

STIRLING MORTIMER
NO 4 FUND CAPE VERDE
A CELL OF:
STIRLING MORTIMER GLOBAL
PROPERTY FUND PCC LIMITED

ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

(COMPANY REGISTRATION NUMBER 46547)

STIRLING MORTIMER NO 4 FUND CAPE VERDE, A CELL OF STIRLING MORTIMER GLOBAL PROPERTY FUND PCC LIMITED

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STIRLING MORTIMER NO 4 FUND CAPE VERDE, A CELL OF
STIRLING MORTIMER GLOBAL PROPERTY FUND PCC LIMITED

DIRECTORS AND FUND INFORMATION

DIRECTORS:

Catharine Walter
Philip Bowman
Timothy Clink
Mark N. Huntley
Richard Roberts
(all non-executive)

PROMOTER:

Stirling Mortimer Limited
6 Manor Park Business Centre
Mackenzie Way
Cheltenham
United Kingdom
GL51 9TX

PROPERTY MANAGER:

Stately International Investments Limited
12 Burleigh Street
Covent Garden
London
WC2E 7PX

**INDEPENDENT PROPERTY VALUER
& AGENTS:**

Savills (L&P) Limited
Wytham Court
11 West Way
Oxford
OX2 0QL

**ADMINISTRATOR, REGISTRAR
& SECRETARY:**

Heritage International Fund Managers Limited
Heritage Hall
Le Marchant Street
St Peter Port
Guernsey
Channel Islands
GY1 4HY

LISTING AGENT:

Heritage Corporate Services Limited
Heritage Hall
Le Marchant Street
St Peter Port
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Channel Islands
GY1 4HY

AUDITORS:

BDO Novus Limited
Chartered Accountants
Place du Pré
Rue du Pré
St Peter Port
Guernsey
Channel Islands
GY1 3LL

PROPERTY ADVISER:

Stirling Mortimer (Channel Islands) Limited
Heritage Hall
Le Marchant Street
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Channel Islands
GY1 4HY

REGISTERED OFFICE:

Heritage Hall
Le Marchant Street
St Peter Port
Guernsey
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GY1 4HY

STIRLING MORTIMER NO 4 FUND CAPE VERDE, A CELL OF STIRLING MORTIMER GLOBAL PROPERTY FUND PCC LIMITED

CHAIRMAN'S STATEMENT

I am pleased to present the annual report and financial statements of the Stirling Mortimer No 4 Fund Cape Verde, a cell of Stirling Mortimer Global Property Fund PCC Limited (the "Company"), for the year ended 30 June 2009. This report covers the Company's cell No 4 Fund Cape Verde (the "Fund"), relating to the developments at Paradise Beach.

HIGHLIGHTS

- Book value of net assets as at 30 June 2009 €66.56 million (30 June 2008: €67.86 million);
- Loss for the year ended 30 June 2009 €1.30 million (30 June 2008: €1.43 million);
- Significant downturn in property markets. Independent valuation of underlying properties down by 8% from 30 June 2008 valuation (now 6.58% down compared to cost);
- Developments scheduled for March 2011 completion but potentially August 2011. However, the expected life of the Fund (given the intention to sell the "right to purchase" (RTP) contracts) is to 31 January 2011.

ECONOMIC ENVIRONMENT

The past few months have been extremely challenging for Global property markets. The Cape Verde market has enjoyed sustainable growth in the economy, tourism and the local housing market, although the global economic crisis is starting to show an impact on the local economy with particular reference to international tourism. The economic downturn is hoped to be short-lived and recovery is forecast to start by 2010 in line with global economic recovery.

The "credit crunch" has continued to impact on the Fund's ability to re-sell the RTP contracts with many property purchasers either looking for bargains or being deterred from entering the market. The situation has been further compounded by the weakening of Sterling against the Euro making it more difficult for UK buyers of overseas properties. The effect of the credit squeeze is that the Fund's RTP contracts are no longer easily tradable prior to the completion of the properties. Our Property Managers have not been able to re-sell the properties within the timeframe that we have anticipated in the prospectus with the result that no RTPs have been sold in the current year.

The show flat for Paradise Beach is complete and furnished, providing a marketing suite for inspection tours from prospective clients.

The Board plans to visit Cape Verde in 2010. Valuation appraisals were carried out in June 2009 by Savills (see highlights above).

The Board is conscious that the only communication to the investors comes in the form of the annual report and financial statements and the interim accounts. We are currently looking at ways of providing a greater level of detail about the progress of the sites and hope that this will include supplying DVDs showing the developments.

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CHAIRMAN'S STATEMENT (continued)

VALUATION OF INVENTORIES

Further to Note 2, the Board has decided to value the inventories in association with the accounting policy (and in accordance with accounting standards, specifically International Accounting Standard No 2), to the lower of Cost and Net Realisable Value (NRV). The inventories are valued at Cost as a result of the guaranteed return of Cost in place in the Fund. Whilst the aim of the Fund remains that of re-selling the RTP contracts for profit during the construction process, the Board would like to point out that there are increasing difficulties in meeting that objective. Where sales of the RTPs are made, any gains will be recognised in the period the sale is made.

The Board is currently in negotiations to ensure that every route possible is explored so that the investors will at least receive their initial investment, plus 15%. These steps include widening the sales agents available to the projects, considering syndication and fractional ownership and having a more hands on approach to the sales process. However, the Board is cautiously optimistic that the markets will improve towards the end of 2009 and, as such, create a strong demand for fractional ownership given the quality of the properties involved.

RESULTS

The financial statements of the Fund as at 30 June 2009 shows the net asset value of the Fund at €66.56 million (2008: €67.86 million).

As with this type of investment, the Board does not recommend any dividend distribution at this time.

Catharine Walter

October 2009

STIRLING MORTIMER NO 4 FUND CAPE VERDE, A CELL OF STIRLING MORTIMER GLOBAL PROPERTY FUND PCC LIMITED

DIRECTORS' REPORT

The Directors submit their report and the audited financial statements of No 4 Fund Cape Verde, a cell of Stirling Mortimer Global Property Fund PCC Limited for the year ended 30 June 2009.

STRUCTURE OF COMPANY

Stirling Mortimer Global Property Fund PCC Limited (the "Company") was incorporated on 9 March 2007 as a closed-ended investment fund with limited liability under The Companies (Guernsey) Law, 1994 and as a protected cell company under The Protected Cell Companies Ordinance, 1997 to 1998 (as amended). Consent under the Control of Borrowing (Bailiwick of Guernsey) Ordinances 1959 to 1989 was granted on 29 March 2007 for the establishment of the Company as a closed-ended investment fund. The Company is a Registered closed-ended investment fund as defined in the Guidance Document issued by the Guernsey Financial Services Commission dated February 2007.

On 1 July 2008, The Companies (Guernsey) Law, 2008 came into force. This new law consolidated numerous laws including The Companies (Guernsey) Law, 1994 and The Protected Cell Companies Ordinance, 1997 to 1998 (as amended).

Stirling Mortimer No 4 Fund Cape Verde is a cell of the Company and was launched on 23 July 2007.

ACTIVITIES

The principal activity of the Fund is that of a closed-ended investment fund with limited liability. The Fund invests in "right to purchase" (RTP) contracts on property developments on the Island of Sal, Cape Verde.

RESULTS

The results for the year are shown in the income statement on Page 17.

DIVIDENDS

The Directors do not recommend the payment of dividends to the shareholders for the year ended 30 June 2009 (2008: €Nil).

DIRECTORS

The Directors of the Company during the year and to date are as stated on Page 3.

DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies (Guernsey) Law, 2008 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 profit or loss of the Company for that period and are in accordance with applicable laws.

STIRLING MORTIMER NO 4 FUND CAPE VERDE, A CELL OF STIRLING MORTIMER GLOBAL PROPERTY FUND PCC LIMITED

DIRECTORS' REPORT (continued)

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently on a cellular basis;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and,
- Prepare the 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 financial statements comply with the Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with laws or regulations.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors confirm that so far as they are aware, there is no information relevant to the audit of which the Company's auditors are unaware. The Directors also confirm that they have taken all steps they ought to have taken as Directors to make themselves aware of any information relevant to the audit and to establish that the Company's auditors are aware of that information.

AUDITORS

A resolution for the re-appointment of BDO Novus Limited as auditors of the Company and Fund is to be proposed at the forthcoming annual general meeting.

Catharine Walter

Director

Date: 30 October 2009

Heritage Hall
Le Marchant Street
St Peter Port
Guernsey

Richard Roberts

Director

Date: 30 October 2009

STIRLING MORTIMER NO 4 FUND CAPE VERDE, A CELL OF STIRLING MORTIMER GLOBAL PROPERTY FUND PCC LIMITED

PROPERTY MANAGER'S REPORT

OVERVIEW

Stirling Mortimer No 4 Fund Cape Verde, is a cell of Stirling Mortimer Global Property Fund PCC Limited has invested in "right to purchase" (RTP) contracts in two discounted residential property developments on the Island of Sal, Cape Verde.

The market has enjoyed sustainable growth in the economy, tourism and the local housing market, however, the global economic crisis is starting to show an impact on the local economy with particular reference to international tourism. The economic downturn in Cape Verde is hoped to be short-lived however, and recovery is forecast to start by 2010 in line with global economic recovery.

Effects from the global economic crisis are forecast to be reflected in tourist volume, which may have a potential impact on timeframes associated with disposal of asset, although the initial extension of the Fund should counter these impacts.

It is the Property Manager's belief that the assets in which the Fund has invested, namely the high quality apartment and townhouse sector, will see the highest levels of demand on the Islands, due to limited competition in the high end real estate sector. The decrease in Foreign Direct Investment (FDI) and investment in the construction sector should also benefit the Cell's assets by further limiting the supply of competing residential developments in the area.

Recent valuations reported in June 2009 and carried out by Savills have seen a positive increase from 2008 figures. The valuations indicate a drop in the value of assets held within the Fund of 6.58% from the point at which they were invested into.

However, to date the reservations and re-sales that have been made on assets held by the Cell will provide an average 26.3% return on investment with some profits already repatriated to the Cell.

1. The Economy

The Cape Verde Islands have enjoyed ongoing economic growth over the past decade with an average GDP increase of 6.14% per annum, between 2001 and 2007¹. However, the global economic crisis is taking its toll in Cape Verde, as inflows of FDI and tourist arrivals, the main pillars supporting economic growth in previous years, are forecast to decline sharply in 2009.

The Economist Intelligence Unit has revised its figures in its April report, now stating that tourist arrivals are expected to fall by almost 10% as recession hits the EU, the main origin of tourists to Cape Verde.

Although the government has prepared a fiscal stimulus plan based on speeding up public investment projects, the construction sector is also forecast to contract as the market for tourist homes is hit and some major projects are delayed owing to difficulties in obtaining the necessary credit.

Rising unemployment will reduce private consumption, which in turn will affect performance in other economic sectors. Nevertheless, economic activity will be supported by a relatively good harvest and higher government spending, and real GDP is forecast to grow, though only by 1% in 2009.

The hoped resumption of growth in the EU in 2010 is expected to revive the tourism industry, and higher levels of FDI will make activity in the construction sector more dynamic. As a result, real GDP growth is forecast to recover some ground and to grow by 3.5% in 2010.

¹ HTL Tourism & Leisure Report, August 2006 & statement by Minister of Economy, May 2008 (<http://www.cipbenin.org.english/version/spip.php?article181>).

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PROPERTY MANAGER'S REPORT (continued)

Inflationary pressures are expected to remain subdued in 2009, owing to the sharp fall in oil and food prices in international markets. The central bank will also continue to pursue a prudent monetary policy, although it will become slightly looser to support stronger economic growth. As a result of these factors, the Economist Intelligence Unit expects that average inflation will fall from 6.8% in 2008 to 3.5% in 2009, before increasing to 3.8% in 2010 as commodity prices rise again in international markets.

2. Tourism

Visitor numbers to the Cape Verde islands have steadily increased over the past decade, with total numbers of visitors increasing by 58.7% between 2003 and 2007. According to the Cape Verde National Institute of Statistics (INE), the third trimester for 2008 showed that the transport, tourism and construction industries were maintaining strength, with tourism increasing at a rate of 22% on the previous year.

In the absence of more recent statistics from the INE, the full effect of the financial crisis on tourism remains to be seen in 2009, since international tourism reservations are normally made and paid in full at least a few months in advance. However, the growth rate of international arrivals to Sub-Saharan African countries has already slowed down to 4.2% in 2008 compared to 7.5% in 2007 (UNWTO World Tourism Barometer January 2009).

A recent report published by the Economist Intelligence Unit forecasts that tourist arrivals to the Islands could fall by as much as 10% in 2009 as a result of ongoing global economic conditions. This may be particularly prevalent in the key growth sector of UK tourists.

Long term forecasts for Cape Verde are positive, the INE forecasts that the Cape Verde Islands will attract in the region of one million tourists per annum by 2015.

One key area for future growth is within the limited supply of high quality accommodation, which is currently in undersupply. The provision of high quality self-catering accommodation on the Islands is forecast to enjoy both high levels of demand and rental returns, in comparison to higher priced hotel accommodation.

3. Infrastructure

Incoming tourism to Cape Verde has grown from a very low base in recent years. Business related tourism has been predominantly centered on Praia (Santiago Island), with Santa Maria (Sal Island) the predominant leisure tourism destination.

There has been significant investment in tourism related infrastructure, with the upgrading of the international airport on Sal, the inauguration of Praia International Airport and the imminent inauguration of the international airports on Boa Vista and Sao Vicente. These developments, together with increases in tourist accommodation, are expected to lead to future development of tourism to Cape Verde.

Cape Verde attracted €2.639 billion in foreign direct investment in 2008, a rise of 129% from the previous year, according to statistics from the Cabo Verde Investimentos (CI), with 19 FDI projects being approved in 2008, compared with 13 projects in 2007². However, a recent report published by the Economist Intelligence Unit forecasts that the levels of FDI will dramatically drop in 2009 as a result of the global economic crisis, particularly in the construction sector.

The government is encouraging tourism development through incentives, but does not currently have adequate funding for tourism promotion, which is being carried out by the private sector. An assessment of Cape Verde's tourism sector was carried out in 2004 under a French-aid funded project. This project identified water sports, nature interests and trekking as having strong market potential, in addition to conventional beach-based tourism. The 2004

² http://news.xinhuanet.com/english/2009-01/08/content_10625623.htm

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PROPERTY MANAGER'S REPORT (continued)

assessment is being used as a basis for a 10-year tourism development strategy. This strategy includes the objective of diversifying the tourism product to reflect the strengths of Cape Verde and encourage higher spending tourists.

Future outlook

Cape Verde is investing in upgrading and expanding its airport capacity to enable increased air services to follow. The success of developing additional capacity on existing routes and attracting new routes will, to a large extent, be demand-led as new tourist accommodation capacity is further realised.

4. Real estate marketplace

The Cape Verde Islands have enjoyed ongoing growth in the real estate sector over the past three years with capital appreciation widely reported in the region of 17-20% per annum. Whilst governmental statistics are limited with regards to future growth, it would be prudent to assume that short term growth will be restricted in the light of global economic conditions. Medium term stabilisation of global markets and tourism should result in a return to growth in housing, particularly in the limited supply sector in which the Cell's assets sit.

As previously stated, a key area for future growth is within the high quality accommodation sector, which is currently only supplied by the larger hotel chains. Current economic conditions and availability of credit have been reported to have impacted on the construction sector with a number of development projects delayed or on hold. Whilst this can be seen as a negative factor to the sector as a whole, the reduced levels of competition in the high quality real estate marketplace should have a beneficial effect on disposal of asset of the Fund's portfolio.

5. Development updates

Progress is underway on both projects, with construction varied in phases.

1) Paradise Beach

Phase one of the two phase project plan is well into progression, with foundations and initial structures complete. The show flat for the development is complete and furnished, providing a marketing suite for inspection tours from prospective clients. Phase two is currently under construction with initial development timeframes detailed in the Construction Gantt Chart illustrated in Annex 1. However, conversations with the construction company and seller of the development have led us to believe that there may be a delay in completion dates as follows:

Paradise Beach

Phase 1 – Initial completion date set for November 2010 now potentially March 2011

Phase 2 - Initial completion date set for September 2010 now potentially March 2011

Please find below a selection of pictures of the site.

Aerial views



The scale of the project can be seen from its front-line beach position.

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PROPERTY MANAGER'S REPORT (continued)



A number of structures are now complete across the site.



Building is well underway.

2) Murdeira Beach Resort

Preliminary construction has commenced at the Murdeira Beach development, with initial land clearance, infrastructure development and building foundations underway. Initial development timeframes are detailed in the Construction Gantt Chart illustrated in Annex 1. However, conversations with the construction company and seller of the development have led us to believe that there may be a delay in the completion date as follows:

Murderia Beach: Initial completion date set for December 2010 now potentially August 2011.

Please find below a selection of pictures of the site.

Aerial views



The scale of the project can be seen from its front-line beach position.

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PROPERTY MANAGER'S REPORT (continued)



Murdeira Beach – early foundation work continues.

6. Valuations

Recent valuations reported in June 2009 and carried out by Savills have seen a positive increase from 2008 figures. The valuations indicate a drop in the value of assets held within the Fund of 6.58% from the point at which they were invested into.

Cell	Off-plan price	Current valuation	Difference	% Loss
4	€145,203,939	€135,649,715	€9,554,224	6.58

However, there have already been reservations and re-sales achieved on a number of the Fund's units that will provide an average 26.3% return on investment.

7. Extension of the Fund

The recent extension of the Fund in December 2008 has resulted in a new redemption date of 31 January 2011.

CELL	Development	Extension date	Original completion date	New forecast completion/ settlement date	Additional delay
4	Paradise Beach - Phase 1	31/01/2011	30/09/2010	01/03/2011	Aug-11
4	Paradise Beach - Phase 2	31/01/2011	01/02/2010	01/03/2011	Aug-11
4	Murdeira Beach	31/01/2011	31/12/2010	01/08/2011	n/a

It is the Property Manager's opinion that with the pending recovery of global markets through 2009 and into 2010, and regenerated tourism levels, the full disposal of asset within the Cape Verde portfolio should be achieved within the new redemption timeframes (see Notes 2 and 14 to the financial statements).

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PROPERTY MANAGER'S REPORT (continued)

8. Sales

To date, 11 properties held within the portfolio have been sold or reserved with profits which will provide an average return on investment of 26.3%.

The relevant unit details are as follows:

Unit Details

Project	Unit	Status	Comments
Paradise Beach	6040	Contract	
Paradise Beach	6313	Contract	
Murdeira Beach	2242	Contract	Awaiting due diligence
Paradise Beach	6253	Reservation received	Awaiting unsecured finance
Paradise Beach	6257	Reservation received	Awaiting unsecured finance
Paradise Beach	6258	Reservation received	Awaiting unsecured finance
Paradise Beach	636	Reservation received	Awaiting unsecured finance
Paradise Beach	6329	Reservation received	Awaiting unsecured finance
Paradise Beach	708	Reservation received	Awaiting unsecured finance
Paradise Beach	718	Reservation received	Awaiting unsecured finance
Murdeira Beach	1119	Pending contract	Awaiting full PPC transfer

9. Projected performance

Whilst short term forecasts for economic growth, particularly in relation to the tourism sector are reported to be in decline, the medium term is far more positive. Cape Verde heavily relies on tourism and along with the huge developments in infrastructure and medium term growth of tourism on the islands the demand for high quality resorts is strong. The limited supply in the marketplace, which struggles to cater for current levels of tourism will allow for future growth in pricing.

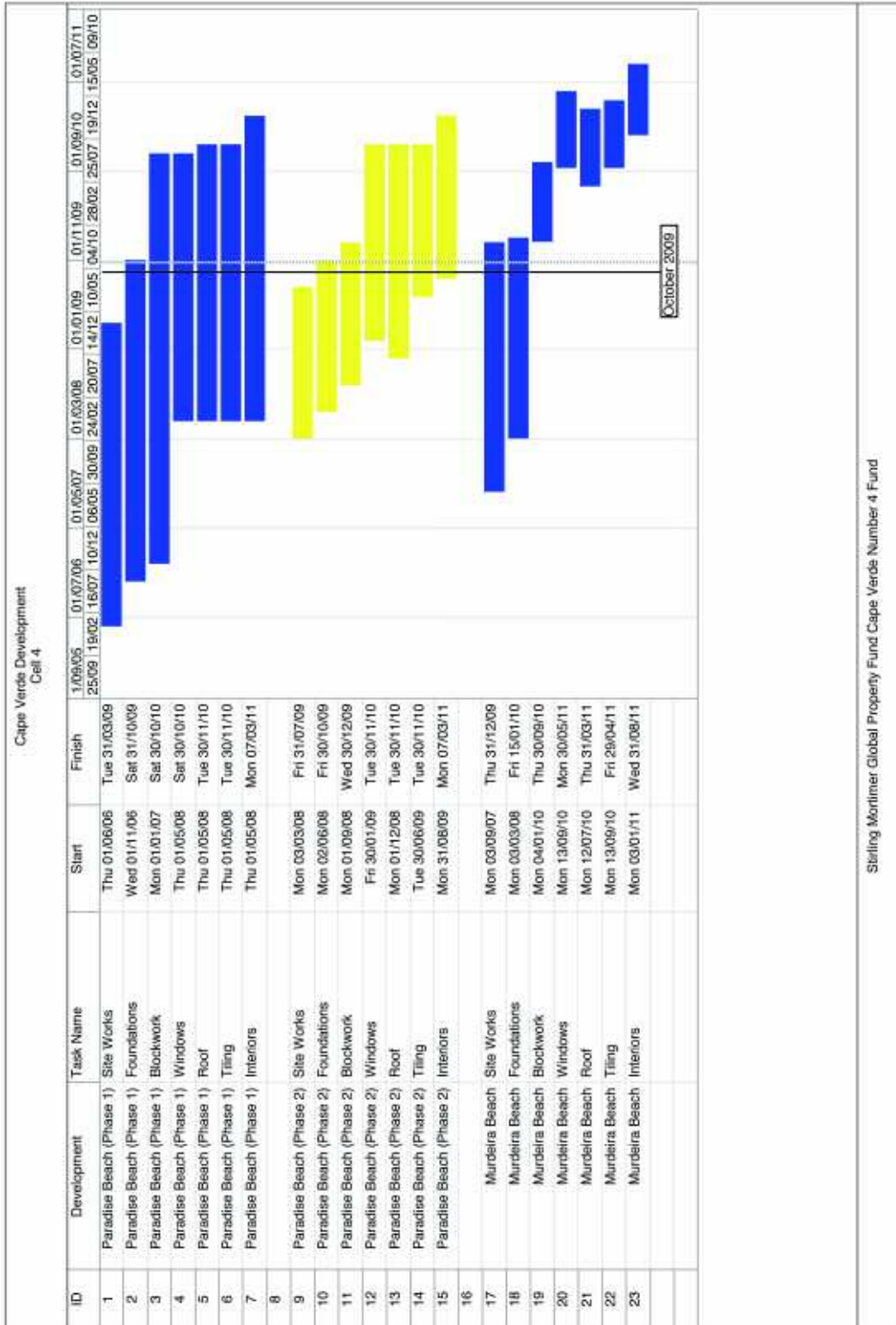
Stately International Investments Limited

24 September 2009

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PROPERTY MANAGER'S REPORT (continued)

Annex 1. Construction Gantt Chart



STIRLING MORTIMER NO 4 FUND CAPE VERDE, A CELL OF STIRLING MORTIMER GLOBAL PROPERTY FUND PCC LIMITED

INDEPENDENT AUDITORS' REPORT

To the members of Stirling Mortimer No 4 Fund Cape Verde, a cell of
Stirling Mortimer Global Property Fund PCC Limited,

We have audited the financial statements of Stirling Mortimer No 4 Fund Cape Verde (the "Fund"), a cell of Stirling Mortimer Global Property Fund PCC Limited, for the year ended 30 June 2009 which comprise the Balance Sheet, Income Statement, Statement of Cash Flows and Statement of Changes in Equity and the related Notes 1 to 19. These financial statements have been prepared under International Financial Reporting Standards (IFRS) and in accordance with the accounting policies on Pages 21 to 27.

This report is made solely to the Fund's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work is undertaken so that we might state to the Fund's members those matters we are required to state to them in an auditors' 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 Fund and the Fund's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Directors and Auditors

As described in the Directors' Responsibilities Statement within the Directors' Report, the Directors are responsible for the preparation of the financial statements in accordance with applicable Guernsey law and IFRS.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Guernsey) Law, 2008. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company or Fund has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law is not disclosed.

We read the other information in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's Statement, Directors' Report and the Property Manager's Report. We consider the implication for our report if we become aware of any apparent mis-statements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Fund's circumstances, consistently applied and adequately disclosed.

STIRLING MORTIMER NO 4 FUND CAPE VERDE, A CELL OF STIRLING MORTIMER GLOBAL PROPERTY FUND PCC LIMITED

INDEPENDENT AUDITORS' REPORT (continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with IFRS, of the state of the Fund's affairs as at 30 June 2009 and of its results for the year ended 30 June 2009; and,
- have been properly prepared in accordance with the provisions of the Companies (Guernsey) Law, 2008 and the principal documents.

Emphasis of matter

In forming our opinion on the financial statements, which is not qualified, we draw your attention to the disclosures made in Note 2 to the financial statements concerning the significant judgments made and the uncertainties around the valuation of the Fund's inventory. As disclosed in Note 1c to the financial statements, the RTPs are classified as inventory and measured at the lower of cost and net realisable value. Given the facts disclosed in Note 2, there is an uncertainty regarding the inventory's carrying value of €57,092,827. The financial statements do not include the adjustments that would be necessary should any losses not be reimbursed under the guarantees in place or should the anticipated sales not arise during the guarantee period.

In addition to this, we draw your attention to the disclosures made in Note 14 to the financial statements concerning the Fund's contingent financial commitments. As disclosed in Note 14 to the financial statements, the Fund will require further financing should the Fund need to complete the property purchases under the RTPs. The Directors are reviewing the various financing options available to the Fund should this become necessary. However, as at the date of this report, no plans have been finalised. The Directors have prepared the financial statements on a going concern basis on the presumption that financing will be available to the Fund, to enable the completion of the RTPs, should it become necessary.

BDO NOVUS LIMITED

Chartered Accountants

Place du Pré

Rue du Pré

St Peter Port

Guernsey

30 October 2009

STIRLING MORTIMER NO 4 FUND CAPE VERDE, A CELL OF
STIRLING MORTIMER GLOBAL PROPERTY FUND PCC LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Jun-09 €	Jun-08 €
Revenue	3	43,993	215,889
Cost of sales	4	-	(151,050)
Gross profit		43,993	64,839
Expenses			
Administrative expenses	5	(1,195,233)	(1,444,018)
Operating loss		(1,151,240)	(1,379,179)
Finance income and expenses	6		
Finance income		20,940	697,436
Finance expenses		(165,584)	(747,768)
Loss for the year/period	11	(1,295,884)	(1,429,511)
Earning Per Share	19		
	30 June 2009	(1.87)	
	30 June 2008	(2.06)	

All items in the above statement derive from continuing activities. The accompanying notes form an integral part of these financial statements.

STIRLING MORTIMER NO 4 FUND CAPE VERDE, A CELL OF
STIRLING MORTIMER GLOBAL PROPERTY FUND PCC LIMITED

BALANCE SHEET

AS AT 30 JUNE 2009

	Notes	Jun-09 €	Jun-08 €
Assets			
Current assets			
Inventories	7	57,092,827	57,092,827
Trade and other receivables	8	9,843,200	9,881,047
Cash and cash equivalents		121,938	1,351,343
Total Assets		67,057,965	68,325,217
Liabilities			
Current liabilities			
Trade and other payables	9	494,871	466,239
Total current liabilities		494,871	466,239
Total Net Assets		66,563,094	67,858,978
Capital and Reserves			
Share capital	10	69,288,489	69,288,489
Retained earnings	11	(2,725,395)	(1,429,511)
Total equity		66,563,094	67,858,978
Total Liabilities and Equity		67,057,965	68,325,217
Net Asset Value Per Share	12		
		30 June 2009	96.07
		30 June 2008	98.05

The financial statements on Pages 17 to 41 were approved and authorised for issue by the Directors on 30 October 2009.

Catharine Walter
DIRECTOR

Date: 30 October 2009

Richard Roberts
DIRECTOR

Date: 30 October 2009

The accompanying notes form an integral part of these financial statements.

STIRLING MORTIMER NO 4 FUND CAPE VERDE, A CELL OF
STIRLING MORTIMER GLOBAL PROPERTY FUND PCC LIMITED

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Jun-09 €	Jun-08 €
Net cash used in operating activities	13	(1,229,405)	(67,937,146)
Cash flow from financing activities			
Proceeds from issue of shares:			
Preference shares	10	-	69,288,489
Net increase in cash and cash equivalents		(1,229,405)	1,351,343
Opening cash and cash equivalents		1,351,343	-
Cash and cash equivalents as at 30 June		121,938	1,351,343

The accompanying notes form an integral part of these financial statements.

STIRLING MORTIMER NO 4 FUND CAPE VERDE, A CELL OF
STIRLING MORTIMER GLOBAL PROPERTY FUND PCC LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Jun-09 €	Jun-08 €
Total equity at beginning of year/period		67,858,978	-
Issue of shares:			
Preference shares	10	-	69,288,489
Loss for the year/period	11	(1,295,884)	(1,429,511)
Total equity as at end of year/period		66,563,094	67,858,978

The accompanying notes form an integral part of these financial statements.

STIRLING MORTIMER NO 4 FUND CAPE VERDE, A CELL OF STIRLING MORTIMER GLOBAL PROPERTY FUND PCC LIMITED

GENERAL INFORMATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

These financial statements are for the Stirling Mortimer No 4 Fund Cape Verde (the “Fund”), a cell of Stirling Mortimer Property Fund PCC Limited (the “Company”). The Company is a closed-ended investment fund with limited liability incorporated under The Companies (Guernsey) Law 1994 and a protected cell company under The Protected Cell Companies Ordinance, 1997 to 2008 (as amended) on 9 March 2007. Stirling Mortimer No 4 Fund Cape Verde (the “Fund”) was launched on 23 July 2007. Accordingly the comparatives presented are from 23 July 2007 to 30 June 2008. The registered office of the Company is Heritage Hall, Le Marchant Street, St Peter Port, Guernsey.

On 1 July 2008, the Companies (Guernsey) Law, 2008 came into force. This new law consolidated numerous laws including The Companies (Guernsey) Law, 1994 and The Protected Cell companies Ordinance, 1997 to 1998 (as amended).

Under Guernsey law, a protected cell company such as the Company may form several cells with each cell having its own unique investment objectives and presenting a distinct portfolio of assets. As a matter of Guernsey law, the cell structure permits the segregation and protection of assets of each cell from other liabilities of the Company and any other cells.

The Fund’s investment activities are managed by Stately International Investments Limited (the “Property Manager”). The Company’s Board of Directors (the “Board”) has delegated the Fund’s administration to Heritage International Fund Managers Limited.

1. SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies all of which have been applied consistently through the year in the preparation of the statements are set out below.

Basis of preparation

The financial statements have been prepared in accordance with IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations as endorsed and adopted by the European Union (EU) and with the Companies (Guernsey) Law, 2008.

STIRLING MORTIMER NO 4 FUND CAPE VERDE, A CELL OF STIRLING MORTIMER GLOBAL PROPERTY FUND PCC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

The financial statements have been prepared in Euro (EUR), which is the presentational currency of the Fund, and under the historical cost convention.

The Company maintains a separate cell account for each class of preference shares (fund), to which the proceeds of issue and the income arising from the investment of these proceeds are credited, and against which the expenses allocated are charged. Under redemption, shareholders are only entitled to their proportion of the net assets held in the cell account relating to their particular shares.

To prepare these financial statements, IFRS requires management to make estimates, assumptions and to exercise judgement in the process of applying the Fund's accounting policies. The areas involving a high degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

Adoption of new and revised standards

Two interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current year. These were: IFRIC 11: IFRS 2: Group and treasury share transactions and IFRIC 14: IAS 19: The limit on a defined benefit asset, minimum funding requirements and their interaction.

The adoption of these interpretations has not led to any changes in the Fund's accounting policies.

Standards and Interpretations in issue and not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were issued but not yet effective:

New Standards		Effective for periods beginning on or after
IFRS 8	Operating segments	1 January 2009
Revised and amended standards		
IFRS 2	Share-based payments	1 January 2009
IFRS 3	Business combinations	1 July 2009
IFRS 5	Non-current assets held for sale and discontinued operations	1 July 2009

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 7	Financial instrument disclosures – amendments enhancing disclosures about fair value and liquidity risk	1 January 2009
IAS 1	Presentation of financial statements	1 January 2009
IAS 16	Property, Plant and Equipment	1 January 2009
IAS 19	Employee Benefits	1 January 2009
IAS 20	Government Grants	1 January 2009
IAS 23	Borrowing costs – amendments resulting from annual improvements to IFRS	1 January 2009
IAS 23	Borrowing costs – comprehensive revision to prohibit immediate expensing	1 January 2009
IAS 27	Consolidated and separate financial statements – first time adoption and annual improvements	1 January 2009
IAS 27	Consolidated and separate financial statements – consequential amendments arising from amendments to IFRS3	1 July 2009
IAS 28	Investments in associates – annual amendments	1 January 2009
IAS 28	Investments in associates - consequential amendments arising from amendments to IFRS3	1 July 2009
IAS 29	Financial reporting in hyperinflationary economies	1 January 2009
IAS 31	Interest in joint ventures – annual amendments	1 January 2009
IAS 31	Interest in joint ventures - consequential amendments arising from amendments to IFRS3	1 July 2009
IAS 32	Financial instruments: Presentation	1 January 2009
IAS 36	Impairment of assets	1 January 2009
IAS 38	Intangible assets	1 January 2009
IAS 39	Financial instruments: recognition and measurement	1 January 2009
IAS 39	Financial instruments: recognition and measurement – amendments for eligible hedged items	1 July 2009
IAS 40	Investment property	1 January 2009
IAS 41	Agriculture	1 January 2009
Interpretations		
IFRIC 15	Agreements for the construction of real estate	1 January 2009
IFRIC 16	Hedges of a net investment in a foreign operation	1 October 2008
IFRIC 17	Distributions of non-cash assets to owners	1 July 2009
IFRIC 18	Transfers of assets from owners	1 July 2009

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Management anticipates that the adoption of these standards in future periods will have no material impact on the financial statements of the Fund.

a) Segment reporting

The Fund recognises that a business segment is exposed to unique risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those segments operating in other economic environments. The Management is of the opinion that the Fund is engaged in a single business segment of real estate acquisition and development in one geographical area of Cape Verde.

b) Foreign currency translation

Transactions in currencies other than the functional currency of the Fund are recorded at the rates of exchange prevailing on the dates of transactions. At the balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the closing exchange rate. Gains and losses arising on translation of monetary assets and liabilities are included in the income statement.

- Functional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (functional currency). The financial statements are presented in EUR which is the Fund's functional and presentation currency.

- Transactions and balances

In accordance with IFRS, the books and records of the Fund are maintained in EUR. IAS 21 requires foreign currency monetary assets and liabilities to be translated into EUR at the rate of exchange prevailing at the statement of assets and liabilities date. Transactions in currencies other than EUR are translated at the rate of exchange ruling at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

STIRLING MORTIMER NO 4 FUND CAPE VERDE, A CELL OF STIRLING MORTIMER GLOBAL PROPERTY FUND PCC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Inventories

The “right to purchase” (RTP) contracts, which give the right and obligation to purchase the underlying property under construction and land that are being held or developed for future sales, are classified as inventories. They are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less costs to complete the development and selling expenses (See Note 2). Cost is the acquisition cost together with subsequent capital expenditure incurred in the developments.

The amount of any reversal of any write-down of inventories arising from an increase in net realisable value shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

d) Revenue and expense recognition

Revenue comprises the proceeds from the sale of RTPs. Revenue is recognised in the income statement when significant risks and rewards of ownership have been transferred to the buyer on the date of unconditional exchange or for conditional exchanges when all conditions have been satisfied. Revenue is measured at the fair value of the consideration received or receivable.

Expenses are accounted for on an accrual basis and are charged through the income statement in the period in which they are incurred. Expenses which are incidental to the acquisition of the RTPs are included within the cost of inventory.

e) Other income

Other income comprises the proceeds from penalties earned on the non re-sale of RTPs and are recognised on an accrual basis.

f) Operating loss

Operating loss includes gross profit from the sale of inventory together with other operating income and as reduced by administrative expenses and excludes finance costs and finance income.

g) Financial instruments

Financial assets and financial liabilities are recognised on the Fund’s balance sheet when the Fund becomes a party to the contractual provisions of the instrument. The Fund shall offset financial assets and financial liabilities if the Fund has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis.

STIRLING MORTIMER NO 4 FUND CAPE VERDE, A CELL OF STIRLING MORTIMER GLOBAL PROPERTY FUND PCC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

The Fund's financial assets consist of loans and receivables. The Fund has not classified any of its financial assets as held to maturity, financial assets at fair value through profit or loss or as available for sale. Unless otherwise indicated, the carrying amounts of the Fund's financial assets are a reasonable approximation of their fair value.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They comprise principally of re-sale guarantees and cash and cash equivalents. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The effect of discounting on these financial instruments is not considered to be material.

A provision for impairment is established when there is objective evidence that the Fund will not collect the full amount due according to the original terms of the receivables. Significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy, financial re-organisation and/or delinquency in payments are considered indicators that the receivable is impaired.

Re-sale guarantees received as part of an inventory acquisition (RTP) are shown as a separate receivable from the date of acquisition of the relevant inventory and are excluded from the acquisition cost. Income received in relation to the guarantees is credited against the receivable. If the RTP is sold, then the re-sale guarantee is not recoverable and recognised in profit and loss.

Cash and cash equivalents comprise current deposits with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

Financial asset interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate applicable. This equals the estimated future cash receipt through the expected life of the financial asset.

STIRLING MORTIMER NO 4 FUND CAPE VERDE, A CELL OF STIRLING MORTIMER GLOBAL PROPERTY FUND PCC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

De-recognition of financial assets

A financial asset (in whole or in part) is de-recognised either:

- when the Fund has transferred substantially all the risks and rewards of ownership; or
- when it has transferred or retained substantially all the risks and rewards and when it no longer has control over the asset or a portion of the asset; or
- when the contractual right to receive cash flow has expired.

Financial liabilities

The Fund classifies its financial liabilities into financial liabilities measured at amortised cost.

Unless otherwise indicated, the carrying amounts of the Fund's financial liabilities are a reasonable approximation of their fair values.

Financial liabilities include the following items:

- Trade payables and other short term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or liability, or, where appropriate, a shorter period.

De-recognition of financial liabilities

A financial liability (in whole or in part) is de-recognised when the Fund has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on de-recognition is taken to the income statement. The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense over the relevant period.

h) Share capital

Financial instruments issued by the Fund are treated as equity only to the extent that they do not meet the definition requirements of a financial liability. Ordinary shares and preference shares are classified as equity.

i) Taxation

The Company, and hence the Fund, is exempt from taxation in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinances, 1989 to 1992, and the Company is charged an annual exemption fee of £600. The Fund is exposed to foreign taxation as a result of the investments in the RTPs of the Fund. The various Cape Verde tax implications are as outlined on the supplemental offering memorandum.

No liability of foreign taxation arises on the results for the year.

STIRLING MORTIMER NO 4 FUND CAPE VERDE, A CELL OF STIRLING MORTIMER GLOBAL PROPERTY FUND PCC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial statements year are outlined below.

In relation to the Fund's inventory, the Directors have relied upon the external valuations performed by professionally qualified valuers Savills (L&P) Limited at 30 June 2009. They are required to make assumptions on establishing the current market valuation of the completed property. The valuations are largely based on estimates using property appraisal techniques and other valuation methods as outlined below. Such estimates are inherently subjective and actual values can only be determined in a sales transaction.

The valuation has been prepared in accordance with the Royal Institution of Chartered Surveyors (the "RICS Red Book") published in November 2007, effective from 1 January 2008, amended from 1 March 2009 in particular in accordance with the requirements of Practice Statements PS6 entitled Valuation Reports and UKPS3 entitled Valuation for Loan Facilities.

Their valuation was based on the RICS definition of "worth" subject to and with the benefit of vacant possession with the special assumptions that:

- All marketing, legal and agency fees have been paid as part of the initial acquisition cost and no further costs in these respects, whatever, will become payable by the Fund.
- No funding costs apply.
- The full development and all construction, infrastructure, professional, fit out and all related costs will be met by the developer and no costs in these respect, whatever, will become payable by the Fund.
- All leisure, commercial and retail elements will be completed and in operation and available to purchasers of the residential units upon completion of construction.

Worth is the value of the property to a particular owner, investor, or class of investors for identified investments or operational objectives.

Where estimating the net realisable value (NRV) of inventories, the purpose for which the inventories are held is taken into consideration. As a consequence, the NRV as at 30 June 2009 can be based on the following scenarios:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

	€
i) Fund re-sells the RTPs before completion of the underlying property	46,475,041
ii) Fund completes on the purchase of the underlying property	41,379,623

The intention of the Fund remains that of re-selling the RTP contracts and not to complete on the purchase of the underlying property (see Page 12).

Simultaneously, and in addition to RTPs, the Fund entered into investment agreements for each RTP purchased. The investment agreement confirms that the appointed property manager will to the best of their endeavours sell the RTPs prior to the expiration of the investment term. The investment agreement further includes guarantee provisions under which the property manager guarantees to compensate the Fund for any losses that may arise on the sales of the RTPs within two years from the original envisaged date for delivery of the property (see Page 12).

As a result of the investment strategy of the Fund, and considering the re-sale guarantees which are in place, the Directors have decided to measure the RTP contracts at cost.

In current circumstances, significant uncertainty exists regarding the ability of the property manager to refund all the losses in the event that the RTPs are sold at their net realisable values (“NRV”) as at 30 June 2009.

However, the Directors consider the above scenario to be unlikely and they have further based their decision to measure the RTPs at cost because:-

- Sales in progress subsequent to year end show a profit; and
- Sales mandate of sales agent broadened to increase sales; and
- The Directors are cautiously optimistic the markets will improve toward the end of 2009 and as such will stimulate sales.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

Should the guarantees not be reimbursed the inventories would be written down to their NRVs with the following impairment losses recognised in the income statement:

	€
Amounts written down to NRV as at 30 June 2009	(10,617,787)

The Directors will continue to review the value of inventories on an ongoing basis.

3. REVENUE

	Jun-09 €	Jun-08 €
Original price	-	327,500
Paid at contract	-	151,050
Additional return	43,993	64,839
Total	43,993	215,889

4. COST OF SALES

	Jun-09 €	Jun-08 €
45% deposit	-	147,375
Legal fees	-	3,675
Cost of sales	-	151,050

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

5. ADMINISTRATIVE EXPENSES

	Jun-09	Jun-08
	€	€
Property Advisor's fees	1,012,570	967,796
Administration fees	83,823	213,734
Directors' fees	16,259	22,161
Formation expenses	-	142,529
Insurance premiums	13,433	14,084
Valuation fees	40,055	46,597
Audit fees	6,516	6,320
Listing fees	3,589	5,992
Professional fees	5,545	15,547
Directors' expenses	429	-
Sundry expenses	13,014	9,258
	1,195,233	1,444,018

The Fund has no employees.

6. FINANCE INCOME AND EXPENSES

	Jun-09	Jun-08
	€	€
Bank interest income	20,688	200,950
Foreign exchange gain	252	496,486
Finance income	20,940	697,436
Foreign exchange loss	165,584	747,768
Finance expenses	165,584	747,768

The above interest income arises from financial assets classified as loans and receivables and has been calculated using the effective interest rate method. There are no other gains and losses on loans and receivables. The above interest income represents the total interest income on financial assets not at fair value through profit or loss.

The above finance expenses arise on financial liabilities measured at amortised cost. There are no other gains and losses on financial liabilities measured at amortised cost.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

7. INVENTORIES

	Jun-09	Jun-08
	€	€
“Right to purchase” contracts		
Cost brought forward	57,092,827	-
Additions	-	57,221,771
Disposals	-	(128,944)
Net book value	57,092,827	57,092,827

The RTPs have been recorded at lower of cost and net realisable value. Each RTP contains a right and an obligation to purchase a property from the developer once it is completed. The initial cost of the RTP (or deposit) is between 30% and 50% of the “off-plan” price of the same property. Each RTP contains a bank guarantee against the insolvency of the relevant developer (see Note 15).

Significant judgement and estimates are used when considering the RTPs’ NRV (See Note 2).

8. TRADE AND OTHER RECEIVABLES

Re-sale guarantees are contractual agreements specifically referred to in the relevant right to purchase agreements under which the vendor provides a guarantee (by way of an escrowed or segregated bank account deposit) for 15% profit on the sum invested by the Fund. If the RTPs remain unsold after a period of two years, the re-sale guarantees are repaid in full to the Fund. Further penalty payments equal to 2% of the investment amount will be due at the third and fourth years if the RTPs remain unsold. The Directors have considered the financial position of the guarantee provider and consider them to be of sufficient standing to rely on in order to account for the re-sale guarantees as receivables.

	Jun-09	Jun-08
	€	€
Trade receivables	39,883	76,730
Pre-payments	2,051	3,051
Re-sale guarantees - 15%	9,801,266	9,801,266
Total	9,843,200	9,881,047

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

9. TRADE AND OTHER PAYABLES

	Jun-09	Jun-08
	€	€
Administration fees payable	25,173	43,010
Audit fees payable	5,598	6,320
Directors' fees payable	2,069	4,764
Property Advisor's fee payable	428,011	386,637
Valuation fee payable	32,991	24,402
Sundry expenses payable	1,029	1,106
	494,871	466,239

The Fund has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

10. SHARE CAPITAL

	Jun-09	Jun-08
	€	€
Authorised share capital of the Company:		
2 Ordinary Shares of nil par value	-	-
Unlimited Preference Shares of nil par value	-	-
Allotted and called up share capital of the Fund:		
Unlimited Preference Shares of nil par value, fully paid up:		
Opening shares	692,884.8884	-
Issued during the year/period	-	692,884.8884
Closing shares	692,884.8884	692,884.8884
Opening capital (€)	69,288,489	-
Issued during the year/period (€)	-	69,288,489
Closing capital (€)	69,288,489	69,288,489

The Company's objectives and policies for managing its obligations to redeem these instruments are included in Note 18 on capital risk management.

The Preference Shares do not confer on their holders the right to attend and vote at a general meeting of the Company, except in respect of any change that varies the rights attaching to that class of share, or under limited circumstances set out in the Articles.

The holders of Preference Shares are entitled to participate, to the exclusion of the holders of Ordinary Shares, in the Cellular profits and losses of the Fund and to receive any dividends which may be declared by the Company in relation to the Fund. The holders of Preference Shares are also entitled, upon the winding-up of the Fund, to the full amount of the Cellular assets of the Fund available for distribution.

STIRLING MORTIMER NO 4 FUND CAPE VERDE, A CELL OF STIRLING MORTIMER GLOBAL PROPERTY FUND PCC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

11. RETAINED EARNINGS

	Jun-09	Jun-08
	€	€
Opening retained earnings	(1,429,511)	-
Loss for the year/period	(1,295,884)	(1,429,511)
Closing retained earnings	(2,725,395)	(1,429,511)

Any surplus/deficit arising from the profit/loss for that year is taken to retained earnings.

12. NET ASSET VALUE RECONCILIATION

	Jun-09	Jun-08
	€	€
Net assets attributable to participating redeemable preference shareholders	66,563,094	67,858,978
Unamortised formation expenses	4,485	76,041
Reported net asset value as at 30 June	66,567,579	67,935,019
Adjusted NAV per share (CISX)	96.07	98.05

The net asset value per share is arrived at by dividing the total net assets as at the balance sheet date, by the number of preference shares of the Fund at the balance sheet date. The adjusted net asset value per share is disclosed on the Channel Islands Stock Exchange (CISX).

13. NET CASH USED IN OPERATING ACTIVITIES

	Jun-09	Jun-08
	€	€
Operating loss from continuing operations	(1,151,240)	(1,379,179)
Finance expenses for the year/period	(144,644)	(50,332)
Changes in working capital:		
Movement in inventories	-	(57,092,827)
Movement in trade and other receivables	37,847	(9,881,047)
Movement in trade and other payables	28,632	466,239
Net cash used in operating activities	(1,229,405)	(67,937,146)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

14. CONTINGENT FINANCIAL COMMITMENTS

In the event that either the relevant Property Manager or the Fund are unable to sell on the RTPs to a purchaser, the Fund will be required to complete on the purchase of the underlying property. In order to finance the purchase the Fund may have to borrow funds. The Fund would seek to let the property and derive returns from the rentals received with the aim of covering the cost of the borrowing required or seek disposal of the property by alternative means. The borrowing would initially be funded from the re-sale guarantee payments paid by the Property Manager (See Note 8).

As a result, the capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	Jun-09 €	Jun-08 €
1 - 6 months	-	-
6 - 12 months	-	-
1 - 2 years	-	-
2 - 5 years	79,862,166	79,862,166
Amounts payable on completion of property	79,862,166	79,862,166

The above amounts exclude any costs of acquisition such as legal fees or transfer fees. Completion of the properties and the redemption date of the Fund are disclosed on Page 12 and in the Chairman's Statement. Given the difficulty involved in the re-sale of the RTP contracts, the Fund may potentially have to complete on the full purchase of the properties. The Directors believe that should this occur, suitable finance will be obtained so as to enable the Fund to complete the purchases.

Therefore the Directors have a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future.

15. BANK GUARANTEES

The Fund would only invoke the bank guarantees in the event that the Developer failed to deliver the property. For each RTP the Developer provides for a bank guarantee issued by a financial institution with an A rating attributed by the Fitch Group (Moody's or equivalent) for an agreed amount (Protected Sum). The Fund has the right to immediately invoke the bank guarantee if any of the following occur:

- I. The developer is declared bankrupt or liquidated.
- II. Any licence or permissions granted in connection with the construction of the resort/property are withdrawn.
- III. Approval of the resorts plans are cancelled.
- IV. The developer does not give prior information of any transfer of control of the resort or its shareholders ceased to have control over the Developer.

STIRLING MORTIMER NO 4 FUND CAPE VERDE, A CELL OF STIRLING MORTIMER GLOBAL PROPERTY FUND PCC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

15. BANK GUARANTEES (continued)

In addition to the bank guarantee, the Fund is entitled to compensation equivalent to interest accrued at 10% per annum, compounded monthly, from delivery date stipulated in the RTP until delivery if either of the following occur:

- I. Should the failure to deliver the property exceed 60 days.
- II. An Act of God should the situation lasts for over 120 days.

16. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Directors are responsible for the overall control, management and supervision of the Company's affairs and are responsible for the overall implementation of the investment objective and policy of the Fund.

At the year end, the Company has five non-executive Directors, all independent of the Administrator other than Mr Mark Huntley, who is a Director of the Administrator, Heritage International Fund Managers Limited, and the Property Advisor, Stirling Mortimer (Channel Islands) Limited. Mr Huntley is also a Director of the Channel Islands Stock Exchange.

Mr Philip Bowman is a shareholder and Director of the Promoter, Stirling Mortimer Limited, and holds a beneficial interest in the shares, through a trust arrangement, of the Property Advisor, Stirling Mortimer (Channel Islands) Limited. Mr Timothy Clink is a shareholder and Director of the Promoter, Stirling Mortimer Limited, and a Director and holds a beneficial interest in the shares, through a trust arrangement, of the Property Advisor, Stirling Mortimer (Channel Islands) Limited. Messrs Clink and Bowman are also directors of XPR (UK) Limited (the PR and copywriting company for the Fund).

Mr Richard Roberts is a Director of the Property Manager, Stately International Investments Limited, and a Director of the Property Advisor, Stirling Mortimer (Channel Islands) Limited.

The Directors are entitled to receive an annual fee of up to £30,000 per annum in aggregate for all Directors. Messrs Bowman, Clink and Roberts have elected to forego Directors' fees. Total Directors' fees for the year, including outstanding Directors' fees due to Directors at the end of the year, are detailed below.

STIRLING MORTIMER NO 4 FUND CAPE VERDE, A CELL OF STIRLING MORTIMER GLOBAL PROPERTY FUND PCC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

16. RELATED PARTY TRANSACTIONS (continued)

	Jun-09 €	Jun-08 €
Directors' fees for the year/period	16,259	22,161
Payable at the end of the year/period	2,069	4,764

Stirling Mortimer (Channel Islands) Limited, the Property Advisor, is entitled to receive a Property Advisory Fee of 1.5% of the Net Asset Value of the Fund. Notes 5 and 9 disclose the amounts recognised as an expense in the year and also the amount outstanding at year end.

Heritage International Fund Managers Limited, the Administrator, receives a fee of 0.15% of the Fund's Net Asset Value. Notes 5 and 9 disclose the amounts recognised as an expense in the year and also the amount outstanding at year end.

17. EVENTS AFTER THE BALANCE SHEET DATE

There are no material post balance sheet events.

18. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

The Fund's activities expose it to a number of risk and uncertainties which could have a material impact on the Fund's long term performance and could cause actual results to differ materially from expected and historic results. The main risks include: Market risk (currency risk and interest rate risk) credit risk and liquidity risk. This note describes the Fund's policy, its objectives and processes for managing those risks and the methods used to measure them.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

18. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (continued)

The following table analyses the carrying amounts of the financial assets and liabilities by category as defined by IAS 39:

	Jun-09 €	Jun-08 €
Loans and receivables:		
Trade and other receivables (excluding pre-payments)	9,841,149	9,877,996
Cash and cash equivalents	121,938	1,351,343
Total Current Assets	9,963,087	11,229,339
Financial liabilities measured at amortised cost:		
Trade and other payables	494,871	466,239
Total Current Liabilities	494,871	466,239

Principal financial instruments

The principal financial instruments used by the Fund, from which financial instrument risk arises, are as follows:

- Trade and other receivables;
- Cash and cash equivalents; and,
- Trade and other payables.

General objectives, policies and processes

The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance. The Board has overall responsibility for the determination of the Fund's risk management and sets policy towards that. Whilst the Board retains ultimate responsibility for all risk management centrally, certain risks are peculiar to local areas and managed locally following guidelines communicated from the centre. The policy and processes for measuring and mitigating each of the main risks are described below.

a) Market Risk

The Fund is exposed through its operations to market risk which encompasses foreign currency risk and interest rate risk.

i) Foreign currency risk

Foreign currency risk is the risk that the value of financial instruments may fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Fund's functional currency.

STIRLING MORTIMER NO 4 FUND CAPE VERDE, A CELL OF STIRLING MORTIMER GLOBAL PROPERTY FUND PCC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

18. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (continued)

The table below illustrates the Fund's exposure to foreign currency risk at 30 June 2009.

Pound Sterling (GBP)	Jun-09 €	Jun-08 €
Cash and cash equivalents	6,284	946,810
Total assets	6,284	946,810
Trade and other payables	(66,860)	(79,602)
Total liabilities	(66,860)	(79,602)
Total net (liabilities)/assets	(60,576)	867,708

The Fund does not use forward exchange contracts or derivatives hedging strategy to mitigate the risk of exposure currency risk, but the Board ensures that the Fund continually monitors the movement in exchange rates of currencies of interest. Significant parts of the Fund's financial instruments are denominated in EUR. As a consequence, the Fund does not have a material exposure to currency risk.

A 5% gain or loss in the exchange rate of EUR against the GBP will have minimal impact on the net asset value of the Fund as the functional and presentation currency of the Fund is EUR.

ii) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Fund's exposure to interest rate risk relates to the Fund's cash and cash equivalents which are at variable interest rates.

The Fund has no other interest-bearing assets and liabilities as at balance sheet date, however, the Fund may be required to borrow funds to complete on the underlying RTP contracts. As a consequence, the Fund is only exposed to variable interest rate risk. As a consequence, the Fund is only exposed to variable interest rate risk. An increase or decrease of 100 base points would result in an insignificant impact on the net asset value of the Fund.

b) Credit Risk

Credit risk is the risk that the Fund will experience financial loss due to a counterparty failing to discharge an obligation. Credit risks principally arises from trade and other receivables and cash and cash equivalents. The Fund's maximum exposure to credit risk by class of financial instrument is as shown below:

STIRLING MORTIMER NO 4 FUND CAPE VERDE, A CELL OF STIRLING MORTIMER GLOBAL PROPERTY FUND PCC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

18. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (continued)

	Jun-09 €	Jun-08 €
Trade and other receivables (excluding pre-payments)	9,841,149	9,877,996
Cash and cash equivalents	121,938	1,351,343
Total financial assets	9,963,087	11,229,339

Trade and other receivables include re-sale guarantees of €9,801,266 (2008: €9,801,266) (see Note 8). Cash and cash equivalent refer to bank balances held with the Fund's principal banker in Guernsey with a credit rating of A+.

The Fund mitigates its credit risk exposure by the exercise of due diligence on all counterparties supported by legal agreements implemented through the Fund's lawyers, European Legal Solutions (see Note 15).

c) Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its obligations arising from financial liabilities. The Fund monitors its liquidity requirements by the use of both short term and long term cash flow forecasts. The cash flows forecasts are used to demonstrate funding adequacy for scheduled payments and cash-outflows due in day-to-day transactions. Liquidity needs are monitored in various time bands, on a week-to-week basis, and for the medium to long term liquidity needs of 90-day to 180-days, a monthly review is undertaken. Liquidity requirements in the event the Company completes on the purchase of the properties are discussed in Note 14.

The table above on Page 36 illustrates the ratio of current assets to current liability. As at 30 June 2009, the Fund has on average a ratio 20:1 (2008: 24:1) which is a clear indication of its ability to meet its short term cash requirements.

Capital risk management

The Company's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern in order to provide returns for shareholders and benefits for other shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Fund may adjust the amount of dividends paid to shareholders of the Fund, return capital to shareholders of the Fund, issue new shares or sell assets to reduce debt.

STIRLING MORTIMER NO 4 FUND CAPE VERDE, A CELL OF STIRLING MORTIMER GLOBAL PROPERTY FUND PCC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

18. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (continued)

The capital of the Fund consists of the proceeds from the issue of preference shares. The Directors manage the capital of the Fund in accordance with the Company's investment objectives and policies. In order to meet the Fund's investment objectives and policies, the Board of the Company has taken the decision to extend the Fund as per Page 12. For further details regarding the Fund's future financial commitments refer to Note 14. The Fund had no borrowings as at 30 June 2009 (30 June 2008: €Nil).

19. EARNINGS PER SHARE

The earnings per share is based on the loss for the year and on the weighted average number of shares in issue for the year.

	Jun-09 €	Jun-08 €
Loss for the year/period	(1,295,884)	(1,429,511)
Weighted average number of shares	692,885	692,885
EPS	(1.87)	(2.06)
