 million) in January 2017.

## 18. Ultimate controlling party

In the opinion of the directors of the General Partner, there is no ultimate controlling party.

## 19. Approval for financial statements

The financial statements were authorized for issue by the General Partner on April, 2017.

**Statement of consolidated investments held For the quarter ended December 31, 2016 (Unaudited)**

| | Vessels and ship building contracts held | Cumulative cost | Opening fair value | Quarterly movement: Additions/ dispositions | Quarterly movement: Net operating income/(loss) | Quarterly movement: Distributions | Quarterly movement: Realised and Unrealised fair value movement | Closing fair value |
|---|---|---|---|---|---|---|---|---|
| | | USD 000s | USD 000s | USD 000s | USD 000s | USD 000s | USD 000s | USD 000s |
| Corvair Holding A Ltd. | Taroko, Imara, Kamala, Tasanee | 41,453 | - | 10 | - | - | (10) | - |
| Corvair Holding B Ltd. | - | 45,053 | - | - | - | - | - | - |
| Dry Bulk Selene Holding Ltd. | Aquafortune | 17,918 | **3,104** | 143 | 101 | - | 175 | **3,523** |
| Heavy Lift Sumo Holding Ltd. | Calypso | 9,865 | **2,794** | 15 | (17) | - | (845) | **1,947** |
| Proteus Holding Ltd. | 2 vessels | (9,514) | **38,645** | - | 1,883 | (550) | (958) | **39,020** |
| Centurion Holding Ltd. | 12 vessels and 4 ship building contracts | 96,840 | **130,961** | 1,287 | 1,793 | - | (8,437) | **125,604** |
| Dragon Investments Coöperatief U.A. | 20 vessels and 3 ship building contracts | 129,153 | **76,019** | 1,000 | 616 | - | (2,991) | **74,644** |
| Dreadnought Holding Ltd. | 8 vessels | 78,618 | **45,335** | 1,200 | 629 | - | (1,608) | **45,556** |
| Dakota Holding Ltd. | 2 vessels | 69,142 | **44,985** | (1,400) | (206) | - | (429) | **42,950** |
| Dynasty Holdings 1 Ltd. | Aquaprosper | 8,472 | **4,322** | 695 | (142) | - | (351) | **4,524** |
| Dynasty Holdings 2 Ltd. | - | 4,557 | - | 28 | - | - | (28) | - |
| Delphi Holdings Ltd. | - | 10,902 | **9,929** | 5 | (6) | - | 958 | **10,886** |
| Deadweight Holding 1 Ltd. | Aquabella | 13,751 | **961** | (243) | 71 | - | (154) | **635** |
| Deadweight Holding 2 Ltd. | Aquagenie | 13,949 | **1,044** | (365) | (32) | - | (63) | **584** |
| Nautilus H Ltd. | 5 Car carriers and 2 ship building contracts | 76,402 | **53,782** | 7,602 | (41) | - | (1,305) | **60,038** |
| **Total** | | **606,561** | **411,881** | **9,977** | **4,649** | **(550)** | **(16,046)** | **409,911** |

**Statement of consolidated investments held**
**For the year ended December 31, 2016 (Unaudited)**

| | Vessels and ship building contracts held | Cumulative cost | Opening fair value | Year-to date movement: Additions/ dispositions | Net operating income/(loss) | Distributions | Realised and Unrealised fair value movement | Closing fair value |
|---|---|---|---|---|---|---|---|---|
| | | USD 000s | USD 000s | USD 000s | USD 000s | USD 000s | USD 000s | USD 000s |
| Corvair Holding A Ltd. | Taroko, Imara, Kamala, Tasanee | 41,453 | **2,162** | 10 | (162) | - | (2,010) | - |
| Corvair Holding B Ltd. | - | 45,053 | **26,062** | 4,320 | (2,174) | - | (28,208) | - |
| Dry Bulk Selene Holding Ltd. | Aquafortune | 17,918 | **5,040** | 1,042 | (250) | - | (2,309) | 3,523 |
| Heavy Lift Sumo Holding Ltd. | Calypso | 9,865 | **1,992** | 15 | 1,147 | - | (1,207) | 1,947 |
| Proteus Holding Ltd. | 2 vessels | (9,514) | **48,541** | (12,654) | 5,445 | (550) | (1,762) | 39,020 |
| Centurion Holding Ltd. | 12 vessels and 4 ship building contracts | 96,840 | **143,608** | 3,885 | 11,215 | - | (33,104) | 125,604 |
| Dragon Investments Coöperatief U.A. | 20 vessels and 3 ship building contracts | 129,153 | **74,959** | 23,408 | 1,968 | - | (25,691) | 74,644 |
| Dreadnought Holding Ltd. | 8 vessels | 78,618 | **35,491** | 15,975 | (1,883) | - | (4,027) | 45,556 |
| Dakota Holding Ltd. | 2 vessels | 69,142 | **56,327** | (1,250) | 592 | - | (12,719) | 42,950 |
| Dynasty Holdings 1 Ltd. | Aquaprosper | 8,472 | **3,187** | 1095 | (370) | - | 612 | 4,524 |
| Dynasty Holdings 2 Ltd. | - | 4,557 | **3,890** | 88 | 14 | - | (3,992) | - |
| Delphi Holdings Ltd. | - | 10,902 | **9,793** | 1,019 | (27) | - | 101 | 10,886 |
| Deadweight Holding 1 Ltd. | Aquabella | 13,751 | **281** | 1,699 | (300) | - | (1,045) | 635 |
| Deadweight Holding 2 Ltd. | Aquagenie | 13,949 | **494** | 1,774 | (303) | - | (1,381) | 584 |
| Nautilus H Ltd. | 5 Car carriers and 2 ship building contracts | 76,402 | **66,771** | 12,540 | (69) | - | (19,204) | 60,038 |
| **Total** | | **606,561** | **478,598** | **52,966** | **14,843** | **(550)** | **(135,946)** | **409,911** |

**Statement of changes in net assets**
**For the quarter ended December 31, 2016 (Unaudited)**

| | Feeder LP USD 000s | Feeder LLC (Including Intermediate LP)* USD 000s | JP Morgan Global Maritime Investment Fund Cayman (CIP) LP USD 000s | Other Limited Partners USD 000s | Total - Fund Partnership USD 000s |
|---|---|---|---|---|---|
| **Fund Partnership net assets as at October 1, 2016** | **109,829** | **230,519** | **11,629** | **21,388** | **373,365** |
| Contributions | 5,601 | 11,756 | 553 | 1,090 | **19,000** |
| Distributions | - | - | - | - | - |
| **Net change in net assets resulting from contributions and distributions** | **115,430** | **242,275** | **12,182** | **22,478** | **392,365** |
| Net income/(loss), gross of management fees - master fund | (36) | (77) | (4) | (7) | (124) |
| Management fees | (619) | (1,299) | - | (120) | (2,038) |
| Net change in fair value of investments at fair value through profit or loss | (3,522) | (7,391) | (348) | (685) | (11,946) |
| **Net change in net assets resulting from operations** | **(4,177)** | **(8,767)** | **(352)** | **(812)** | **(14,108)** |
| **Fund Partnership net assets as at December 31, 2016** | **111,253** | **233,508** | **11,830** | **21,666** | **378,257** |
| Net income/(loss) for Feeder Funds | | | | | |
| For the periods up to October 1, 2016 | (74) | (149) | | | |
| For the quarter ended December 31, 2016 | (4) | (8) | | | |
| **Feeder Funds' net assets as at December 31, 2016** | **111,175** | **233,351** | | | |

*Intermediate LP is a 100% owned entity of Feeder LLC that in turn invests in the Fund Partnership.

**Statement of changes in net assets**
**For the twelve months ended December 31, 2016 (Unaudited)**

| | Feeder LP USD 000s | Feeder LLC (Including Intermediate LP)* USD 000s | JP Morgan Global Maritime Investment Fund Cayman (CIP) LP USD 000s | Other Limited Partners USD 000s | Total - Fund Partnership USD 000s |
|---|---|---|---|---|---|
| **Fund Partnership net assets as at January 1, 2016** | **111,293** | **233,591** | **11,597** | **21,671** | **378,152** |
| Contributions | 39,221 | 82,320 | 3,875 | 7,634 | **133,050** |
| Distributions | - | - | - | - | - |
| **Net change in net assets resulting from contributions and distributions** | **150,514** | **315,911** | **15,472** | **29,305** | **511,202** |
| Net income/(loss), gross of management fees - master fund | (1,002) | (2,104) | (99) | (195) | (3,400) |
| Management fees | (2,397) | (5,031) | - | (464) | (7,892) |
| Net change in fair value of investments at fair value through profit or loss | (35,862) | (75,268) | (3,543) | (6,980) | (121,653) |
| **Net change in net assets resulting from operations** | **(39,261)** | **(82,403)** | **(3,642)** | **(7,639)** | **(132,945)** |
| **Fund Partnership net assets as at December 31, 2016** | **111,253** | **233,508** | **11,830** | **21,666** | **378,257** |
| Net income/(loss) for Feeder Funds | | | | | |
| For the periods up to January 1, 2016 | (66) | (133) | | | |
| For the twelve months ended December 31, 2016 | (12) | (24) | | | |
| **Feeder Funds' net assets as at December 31, 2016** | **111,175** | **233,351** | | | |

*Intermediate LP is a 100% owned entity of Feeder LLC that in turn invests in the Fund Partnership.