

Marubatsu Buyout Fund



Year Ended December 31, 2019

Dear Investor,

In 2015, Marubatsu Buyout Fund raised a capital of \$103 million to invest in mature businesses in diversified sectors. Since then, we have improved efficiency, which led to many successful exits. Despite the slowdown in the global economy in recent years, our Fund continued to deliver superior returns to investors, the details of which are presented on the following pages.

Fund Overview

Vintage year	2015
Term	10 years to January 1, 2025
Investment period	5 years to January 1, 2025
Total commitments	\$100 million
Year end	December 31
Outline of structure	1 general partner, 11 limited partners
Open/closed-ended	Closed-ended
Management fee on committed capital	1.05%
Management fee on aggregate acquisition cost of unrealized assets	1.20%
Fee offsets (The proportion of fees received by the manager that offsets management fees)	90%
Carried interest (subject to an x% hurdle)	20%

Performance

(Inception to Dec. 31, 2019)	(000s)
Total commitments to the fund	\$100,000
Cumulative paid-in capital from investors (a)	\$103,000
Cumulative distributions to the investors (b)	63,564
Total invested in portfolio companies (c)	96,603
Total additional commitment to portfolio companies	20,000
Total fair value of the current portfolio (d)	83,715
Total net asset value (NAV)	83,715
Gross IRR	X %
Gross multiple to cost = $[(b) + (d)] / (c)$	1.52
Fund net IRR (after accrual for carried interest and fees)	X %
Distribution to paid-in capital (DPI) (e) = $(b)/(a)$	0.62
Residual value to paid-in capital (RVPI) (f) = $[(d) - \text{carried interest}]/(a)$	0.73
Total value to paid-in capital (TVPI) = $(e) + (f)$	1.34

Capital Account Statement

(Inception to Dec. 31, 2019)	(\$000s)
Paid-in capital from investors	103,000
Distributions to investors	-63,564
Realized portfolio gains/(losses)	24,726
Unrealized portfolio gains/(losses)	18,506
Investment income/(expense)	7,444
Management fees	-5,250
Non portfolio income/(expense)	-1,147
Capital account at fair value as of Dec. 31, 2019	83,715

Portfolio Summary

At December 31, 2019

Investment name	Date of first investment	Date of exit	Holding period (yrs)	Total original cost (\$000s)	Proceeds/repayments (\$000s)	Cash income (\$000s)	Total cash realized (\$000s)	Current portfolio at cost (\$000s)	Current portfolio at fair value (\$000s)	Total cash realized + fair value (\$000s)	Total return (\$000s)	Multiple to cost (x)	Gross IRR (%)
Fully realized investment													
Investment No. 1 - Apollo Healthcare	MM/DD/YYYY	MM/DD/YYYY	x	9,325	18,335	3,555	21,890			21,890	12,565	2.3	x
Investment No. 2 - Ares Manufacturing	MM/DD/YYYY	MM/DD/YYYY	x	6,005	4,529	353	4,882			4,882	-1,123	0.8	x
Investment No. 3 - Dionysus Foods	MM/DD/YYYY	MM/DD/YYYY	x	5,311	9,123	983	10,106			10,106	4,795	1.9	x
Investment No. 4 - Hades Manufacturing	MM/DD/YYYY	MM/DD/YYYY	x	5,638	6,289	489	6,778			6,778	1,140	1.2	x
Investment No. 5 - Hephaestus Oil	MM/DD/YYYY	MM/DD/YYYY	x	2,567	4,399	392	4,791			4,791	2,224	1.9	x
				28,846	42,675	5,772	48,447			48,447	19,601	1.7	x
Current investment portfolio													
Investment No. 6 - Hermes Manufacturing	MM/DD/YYYY		x	6,987	0	90	90	6,987	8,922	9,012	2,025	1.3	x
Investment No. 7 - Poseidon Business Services	MM/DD/YYYY		x	6,895	0	15	15	6,895	8,999	9,014	2,119	1.3	x
Investment No. 8 - Aphrodite Healthcare Services	MM/DD/YYYY		x	9,123	0	55	55	9,123	9,127	9,182	59	1.0	x
Investment No. 9 - Artemis Hotel	MM/DD/YYYY		x	8,629	13,112	955	14,067	6,414	14,892	28,959	20,330	3.4	x
Investment No. 10 - Athena Manufacturing	MM/DD/YYYY		x	16,923	333	98	431	16,590	17,178	17,609	686	1.0	x
Investment No. 11 - Demeter Shoes	MM/DD/YYYY		x	19,200	0	459	459	19,200	26,559	27,018	7,818	1.4	x
				67,757	13,445	1,672	15,117	65,209	85,677	100,794	33,037	1.5	x
Totals				96,603	56,120	7,444	63,564	65,209	85,677	149,241	52,638	1.5	x

GP Fees, Carried Interest and Fund Operating Expenses

Inception to Dec. 31, 2019

(\$000s)

Management fees	
Gross management fees	5,250
Transaction and other fees offset at 90%	-1,791 (b) x 90%
Net management fees (a)	3,459
Transaction and other fees	
Transaction fees	1,200
Monitoring fees	560
Directors fees	230
Total benefits and fees paid from portfolio companies to the manager (b)	1,990
Fund operating expenses and costs	
Audit fees	58
Tax	379
Legal	678
Other expenses	25
Fund formation costs	1,000
Aborted deal costs	260
Bridging interest	250
Bridging fees	288
Total fund expenses and costs (c)	2,938
Carried interest	
Accrued carried interest balance at the end of the period	8,875 [(Total return - (a) - (b)] x 20%

Statement for All LPs – Capital Account

Since inception to December 31, 2019

Investor name	Ownership (%)	Commitment (\$000s)	Paid-in capital from investors (\$000s)	Distribution to investors (\$000s)	Realized portfolio gains/losses (\$000s)	Unrealized portfolio gains/losses (\$000s)	Investment income/expense (\$000s)	Management fees (\$000s)	Non portfolio income/expense (\$000s)	Carried interest allocation (\$000s)	Capital account at fair value (\$000s)
Mars Pension Fund	23%	25,000	23,690	-14,620	5,687	4,256	1,712	-1,208	-264	-2,041	17,213
Jupiter Sovereign Wealth Fund	19%	19,000	19,570	-12,077	4,698	3,516	1,414	-998	-218	-1,686	14,220
Mercury University Endowment	18%	18,000	18,540	-11,442	4,451	3,331	1,340	-945	-206	-1,598	13,471
Saturn Life Insurance	11%	11,000	11,330	-6,992	2,720	2,036	819	-578	-126	-976	8,232
Earth Trust Bank	9%	9,000	9,270	-5,721	2,225	1,666	670	-473	-103	-799	6,736
Neptune Bank	8%	8,000	8,240	-5,085	1,978	1,480	596	-420	-92	-710	5,987
Venus Asset Management	6%	6,000	6,180	-3,814	1,484	1,110	447	-315	-69	-533	4,490
Uranus Public Employees' Retirement System	3%	3,000	3,090	-1,907	742	555	223	-158	-34	-266	2,245
Ceres Fire & Marine Insurance	1%	1,000	1,030	-636	247	185	74	-53	-11	-89	748
Pluto Pension Fund	1%	1,000	1,030	-636	247	185	74	-53	-11	-89	748
General partner	1%	1,000	1,030	-636	247	185	74	-53	-11	-89	748
Total for investors	100%	100,000	103,000	-63,564	24,726	18,506	7,444	-5,250	-1,147	-8,875	74,840
Carried interest partner										8,875	8,875
Total	100%	100,000	103,000	-63,564	24,726	18,506	7,444	-5,250	-1,147	0	83,715