



THIRD POINT OFFSHORE INVESTORS LIMITED

ANNUAL REPORT & AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2018

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Chairman's Statement

Dear Shareholder,

I am pleased to present the Twelfth Annual Report for Third Point Offshore Investors ("the Company"/ "TPOIL").

The Company was established as a closed-end investment company, registered and incorporated in Guernsey on 19 July 2007. The Company invests its assets in Third Point Offshore Master Fund L.P. (the "Master Partnership") via Third Point Offshore Fund, Ltd. (the "Master Fund"), which pursues an opportunistic investment approach based on event-driven fundamental value analysis.

I was delighted to have been named Non-Executive Chairman of the Company in February 2019 and this is therefore my first statement to you. The returns to investors for the year were disappointing, as explained later, but the Manager has responded to this by refining parts of the investment process to reflect changes in the structure of markets, and by resourcing these initiatives with high quality personnel. There is a greater wariness of market volatility as a result of the influence of algorithmic and ETF trading, and this presents both a threat to market stability and an opportunity for the Master Partnership to be a provider of liquidity when a dislocation occurs. A greater degree of caution is evident in the portfolio structure than was the case during much of 2018, and this gives the Company the ability to benefit from episodes of volatility that the Manager sees lying in wait. I am very supportive of Third Point's ability to create long-term shareholder value and believe that the investor will be well served by a high-quality team which invests globally across the capital structure and takes a research intensive approach to identifying catalysts for change.

An area of concern for your Board has been the level of the discount to net asset value, which remains stubbornly high. This will be a major focus for the Board in the year ahead, and I look forward to engaging with both Third Point and with shareholders to ensure the market rating more properly reflects the intrinsic value of the Company. Before my arrival, the Company's Board of Directors and Third Point LLC (the "Investment Manager") undertook a number of corporate actions throughout 2018, with the aim of addressing some governance concerns and removing structural obstacles to reducing the discount. These included:

- 1) Fee Structure: As announced by the Board on 28 December 2018, the Company's annual management fee was reduced to 1.25% (from 2%) effective 1 January 2019 following a transfer into a new share class in the Master Fund and to reflect the Company's size and longevity as an investor in the Master Fund. Further, because the Master Fund carries a modified high watermark provision as it relates to the performance fee, the Company will bear a reduced 10% performance fee on all gains in the Master Fund until the Master Fund's returns increase by approximately 35% since 31 December 2018. Details of this arrangement can be found on page 3.
- 2) Transfer to Premium Listing on the London Stock Exchange: The Company was admitted to the Premium Official List Segment ("Premium Listing") of the London Stock Exchange ("LSE") on 10 September 2018. Following the Premium Listing, TPOIL was approved for inclusion in the FTSE UK All Share Index effective 24 December 2018. The Directors expect that such inclusion will likely improve liquidity for secondary market trading in the Shares on the LSE, and also improve demand for the shares by appealing to a wider group of potential buyers.
- 3) Improved Communications: The Investment Manager has committed to enhanced communications regarding the Company and the underlying Master Fund portfolio through a variety of new initiatives including a more comprehensive Company website (www.thirdpointoffshore.com), more frequent engagement with Company shareholders, senior investment team presence in London, and regular portfolio updates. I plan to work closely with the Board and the Investment Manager to maintain a constant dialogue with Company shareholders as well.

Chairman's Statement continued

- 4) Share Buyback Programme: As announced by the Board on 5 December 2018, the Company has been engaged in a share repurchase programme (the "Programme") with the intention of further improving the Company's rating. From December 2018 to the date of these financial statements, the Net Asset Value ("NAV") uplift due to share buybacks was 15 cents per share. A monthly summary of repurchase activity related to the Programme is available on the Company's website.
- 5) Updated Capital Allocation Policy: In Q1 2018, the Board reviewed the Company's capital allocation policy and determined that the dividend policy established in 2012 is not aligned with the Company's corporate structure or the Investment Manager's strategy. As such, the dividend policy was discontinued in favour of the share buyback programme. Shares bought back will either be held in Treasury or can be cancelled at the discretion of the Board. In either event, purchases at the current level of discount have a significant positive effect on net asset value. The previous buyback approach led to the Master Fund holding shares in the Company, and it was felt that this created some confusion, leading to the more conventional approach now in place. As part of this change, the Board repurchased and cancelled 5% of the Company's outstanding shares held by the Master Fund, resulting in a concurrent uplift to the NAV per share of approximately 19 cents.
- 6) Conversion of Sterling-denominated Share Class: Finally, effective 27 June 2018, the previously existing Sterling-denominated class shares was converted into the U.S. Dollar-denominated class shares in an effort to afford the U.S. Dollar class shareholders greater liquidity. The Conversion was in accordance with the provision in the Company's Articles of Incorporation granting the directors the discretionary right to convert any class with a net asset value of less than \$50 million.

As I mentioned, the results for the year were disappointing, with particular weakness visible in the fourth quarter. For the year ended 31 December 2018, the NAV per share performance decreased by (10.9%) for the U.S. Dollar share class. Performance was driven primarily by losses in core equity long positions against a challenging broader market environment and a significant rise in market volatility. I am happy to report that for the first three months of 2019, the NAV has increased by 8.8%. I am encouraged by the changes the Investment Manager enacted toward year-end including a deleveraging across the portfolio, a reduction in net equity exposures, and a focus on increasing the short equity portfolio. Please refer to the Investment Manager's Statement for additional details regarding 2018 performance and portfolio repositioning in 2019. I encourage all shareholders to review the portfolio commentary available on the Company website as well.

My fellow Directors and I are available to meet with shareholders at any time and very much welcome a dialogue. I look forward to connecting with many of you in the months ahead.

Steve Bates

24 April 2019

Directors' Report

The Directors submit their Report together with the Company's Statements of Assets and Liabilities, Statements of Operations, Statements of Changes in Net Assets, Statements of Cash Flows and the related notes for the year ended 31 December 2018, "Audited Financial Statements". These Audited Financial Statements have been properly prepared, in accordance with accounting principles generally accepted in the United States of America, any relevant enactment for the time being in force, and are in agreement with the accounting records and have been properly prepared in all material aspects.

The Company

The Company was incorporated in Guernsey on 19 June 2007 as an authorised closed-ended investment scheme and was admitted to a secondary listing (Chapter 14) on the Official List of the London Stock Exchange on 23 July 2007. The proceeds from the initial issue of shares on listing amounted to approximately US\$523 million. Following changes to the Listing Rules on 6 April 2010, the secondary listing became a standard listing. The Company was admitted to the Premium Official List Segment ("Premium Listing") of the London Stock Exchange ("LSE") on 10 September 2018.

The Company is a member of the Association of Investment Companies ("AIC").

Investment Objective and Policy

The Company's investment objective was to provide its Shareholders with consistent long term capital appreciation utilising the investment skills of Third Point LLC (the "Investment Manager") through investment of all of its capital (net of short term working capital requirements) in Class E Shares of Third Point Offshore Fund, Ltd (the "Master Fund"), an exempted company formed under the laws of the Cayman Islands on 21 October 1996.

The Master Fund is a limited partner of Third Point Offshore Master Fund L.P. (the "Master Partnership"), an exempted limited partnership organised under the laws of the Cayman Islands, of which Third Point Advisors II L.L.C., an affiliate of the Investment Manager, is the general partner. Third Point LLC is the Investment Manager to the Company, the Master Fund and the Master Partnership. The Master Fund and the Master Partnership have the same investment objectives, investment strategies and investment restrictions.

The Master Fund and Master Partnership's investment objective is to seek to generate consistent long-term capital appreciation, by investing capital in securities and other instruments in select asset classes, sectors, and geographies, by taking long and short positions. The Investment Manager's implementation of the Master Fund and Master Partnership's investment policy is the main driver of the Company's performance.

The Investment Manager identifies opportunities by combining a fundamental approach to single security analysis with a reasoned view on global, political and economic events that shapes portfolio construction and drives risk management.

The Investment Manager seeks market and economic dislocations and supplements its analysis with considerations of managing overall exposures across specific asset classes, sectors, and geographies by evaluating sizing, concentration, factor risk, and beta, among other considerations. The resulting portfolio expresses the Investment Manager's best ideas for generating alpha and its tolerance for risk given global market conditions. The Investment Manager is opportunistic and often seeks a catalyst that will unlock value or alter the lens through which the greater market values a particular investment. The Investment Manager applies aspects of this framework to its decision-making process, and this approach informs the timing and risk of each investment.

As of January 1, 2019, the Company transferred substantially all of its holding into a newly-created share class of the Master Fund. The new share class will be subject to a 25% quarterly redemption gate. The Company will plan to redeem an appropriate amount each quarter to account for planned share buybacks and Company fees and expenses. The new share class will attract a lower management fee and the Company will also qualify for an additional reduction of management fee applicable to it based on its size and longevity as an investor in the Master Fund. As a result, the Company's management fee in the newly created share class will be reduced from 2.0% to 1.25% per annum commencing on 1 January 2019.

Directors' Report continued

Results and Dividends

The results for the year are set out in the Statements of Operations. As disclosed in the announcement dated 1 March 2018, the Board, after consultation with major shareholders, resolved that the Dividend Policy should be discontinued with immediate effect and therefore there are no dividends due in respect of the calendar year 2018. On 5 January 2018, an annual distribution was declared equivalent to 4% of the NAV of the Company in respect of the year to 31 December 2017, amounting to \$0.81 per US Dollar Share and £0.77 per Sterling Share and paid on 16 February 2018.

Stated Capital

Share Capital Conversions took place during the year ended 31 December 2018. A summary and the number of shares in issue at the year-end are disclosed in Note 6 to the Audited Financial Statements. All Sterling shares were compulsorily converted to the US Dollar class as of 1 July 2018.

Key performance indicators ("KPI's")

At each Board meeting, the Board considers a number of performance measures to assess the Company's success in achieving its objectives. Below are the main KPI's which have been identified by the Board for determining the progress of the Company:

- Net asset value;
- Discount to the NAV;
- Share price; and
- Ongoing charges.

Directors

The Directors of the Company during the year (with the exception of Mr. Autheman who resigned from the Board of Directors on 12 September 2018) and to the date of this report are as listed on page 5 of these Audited Financial Statements.

Directors' Interests

Mr. Targoff holds the position of Chief Operating Officer, Partner and General Counsel of Third Point LLC.

Pursuant to an instrument of indemnity entered into between the Company and each Director, the Company has undertaken, subject to certain limitations, to indemnify each Director out of the assets and profits of the Company against all costs, charges, losses, damages, expenses and liabilities arising out of any claims made against them in connection with the performance of their duties as a Director of the Company.

Christopher Legge and Keith Dorrian held 4,500 and 2,500 U.S. Dollar shares respectively as at 31 December 2018 (31 December 2017: Christopher Legge and Keith Dorrian held 4,500 and 2,500 U.S. Dollar shares respectively). No other Directors held shares in the Company during the year.

Corporate Governance Policy

The Board has considered the principles and recommendations of the Association of Investment Companies Code of Corporate Governance ("AIC Code") by reference to the Association of Investment Companies Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance.

The Board has determined that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to Shareholders. The Company has complied with all the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.

Corporate Governance Policy – continued

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive;
- executive Directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC Guide, the Board considers these provisions are not relevant to the position of the Company, being an externally advised investment company with no executive directors or employees. The Company has therefore not reported further in respect of these provisions.

The AIC Code provides a “comply or explain” code of corporate governance designed especially for the needs of investment companies. The AIC published the code of corporate governance and the Company has reviewed its compliance with these standards. The UK Financial Reporting Council (“FRC”) has confirmed that so far as investment companies are concerned it considers that companies which comply with the AIC Code will be treated as meeting their obligations under the UK Corporate Governance Code (“The UK Code”) and Section 9.8.6 of the Listing Rules. The AIC Code is publicly available at: https://www.theaic.co.uk/sites/default/files/hidden-files/AICCodeofCorporateGovernanceJUL16_0.pdf. In July 2018, the FRC released a revised Corporate Governance Code which will become effective 1 January 2019. The AIC also updated its Code effective 1 January 2019 and because its 2019 Code closely reflects the principles and provisions of the 2019 FRC Code the AIC Guide has been withdrawn. The Directors are currently evaluating the impact this will have on the Company.

The Company does not have employees, hence no whistle-blowing policy is necessary. However, the Directors have satisfied themselves that the Company's service providers have appropriate whistle-blowing policies and procedures and confirmation has been sought from the service providers that nothing has arisen under those policies and procedures which should be brought to the attention of the Board. The UK Code is publicly available at: <https://www.frc.org.uk/Our-Work/Publications/Corporate-Governance/UK-Corporate-Governance-Code-April-2016.pdf>. The Board on an annual basis, ensures that service providers have appropriate whistleblowing, AML, disaster recovery and risk monitoring policies in place.

The Code of Corporate Governance (the “Guernsey Code”) provides a framework that applies to all entities licensed by the Guernsey Financial Services Commission (“GFSC”) or which are registered or authorised as a collective investment scheme. Companies reporting against the UK Code or the AIC Code are deemed to comply with the Guernsey Code. It is the Company's policy to comply with the AIC Code.

The Board confirms that, throughout the period covered in the financial statements, the Company complied with the Guernsey Code issued by the GFSC, to the extent it was applicable based upon its legal and operating structure and its nature, scale and complexity.

Board Structure

The Board currently consists of six non-executive Directors. As the Chairman of the Board is an independent non-executive, the Board considers it unnecessary to appoint a senior independent Director.

Name	Position	Independent	Date Appointed
Steve Bates	Non-Executive Chairman	Yes	5 February 2019
Rupert Dorey	Non-Executive Director	Yes	5 February 2019
Keith Dorrian	Non-Executive Director	Yes	19 June 2007
Christopher Legge	Non-Executive Director	Yes	19 June 2007
Joshua L Targoff	Non-Executive Director	No	29 May 2009
Claire Whittet	Non-Executive Director	Yes	27 April 2017

Directors' Report continued

As required by the AIC Code, every Director that has completed over nine years service on the Board must be subject to annual re-election by the Shareholders. Christopher Legge who has served for over nine years on the Board will be required to offer himself for re-election at the next Annual General Meeting ("AGM"). Keith Dorrian is not going to stand for re-election at the next AGM.

Directors may retire by rotation at every Annual General Meeting ("AGM") with the exception of Mr. J Targoff, who as the Chief Operating Officer, General Counsel and Partner of the Investment Manager, is not considered independent and will therefore be subject to annual re-election by Shareholders. All other Directors are considered by the Board to be independent of the Company's Investment Manager. Any Directors appointed to the Board since the previous AGM also retire and stand for re-election. The Independent Directors take the lead in any discussions relating to the appointment or re-appointment of directors.

The Board meets at least four times a year and in addition there is regular contact between the Board, the Investment Manager and Northern Trust International Fund Administration Services (Guernsey) Limited (the "Administrator" and "Corporate Secretary"). The Board requires to be supplied in a timely manner with information by the Investment Manager, the Administrator, and the Corporate Secretary and other advisors in a form and of a quality appropriate to enable it to discharge its duties. The Board, excluding Mr. Targoff, regularly reviews the performance of the Investment Manager and the Master Fund to ensure that performance is satisfactory and in accordance with the terms and conditions of the relative appointments and Prospectus. It carries this review out through consideration of a number of objective and subjective criteria and through a review of the terms and conditions of the advisors' appointment with the aim of evaluating performance, identifying any weaknesses and ensuring value for money for the Company's Shareholders.

New Directors will receive an induction from the Investment Manager on joining the Board, and all Directors undertake relevant training as necessary.

The Company has no executive Directors or employees. All matters, including strategy, investment and dividend policies, gearing and corporate governance procedures are reserved for approval by the Board of Directors. The Board receives full information on the Company's investment performance, assets, liabilities and other relevant information in advance of Board meetings.

Board Tenure and Succession Planning

The Board notes the AIC Code and UK Code suggest it would be good practice for all Directors to be offered for re-election at regular intervals subject to continued satisfactory performance. In accordance with the Company's articles of incorporation, the Independent Directors and Mr. Targoff (treated for the purposes of the AIC Code as a Non-Independent Director) may retire at each AGM (Principle 3 – AIC Code).

The Board believes that benefits to Shareholders arise from the Directors' long-term knowledge and experience of the Company and its management including their ongoing ability to independently review the performance of the Investment Manager. The Board have implemented a policy whereby a pre-designated Director puts himself/herself up for re-election to the Board at each AGM. This policy is intended to address the balance of views and experience on the Board, and to comply with the AIC Code which requires that every Director that has completed over nine years service on the Board must be subject to annual re-election by the Shareholders. The revised UK Corporate Governance Code, effective 1 January 2019, will require that all Directors be subject to annual re-election.

The Board takes the view that independence is not necessarily compromised by the length of tenure on the Board and experience can add significantly to the Board's strength.

Board Tenure and Succession Planning – continued

The Directors undertake an annual evaluation of the Board's performance and continuing independence and during this evaluation (which includes a review of the diversity of experience within the Board to ensure that it remains appropriate) all Directors are asked to confirm their future intentions. The Board has robust procedures for the identification of prospective Non-Executive Director candidates, and as part of the selection Process, due regard is paid to the recommendations for board diversity, however, ability and experience will be the prime considerations. Keith Dorrian is not going to stand for re-election at the next AGM and the Board recommends electing the other Directors who are standing for re-election.

Following the resignation of the previous Chairman in September 2018, Claire Whittet was appointed Interim Chair and the Board engaged the services of a specialist recruitment firm to assist in the appointment of a new Chair. Steve Bates was appointed Chairman of the Board on 5th February 2019. In addition, in view of Keith Dorrian's decision not to stand for re-election in 2019, the Board interviewed a number of candidates which culminated in Rupert Dorey joining the Board on 5 February 2019.

Directors' Biographies**Marc Antoine Autheman**

Marc Antoine Autheman, is a resident of France. He has over 39 years of experience in the public and private finance sectors. Mr. Autheman is currently Chairman of Euroclear S.A. and Chairman of Cube Infrastructure Fund. He worked in the French Treasury for ten years from 1978 to 1988, prior to joining the Minister of Finance's private office, Minister Beregovoy, as advisor for monetary and financial affairs between 1988 and 1993. From 1993 to 1997, he worked as Executive Director for France for the International Monetary Fund and the World Bank and chaired the audit committee of the World Bank during this time. From 1997 to 2004, he worked in a number of roles at Credit Agricole S.A. ("CASA"), mainly as CEO of Credit Agricole Indosuez. He holds Master's degrees in Law and Economics from the University of Paris. Mr. Autheman resigned from the Board of Directors on 12 September 2018.

Steve Bates

Mr. Bates has over 38 years' experience in the investment industry. He began his career in 1980 with James Capel & Co. as an analyst covering US markets. From 1984 to 2003, he worked for JP Morgan and its predecessor Flemings where he was responsible for establishing and managing a range of Emerging Markets businesses and investment activities across regions. Since then, Mr. Bates has been Chief Investment Officer for GuardCap Asset Management Limited and its predecessor company. He is currently Chairman of both VinaCapital Vietnam Opportunities Fund and of BMO Capital & Income Investment Trust and is a Non-Executive Director of Biotech Growth Trust, all of which are listed on the London Stock Exchange. Mr. Bates holds a law degree from Cambridge University and is a CFA charterholder.

Rupert Dorey

Mr Dorey has 35 years of experience in financial markets. Mr Dorey was at CSFB for 17 years from 1988 to 2005 where he specialised in credit related products, including derivative instruments where his expertise was principally in the areas of debt distribution, origination and trading, covering all types of debt from investment grade to high yield and distressed debt. He held a number of positions at CSFB, including establishing CSFB's high yield debt distribution business in Europe, fixed income credit product coordinator for European offices and head of UK Credit and Rates Sales. Since 2005 he has been acting in a Non-Executive Directorship capacity for a number of Hedge Funds, Private Equity & Infrastructure Funds, for both listed and unlisted vehicles. He is former President of the Guernsey Chamber of Commerce and is a member of the Institute of Directors. Rupert has extensive experience as both Director and Chairman of exchange listed and unlisted funds, chairing 9 of the funds, seven of which have been listed and 2 of which are FTSE 250 companies. He has served on boards with 18 different managers, including Apollo, Aviva, M&G, Partners Group, Cinven, Neuberger Berman and Harbourvest.

Directors' Report *continued*

Keith Dorrian

Keith Dorrian, is a Guernsey resident and has over 44 years' experience in the offshore finance industry. Joining Manufacturers Hanover in 1973 he moved to First National Bank of Chicago in 1984 where he was appointed Vice President and Company Secretary. In 1989 he joined ANZ Bank (Guernsey) where, as a Director of the Bank and Fund Management company, he was closely involved in the banking and fund management services of the Group. He took up the position of Manager Corporate Clients in Bank of Bermuda Guernsey in 2000 and was appointed local Head of Global Fund Services and Managing Director of the Guernsey Bank's Fund Administration company Management International (Guernsey) Limited in Guernsey in 2001, retiring on 31 December 2003. He is currently a member of the Guernsey Investment Fund Association, the Institute of Financial Services, the Institute of Directors and is a Director of a number of funds and fund management companies and holds the Institute of Directors Diploma in Company Direction. Mr. Dorrian was elected a Fellow of the Institute of Directors.

Christopher Legge

Christopher Legge, is a Guernsey resident and worked for Ernst & Young in Guernsey from 1983 to 2003. Having joined the firm as an audit manager in 1983, he was appointed a partner in 1986 and managing partner in 1998. From 1990 to 1998, he was head of Audit and Accountancy and was responsible for the audits of a number of insurance, banking, investment fund and financial services clients. He also had responsibility for the firm's training, quality control and compliance functions. He was appointed managing partner of Ernst & Young for the Channel Islands region in 2000. Since his retirement from Ernst & Young in 2003, Mr. Legge has held a number of non-executive directorships in the financial sector. He is an FCA and holds a BA (Hons) in Economics from the University of Manchester.

Joshua L. Targoff

Joshua L. Targoff has been the Chief Operating Officer of the Investment Manager since May 2009. He joined as General Counsel in May 2008. Previously, Mr. Targoff was the General Counsel of the Investment Banking Division of Jefferies & Co. Mr. Targoff spent seven years doing M & A transactional work at Debevoise & Plimpton LLP. Mr. Targoff graduated with a J.D. from Yale Law School, and holds a B.A. from Brown University. In 2012, Mr. Targoff was made a Partner of the Investment Manager.

Claire Whittet

Claire Whittet is a Chartered Banker. She is a Guernsey resident and has 40 years' experience in the banking industry. After gaining an MA in Geography from Edinburgh University, she joined the Bank of Scotland where she remained until moving to Guernsey in 1996. In the intervening period she was involved in a wide variety of credit transactions including commercial and corporate finance. She joined Bank of Bermuda in Guernsey becoming Global Head of Private Client Credit and moved to Rothschild & Co Bank International Ltd as Director of Lending in 2003.

She was latterly Co-Head and Managing Director and since May 2016 has been a Non-Executive Director of the bank. She is a Non-Executive Director of a number of listed and unlisted funds, is a Member of the Chartered Institute of Bankers in Scotland, the Insurance Institute and holds the Institute of Directors Diploma in Company Direction.

Cross Directorships

Mr. Legge and Mrs. Whittet are also both Directors of another listed Fund. The Board believes that this does not create a conflict or affect their independence.

A number of the directors are Non-Executive Directors of other listed funds. The Board notes that none of these funds are trading companies and confirms that all Non-Executive Directors of the Company have sufficient time and commitment (as evidenced by their attendance and participation at meetings) to devote to this Company.

Directors' Biographies – continued

Meeting Attendance Records

The table below lists Directors' attendance at meetings during the year.

	Scheduled Board Meetings Attended (max 4)	Audit Committee Meetings Attended (max 3)
Marc Antoine Autheman ¹	3 of 3	2 of 2
Christopher Legge	4 of 4	3 of 3
Keith Dorrian ²	4 of 4	1 of 1
Joshua L Targoff ^{3, 4}	4 of 4	N/A
Claire Whittet	4 of 4	3 of 3

¹ Mr. Autheman resigned from the Board of Directors on 12 September 2018.

² Mr. Dorrian is not going to stand for re-election at the next AGM on 3 July 2019.

³ Mr. Targoff is not a member of the Audit Committee.

⁴ Mr. Targoff does not attend Meetings as a Director where recommendations from the Investment Manager are under consideration.

Committees of the Board

The AIC Code requires the Company to appoint nomination, remuneration and management engagement committees. The Board has not deemed this necessary as, being comprised wholly of non-executive Directors, the whole Board considers these matters.

Following the “Women on Boards” review conducted by Lord Davies’ of Abersoch in February 2011, the Board has examined Lord Davies’ recommendations and noted that it was consistently reviewing its policy and future appointments to the Board would continue to be based on the individual’s skills and experience regardless of gender. The Board has a female director and therefore 16.67% diversity. This will become 20% following Mr. Dorrian’s resignation at the next AGM on 3 July 2019.

The Investment Manager has wide experience in managing and administering fund vehicles and has access to extensive investment management resources. The Board considers that the continued appointment of the Investment Manager on the terms agreed would be in the interests of the Company’s Shareholders as a whole.

The Board has resolved to form a Management Engagement Committee which will meet at least annually and will review the performance of the Company’s service providers. The first meeting will be held in 2019.

Audit Committee

The Company’s Audit Committee conducts formal meetings at least three times a year for the purpose, amongst others, of considering the appointment, independence, effectiveness of the audit and remuneration of the auditors and to review and recommend the annual statutory accounts and interim report to the Board of Directors. Full Details of its functions and activities are set out in the Report of the Audit Committee on pages 20 to 23 of this Annual Report.

Directors’ Duties and Responsibilities

The Directors have adopted a set of Reserved Powers, which establish the key purpose of the Board and detail its major duties. These duties cover the following areas of responsibility:

- Statutory obligations and public disclosure;
- Strategic matters and financial reporting;
- Board composition and accountability to Shareholders;
- Risk assessment and management, including reporting, compliance, monitoring, governance and control; and
- Other matters having material effects on the Company.

Directors' Report continued

These Reserved Powers of the Board have been adopted by the Directors to clearly demonstrate the seriousness with which the Board takes its fiduciary responsibilities and as an ongoing means of measuring and monitoring the effectiveness of its actions.

The Directors are responsible for the overall management and direction of the affairs of the Company. The Company has no Executive Directors or employees. The Company invests all of its assets in shares of the Master Fund and Third Point LLC acts as Investment Manager to the Master Fund and is responsible for the discretionary investment management of the Master Fund's investment portfolio under the terms of the Master Fund Prospectus.

Northern Trust International Fund Administration Services (Guernsey) Limited ("NT") acts as Administrator and Company Secretary and is responsible to the Board under the terms of the Administration Agreement. The Administrator is also responsible to the Board for ensuring compliance with the Rules and Regulations of The Companies (Guernsey) Law, London Stock Exchange listing requirements and observation of the Reserved Powers of the Board and in this respect the Board receives detailed quarterly reports.

The Directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that Board procedures are followed and that it complies with applicable rules and regulations of The Companies (Guernsey) Law, the GFSC and the London Stock Exchange. Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. The Company maintains appropriate Directors' and Officers' liability insurance in respect of legal action against its Directors on an ongoing basis and the Company has maintained appropriate Directors' Liability Insurance cover throughout the year.

The Board is also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Internal Control and Financial Reporting

The Directors acknowledge that they are responsible for establishing and maintaining the Company's system of internal control and reviewing its effectiveness. Internal control systems are designed to manage rather than eliminate the failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatements or loss.

The Directors review all controls including operations, compliance and risk management. The key procedures which have been established to provide internal control are:

- Investment advisory services are provided by the Investment Manager. The Board is responsible for setting the overall investment policy, ensuring compliance with the Company's Investment Strategy and monitors the action of the Investment Manager and Master Fund at regular Board meetings. The Board has also delegated administration and company secretarial services to NT; however it retains accountability for all functions it has delegated.
- The Board considers the process for identifying, evaluating and managing any significant risks faced by the Company on an on-going basis. It ensures that effective controls are in place to mitigate these risks and that a satisfactory compliance regime exists to ensure all local and international laws and regulations are upheld. Particular attention has been given to the effectiveness of controls to monitor liquidity risk, asset values, counterparty exposure and credit availability.
- The Board clearly defines the duties and responsibilities of their agents and advisors and appointments are made by the Board after due and careful consideration. The Board monitors the ongoing performance of such agents and advisors.
- The Investment Manager and NT maintain their own systems of internal control, on which they report to the Board. The Company, in common with other investment companies, does not have an

Internal Control and Financial Reporting – continued

internal audit function. The Audit Committee has considered the need for an internal audit function, but because of the internal control systems in place at the Investment Manager and NT, has decided it appropriate to place reliance on their systems and internal control procedures.

- The systems are designed to ensure effectiveness and efficient operation, internal control and compliance with laws and regulations. In establishing the systems of internal control, regard is paid to the materiality of relevant risks, the likelihood of costs being incurred and costs of control. It follows therefore that the systems of internal control can only provide reasonable but not absolute assurance against the risk of material misstatement or loss.

Board Performance

The Board and Audit Committee undertake a formal annual evaluation of their own performance and that of their committees and individual Directors. In order to review their effectiveness, the Board and Audit Committee carry out a process of formal self-appraisal. The Directors and Committee consider how the Board and Audit Committee functions as a whole and also review the individual performance of its members. This process is conducted by the respective Chairman reviewing individually with each of the Directors and members of the Committee their performance, contribution and commitment to the Company. The performance of the Chairman is evaluated by the other independent Directors. It is intended to consider having an independent review carried out in 2020.

Management of Principal Risks and Uncertainties

As noted in the Statement of Directors' Responsibilities in respect of the Audited Financial Statements, the Directors are required to provide a description of the principal risks and uncertainties facing the Company. The Directors have considered the risks and uncertainties facing the Company and have prepared and review regularly a risk matrix which documents the significant risks faced by the Company.

This process has been in place for the period under review and up to the date of approval of the Audited Financial Statements and is reviewed by the Board and is in accordance with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

This document considers the following information:

- Identifying and reporting changes in the risk environment;
- Identifying and reporting changes in the operational controls;
- Identifying and reporting on the effectiveness of controls and remediation of errors arising; and
- Reviewing the risks faced by the Company and the controls in place to address those risks.

The Directors have acknowledged they are responsible for establishing and maintaining the Company's system of internal control and reviewing its effectiveness by focusing on four key areas:

- Consideration of the investment advisory services provided by the Investment Manager;
- Consideration of the process for identifying, evaluating and managing any significant risks faced by the Company on an ongoing basis;
- Clarity around the duties and responsibilities of the agents and advisors engaged by the Directors; and
- Reliance on the Investment Manager and Administrator maintaining their own systems of internal controls.

Directors' Report continued

Further discussion on Internal Control is documented in the Directors' Report under "Internal Control and Financial Reporting".

The main risks and uncertainties that the Directors consider to apply to the Company are as follows:

- Underlying investment performance of the Master Fund. To mitigate this risk the Directors receive regular updates from the Investment Manager on the performance of the Master Fund. The Board reviews quarterly performance updates on the Master Fund and has access to the Investment Manager on any potential question raised;
- Concentration of Investor Base. The Directors receive quarterly investor reports from Jefferies International Limited ("the Corporate Broker") and there is regular communication between the Directors and Corporate Broker to identify potential significant changes in the shareholder base;
- Discount to the NAV. The Board monitors the discount to the NAV on a regular basis and continually maintains regular contact with the Investment Manager when necessary. In addition, the Investment Manager, Corporate Broker and, when considered necessary, the Board of Directors, maintain regular contact with the significant Shareholders in the Company. As mentioned on page 1, the Board made updates in May 2018 to the Company's share repurchase programme, outlined in Note 6 on pages 39 to 41, and dividend policy. Following the final dividend payment of \$38,397,151 and \$2,231,249 on USD Shares and Sterling Shares respectively on 16 February 2018 with respect to the year ended 31 December 2017, the Board elected to stop dividend payments, cancelled 5% of the Company's outstanding shares held by the Master Fund and adopted a more traditional share repurchase and cancellation practice. In addition, the Board intends to cancel the remaining shares held by the Master fund in 2019 and has committed not to sell any held shares unless the share price is at or above the NAV. On 5 December 2018, the Board announced the implementation of a share buyback programme, with share purchases being made through the market at prices below the then prevailing NAV per share. As part of this programme, 318,657 shares were repurchased during December 2018 at an average cost per share of \$14.07.
- Performance of the Investment Manager. The Directors review the performance of the Investment Manager on an annual basis and Board representatives conduct annual visits to the Investment Manager;
- Failure of appointed service providers to the Company. The Directors conduct a formal review of each service provider annually in addition to receiving regular updates from each service provider and ensuring that there is ongoing communication between the Board and the various service providers to the Company;
- Financial Risk. The Board employs independent administrators to prepare the Financial Statements of the Company and meets with the independent auditors at least twice a year to discuss all financial matters including the appropriateness of the accounting policies;
- Liquidity Risk. Shares of the Master Fund may be redeemed quarterly on 60 days' prior written notice or at other times with the consent of the Master Fund's Board of Directors in order to pay Company expenses. The majority of the investments held by the Master Fund are held in cash and securities with quoted prices available in active markets/exchanges; and
- Cyber Security Risk. The Company is exposed to risk arising from a successful cyber-attack through its service providers. The Company requests of its service providers that they have appropriate safeguards in place to mitigate the risk of cyber-attacks (including minimising the adverse consequences arising from any such attack), that they provide regular updates to the Board on cyber security, and conduct ongoing monitoring of industry developments in this area.

Viability Statement

In accordance with provision C.2.2 of the UK Corporate Governance Code, published by the Financial Reporting Council in April 2016 ("The Code"), the Directors have assessed the prospects of the

Viability Statement – continued

Company over the three year period to 31 December 2021. The Directors consider that three years is an appropriate period based on a review of the Company's investment horizon, anticipated cash flows, management arrangements as well as the liquidity of the Company's investment in the Master Fund.

The Company's investment objective was to provide its Shareholders with consistent long term capital appreciation, utilising the investment skills of the Investment Manager, through investment of all of its capital (net of short-term working capital requirements) in Class E shares of Third Point Offshore Fund, Ltd. (the "Master Fund"), an exempted company formed under the laws of the Cayman Islands on 21 October 1996.

As of January 1, 2019, the Company transferred substantially all of its holding into a newly-created share class of the Master Fund. The new share class is subject to a 25% quarterly redemption gate. The Company will plan to redeem an appropriate amount each quarter to account for planned share buybacks and Company fees and expenses. The Company's performance and operations therefore depend upon the performance of the Master Fund and the Directors in assessing the viability of the Company pay particular attention to the risks facing the Master Fund. The Investment Manager's Review on pages 24 and 25 sets out details of the Company's financial performance, and outlook.

In its assessment of the viability of the Company, the Directors have considered each of the Company's principal risks and uncertainties as well as the internal control and financial reporting processes detailed above and in particular the underlying investment performance of the Master Fund and share price discount to NAV.

The Directors acknowledge the two year notice period of the Investment Manager serving notice under the Management Agreement. To mitigate against this risk, the Directors meet regularly with the Investment Manager to review the Company's performance, and closely monitor the relationship with the Investment Manager. The Directors confirm their belief that the Company will remain viable for the period to 31 December 2021.

Going Concern

During 2018, the Directors have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The Directors believe that the Company is well placed to manage its business risks successfully, having taken into account the current economic outlook.

The Directors, having considered the above risks and reviewed ongoing budgeted expenses, have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due.

After making enquiries and given the nature of the Company and its investment, the Directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing the Audited Financial Statements. The Master Fund Shares are liquid and can be converted to cash to meet liabilities as they fall due. After due consideration, the Directors consider that the Company is able to continue for the foreseeable future.

Significant Events During The Year

All Sterling shares were compulsorily converted to the US Dollar class as of 1 July 2018.

In August 2018, the Company proposed to transfer the listing category of its Ordinary Shares from a standard listing to a premium listing (closed-ended investment fund) under Chapter 15 of the Listing Rules. This transfer took effect in September 2018, as a result of the passing of the resolutions at the extraordinary general meeting of the Company on 31 August 2018.

The Company was admitted to the Premium Official List Segment ("Premium Listing") of the London Stock Exchange ("LSE") on 10 September 2018. In December 2018, the Premium Listing enabled TPOIL to be included in the FTSE UK Index series.

Marc Antoine Autheman resigned from the Board of Directors on 12 September 2018.

Directors' Report continued

Significant Events After Year End

The FRC and AIC have revised their corporate governance codes, which became effective 1 January 2019. The Directors are currently evaluating the impact this will have on the Company.

As of January 1, 2019, the Company transferred substantially all of its holding into a newly-created share class of the Master Fund. The new share class will be subject to a 25% quarterly redemption gate. The Company will plan to redeem an appropriate amount each quarter to account for planned share buybacks and Company fees and expenses. The new share class will attract a lower management fee and the Company will also qualify for an additional reduction of management fee applicable to it based on its size and longevity as an investor in the Master Fund. As a result, the Company's management fee will be reduced from 2.0% to 1.25% per annum commencing on 1 January 2019.

For the period 1 January 2019 to 23 April 2019, 1,596,777 shares have been repurchased and cancelled at an average cost per share of \$14.48.

Steve Bates was appointed as Chairman on 5 February 2019.

Rupert Dorey was appointed as a Director on 5 February 2019.

On 11 February 2019, Christopher Legge purchased 2,000 shares in Third Point Offshore Investors Limited taking his total holding to 6,500 shares.

On 13 February 2019, Rosemary Dorey (spouse of Rupert Dorey, non-executive director of the Company) purchased 5,151 shares in Third Point Offshore Investors Limited taking their combined total holding to 12,000 shares.

On 4 March 2019, Claire Whittet beneficially purchased 2,500 shares in Third Point Offshore Investors Limited.

There were no other events subsequent to the year-end which, in the opinion of the Directors, may have an impact on the Audited Annual Financial Statements for the period ended 31 December 2018. Please refer to the Subsequent Events note on page 44.

Relations with Shareholders

The Board welcomes Shareholders' views and places great importance on communication with its Shareholders. The Board receives regular reports on the views of shareholders and the Chairman and other Directors are available to meet shareholders if required. Shareholders who wish to communicate with the Board should, in the first instance contact the Administrator, whose contact details can be found on the Company's website. The Annual General Meeting of the Company provides a forum for shareholders to meet and discuss issues with the Directors of the Company. The eleventh Annual General Meeting was held on 28 June 2018 with all proposed resolutions being passed by the Shareholders.

International Tax Reporting

For the purposes of the US Foreign Account Tax Compliance Act, the Company is registered with the US Internal Revenue Services ("IRS") as a Guernsey reporting Foreign Financial Institution ("FFI"), received a Global Intermediary Identification Number and can be found on the IRS FFI list.

The Common Reporting Standard ("CRS") is a global standard for the automatic exchange of financial account information developed by the Organisation for Economic Co-operation and Development ("OECD"), which has been adopted by Guernsey and which came into effect on 1 January 2016.

The Board has taken the necessary action to ensure that the Company is compliant with Guernsey regulations and guidance in this regard.

Criminal Finances Act 2017

In respect of the UK Criminal Finances Act 2017 which has introduced a new corporate criminal offence ("CCO") of 'failing to take reasonable steps to prevent the facilitation of tax evasion', the Board confirms that it is committed to zero tolerance towards the criminal facilitation of tax evasion.

Criminal Finances Act 2017 – continued

The Board also keeps under review developments involving other social, environmental and regulatory matters, such as Modern Slavery and the General Data Protection Regulation (“GDPR”), and will report on those to the extent they are considered relevant to the Company’s operations.

Significant Shareholdings

As at 23 April 2019, the Company have been notified that the following had significant shareholdings in excess of 5% in the Company:

	Total Shares Held	% Holding in Class
Significant Shareholders		
US Dollar Shares		
Vidacos Nominees Limited	7,595,053	16.58%
Goldman Sachs Securities (Nominees) Limited	6,119,550	13.36%
Chase Nominees Limited	5,287,293	11.54%
HSBC Global Custody Nominee (UK)	2,727,442	5.95%
Morgan Stanley & Co. Incorporated	2,663,617	5.81%
Smith & Willamson Nominees Limited	2,383,069	5.20%

The Directors confirm to the best of their knowledge:-

- there is no relevant audit information of which the Company’s Auditor is unaware of, and each Director has taken steps he/she ought to have taken as a Director to make himself/herself aware of any relevant information and to establish that the Company’s Auditor is aware of that Information;
- these Annual Report and Audited Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America and give a true and fair view of the financial position of the Company;
- these Annual Report and Audited Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for the shareholder to assess the Company’s performance, business model and strategy; and
- these Annual Report and Audited Financial Statements include information detailed in the Directors’ Report, the Investment Manager’s Review and Notes to the Audited Financial Statements, which provide a fair review of the information required by:-
 - a) DTR 4.1.8 of the Disclosure and Transparency Rules (“DTR”), being a fair review of the Company business and a description of the principal risks and uncertainties facing the Company; and
 - b) DTR 4.1.11 of the DTR, being an indication of important events that have occurred since the ending of the financial year and the likely future development of the Company.

Signed on behalf of the Board by:

Steve Bates

Chairman

Christopher Legge

Director

24 April 2019

Disclosure of Directorships in Public Listed Companies

The following summarises the Directors' directorships in public companies:

Company Name	Exchange
Steve Bates	
VinaCapital Vietnam Opportunity Fund Limited	London
BMO Capital & Income Investment Trust plc	London
Biotech Growth Trust	London
Magna Umbrella Fund	Ireland
Rupert Dorey	
NB Global Floating Rate Income Fund Limited	London
AP Alternative Assets, L.P.	Euronext
Keith Dorrian	
MasterCapital Fund Limited	Ireland
Christopher Legge	
Ashmore Global Opportunities Limited	London
John Laing Environmental Assets Group Limited	London
NB Distressed Debt Investment Fund Limited	London
Sherborne Investors (Guernsey) B Limited	London
Sherborne Investors (Guernsey) C Limited	London
TwentyFour Select Monthly Income Fund Limited	London
Claire Whittet	
BH Macro Limited	London
Eurocastle Investment Limited	Euronext
International Public Partners Limited	London
Riverstone Energy Limited	London
TwentyFour Select Monthly Income Fund Limited	London

Statement of Directors' Responsibilities in Respect of the Audited Financial Statements

The Directors are responsible for preparing the Audited Financial Statements in accordance with applicable Guernsey Law and accounting principles generally accepted in the United States of America. Guernsey Company Law requires the Directors to prepare Financial Statements for each financial period which give a true and fair view of the state of affairs of the Company and of the net income or expense of the Company for that year.

In preparing these Audited Financial Statements the Directors should:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the applicable accounting standards have been followed subject to any material departures disclosed and explained in the Audited Financial Statements; and
- prepare the Audited Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Audited Financial Statements comply with The Companies (Guernsey) Law, 2008. They are also responsible for the system of internal controls, safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors have responsibility to confirm that:

- there is no relevant audit information of which the Company's Auditor is unaware of, and each Director has taken all the steps he ought to have taken as a Director to make himself aware of any relevant information and to establish that the Company's Auditor is aware of that information;
- these Annual Report and Audited Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America and give a true and fair view of the financial position of the Company;
- these Annual Report and Audited Financial Statements, taken as a whole, are fair, balanced and understandable and provide information necessary for the shareholder to assess the Company's performance, business model and strategy; and
- these Annual Report and Audited Financial Statements include information detailed in the Directors' Report, the Investment Manager's Review and Notes to the Audited Financial Statements, which provide a fair review of the information required by:
 - a) DTR 4.1.8 of the Disclosure and Transparency Rules ("DTR"), being a fair review of the Company business and a description of the principal risks and uncertainties facing the Company; and
 - b) DTR 4.1.11 of the DTR, being an indication of important events that have occurred since the ending of the financial year and the likely future development of the Company.

Steve Bates
Chairman

Christopher Legge
Director

24 April 2019

Directors' Remuneration Report

Introduction

The Board has prepared this report as part of its framework for corporate governance which, as described in the Directors' Report, enables the Company to comply with the main requirements of the UK Corporate Governance Code published by the Financial Reporting Council.

An ordinary resolution for the approval of this report will be put to the shareholders at the forthcoming AGM.

Remuneration Policy

All Directors are non-executive and a Remuneration Committee has not been established. The Board as a whole considers matters relating to the Directors' remuneration. No advice or services were provided by any external person in respect of its consideration of the Directors' remuneration.

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Directors on the Company's affairs and the responsibilities borne by the Directors and be sufficient to attract, retain and motivate Directors of a quality required to run the Company successfully. The Chairman of the Board is paid a higher fee in recognition of his additional responsibilities, as is the Chairman of the Audit Committee. The policy is to review fee rates periodically, although such a review will not necessarily result in any changes to the rates, and account is taken of fees paid to Directors of comparable companies.

There are no long term incentive schemes provided by the Company and no performance fees are paid to Directors.

No Director has a service contract with the Company but each of the Directors is appointed by a letter of appointment which sets out the main terms of their appointment. Director appointments can also be terminated in accordance with the Articles. Should shareholders vote against a Director standing for re-election, the Director affected will not be entitled to any compensation.

Directors are remunerated in the form of fees, payable quarterly in arrears, to the Director personally. No other remuneration or compensation was paid or payable by the Company during the year to any of the Directors apart from the reimbursement of allowable expenses.

Directors' fees

The fees payable by the Company in respect of each of the Directors who served during 2018 and 2017, were as follows:

	2018	2017
	£	£
Marc Antoine Autheman ¹	44,272	63,000
Christopher F L Legge (Audit Committee Chairman)	46,000	46,000
Keith Dorrian	38,000	38,000
Christopher N Fish ²	–	19,000
Claire Whittet ³	45,551 ⁴	25,806
Joshua L Targoff ⁵	–	–
Total	173,823	191,806
USD equivalent	US\$241,529	US\$276,211

¹ Mr. Autheman resigned from the Board of Directors on 12 September 2018.

² Mr. Fish resigned from the Board of Directors on 21 June 2017.

³ Ms. Whittet was appointed to the Board of Directors on 27 April 2017.

⁴ Ms. Whittet was appointed Interim Chair with effect from 12 September 2018, therefore, her director fees were increased from £38,000 per annum to £63,000 per annum.

⁵ As a non-independent Director and as a Partner of the Investment Manager Joshua L Targoff waived his Directors' fee.

Performance table

The table shown on page 24 details the share price returns over the year.

Signed on behalf of the Board by:

Steve Bates
Chairman

Christopher Legge
Director

24 April 2019

Report of the Audit Committee

On the following pages, we present the Audit Committee (the “Committee”) Report for the year ended 31 December 2018, setting out the Committee’s structure and composition, principal duties and key activities during the year. As in previous years, the Committee has reviewed the Company’s financial reporting, the independence and effectiveness of the independent auditor and the internal control and risk management systems of service providers.

The Board is satisfied that for the year under review and thereafter the committee has recent and relevant commercial and financial knowledge sufficient to satisfy the provisions of The Code.

Structure and Composition

The Committee is chaired by Christopher Legge and its other members are Claire Whittet and Rupert Dorey who was appointed on 5 February 2019. The Committee operates within clearly defined terms of reference and comprises all the Directors except the Investment Manager’s representative.

The Committee Terms of Reference indicates that appointments to the Committee shall be for a period of up to three years, which may be extended for two further three year periods, and thereafter annually, provided that the Director whose appointment is being considered remains an Independent Director for the period of extension.

Name of Audit Committee Member	Date of Appointment to Audit Committee	Next Date for Review
Chris Legge	June 19, 2007	— 17 April 2013 ¹ — 18 April 2016 — April 2019
Marc-Antoine Autheman ²	June 21, 2007	— 17 April 2013 ¹ — 18 April 2016 — N/A
Keith Dorrian ³	June 19, 2007	— 17 April 2013 ¹ — 18 April 2016 — N/A
Claire Whittet	April 27, 2017	— April 2020
Rupert Dorey ⁴	February 5, 2019	— April 2020

¹ Date specific tenure introduced on 17 April 2013.

² Mr. Autheman resigned on 12 September 2018.

³ Mr. Dorrian resigned on 18 April 2018.

⁴ Mr. Dorey was appointed on 5 February 2019.

The Committee conducts formal meetings at least three times a year. The table on page 9 sets out the number of Committee meetings held during the year ended 31 December 2018 and the number of such meetings attended by each committee member. The independent auditor is invited to attend those meetings at which the annual and interim reports are considered. The independent auditor and the Committee will meet together without representatives of either the Administrator or Investment Manager being present if either considers this to be necessary.

Principal Duties

The role of the Committee includes:

- monitoring the integrity of the published financial statements of the Company;
- keeping under review the consistency and appropriateness of accounting policies on a year to year basis. Satisfying itself that the annual accounts, the interim statement of financial results and any other major financial statements issued by the Company follow generally accepted accounting

Principal Duties – continued

principles in the United States of America and give a true and fair view of the Company and any associated undertakings' affairs; matters raised by the external auditors about any aspect of the accounts or, of the Company's control and audit procedures, are appropriately considered and, if necessary, brought to the attention of the Board, for resolution.

- monitoring and reviewing the quality and effectiveness of the independent auditors and their independence;
- considering and making recommendations to the Board on the appointment, reappointment, replacement and remuneration of the Company's independent auditor;
- monitoring and reviewing the internal control and risk management systems of the service providers; and
- considering at least once a year whether there is a need for an internal audit function.

The complete details of the Committee's formal duties and responsibilities are set out in the Committee's terms of reference, which can be obtained from the Company's website.

Independent Auditor

The Committee is also the forum through which the independent auditor (the "auditor") reports to the Board of Directors. The objectivity of the auditor is reviewed by the Committee which also reviews the terms under which the auditor is appointed to perform non-audit services. The Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditor, with particular regard to non-audit fees. The Committee has established pre-approval policies and procedures for the engagement of Ernst & Young LLP to provide non-audit services.

Ernst & Young LLP has been the independent auditor from the date of the initial listing on the London Stock Exchange.

The audit fees proposed by the auditors each year are reviewed by the Committee taking into account the Company's structure, operations and other requirements during the year and the Committee makes recommendations to the Board.

Non-audit fees were paid to Ernst and Young LLP during the year in respect of the interim review of the Company's condensed accounts to 30 June 2018 and for work associated with the Premium Listing. The Committee considers Ernst & Young LLP to be independent of the Company. The Committee also met with the external auditors without the Investment Manager or Administrator being present so as to provide a forum to raise any matters of concern in confidence.

Evaluations or Assessments Made During the Year

The following sections discuss the assessments made by the Committee during the year:

Significant Areas of Focus for the Financial Statements

The Committee's review of the interim and annual financial statements focused on the following area:

The Company's investment in the Master Fund represents substantially all the net assets of the Company and as such is the biggest factor in relation to the accuracy of the Financial Statements. The holding in the Master Fund has been confirmed with the Company's Administrator and the Master Fund. This investment has been valued in accordance with the Accounting Policies set out in Note 3 to the Audited Financial Statements. The Audit Committee has reviewed the Financial Statements of the Master Fund and their Accounting Policies and determined the fair value of the investment as at 31 December 2018 is reasonable. The Financial Statements of the Master Fund for the year ended 31 December 2018 were audited by Ernst & Young who issued an unmodified audit opinion dated 24 April 2019.

Report of the Audit Committee continued

Effectiveness of the Audit

The Committee had formal meetings with Ernst & Young LLP during the course of the year: 1) before the start of the audit to discuss formal planning, discuss any potential issues and agree the scope that will be covered and 2) after the audit work was concluded to discuss any significant matters such as those stated on the previous page.

The Board considered the effectiveness and independence of Ernst & Young LLP by using a number of measures, including but not limited to:

- the audit plan presented to them before the start of the audit;
- the audit results report including where appropriate, explanation for any variations from the original plan;
- changes to audit personnel;
- the auditor's own internal procedures to identify threats to independence;
- feedback from both the Investment Manager and the Administrator; and
- the Committee obtains confirmation from Ernst & Young LLP on their independence as additional comfort for the Committee.

Further to the above, at the point of substantial conclusion of the 2018 audit, the Committee performed a specific evaluation of the performance of the independent auditor. This is supported by the results of questionnaires completed by the Committee covering areas such as quality of audit team, business understanding, audit approach and management. This questionnaire was part of the process by which the Committee assessed the effectiveness of the audit.

There were no adverse findings from this evaluation.

The outsourcing of any non-audit services such as interim review, tax compliance, tax structuring, private letter rulings, accounting advice, quarterly reviews and disclosure are normally permitted but should be pre-approved by the Committee, or two non-executive Directors.

The annual budget for both the audit and non-audit related services was presented to the Committee for pre-approval.

Audit fees and Safeguards on Non-Audit Services

The tables below summarises the remuneration payable by the Company to Ernst & Young LLP during the years ended 31 December 2018 and 31 December 2017.

	2018 (£)	2017 (£)
	Total	Total
Audit Services	40,000	38,885
Interim review	41,160	41,460
Reporting Accountant	82,500	—
Non-audit Services	123,660	41,460

Evaluations or Assessments Made During the Year – continued*Audit fees and Safeguards on Non-Audit Services – continued*

The independence of Ernst & Young LLP is in the Committee's opinion not compromised by Ernst & Young performing the interim review and work associated with the Premium Listing.

Internal Control

The Committee has examined the need for an internal audit function. The Committee considered that the systems and procedures employed by the Investment Manager and the Administrator, including their internal audit functions, provided sufficient assurance that a sound system of internal control, which safeguards the Company's assets, has been maintained. An internal audit function specific to the Company is therefore considered unnecessary.

The Committee has requested and received SOC1 or equivalent reports such as service provider assessment reports from the Company's Administrator and Master Fund's Administrators to enable it to fulfil its duties under its terms of reference. Representatives of the auditors, Investment Manager and the Administrator attend the meetings as a matter of practice and presentations are made by those attendees as and when required.

Conclusion and Recommendation

After reviewing various reports such as the operational and risk management framework and performance reports from management, liaising where necessary with Ernst & Young LLP, and assessing the significant areas of focus for financial statement issues listed on page 21, the Committee is satisfied that the financial statements appropriately address the critical judgements and key estimates (both in respect to the amounts reported and the disclosures).

The Committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust.

The Independent Auditor reported to the Committee that no material misstatements were found in the course of its work. Furthermore, both the Investment Manager and the Administrator confirmed to the Committee that they were not aware of any material misstatements including matters relating to presentation. The Committee confirms that it is satisfied that the Independent Auditor has fulfilled its responsibilities with diligence and professional scepticism.

Consequent to the review process on the effectiveness of the independent audit and the review of audit services, the Committee has recommended that Ernst & Young LLP be reappointed for the coming financial year.

For any questions on the activities of the Committee not addressed in the foregoing, a member of the Committee remains available to attend each Annual General Meeting to respond to such questions.

The Company is not required to apply the EU Directive as it is not an EU Public Interest Entity ("PIE"), due to being incorporated in Guernsey. However, the Audit Partner rotates every 5 years.

Christopher Legge

Audit Committee Chairman

24 April 2019

Investment Manager's Review

Performance Summary¹

USD Class	31-December-2018	31-December-2017	% Return ²
Share Price	14.00	17.29	(14.3%)
Net asset value per share	17.24	20.25	(10.9%)
Premium/(discount)	(18.8%)	(14.6%)	

¹ For the period 1 January 2018 to 31 December 2018.

² Calculation includes dividends paid up to the year ended 31 December 2018.

Strategy Performance

For the twelve months ended 31 December 2018, the net asset value per share performance decreased by (10.9%) for the U.S. Dollar share class. Highlights for 2018 performance are listed below. Please refer to the Company's website (www.thirdpointoffshore.com) for more detailed commentary from the Investment Manager via shareholder letters and the Company's overview presentation.

2018 was the fourth year in a 24-year history during which the Investment Manager sustained a loss of over 1% in a calendar year and only the second double digit decline in the firm's history. Third Point was disappointed with the results but took the opportunity to learn from mistakes, reflect on competitive advantages, and adjust the portfolio.

A significant portion of the negative results for 2018 were attributable to excess unhedged long cyclical investments and one large risk arbitrage position related to a merger that failed to close. The Investment Manager maintained too much long exposure heading into the fourth quarter which drove a portfolio decline during the market sell-offs in October and December. While the Investment Manager's single name equity short positions and structured credit portfolios performed well, exposures to the assets classes were insufficient to offset the losses in core equity long positions.

As of 31 December 2018, the top five single issuer positions in the portfolio were Baxter International Inc., Nestlé SA, Campbell Soup Co., United Technologies Corp., and DowDuPont Inc., excluding any positions deemed confidential.

Risk Outlook

The Investment Manager significantly reduced net equity exposure heading into 2019 with a belief that more moderate positioning is appropriate for the market environment. The Manager expects volatility to re-emerge following a sharp rally during the first two months of the year and plans to be well positioned to be providers of liquidity during any future market dislocations across both equity and credit markets. Event-driven, catalyst-oriented investing across asset classes remains core for the Investment Manager. As such, Third Point has renewed focus on several core areas in which the Manager has generated significant alpha over the firm's history including activism or constructivism, identifying mispriced intrinsic value securities, single name short selling, and opportunistic investing across the capital structure, including credit.

At 31 December 2018, exposure in the Investment Manager's portfolio is summarized below. Please refer to www.thirdpointoffshore.com for an updated portfolio exposure breakdown or reach out to ir@thirdpoint.com for additional information.

Exposure Breakdown ¹

Long/Short Equity	Long	Exposure	
		Short	Net
Consumer	18.9%	(4.3%)	14.6%
Energy & Utilities	2.4%	0.0%	2.4%
Financials	9.8%	(2.1%)	7.7%
Healthcare	17.1%	(1.7%)	15.4%
Industrials & Commodities	17.2%	(8.8%)	8.4%
TMT	3.5%	(6.3%)	(2.8%)
Market Hedges	4.1%	(6.7%)	(2.6%)
Total L/S Equity	73.0%	(29.9%)	43.1%
Credit			
Distressed	2.0%	0.0%	2.0%
Government	1.8%	0.0%	1.8%
Performing	4.5%	(1.8%)	2.7%
ABS	14.2%	(3.6%)	10.6%
Total Credit	22.5%	(5.4%)	17.1%
Other			
Risk Arbitrage	2.1%	(1.0%)	1.1%
Macro ²	0.0%	0.0%	0.0%
Privates	9.8%	0.0%	9.8%
Currency ³	0.0%	0.0%	0.0%
Total Other	11.9%	(1.0%)	10.9%

¹ Relates to the Third Point Offshore Master Fund L.P. Exposures are categorized in a manner consistent with the Investment Manager's classifications for portfolio and risk management purposes.

² Rates and FX excluded.

³ Gains and losses attributable to FX price movements on portfolio positions vs USD.

Net equity exposure is defined as the long exposure minus the short exposure of all equity positions (including long/short, arbitrage, and other strategies), and can serve as a rough measure of the exposure to fluctuations in overall market levels. The Investment Manager continues to closely monitor the liquidity of the portfolio and is comfortable that the current composition is aligned with the redemption terms of the fund.

Independent Auditor's Report

to the members of Third Point Offshore Investors Limited

Opinion

We have audited the financial statements of Third Point Offshore Investors Limited (the "Company") for the year ended 31 December 2018, which comprise the Statement of Assets and Liabilities, the Statement of Operations, the Statement of Changes in Net Assets, the Statement of Cash Flows and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and accounting principles generally accepted in the United States of America.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its results for the year then ended;
- have been properly prepared in accordance with accounting principles generally accepted in the United States of America; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 9 to 12 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 12 in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 12 in the annual report about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement in relation to going concern required under the Listing Rules is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on page 12 in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

Key audit matters	<ul style="list-style-type: none"> Investment Valuation Investment Existence and Ownership
Audit scope	<ul style="list-style-type: none"> We performed an audit of the complete financial information of the Company for the year ended 31 December 2018. Procedures were performed on the audit team's behalf by EY New York, under our instruction and supervision, in respect of the Company's share of the Master Fund's income and expenses as reported in the Statement of Operations on page 31.
Materiality	<ul style="list-style-type: none"> Overall materiality of US\$16.3 million which represents 2% of net assets.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Valuation of investments (US\$803m, PY comparative US\$1,014m) Refer to the Report of the Audit Committee (page 19 to 22); Accounting policies (page 35) The investments held are measured at fair value through profit or loss, and their fair value is determined by reference to the published NAV per share of the investee fund, as calculated by its independent Administrator. The valuation risk considers the risk of an error in the application of the published NAV per share, obtained from the independent Administrator of the investee fund, when calculating the fair value of the Company's investments, as well as the effect on valuation of any gating/suspension of redemptions by the investee fund.	Our response comprised of substantive audit testing of investment valuation, including: <ul style="list-style-type: none"> Agreeing the valuation per share of the Company's investments in the investee fund to the NAV per share of the investee fund published by its independent Administrator; Agreeing the valuation per share of the Company's investments in the investee fund to the NAV per share of the investee fund per its audited financial statements for the year ended 31 December 2018, which were approved on 19 March 2019; and Reviewing the subscriptions and redemptions schedule of the investee fund around the year-end date to assess the liquidity of the Company's investments in the investee fund.	We confirmed there were no matters identified during our audit work on the valuation of investments that we wanted to bring to the attention of the Audit Committee.

Independent Auditor's Report continued

to the members of Third Point Offshore Investors Limited

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Investment existence and ownership (US\$803m, PY comparative US\$1,014m) Refer to the Report of the Audit Committee (page 19 to 22); Accounting policies (page 35) Risk that the investments presented in the financial statements do not exist or the Company does not have the rights to cash flows derived from them. Failure to obtain good title exposes the Company to significant risk of loss.	Our response comprised the performance of substantive audit testing of investment existence and ownership including: <ul style="list-style-type: none"> Obtaining a confirmation, as at 31 December 2018, of the Company's holdings in the investee fund into which the Company invests, from the independent Administrator of the investee fund, and agreeing it to the accounting records of the Company; and Agreeing supporting documentation for all additions and disposals of holdings in the investee fund that took place during the year ended 31 December 2018, and agreeing the details to the accounting records of the Company. 	We confirmed there were no matters identified during our audit work on existence and ownership of investments that we wanted to bring to the attention of the Audit Committee.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope. Taken together, this enables us to form an opinion on the financial statements.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

"Materiality" is the magnitude of omissions or misstatements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be US\$16.3 million (2017: US\$20.3 million), which is approximately 2% (2017: 2%) of net assets. We believe that net assets provides us with an appropriate basis for audit materiality as it is a key published performance measure and is a key metric used by management in assessing and reporting on overall performance.

During the course of our audit, we reassessed initial materiality and noted no matters leading us to amend the basis of materiality (2% of net assets).

Performance materiality

“Performance materiality” is the application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2017: 75%) of our planning materiality, namely US\$12.2 million (2017: US\$15.2 million). We have set performance materiality at this percentage because we have considered the likelihood of misstatements to be low. We have considered both quantitative and qualitative factors when determining the expected level of detected misstatements and setting the performance materiality at this level.

Reporting threshold

The reporting threshold is an amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of US\$0.8 million (2017: US\$1.02 million), which is set at 5% (2017: 5%) of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 24, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 14** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

Independent Auditor's Report continued

to the members of Third Point Offshore Investors Limited

- **Audit committee reporting set out on pages 19 to 22** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee is materially inconsistent with our knowledge obtained in the audit; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 3 to 4** – the parts of the directors' statement relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the Company's accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the 'Statement of Directors' responsibilities' set out on page 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Robert John Moore, ACA
for and on behalf of Ernst & Young LLP
Guernsey, Channel Islands
25 April 2019

Notes:

1. The maintenance and integrity of Third Point Offshore Investors Limited's web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statements of Assets and Liabilities

(Stated in United States Dollars)	As at 31 December 2018 US\$	As at 31 December 2017 US\$
Assets		
Investment in Third Point Offshore Fund Ltd at fair value (Cost: US\$398,942,647; 31 December 2017: US\$435,246,919)	803,148,852	1,014,421,855
Cash	117,979	16,816
Due from broker	520,662	–
Redemption receivable	10,130,000	156,500
Other assets	18,933	19,171
Total assets	813,936,426	1,014,614,342
Liabilities		
Accrued expenses and other liabilities	258,425	171,480
Administration fee payable (Note 4)	41,974	50,261
Total liabilities	300,399	221,741
Net assets	813,636,027	1,014,392,601
Number of Ordinary Shares in issue (Note 6)		
US Dollar Shares	47,186,130	47,403,915
Sterling Shares	–	2,093,352
Net asset value per Ordinary Share (Notes 8 and 11)		
US Dollar Shares	\$17.24	\$20.25
Sterling Shares	–	£19.21
Number of Ordinary B Shares in issue (Note 6)		
US Dollar Shares	31,457,421	31,602,630
Sterling Shares	–	1,395,582

The financial statements on pages 32 to 44 were approved by the Board of Directors on 24 April 2019 and signed on its behalf by:

Steve Bates
Chairman

Christopher Legge
Director

See accompanying notes and attached Audited Financial Statements of Third Point Offshore Fund Ltd. and Third Point Offshore Master Fund L.P.

Statements of Operations

	For the year ended 31 December 2018 US\$	For the year ended 31 December 2017 US\$
(Stated in United States Dollars)		
Realised and unrealised gain from investment transactions allocated from Master Fund		
Net realised gain from securities, derivative contracts and foreign currency translations	36,297,228	111,085,131
Net change in unrealised (loss)/gain on securities, derivative contracts and foreign currency translations	(146,195,764)	107,642,579
Net gain/(loss) from currencies allocated from Master Fund	724,671	(45,804)
Total net realised and unrealised (loss)/gain from investment transactions allocated from Master Fund	(109,173,865)	218,681,906
Net investment loss allocated from Master Fund		
Interest income	14,743,524	18,377,507
Dividends, net of withholding taxes of US\$2,157,699; (31 December 2017: US\$1,919,445)	7,792,842	5,327,309
Other income	2,058,865	566,339
Incentive allocation (Note 2)	(430,284)	(41,956,498)
Stock borrow fees	(131,767)	(126,485)
Investment Management fee	(19,188,088)	(19,197,634)
Dividends on securities sold, not yet purchased	(2,904,501)	(2,227,379)
Interest expense	(2,433,936)	(1,255,149)
Other expenses	(4,053,795)	(6,276,501)
Total net investment loss allocated from Master Fund	(4,547,140)	(46,768,491)
Company expenses		
Administration fee (Note 4)	(166,306)	(178,848)
Directors' fees (Note 5)	(241,529)	(276,211)
Other fees ¹	(1,948,125)	(746,242)
Expenses paid on behalf of Third Point Offshore Independent Voting Company Limited ² (Note 4)	(96,687)	(88,977)
Total Company expenses	(2,452,647)	(1,290,278)
Net loss	(6,999,787)	(48,058,769)
Net (decrease)/increase in net assets resulting from operations	(116,173,652)	170,623,137

¹ The increase in other fees is due to the costs associated with the Premium Listing. Please see page 1 for further details.

² Third Point Offshore Independent Voting Company Limited consists of Director Fees, Audit Fee and General Expenses.

See accompanying notes and attached Audited Financial Statements of Third Point Offshore Fund Ltd. and Third Point Offshore Master Fund L.P.

Statements of Changes in Net Assets

	For the year ended 31 December 2018 US\$	For the year ended 31 December 2017 US\$
<i>(Stated in United States Dollars)</i>		
(Decrease)/increase in net assets resulting from operations		
Net realised gain from securities, commodities, derivative contracts and foreign currency translations allocated from Master Fund	36,297,228	111,085,131
Net change in unrealised (loss)/gain on securities, derivative contracts and foreign currency translations allocated from Master Fund	(146,195,764)	107,642,579
Net gain/(loss) from currencies allocated from Master Fund	724,671	(45,804)
Total net investment loss allocated from Master Fund	(4,547,140)	(46,768,491)
Total Company expenses	(2,452,647)	(1,290,278)
Net (decrease)/increase in net assets resulting from operations	(116,173,652)	170,623,137
Decrease in net assets resulting from capital share transactions		
Dividend distribution	(40,603,431)	(35,416,482)
Share buyback	(4,479,491)	–
Share redemptions	(39,500,000)	–
Total net assets at the beginning of the year	1,014,392,601	879,185,946
Total net assets at the end of the year	813,636,027	1,014,392,601

See accompanying notes and attached Audited Financial Statements of Third Point Offshore Fund Ltd. and Third Point Offshore Master Fund L.P.

Statements of Cash Flows

	For the year ended 31 December 2018 US\$	For the year ended 31 December 2017 US\$
(Stated in United States Dollars)		
Cash flows from operating activities		
Operating expenses	(1,857,084)	(719,865)
Directors' fees	(241,529)	(346,760)
Administration fee	(174,593)	(172,445)
Third Point Offshore Independent Voting Company Limited ¹	(96,687)	(88,977)
Redemption from Master Fund	43,074,487	36,672,500
Cash inflow from operating activities	40,704,594	35,344,453
Cash flows from financing activities		
Dividend distribution	(40,603,431)	(35,416,482)
Net increase/(decrease) in cash	101,163	(72,029)
Cash at the beginning of the year	16,816	88,845
Cash at the end of the year	117,979	16,816

¹ Third Point Offshore Independent Voting Company Limited consists of Director Fees, Audit Fee and General Expenses.

	For the year ended 31 December 2018 US\$	For the year ended 31 December 2017 US\$
(Stated in United States Dollars)		
Supplemental disclosure of non-cash transactions from:		
Operating activities		
Redemption from Master Fund	43,979,491	—
Financing activities		
Share buyback	(4,479,491)	—
Share redemptions	(39,500,000)	—

See accompanying notes and attached Audited Financial Statements of Third Point Offshore Fund Ltd. and Third Point Offshore Master Fund L.P.

Notes to the Audited Financial Statements

For the year ended 31 December 2018

1. The Company

Third Point Offshore Investors Limited (the “Company”) is an Authorised closed-ended investment company incorporated in Guernsey on 19 June 2007 for an unlimited period, with registration number 47161.

2. Organisation

Investment Objective and Policy

The Company’s investment objective was to provide its Shareholders with consistent long term capital appreciation, utilising the investment skills of the Investment Manager, through investment of all of its capital (net of short-term working capital requirements) in Class E shares of Third Point Offshore Fund, Ltd. (the “Master Fund”), an exempted company formed under the laws of the Cayman Islands on 21 October 1996.

The Master Fund’s investment objective is to seek to generate consistent long-term capital appreciation, by investing capital in securities and other instruments in select asset classes, sectors and geographies, by taking long and short positions. The Master Fund is managed by the Investment Manager and the Investment Manager’s implementation of the Master Fund’s investment policy is the main driver of the Company’s performance. The Master Fund invests all of its investable capital in Third Point Offshore Master Fund L.P. (the “Master Partnership”) a corresponding open-ended investment partnership having the same investment objective as the Master Fund.

The Master Fund is a limited partner of the Master Partnership, an exempted limited partnership organised under the laws of the Cayman Islands, of which Third Point Advisors II L.L.C., an affiliate of the Investment Manager, is the general partner. Third Point LLC is the Investment Manager to the Company, the Master Fund and the Master Partnership. The Master Fund and the Master Partnership share the same investment objective, strategies and restrictions as described above.

The Audited Financial Statements of the Master Fund and the Audited Financial Statements of the Master Partnership, should be read alongside the Company’s Audited Annual Report and Audited Financial Statements.

Investment Manager

The Investment Manager is a limited liability company formed on 28 October 1996 under the laws of the State of Delaware. The Investment Manager was appointed on 29 June 2007 and is responsible for the management and investment of the Company’s assets on a discretionary basis in pursuit of the Company’s investment objective, subject to the control of the Company’s Board and certain borrowing and leveraging restrictions.

In the year ended 31 December 2018, the Company paid to the Investment Manager at the level of the Master Partnership a fixed management fee of 2 percent per annum and a general partner incentive allocation of 20 percent of the Master Fund’s NAV growth (“Full Incentive Fee”) invested in the Master Partnership, subject to certain conditions and related adjustments, by the Master Fund. If a particular series invested in the Master Fund depreciates during any fiscal year and during subsequent years there is a profit attributable to such series, the series must recover an amount equal to 2.5 times the amount of depreciation in the prior years before the Investment Manager is entitled to the Full Incentive Fee. Until this occurs, the series will be subject to a reduced incentive fee of 10%. The Company was allocated US\$430,284 (31 December 2017: US\$41,956,498) of incentive fees for the year ended 31 December 2018.

3. Significant Accounting Policies

Basis of Presentation

These Audited Financial Statements have been prepared in accordance with relevant accounting principles generally accepted in the United States of America ("US GAAP"). The functional and presentation currency of the Company is United States Dollars.

Management has determined that the Company is an investment company in conformity with US GAAP. Therefore the Company follows the accounting and reporting guidance for investment companies in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 946, Financial Services – Investment Companies ("ASC 946").

The following are the significant accounting policies adopted by the Company:

Cash and Cash Equivalents

Cash in the Statements of Assets and Liabilities and for the Statement of Cash Flows comprises cash at bank and on hand.

Broker cash

Due from broker includes cash balances held at the Company's clearing broker as of 31 December 2018. The Company clears all of its securities transactions through a major international securities firm, UBS, pursuant to agreements between the Company and prime broker.

Valuation of Investments

The Company records its investment in the Master Fund at fair value. Fair values are generally determined utilising the net asset value ("NAV") provided by, or on behalf of, the underlying Investment Managers of each investment fund. In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820 "Fair Value Measurement", fair value is defined as the price the Company would receive upon selling a security in a timely transaction to an independent buyer in the principal or most advantageous market of the security. For further information refer to the Master Partnership's Audited Financial Statements.

The valuation of securities held by the Master Partnership, which the Master Fund directly invests in, is discussed in the notes to the Master Partnership's Audited Financial Statements. The net asset value of the Company's investment in the Master Fund reflects its fair value. At 31 December 2018, the Company's US Dollar and Sterling shares represented 13.30% and 0.00% (31 December 2017: 12.83% and 0.73%) respectively of the Master Fund's NAV. All Sterling shares were compulsorily converted to the US Dollar class as of 1 July 2018.

The Company has adopted ASU 2015-07, Disclosures for Investments in Certain Entities that calculate Net Asset Value per Share (or its equivalent) ("ASU 201-07"), in which certain investments measured at fair value using the net asset value per share method (or its equivalent) as a practical expedient are not required to be categorised in the fair value hierarchy. Accordingly the Company has not levelled applicable positions.

Uncertainty in Income Tax

ASC Topic 740 "Income Taxes" requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority based on the technical merits of the position. Tax positions deemed to meet the "more-likely-than-not" threshold would be recorded as a tax benefit or expense in the year of determination. Management has evaluated the implications of ASC 740 and has determined that it has not had a material impact on these Audited Financial Statements.

Income and Expenses

The Company records its proportionate share of the Master Fund's income, expenses and realised and unrealised gains and losses on a monthly basis. In addition, the Company accrues interest income, to the extent it is expected to be collected, and other expenses.

Notes to the Audited Financial Statements

(continued)

For the year ended 31 December 2018

3. Significant Accounting Policies – continued

Use of Estimates

The preparation of Audited Financial Statements in conformity with US GAAP may require management to make estimates and assumptions that affect the amounts and disclosures in the financial statements and accompanying notes. Actual results could differ from those estimates. Other than what is underlying in the Master Fund and the Master Partnership, the Company does not use any material estimates in respect of the Audited Financial Statements.

Foreign Exchange

Investment securities and other assets and liabilities denominated in foreign currencies are translated into United States Dollars using exchange rates at the reporting date. Purchases and sales of investments and income and expense items denominated in foreign currencies are translated into United States Dollars at the date of such transaction. All foreign currency translation gains and losses are included in the Statement of Operations.

Recent accounting pronouncements

We have evaluated all accounting standards updates issued by the FASB, one of the accounting standards updates will have a material impact on the Audited Annual Financial Statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230) – Restricted Cash*. ASU 2016-18 clarifies the presentation of restricted cash in the Statement of Cash Flows by requiring the amounts described as restricted cash be included with cash and cash equivalents when reconciling the beginning of period and end of period total amounts shown on the Statement of Cash Flows. If cash and cash equivalents and restricted cash are presented separately in the Statement of Assets and Liabilities, a reconciliation of these separate line items to the total cash amount included in the Statement of Cash Flows will be required either in the footnotes or on the face of the Statement of Cash Flows. The guidance is effective for the Company on January 1, 2019. Early adoption is permitted. The Company is currently evaluating the implications of ASU 2016-18 and its impact on the financial statements.

4. Material Agreements

Management and Incentive fees

The Investment Manager was appointed by the Company to invest its assets in pursuit of the Company's investment objectives and policies. As disclosed in Note 2, the Investment Manager is remunerated by the Master Partnership by way of management fees and incentive fees.

Administration fees

Under the terms of an Administration Agreement dated 29 June 2007, the Company appointed Northern Trust International Fund Administration Services (Guernsey) Limited as Administrator (the "Administrator") and Corporate Secretary.

The Administrator is paid fees based on the NAV of the Company, payable quarterly in arrears. The fee is at a rate of 2 basis points of the NAV of the Company for the first £500 million of NAV and a rate of 1.5 basis points for any NAV above £500 million. This fee is subject to a minimum of £4,250 per month. The Administrator is also entitled to an annual corporate governance fee of £30,000 for its company secretarial and compliance activities.

In addition, the Administrator is entitled to be reimbursed out-of-pocket expenses incurred in the course of carrying out its duties, and may charge additional fees for certain other services.

Total Administrator expenses during the year amounted to US\$166,306 with US\$41,974 outstanding (31 December 2017: US\$178,848 with US\$50,261 outstanding).

Related Party

The Company has entered into a support and custody agreement with Third Point Offshore Independent Voting Company Limited ("VoteCo") whereby, in return for the services provided by VoteCo, the Company

4. Material Agreements – continued

will provide VoteCo with funds from time to time in order to enable VoteCo to meet its obligations as they fall due. Under this agreement, the Company has also agreed to pay all the expenses of VoteCo, including the fees of the directors of VoteCo, the fees of all advisors engaged by the directors of VoteCo and premiums for directors and officers insurance. The Company has also agreed to indemnify the directors of VoteCo in respect of all liabilities that they may incur in their capacity as directors of VoteCo. The expense paid by the Company on behalf of VoteCo during the year is outlined in the Statement of Operations on page 33 and amounted to US\$96,687 (31 December 2017: US\$88,977). As at 31 December 2018 expenses accrued by the Company on behalf of VoteCo amounted to US\$19,855 (31 December 2017: US\$16,679).

5. Directors' Fees

The Chairman is entitled to a fee of £63,000 per annum. All other independent Directors are entitled to receive £38,000 per annum with the exception of Mr. Legge who receives £46,000 per annum as the audit committee chairman. Mr. Targoff has waived his fees. The Directors are also entitled to be reimbursed for expenses properly incurred in the performance of their duties as Director. The Directors' fees during the year amounted to US\$241,529 with US\$nil outstanding (31 December 2017: US\$276,211 with US\$nil outstanding).

6. Stated Capital

The Company was incorporated with the authority to issue an unlimited number of Ordinary Shares (the "Shares") with no par value and an unlimited number of Ordinary B Shares ("B Shares") of no par value. All Sterling shares were compulsorily converted to the US Dollar class as of 1 July 2018.

	US Dollar Shares	Sterling Shares
Number of Ordinary Shares		
Shares issued 1 January 2018	47,403,915	2,093,352
Shares Converted/Cancelled		
Total shares transferred to share class during the year	2,738,686	104,177
Total shares transferred out of share class during the year	(137,814)	(2,197,529)
Total shares cancelled during the year	(2,818,657)	–
Shares in issue at end of year	47,186,130	–
	US Dollar Shares US\$	Sterling Shares US\$
Stated Capital Account		
Stated capital account at 1 January 2018	364,699,309	38,002,424
Shares Converted/Cancelled		
Total share value transferred to share class during the year	53,721,723	2,734,850
Total share value transferred out of share class during the year	(2,734,850)	(40,737,274)
Total share value cancelled during the year	(43,982,856)	–
Stated Capital account at end of year	371,703,326	–
Retained earnings	441,932,701	–
	US Dollar Shares	Sterling Shares
Number of Ordinary B Shares		
Shares in issue as at 1 January 2018	31,602,630	1,395,582
Shares Converted/Cancelled		
Total shares transferred to share class during the year	1,825,872	69,452
Total shares transferred out of share class during the year	(91,877)	(1,465,034)
Total shares cancelled during the year	(1,879,204)	–
Shares in issue at end of year	31,457,421	–

In respect of each class of Shares a separate class account has been established in the books of the Company. An amount equal to the aggregate proceeds of issue of each Share Class has been credited to the relevant class account. Any increase or decrease in the NAV of the Master Fund, as calculated by the Master Fund, is allocated to the relevant class account in the Company according to the number of shares held by each class.

Notes to the Audited Financial Statements

(continued)

For the year ended 31 December 2018

6. Stated Capital – continued

Each class account is allocated those costs, expenses, losses, dividends, profits, gains and income which the Directors determine in their sole discretion relate to a particular class. Expenses which relate to the Company as a whole rather than specific classes are allocated to each class in the proportion that its NAV bears to the Company as a whole.

Voting Rights

Ordinary Shares carry the right to vote at general meetings of the Company and to receive any dividends, attributable to the Ordinary Shares as a class, declared by the Company and, in a winding-up will be entitled to receive, by way of capital, any surplus assets of the Company attributable to the Ordinary Shares as a class in proportion to their holdings remaining after settlement of any outstanding liabilities of the Company. B Shares also carry the right to vote at general meetings of the Company but carry no rights to distribution of profits or in the winding-up of the Company.

As prescribed in the Company's Articles, each Shareholder present at general meetings of the Company shall, upon a show of hands, have one vote. Upon a poll, each Shareholder shall, in the case of a separate class meeting, have one vote in respect of each Share or B Share held and, in the case of a general meeting of all Shareholders, have one vote in respect of each US Dollar Share or US Dollar B Share held. Fluctuations in currency rates will not affect the relative voting rights applicable to the Shares and B Shares. In addition all of the Company's Shareholders have the right to vote on all material changes to the Company's investment policy.

Repurchase of Shares and Discount Control

The Directors of the Company were granted authority to purchase in the market up to 14.99 percent of each class of Shares in issue at the Annual General Meeting on 28 June 2018, and they intend to seek annual renewal of this authority from Shareholders. The Directors have utilised this share repurchase authority by introducing a new mechanism that will hopefully enhance future capital growth. Pursuant to the Director's share repurchase authority, the Company, through the Master Fund, commenced a share repurchase program in 2007. The Shares are being held by the Master Partnership. The Master Partnership's gains or losses and implied financing costs related to the shares purchased through the share purchase programme are entirely allocated to the Company's investment in the Master Fund. The Master Partnership has an ownership of 7.16% of the USD shares outstanding at 31 December 2018 (31 December 2017: 11.88%). Following the final dividend payment of \$38,397,151 and \$2,231,249 on USD Shares and Sterling Shares respectively on 16 February 2018 with respect to the year ended 31 December 2017, the Board elected to stop dividend payments, cancelled 5% of the Company's outstanding shares held by the Master Fund and adopted a more traditional share repurchase and cancellation practice. In addition, the Board intends to cancel the remaining shares held by the Master fund in 2019, subject to the support of Master Fund profits, and has committed not to sell any held shares unless the share price is at or above the NAV. On 5 December 2018, the Board announced the implementation of a share buyback programme, with share purchases being made through the market at prices below the then prevailing NAV per share. As part of this programme, 318,657 shares were repurchased and cancelled during December 2018 at an average cost per share of \$14.07.

At 31 December 2018 and 31 December 2017 the Master Partnership held the following Shares in the Company in the after-market:

31 December 2018	Currency	Number of Shares	Cost	Average Cost per Share
US Dollar Shares	USD	3,379,753	US\$38,286,262	US\$11.33

31 December 2017	Currency	Number of Shares	Cost	Average Cost per Share
US Dollar Shares	USD	5,879,753	US\$65,025,532	US\$11.06

Further issue of Shares

Under the Articles, the Directors have the power to issue further shares on a non-pre-emptive basis. If the Directors issue further Shares, the issue price will not be less than the then-prevailing estimated weekly NAV per Share of the relevant class of Shares.

Share Conversion Scheme

The Company's Articles incorporate provisions to enable Shareholders of any one Class of Ordinary Shares to convert all or part of their holding into any other Currency Class of Ordinary Share on a monthly basis on the following terms:

- (1) the right of conversion is exercisable by the said holder giving to the Company or its authorised agent at least 10 business days notice;
- (2) the notice shall specify the number and Currency Class to be converted from and the Currency Class of Ordinary Shares into which they are to be converted.
- (3) the notice shall be submitted either through submission of the relevant instruction mechanism or through the return of the relevant Ordinary Share Certificate.

Upon conversion a corresponding number of B Shares will be converted in a similar manner.

If the aggregate NAV of any Currency Class at any month-end falls below the equivalent of US\$50 million, the Shares of that Class may be converted compulsorily into Shares of the Currency Class with the greatest aggregate value in US Dollar terms at the time. Each conversion will be based on NAV (Note 8) of the share classes to be converted. During the year ended 31 December 2018, the Company compulsorily converted all Sterling shares to US Dollar shares and discontinued the Sterling share class.

7. Taxation

The Fund is exempt from taxation in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989.

8. Calculation of Net Asset Value

The NAV of the Company is equal to the value of its total assets less its total liabilities. The NAV per Share of each class is calculated by dividing the NAV of the relevant class account by the number of Ordinary Shares of the relevant class in issue on that day.

9. Related Party Transactions

At 31 December 2018 other investment funds owned by or affiliated with the Investment Manager owned 5,630,444 (31 December 2017: 5,630,444) US Dollar Shares in the Company. Refer to note 4 and note 5 for additional Related Party Transaction disclosures.

10. Significant Events

All Sterling shares were compulsorily converted to the US Dollar class as of 1 July 2018.

In August 2018, the Company proposed to transfer the listing category of its Ordinary Shares from a standard listing to a premium listing (closed-ended investment fund) under Chapter 15 of the Listing Rules. This transfer took effect in September 2018, as a result of passing the resolutions at the extraordinary general meeting of the Company on 31 August 2018.

The Company was admitted to the Premium Official List Segment ("Premium Listing") of the London Stock Exchange ("LSE") on 10 September 2018. In December 2018, the Premium Listing enabled TPOIL to be included in the FTSE UK Index series.

Marc Antoine Autheman resigned from the Board of Directors on 12 September 2018.

Notes to the Audited Financial Statements

continued

For the year ended 31 December 2018

11. Financial Highlights

The following tables include selected data for a single Ordinary Share of each of the Ordinary Share classes in issue at the year end and other performance information derived from the Audited Financial Statements.

	US Dollar Shares 31 December 2018 US\$	Sterling Shares 30 June 2018 ¹ £
Per Share Operating Performance		
Net Asset Value beginning of the year	20.25	19.21
Income from Operations		
Net realised and unrealised (loss)/gain from investment transactions allocated from Master Fund ²	(2.38)	0.12
Net loss	(0.05)	(0.14)
Total Return from Operations	(2.43)	(0.02)
Share redemption accretion	0.19	–
Share buyback accretion	0.04	–
Distribution Paid	(0.81)	(0.77)
Net Asset Value, end of the year/conversion date	17.24	18.42
Total return before incentive fee allocated from Master Fund	(10.82%)	0.09%
Incentive allocation from Master Fund	(0.04%)	(0.19%)
Total return after incentive fee allocated from Master Fund	(10.86%)	(0.10%)

¹ All Sterling shares were compulsorily converted to the US Dollar class as of 1 July 2018.

² Includes foreign currency translation of profit/(loss) with respect to Sterling share class.

Total return from operations reflects the net return for an investment made at the beginning of the year and is calculated as the change in the NAV per Ordinary Share during the year ended 31 December 2018 and is not annualised. An individual Shareholder's return may vary from these returns based on the timing of their purchases and sales of shares on the market.

	US Dollar Shares 31 December 2017 US\$	Sterling Shares 31 December 2017 £
Per Share Operating Performance		
Net Asset Value beginning of the year	17.63	16.84
Income from Operations		
Net realised and unrealised gain from investment transactions allocated from Master Fund ¹	4.29	3.91
Net loss	(0.96)	(0.87)
Total Return from Operations	3.33	3.04
Distribution Paid	(0.71)	(0.67)
Net Asset Value, end of the year	20.25	19.21
Total return before incentive fee allocation from Master Fund	23.65%	22.92%
Incentive allocation from Master Fund	(4.76%)	(4.87%)
Total return after incentive fee allocation from Master Fund	18.89%	18.05%

¹ Includes foreign currency translation of profit/(loss) with respect to Sterling share class.

Total return from operations reflects the net return for an investment made at the beginning of the year and is calculated as the change in the NAV per Ordinary Share during the year ended 31 December 2017 and is not annualised. An individual Shareholder's return may vary from these returns based on the timing of their purchases and sales of shares on the market.

	US Dollar Shares 31 December 2018 US\$	Sterling Shares 31 December 2018 £
Supplemental data		
Net Asset Value, end of the year	813,636,027	–
Average Net Asset Value, for the year ²	920,184,764	37,499,484
Ratio to average net assets		
Operating expenses ³	(3.30%)	(1.61%)
Incentive fee allocated from Master Fund	(0.03%)	(0.22%)
Total operating expense ³	(3.33%)	(1.83%)
Net loss	(0.73%)	(0.57%)

	US Dollar Shares 31 December 2017 US\$	Sterling Shares 31 December 2017 £
Supplemental data		
Net Asset Value, end of the year	960,047,757	40,204,316
Average Net Asset Value, for the year ²	896,450,229	39,106,196
Ratio to average net assets		
Operating expenses ³	(3.21%)	(3.22%)
Incentive fee allocated from Master Fund	(4.45%)	(4.33%)
Total operating expense ³	(7.66%)	(7.55%)
Net loss	(5.09%)	(5.00%)

¹ Includes foreign currency translation of profit/(loss) with respect to Sterling share class.

² Average Net Asset Value for the year is calculated based on published monthly estimates of NAV.

³ Operating expenses are Company expenses together with operating expenses allocated from the Master Fund.

Notes to the Audited Financial Statements

continued

For the year ended 31 December 2018

12. Ongoing Charge Calculation

Ongoing charges for the year ended 31 December 2018 and 31 December 2017 have been prepared in accordance with the AIC recommended methodology. Performance fees were charged to the Master Fund. In line with AIC guidance, an Ongoing Charge has been disclosed both including and excluding performance fees. The Ongoing charges for year ended 31 December 2018 and 31 December 2017 excluding performance fees and including performance fees are based on Company expenses and allocated Master Fund expenses outlined below.

(excluding performance fees)	31 December 2018	31 December 2017
US Dollar Shares	2.82%	2.85%
Sterling Shares *	1.86%	2.94%
(including performance fees)	31 December 2018	31 December 2017
US Dollar Shares	2.87%	7.30%
Sterling Shares *	2.08%	7.27%

* All Sterling shares were compulsorily converted to the US Dollar class as of 1 July 2018.

13. Subsequent Events

As of January 1, 2019, the Company transferred substantially all of its holding into a newly-created share class of the Master Fund. The new share class will be subject to a 25% quarterly redemption gate. The Company will plan to redeem an appropriate amount each quarter to account for planned share buybacks and Company fees and expenses. The new share class will attract a lower management fee and the Company will also qualify for an additional reduction of management fee applicable to it based on its size and longevity as an investor in the Master Fund. As a result, the Company's management fee will be reduced from 2.0% to 1.25% per annum.

For the period 1 January 2019 to 23 April 2019, 1,596,777 shares have been repurchased and cancelled at an average cost per share of \$14.48.

Steve Bates was appointed as Chairman on 5 February 2019.

Rupert Dorey was appointed as a Director on 5 February 2019.

On 11 February 2019, Christopher Legge purchased 2,000 shares in Third Point Offshore Investors Limited taking his total holding to 6,500 shares.

On 13 February 2019, Rosemary Dorey (spouse of Rupert Dorey, non-executive director of the Company) purchased 5,151 shares in Third Point Offshore Investors Limited taking their combined total holding to 12,000 shares.

On 4 March 2019, Claire Whittet beneficially purchased 2,500 shares in Third Point Offshore Investors Limited.

There were no other events subsequent to the year-end which, in the opinion of the Directors, may have an impact on the Audited Annual Financial Statements for the year ended 31 December 2018.

Management and Administration

Directors

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Keith Dorrian^{*}

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Claire Whittet^{*}

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** These Directors are independent.*

¹ Resigned 12 September 2018.

² Appointed 5 February 2019.

Investment Manager

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