

SPL Guernsey ICC Limited

Chairman's Statement For the year ended 31 March 2023

As in prior years, the board provides one report as an overview of the affairs of SPL Guernsey ICC Limited and its incorporated Cells (the "ICC") as a whole.

Overview

We are now down to a small number of residual assets and some litigation claims and asset recovery efforts, which we continue to pursue in Greece and Dubai. The recovery processes and litigation claims necessarily require us to maintain substantial liquidity buffers to see us through to the end of the processes and to guard against the procedural manoeuvres our adversaries would undoubtedly otherwise employ to frustrate our attempts at recovery. Over the year, we returned another £1.0 million to our investors, largely the product of redemptions at net asset value arising from our holdings in JPEL, a London-listed fund of private equity investments. A net combination of litigation costs and structural expenses offset by gains on some smaller investments eroded shareholder funds by approximately £900,000, leaving shareholder funds at the end of the year to 31 March 2022 at £8.9 million (2022: £10.8 million).

We have made some tentative but significant progress in both Greece and Dubai. The inbound penal complaints of conspiracy made by the debtors in Greece against the ICC and certain individuals – and which were a transparent but effective delaying tactic - were definitively concluded to our advantage at the end of 2022, allowing our claims now to move forward, although we should not expect a rapid conclusion as court dates already extend well into 2024.

We have also recently had some preliminary successes in Dubai and are now cautiously optimistic that if the courts follow the precedents of decisions in relation to similar claims by other investors, we shall be able to achieve some net recovery. However, in both jurisdictions we shall need to maintain credible financial strength until the conclusion of these actions and that is clearly some time off. In the meantime, the most likely source of further distributions to our investors will be redemptions from JPEL and those depend on progress in JPEL's disposal of its direct holdings and the redemption of its own fund holdings. Approximately 36% of JPEL's remaining NAV is represented by a single company and so the realisation of that holding will be key to the level of distributions we receive. As at 31 March 2023, the share price of JPEL was \$1.09, a discount of 37% to JPEL's NAV per share of \$1.73. Putting it another way, if the principal investment is realised at its current book value, that would generate proceeds of more than half of the current JPEL share price.

While a good-quality fund such as JPEL is traded at a very substantial discount to NAV, the secondary market in smaller private funds, to the extent that there is such a market at all, is at an even wider discount, reflecting the uncertainties and opacity of future outcomes. Our other fund holdings have therefore been valued accordingly on the basis of the best available information. Those funds are themselves in wind-down and we receive occasional redemption proceeds from some which we recognise as and when we receive them.

We continue to pursue litigation and recovery efforts where we assess we have a good case to recover to the advantage of shareholders on the basis of professional advice.

Portfolio

The portfolio at 31 March 2023, compared to 31 March 2022, comprised:

	2023	2022
	£m	£m
Cash and cash equivalents	6.8	6.6
Listed private equity	1.7	3.3
Unlisted funds	0.2	0.2
Other net assets	0.2	-
Property	-	0.7
Net assets	<u>8.9</u>	<u>10.8</u>

Chairman's Statement (*continued*)

The principal portfolio movements and costs over the year were:

	<i>£m</i>
Net assets at 31 March 2022	10.8
Changes in investment values:	
- London Stock Market quoted investment (JPEL)	-
- Net gains on other investments	0.2
Costs:	
- Litigation costs in UK, Guernsey, Dubai and Greece, net of compensation	(0.3)
- Litigation costs allocated to Symphony Towers loans and subsequently impaired in full	(0.3)
- Other operating expenses	(0.5)
Accounting loss for the year	(0.9)
Distributions to shareholders	(1.0)
Net assets at 31 March 2023	<u>8.9</u>

Outlook

We are now at the stage where progress is largely dictated by the court processes, particularly in Greece and Dubai, and by the pace of realisations by JPEL.

Bill Scott
Chairman
20 June 2023