

Cambridge Place Investment Management LLP Pillar 3 Disclosure As at 30 November 2010

BACKGROUND

Cambridge Place Investment Management LLP (the "Firm") was incorporated with limited liability in England and Wales on 2 December 2002 and is authorised and regulated by the Financial Services Authority (the "FSA"). The Firm acts as an investment manager and adviser to a number of open ended funds, real estate funds, collateralized debt obligations ("CDOs") and other investment vehicles (together "the Funds").

The Firm is categorised as a limited license firm by the FSA for capital purposes.

Pillar 3 disclosure fulfils the Firm's obligation to disclose to market participants key pieces of information on a firm's capital, risk exposures and risk assessment processes.

RISK MANAGEMENT OBJECTIVES AND POLICIES

The Designated Members of the Firm determine its business strategy and its risk appetite. The Chief Executive Officer is responsible for the overall systems and controls with the FIRM ("SYSC") to ensure governance and oversight of the business and that the level of risk is consistent with the risk appetite of the Firm. The Chief Executive Officer allocates responsibilities to other staff within the SYSC framework of the Firm. The Chief Financial Officer and Group Counsel, who is also the Compliance Officer, have designed and implemented a risk management framework that recognizes the risks that the business faces. The Designated Members have approved this risk management framework. The Chief Financial Officer and Group Counsel also determine how those risks may be mitigated and assess on an ongoing basis the controls and procedures necessary to manage those risks. The Designated Members, Group Counsel and Chief Financial Officer meet on a regular basis and discuss projections for profitability, liquidity, regulatory capital, business planning and risk management.

As an investment manager, the Firm considers the following as key risks to its business:

Business risk – This risk represents a fall in assets under management, as a result of redemptions or poor investment performance, in the Funds or the loss of key staff which may reduce the fee income earned by the Firm and reduce its ability to finance its operations and pay its expenses. Business risks are assessed and mitigated as part of the Internal Capital Adequacy Assessment Process ("ICAAP").

Operational risk – This risk covers a range of operational exposures from risk of trading errors to risk of breach of a Fund's investment objectives. Legal and reputational risks are also included within the category of operational risk. Operational risks and mitigants are assessed as part of the ICAAP.

Credit risk – This risk relates to the exposure to the Funds for non-payment of management and performance fees and counterparty exposure relating to the Firm's bank balances and any other debtors. This is monitored by the Chief Financial Officer and reported monthly to the Designated Members and Group Counsel.

CAMBRIDGE PLACE

INVESTMENT MANAGEMENT LLP

Market risk - The risk is the exposure to foreign exchange fluctuations due to investment management and performance fees being denominated in currencies other than US dollars and a proportion of the expenses of the firm being denominated in Sterling. The firm monitors this risk and keeps a significant proportion of its cash resources in Sterling to mitigate the risk of fluctuations in the exchange rate.

CAPITAL RESOURCES

The consolidated capital resources of the business comprises Tier 1 capital with no deductions. As a limited license firm the consolidated capital resources requirement is calculated as the total of:

Pillar 1 and Pillar 2 capital, where

Pillar 1 capital is the greatest of:

1. a base capital requirement of Euro 125,000;
2. the sum of market and credit risk requirements; and
3. the Fixed Overhead Requirement ("FOR").

Pillar 2 capital is calculated by the Firm as representing any additional capital to be maintained against any risks not adequately covered under the requirement in Pillar 1 as part of its ICAAP.

It is the Firm's experience that its capital requirement normally is the FOR, although market and credit risks are reviewed monthly. The Firm applies the standardised approach to credit risk, applying 8% to the Firm's risk weighted exposure amounts, consisting mainly of investment management and performance fees due but not paid, cash at bank and cash invested in money market funds. The Firm's ICAAP concluded that no additional capital is required in excess of its Pillar 1 capital requirement.

As at the date of this disclosure the Firm's consolidated regulatory capital position is:

Capital item	\$000
Tier 1 capital: Share Capital and Audited Reserves as at 30 November 2010	3,175
Total Capital Resources Requirement for 2010/11	1,093

LIQUIDITY POLICY

The Firm maintains a surplus of liquid resources sufficient at all times to meet any immediate requirements it could prudently foresee. The Firm holds its working capital requirements in cash and daily liquidity funds.

MANAGEMENT OF THE ICAAP

The approach of the Firm to assessing the adequacy of its internal capital to support current and future activities is contained in the ICAAP. This process includes an assessment of the specific risks to the Firm and the internal controls in place to mitigate those risks. Finally, an assessment is made of the probability of occurrence and the potential impact, in order to arrive at a level of required capital. The Firm also performs a review of the costs to close, should it be unable to generate sufficient revenue to meet its liabilities as they fall due, which would enable it to be closed in an orderly manner.

The Firm's ICAAP is formally reviewed by the Designated Members approximately every 6-12 months, but will be revised should there be any material changes to the Firm's business or risk profile.