

BOUSSARD & GAVAUDAN HOLDING LIMITED

Boussard & Gavaudan Holding Limited
a closed-ended investment company incorporated with limited liability under the laws
of Guernsey with registration number 45582

Interim Management Statement

I. Principal Activities

Boussard & Gavaudan Holding Limited ("BGHL" or "the Company"), a closed-ended investment company incorporated under the laws of Guernsey, announces its interim management statement for the period from 1 July to 30 September 2009, ("the period") in line with the requirements of the EU transparency Directive.

The Company is registered with the Dutch Authority for Financial Markets and listed on Euronext Amsterdam and on the London Stock Exchange ("LSE").

BGHL has invested substantially all of its assets in the Sark Fund Limited ("the Fund"), a Europe-focused multi-strategy hedge fund which aims primarily at arbitraging instruments with linear or non-linear pay-offs on equities and credit markets. The overall investment objective of the Fund is to provide investors with consistent absolute returns primarily through investing and trading in financial instruments of companies incorporated in or whose principal operations are in Europe. Additionally, BGHL may enter into illiquid private equities investments.

Boussard & Gavaudan Asset Management LP ("BGAM" or "the Investment Manager") is the investment manager for both the Company and the Fund.

II. Highlights

	30-Jun-09	30-Sept-09
Assets under management*	€ 667 million	€ 699 million
Market capitalisation*	€ 494 million	€ 572 million
Shares outstanding	57,573,677	56,100,995

* Based on shares outstanding after conversion between share classes

	NAV per share		Share price**		Discount to NAV**	
	€ shares	£ shares	€ shares	£ shares	€ shares	£ shares
30-June-08	€ 11.2193	£10.7387	€ 8.31	£8.25	-25.93%	-23.18%
30-Sept-09	€ 12.0779	£11.5427	€ 9.88	£9.85	-18.20%	-14.66%
Performance	7.65%	7.49%	18.89%	19.39%		

** Amsterdam (AEX) market close for the Euros shares and London (LSE) market close for the Sterling shares

III. Performance

The Company has almost 100% of its assets invested in the Sark Fund Limited and one private equity investment. Below is an overview of the Sark Fund Limited and this private equity investment from 1 July to 30 September 2009.

1. Sark Fund Limited

During the period, on the back of better than expected second quarter results and the improvement of macroeconomic data, European equities markets rallied with the Eurostoxx 50 up 19.6%. Volatilities on stock markets decreased: the VDAX index went down to 24.2% from 27.3% at 30 June 2009 and the VSTOXX index to 26.8% from 30.2% at 30 June 2009. Credit spreads tightened further with the iTraxx Crossover at 570bps (-143bps).

Over the period, the Sark Fund Limited (Euro share class) posted a 8.93% performance. All strategies, except trading, posted a positive performance. The main driver was volatilities strategies followed by equity strategies and credit strategies, both contributing evenly to the Fund's performance.

1.1. Volatility strategies

Convertible Bond Arbitrage

The convertible bond arbitrage sub-strategy was the main driver of volatility strategies in Q3 2009. This was mainly driven by the trade in the Fortis CASHES. In spite of the very strong rebound in the market price of this bond in 2009 YTD, the Investment Manager remains convinced by the investment case in this position given the high probability that this bond (which is now consolidated in BNP paribas accounts) will be restructured into a more orthodox BNP Paribas Tier 1 instrument.

Low delta / credit-sensitive convertible bonds also performed well, on the back of increased investors' risk appetite and chase for yield across the board. By the end of the quarter, the Investment manager witnessed some price pressure, especially on the higher delta names, as outright buyers were looking to reduce the equity-sensitivity of their portfolios.

After a record level of issuance in H1 2009 the European primary market remained busy in Q3 2009 with 20 transactions raising around Eur 6.5bn. Whilst some of new issues were very attractively priced, others came at expensive levels or very low prospectus protection on the back of strong outright investors' appetite. In this context, the Investment Manager has adopted a more cautious stance vis-a-vis new issues as he is seeing growing signs that the

pricing power has turned to the benefit of issuers; the calendar has been played selectively as a result.

Mandatory Convertible Bond Arbitrage

The mandatory convertible bond arbitrage sub-strategy was the second driver of volatility strategies in Q3 2009. All the Fund's positions posted positive returns. The performance broke down evenly between core positions (adjusted for the sizes), which in the Investment Manager's view reflects an overall improvement of the European mandatories market.

The UBS / BBVA mandatory exchangeable performed well, buoyed by the reduction in the perceived credit risk of UBS, higher dividend expectations for the Spanish bank, and a rising share price. The trade in the Figaro / Vallourec mandatory matured at the end of the period, the Investment Manager had initiated this position in August 2006 when Salzgitter placed his block into the market through a combined equity / mandatory offering.

With the global tightening of prime brokerage financing conditions and despite the strong gains booked so far on the existing positions, the Investment Manager believes the discount to fair value of some of the mandatories has actually increased, which supports well the level of returns he expects to continue to see on this strategy.

Gamma trading

The gamma trading sub-strategy posted a negative return. During the period, liquidity and volumes were obviously low due to the holiday season. At the end of the period, markets traded slightly higher in a very low volatility environment, especially during the beginning of September where realised volatilities hit two year lows.

Over the period, the Investment Manager decided to keep a minimal long Gamma exposure. However, the Investment Manager believes volatility levels have normalised since the spike this time last year and he sees opportunities to re-enter long positions on selected names.

1.2. Equity strategies

Positive contributions arose mostly from historical positions which outperformed their hedges benefiting from the market rally namely in favor of small and mid cap stocks. Besides, equity strategies strongly benefited from the re-opening of equity capital market activity. To a lesser extent, short-term trades with hard catalysts also contributed positively to the performance of the Fund.

The investment manager continued to focus on selective trades and was active at the end of the period on very liquid pair trades (telecommunication, construction, banks and media sectors). However, at the end of the period, the Investment Manager decided to tighten the hedges as the market had performed quite well but fundamental economics remain shaky.

Equity markets may be at a turning point. Corporates who need to refinance and are not allowed to raise money from bank loans may opt for the capital market. M&A activity can pick-up as Corporates who went through the crisis and strengthened their balance sheet may take the opportunity to bid on competitors in a more stabilised market.

1.3. Credit strategies

Over the period, credit strategies contributed positively to the Fund's performance.

The good performance of the Long/Short credit strategies is due to two recovery plays which are still in the process of migrating from stressed levels. The Investment Manager has not taken profit on both of these investments as the credit spreads for both of these companies can tighten further.

The Investment Manager had not reduced its short credit pocket and on the contrary has started to increase it, at the end of the period, by buying protection on low beta Investment Grade names that have potential M&A events as widening catalysts. The Investment Manager has also reduced the beta of credit strategies by buying iTraxx index protection.

1.4. Trading

Trading posted a negative return for the period spread across the board.

2. Private equity investments

On top of its investment in the Sark Fund Limited, BGHL may enter into private equity investments. BGHL has the following investment in the portfolio.

2.1 Rasaland

The Company entered into a second private equity investment in Rasaland on 27 June 2008 for \$10 million.

As at 30 September 2009, this investment represents approximately 1% of the Company's assets under management.

IV. Outlook

Financial prospects for the coming months will be linked to the level of opportunities created across the Fund's strategies in the European corporate environment.

Even though market opportunities are starting to be identified, the Fund's equity at risk is expected to be deployed in a very cautious way. The Investment Manager continues to be fully committed to the strategies of the Company.

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The Company is established as a closed-ended investment company domiciled in Guernsey. The Company has received the necessary approval of the Guernsey Financial Services Commission and the States of Guernsey Policy Council. The Company is registered with the Dutch Authority for the Financial Markets as a collective investment scheme pursuant to article 2:73 in conjunction with 2:66 of the Dutch Financial Supervision Act (Wet op het financieel toezicht).

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Neither the Company nor Sark Fund Limited have been, and neither will be, registered under the US Investment Company Act of 1940, as amended (the "Investment Company Act"). In addition the securities referenced in this announcement have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"). Consequently any such securities may not be offered, sold or otherwise transferred within the United States or to, or for the account or benefit of, US persons except in accordance with the Securities Act or an exemption therefrom and under circumstances which will not require the issuer of such securities to register under the Investment Company Act. No public offering of any securities will be made in the United States.