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Tiera Capital S.C.A., SICAR

A société en commandite par actions **qualifying as a** *société d'investissement en capital à risque (SICAR)*

Registered pursuant to the Luxembourg law of 15 June 2004 relating to the investment company in risk capital, as amended or supplemented from time to time

Confidential Private Placement Memorandum

May 2015

Grand-Duché de Luxembourg - COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER -

IMPORTANT INFORMATION

Tiera Capital S.C.A., SICAR (the "**Company**") is registered on the official list of investment companies in risk capital (*sociétés d'investissement en capital à risque* or "**SICAR**") pursuant to the law dated 15 June 2004 on the investment company in risk capital (the "**2004 Law**"). This registration however does not require any Luxembourg authority to approve or disapprove the adequacy or accuracy of this private placement memorandum (the "**Placement Memorandum**") or the assets held by the Company. Any statement as to the contrary is unauthorized and unlawful. The Company is a SICAR with variable capital established under the form of a S.C.A. (*société en commandite par actions*).

The Company qualifies as an alternative investment fund (the "**AIF**") within the meaning of the Directive 2011/61/EU on alternative investment fund managers (the "**AIFMD**") as implemented in Luxembourg by the law of 12 July 2013 on alternative investment fund managers (the "**2013 Law**").

The Company is managed by Crédit Agricole Investment Management S.à r.l. (the "**General Partner**") in its capacity as statutory manager of the Company and Crédit Agricole Private Banking Management Company acting in its capacity as external alternative investment fund manager within the meaning of article 4(1) a) of the 2013 Law (the "**AIFM**"), which has been entrusted with the portfolio management and risk management, administration and valuation services, as well as marketing services. The General Partner is offering shares (the "**Shares**") of one or several separate sub-funds (individually a "**Sub-Fund**" and collectively the "**Sub-Funds**") on the basis of the information contained in this Memorandum, its appendixes (individually an "**Appendix**" and collectively the "**Appendixes**") and in the documents referred to herein which are deemed to be an integral part of this Memorandum. The specific details of each Sub-Fund are set forth in the relevant Appendix. Any reference to an Appendix pertains to the relevant Sub-Fund.

Your attention is drawn to the fact that the Shares may only be subscribed for, or acquired by, well-informed investors within the meaning of article 2 of the 2004 Law, (hereinafter an "**Eligible Investor**"). This however does not apply to the directors or other persons who interact within the management of the Company.

The fact that the Company has been entered on the official list of the Luxembourg *Commission de Surveillance du Secteur Financier* (the "**CSSF**") of investment company in risk capital shall not, under any circumstances, be described in any way whatsoever as a positive assessment made by the CSSF of the expedience, or of the economic, financial or legal structure, of an investment in the Company, of the quality of the securities or partnership interests or of the solvency of the Company.

THIS PLACEMENT MEMORANDUM IS BEING PROVIDED TO YOU ON A CONFIDENTIAL BASIS SO THAT YOU MAY CONSIDER AN INVESTMENT IN THE COMPANY AND ITS SUB-FUNDS AS DESCRIBED HEREIN. THIS PLACEMENT MEMORANDUM MAY NOT BE REPRODUCED, AND THE INFORMATION CONTAINED HEREIN MAY NOT BE PROVIDED TO OTHERS WHO ARE NOT DIRECTLY CONCERNED WITH AN INVESTOR'S DECISION REGARDING THIS INVESTMENT, WITHOUT THE PRIOR WRITTEN PERMISSION OF THE GENERAL PARTNER. BY ACCEPTING DELIVERY OF THIS PLACEMENT MEMORANDUM, EACH PROSPECTIVE INVESTOR AGREES TO THE FOREGOING AND UNDERTAKES TO DESTROY THIS PLACEMENT MEMORANDUM AND ANY PERMITTED COPIES HEREOF IF SUCH PROSPECTIVE INVESTOR DOES NOT

PURCHASE ANY SHARES.

No person is authorized to give any information or to make any representations concerning the Company other than as contained in this Placement Memorandum, the Appendixes and in the documents referred to herein, and any purchase made by any person on the basis of statements or representations not contained in or inconsistent with the information and representations contained in this Placement Memorandum shall be solely at the risk of the investor. Any information or statement not contained in this Placement Memorandum or in the financial statements of the Company and the documents referred to herein, which may be consulted by the public, is to be considered as unauthorized. Neither the delivery of this Placement Memorandum nor the offer, the issue and the sale of Shares constitute a statement that the information contained in this Placement Memorandum is at any time accurate following the date of the Placement Memorandum. In order to take into account important changes, this Placement Memorandum shall be updated from time to time. Consequently it is recommended that prospective investors inquire at the offices of the Company whether the Company has published a subsequent Placement Memorandum.

The Company is established for an unlimited duration. However, the General Partner may establish Sub-Funds for a limited duration, which shall be specified in the relevant Appendix.

Investors may be required to hold the investment for an indefinite period of time, as further specified in the Appendixes of the relevant Sub-Funds.

The attention of prospective investors is drawn to the fact that the Company is likely to be committing its funds to investments of a long term and illiquid nature in companies whose shares are not quoted or dealt in on any stock exchange. Such investments may be difficult to value and are likely to involve an above average level of risk. Similarly, there is no available public market for the Shares and no such market is expected to develop in the future.

The distribution of this Placement Memorandum is not authorized unless it is accompanied by the most recent financial statements (if any) of the Company. Such financial statements are deemed to be an integral part of this Placement Memorandum.

Shares may be issued in one or several separate Sub-Funds. For each Sub-Fund, a separate portfolio of investments and assets will be maintained and invested in accordance with the investment objective and policy applicable to the relevant Sub-Fund, as described in the relevant Appendix. As a result, the Company is an “umbrella fund”, reserved to Eligible Investors, enabling investors to choose between one or more investment objectives by investing in one or more Sub-Funds.

The Company is a single legal entity. However with regard to third parties and in particular the Company's creditors, each Sub-Fund shall be exclusively responsible for all liabilities attributable to it. The Company shall maintain for each Sub-Fund a separate portfolio of assets. As between Shareholders, each portfolio of assets shall be invested for the exclusive benefit of the relevant Sub-Fund.

In accordance with the articles of incorporation of the Company (the “**Articles**”), the Company shall in principle issue Carried Interest Shares and different classes of Investors Shares (individually a “**Class**” and collectively the “**Classes**”) in each Sub-Fund, subject to the terms and conditions of the Sub-Fund as set forth in the relevant Appendix. Carried Interest Shares entitle the holders thereof to receive a Special Return (as foreseen in the relevant Appendix).

The General Partner has currently authorized the issuance, within the Company, of Investors Shares and Carried Interest Shares, as more fully described in the Appendixes.

Shares of different Classes, if any, within the different Sub-Funds may be issued at prices computed on the basis of the net asset value (the "**Net Asset Value**") per Shares within the relevant Sub-Fund, as defined in the Articles.

The General Partner may, at any time, create additional Classes of Shares whose features may differ from the existing Classes and additional Sub-Funds whose investment objectives may differ from those of the Sub-Funds then existing. Upon creation of new Sub-Funds or Classes, this Placement Memorandum and its Appendixes will be updated or supplemented accordingly.

DISTRIBUTION OF THIS PLACEMENT MEMORANDUM AND THE OFFERING OF THE SHARES MAY BE RESTRICTED IN CERTAIN JURISDICTIONS. THIS PLACEMENT MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN A JURISDICTION WHERE TO DO SO IS UNLAWFUL OR WHERE THE PERSON MAKING THE OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO OR WHERE A PERSON RECEIVING THE OFFER OR SOLICITATION MAY NOT LAWFULLY DO SO. IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THIS PLACEMENT MEMORANDUM AND OF ANY PERSON WISHING TO APPLY FOR SHARES TO INFORM THEMSELVES OF AND TO OBSERVE ALL APPLICABLE LAWS AND REGULATIONS OF RELEVANT JURISDICTIONS.

Belgium

Neither the Company nor the General Partner is regulated by the Belgian Financial Services and Markets Authority (FSMA). The Company is not a undertaking for collective investment within the meaning of article 3 of the Belgian law of 3 August 2012 on certain forms of collective management of investment portfolios (*Loi relative à certaines formes de gestion collective de portefeuilles d'investissement* / *Wet betreffende bepaalde vormen van collectief beheer van beleggingsportefeuilles*).

This Placement Memorandum has not been and will not be submitted for approval or acknowledgement to the FSMA. It is not a prospectus pursuant to the law of 16 June 2006 on the public offers of investment instruments and the admission of investment instruments to trading on a regulated market (*Loi relative aux offres publiques d'instruments de placement et aux admissions d'instruments de placement à la négociation sur des marchés réglementés* / *Wet op de openbare aanbieding van beleggingsinstrumenten en de toelating van beleggingsinstrumenten tot de verhandeling op een gereglementeerde markt*) (hereafter the '**Prospectus Law**').

The Placement Memorandum may not be circulated in Belgium as part of initial distribution or at any time thereafter and the Shares described herein may not, directly or indirectly, be publicly offered, sold, acquired or delivered in Belgium, except by way of a private placement. The Company and the General Partner will not make a private placement in Belgium other than in compliance with the criteria listed in article 3 of the Prospectus Law. According to the law of 16 June 2006 and the Prospectus Directive (2010/73/EU), some types of offers are not considered public offers, including if, (i) the offer is addressed to investors who acquire Shares for a total consideration of at least one hundred thousand Euro (EUR 100,000.-) per investor, for each separate offer and/or (ii) an offer of Shares whose denomination per unit amounts to at least one hundred thousand Euro (EUR 100,000.-).

Monaco

The Shares in the Company may not be offered or sold or distributed, directly or indirectly, to the public in the Principality of Monaco. The Shares in the Company may only be offered, sold or distributed in the Principality of Monaco by a bank, a credit institution or a portfolio management company duly registered and authorised by the Government of the Principality of Monaco as such within the meaning of the Monegasque law, and which are duly licensed by the *Commission de Contrôle des Activités Financières*.

Singapore

The L Capital 3 Sub-Fund, Lion Capital III Sub-Fund, AXA Secondary Fund V Sub-Fund, L Capital 2 Sub-Fund, IK VII Sub-Fund, ACTIS Global 4 Sub-Fund, KKR ASIAN FUND II Sub-Fund, AXA Secondary Fund IV Sub-Fund, TB-4 Sub-Fund, AP V Secondary Sub-Fund, Capvis IV Sub-Fund and LKII Sub-Fund ("**Grandfathered Funds**") are closed-end funds in Singapore. Under the Securities and Futures (Closed-end Fund) (Excluded Arrangements) Notifications, with effect from 1 July 2013, certain closed-end funds will be subject to the regulatory regime for collective investment schemes under Division 2 (Collective Investment Schemes) of Part XIII (Offer of Investments) of the Securities and Futures Act (Chapter 289) of Singapore ("**SFA**"). As the Grandfathered Funds are constituted prior to 1 July 2013, they are not subject to such a regulatory regime.

Apart from the Grandfathered Funds, all other funds referred to in this Placement Memorandum are restricted funds, ("**Restricted Funds**") and are not authorised or recognised by the Monetary Authority of Singapore. These Restricted Funds are not allowed to be made to the retail public. This Placement Memorandum is not a prospectus as defined in the SFA. Accordingly statutory liability under the SFA in relation to the content of prospectuses would not apply. You should consider carefully whether the investment is suitable for you.

This Placement Memorandum has not been registered as a prospectus with the MAS. Accordingly, this Placement Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of units in the Restricted Funds may not be circulated or distributed, nor may units in the Restricted Funds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person, or any person pursuant to Section 305(5), and in accordance with the conditions, specified in Section 305 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Spain

No public offering of the Shares will be carried out in the Spanish territory, pursuant to the definition of public offer contained in article 30 bis of the Securities Market Law 24/1988, of July, 28. This Placement Memorandum has not been and will not be verified or registered with the Spanish Securities Market Commission (*Comision Nacional del Mercato de Valores*, "CNMV").

Switzerland

The Company has not been registered with the Swiss Financial Market Supervisory Authority (FINMA) as a foreign collective investment scheme pursuant to Article 120 of the Collective

Investment Schemes Act of 23 June 2006, as amended ("**CISA**"). Accordingly, the Shares are not authorized for distribution in or from Switzerland within the meaning of the CISA, its implementing ordinance and the related FINMA Circular, and neither this Placement Memorandum, nor any other offering materials relating to the Shares may be distributed in or from Switzerland.

United States of America

FOR ALL UNITED STATES RESIDENTS

THE SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER FEDERAL, STATE OR OTHER SECURITIES COMMISSION OR REGULATORY AUTHORITY, NOR HAS ANY SUCH COMMISSION OR REGULATORY AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PLACEMENT MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE SHARES OFFERED BY THIS PLACEMENT MEMORANDUM HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED FROM TIME TO TIME (THE "SECURITIES ACT"), THE SECURITIES LAWS OF ANY STATE OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, NOR IS SUCH REGISTRATION CONTEMPLATED.

The Articles give powers to the General Partner to impose such restrictions as it may think necessary for the purpose of ensuring that no Shares are acquired or held by any person in breach of the law or the requirements of any country or governmental authority or by any person in circumstances which in the sole opinion of the General Partner might result in the Company incurring any liability or taxation or suffering any other disadvantage which the Company may not otherwise have incurred or suffered. The General Partner may prohibit the acquisition by, the transfer to, or compulsorily redeem all Shares held by any such persons.

The value of the Shares may fall as well as rise and an investor may not get back the amount initially invested. Income from the Shares will fluctuate in money terms and changes in rates of exchange will, among other things, cause the value of Shares to go up or down. The levels and bases of, and relief from, taxation may change.

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences, foreign exchange restrictions, investment requirements or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to the subscription, purchase, holding or disposal of the Shares.

All references in this Placement Memorandum to Euro or EUR are to the legal currency respectively of the Grand Duchy of Luxembourg and to the legal currency of the countries participating in the Economic and Monetary Union. All references in this Placement Memorandum to US Dollar or USD are to the legal currency of the United States of America.

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DEFINITIONS

The following definitions shall apply throughout this Placement Memorandum unless the context otherwise requires:

"1915 Law"	The Luxembourg law dated 10 August 1915 on commercial companies, as amended or supplemented from time to time.
"2002 Law"	The Luxembourg law dated 20 December 2002 relating to undertakings for collective investment, as amended or supplemented from time to time.
"2004 Law"	The Luxembourg law dated 15 June 2004 relating to the investment company in risk capital, as amended or supplemented from time to time.
"2013 Law"	The Luxembourg law dated 12 July 2013 relating to alternative investment fund managers, as amended or supplemented from time to time.
"AIF"	An alternative investment fund within the meaning of the 2013 Law.
"AIFM"	Crédit Agricole Private Banking Management Company
"AIFMD"	The Directive 2011/61/EU of the European Parliament and the Council of 8 June 2011 on alternative investment fund managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) n° 1060/2009 and (EU) n°1095/2010.
"Actualization Interest"	An equalization subscription commission which shall correspond to an interest that is applied to the price of Investors Shares subscribed after the First Closing, as further described under the sub-section "Capital Funding" of the relevant Appendix.
"Administrative Agent"	CACEIS Bank Luxembourg or such other replacement administrative agent appointed by the AIFM from time to time.
"Aggregate Commitments"	Total commitments of investors in aggregate to the Company or the relevant Sub-Fund, as the case may be.
"Appendix"	An appendix of the Placement Memorandum specifying the terms and conditions of a specific Sub-Fund.
"Articles"	The articles of incorporation of the Company.

"A Shares"	A Class of Investors Shares issued by the Company entitling the holders thereof to distribution rights from the relevant Sub-Fund, as outlined in the relevant Appendixes.
"Board of Managers"	The board of managers of the General Partner.
"Business Day"	A bank business day in Luxembourg, unless otherwise stated.
"Carried Interest Shares"	A special Class of Shares which may be issued by the Company in one of more Sub-Funds, entitling the holders thereof to receive a performance dividend (Special Return), as further specified in the relevant Appendixes.
"Class"	Any class of Shares issued by any Sub-Fund of the Company.
"Closing"	The date (or dates) determined by the General Partner on or prior to which commitment/subscription agreements have to be received and accepted by the General Partner.
"Commitment"	The total investment which each investor has irrevocably agreed to make in the Company, with respect to the relevant Sub-Fund(s), which will be called by the General Partner from time to time. A Commitment will become a funded Commitment when it has been drawn down and the relevant amounts paid to the relevant Sub-Fund.
"Commitment Period"	The period extending from the First Closing until the earlier of (i) the date on which the Shareholders have fully funded their Commitments to the relevant Sub-Fund, (ii) the date when the General Partner considers the relevant Sub-Fund as fully invested and (iii) the date provided for in the relevant Appendix for each Sub-Fund.
"Company"	Tiera Capital S.C.A., SICAR, a *société en commandite par actions* incorporated as a *société d'investissement en capital à risque* and governed by the 2004 Law.
"Controlling Persons"	means the natural persons who exercise control over an Entity. In the case of a trust, such term means the settlor, the trustees, the protector (if any), the beneficiaries or class of beneficiaries, and any other natural person exercising ultimate effective control over the trust, and in the case of a legal arrangement other than a trust, such term means persons in equivalent or similar positions. The term "Controlling Persons" shall be interpreted in a manner consistent with the Financial Action Task Force Recommendations.

"CSSF"	The *Commission de Surveillance du Secteur Financier*, the Luxembourg Supervisory Commission of the Financial Sector.
"Default Interest"	The interest the General Partner may apply to the committed/subscribed amounts when a Shareholder fails to pay on the relevant payment date, as specified under section VIII "General Description of the Shares of the Company, sub-section "Commitments, Subscriptions and Defaulting Investors".
"Defaulted Redeemable Shares"	Fully paid-up Shares registered in the name of a Defaulting Investor that may be subject to a compulsory redemption in accordance with the relevant provisions of the Articles, as further described under the section VIII "General Description of the Shares of the Company, sub-section "Commitments, Subscriptions and Defaulting Investors".
"Defaulted Shares"	Shares that are still partly paid-up and that are registered in the name of a Defaulting Investor.
"Defaulting Investor"	Investor who is in default of payment, as further described under the section VIII "General Description of the Shares of the Company, sub-section "Commitments, Subscriptions and Defaulting Investors".
"Depositary"	CACEIS Bank Luxembourg or such other replacement depositary from time to time appointed by the General Partner.
"Eligible Investor"	Well informed investors within the meaning of the 2004 Law, and more precisely investors who are institutional investors, professional investors or any other investors who cumulatively adhere in writing to the status of well-informed investors *and* (i) either invest a minimum of one hundred twenty-five thousand Euro (EUR 125,000) in the Company or (ii) benefit from a certificate delivered by a credit institution, another professional of the financial sector within the meaning of the Directive 2006/48/CE, an investment firm within the meaning of the Directive 2004/39/CE or a management company within the meaning of the Directive 2009/65/EC stating that he is experienced enough to appreciate in an adequate manner an investment in risk capital.
"Entity"	means a legal person or a legal arrangement such as a trust.
"EU"	The European Union.
"Euro" or "EUR"	The lawful currency of the European Union.

"FATCA"	means the provisions of the Hiring Incentives to Restore Employment (HIRE) Act of 18 March 2010 commonly referred to as the Foreign Account Tax Compliance Act (FATCA).
"Financial Institution"	means a custodial institution, a depository institution, an investment entity or a specified insurance company, as defined by the IGA.
"Financial Year"	A financial period of the Company commencing on 1st January and ending on 31st December of each year.
"First Closing"	Last day of the Initial Offering Period applicable to the relevant Sub-Fund.
"General Partner"	Crédit Agricole Investment Management S.à r.l., a company incorporated under the laws of the Grand-Duchy of Luxembourg acting as the unlimited shareholder of the Company (*associé gérant commandité*) or "general partner", responsible for the management of the Company.
"General Partner Share"	One management Share which has been subscribed by the General Partner upon incorporation of the Company in its capacity as *associé gérant commandité* of the Company.
"IGA"	means the intergovernmental agreement concluded between the Grand-Duchy of Luxembourg and the United States of America in relation to FATCA on 28 March 2014.
"Initial Offering Period"	First period during which investors will be offered to subscribe/to commit to subscribe for the relevant Class of Investors Shares of a particular Sub-Fund, as determined by the General Partner pursuant to the terms of section VIII "General Description of the Shares of the Company, sub-section "Subscription for and Issue of Shares of the Company, Minimum Investment and Holding" and specified in the relevant Appendix.
"Investment Advisor"	Crédit Agricole (Suisse) S.A., a company incorporated under the laws of Switzerland acting as the investment advisor of the Company.
"Investment Objective and Policy"	The investment objective and policy of the Company and each Sub-Fund, as described herein.
"Investment Period"	The period during which the General Partner will make investments into new Portfolio Investments as further described in each Appendix.

"Investor"	An Eligible Investor who has subscribed/committed to subscribe Investors Shares.
"Investors Shares"	Any type of Shares issued by the Company except the General Partner Share and the Carried Interest Shares.
"IRS"	means the United States Internal Revenue Service.
"Last Closing"	Final time limit before which investors may subscribe/commit to subscribe for Shares in each Sub-Fund as further described in the relevant Appendix.
"Letter of Guaranty"	A letter of guaranty from a first class bank provided by a potential investor to the Company in a form and with a substance acceptable to the General Partner, in view of its investment in the Company in order to cover the subscribed/committed capital into a Sub-Fund of the Company.
"Luxembourg Financial Institution"	means (i) any Financial Institution resident in Luxembourg, but excluding any branch of such Financial Institution that is located outside Luxembourg and (ii) any branch of a Financial Institution not resident in Luxembourg, if such branch is located in Luxembourg.
"Mémorial"	The *Mémorial C, Recueil des Sociétés et Associations*, the official journal of Luxembourg.
"Net Asset Value" or "NAV"	The net asset value of the Company, each Class and each Share as determined pursuant to the section XII "Determination of the Net Asset Value".
"Non-US Entity"	means an Entity that is not a US Person.
"Placement Memorandum"	This placement memorandum and Appendixes, as amended from time to time.
"Portfolio Investment"	Any assets in which any Sub-Fund has made an investment, directly or indirectly *via* one or several wholly owned or controlled subsidiaries.
"Portfolio Investment Scheme"	Any collective investment scheme in which a Sub-Fund has made an investment.
"Preferred Return"	A priority right to distribution calculated as an IRR, compounded annually as specified in the relevant Appendix for the relevant Class(es) of Shares.
"Reference Currency"	Euro (EUR) for the Company or the currency in which each Sub-Fund or Class is denominated, as further specified in the relevant Appendix.

"Registrar and Transfer Agent"	CACEIS Bank Luxembourg or any other replacement agent selected from time to time by the AIFM to perform all registrar and transfer agency duties required by Luxembourg law.
"Regulated Market"	A market functioning regularly, which is regulated, recognized and open to the public, as defined in the Directive 2004/39/EC on markets in financial instruments, as amended or supplemented from time to time.
"Share" or "Shares"	Shares issued in any Sub-Funds pursuant to this Placement Memorandum.
"Shareholder"	A holder of a Share of the Company.
"Special Return"	The distribution right of the holders of Carried Interest Shares, after payment of the Preferred Return, as specified in the relevant Appendix.
"Specified US Person"	means a US Person, other than: (i) a corporation the stock of which is regularly traded on one or more established securities market; (ii) any corporation that is a member of the same expanded affiliated group, as defined in section 1471(e)(2) of the US Internal Revenue Code, as a corporation described in clause (i); (iii) the United States or any wholly owned agency or instrumentality thereof ; (iv) any States of the United States, any US Territory, any political subdivision of any of the foregoing, or any wholly owned agency or instrumentality of any one or more of the foregoing; (v) any organization exempt from taxation under section 501(a) of the US Internal Revenue Code or an individual retirement plan as defined in section 7701(a)(37) of the US Internal Revenue Code; (vi) any bank as defined in section 581 of the US Internal Revenue Code; (vii) any real estate investment trust as defined in section 856 of the US Internal Revenue Code; (viii) any regulated investment company as defined in section 851 of the US Internal Revenue Code or any entity registered with the US Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. 80a-64); (ix) any common trust fund as defined in section 584(a) of the US Internal Revenue Code; (x) any trust that is exempt from tax under section 664(c) of the US Internal Revenue Code or that is described in section 4947(a)(1) of the US Internal Revenue Code; (xi) a dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any State; (xii) a broker as defined in section 6045(c) of the US Internal Revenue Code; or (xiii) any tax-exempt trust under a plan that is described in section

	403(b) or section 457(g) of the US Internal Revenue Code.
"Sub-Fund" or "Sub-Funds"	Any sub-fund of the Company established by the General Partner in accordance with this Placement Memorandum and the Articles.
"US Person"	means a US citizen or resident individual, a partnership or a corporation organized in the United States or under the laws of the United States or any States thereof, a trust if (i) a court within the United States would have authority under applicable law to render orders or judgments concerning substantially all issues regarding administration of the trust, and (ii) one or more US persons have the authority to control all substantial decisions of the trust, or an estate of a decedent that is a citizen or resident of the United States. This definition n shall be interpreted in accordance with the US Internal Revenue Code.
"Valuation Day"	Any business day in Luxembourg which is designated by the General Partner as being a day by reference to which the assets of the relevant Sub-Funds shall be valued in accordance with the Articles, as further disclosed in the relevant Appendix.

LIST OF PARTICIPANTS

Company	**Tiera Capital S.C.A., SICAR** 5, allée Scheffer L-2520 Luxembourg Grand-Duchy of Luxembourg
General Partner	**Crédit Agricole Investment Management S.à r.l**. 5, allée Scheffer L-2520 Luxembourg Grand-Duchy of Luxembourg.
Board of Managers of the General Partner	The Board of Managers of the General Partner which shall be composed as follows: - Olivier CARCY, chairman of the Board of Managers - Giovanni BERTINO - Frédéric DURAND - Nicolas RENAULD - Charles NOLLET
Alternative Investment Fund Manager	**Crédit Agricole Private Banking Management Company** 31-33, avenue Pasteur L-2311 Luxembourg Grand-Duchy of Luxembourg.
Investment Advisor	**Crédit Agricole (Suisse) S.A.** 4, quai Général Guisan 1204 Geneva Switzerland
Depositary	**CACEIS Bank Luxembourg** 5, allée Scheffer L-2520 Luxembourg Grand-Duchy of Luxembourg
Administrative Agent	**CACEIS Bank Luxembourg** 5, allée Scheffer L-2520 Luxembourg Grand-Duchy of Luxembourg

Registrar and Transfer Agent	**CACEIS Bank Luxembourg** 5, allée Scheffer L-2520 Luxembourg Grand-Duchy of Luxembourg
Legal Counsel	**Arendt & Medernach S.A.** 14, rue Erasme L-2082 Luxembourg Grand-Duchy of Luxembourg www.arendt.com
Auditors	**PricewaterhouseCoopers Société coopérative** 400, route d'Esch PO Box 1443 L-1014 Luxembourg Grand-Duchy of Luxembourg

PART I - GENERAL INFORMATION IN RELATION TO THE COMPANY

I. Structure of the Company

1. General Information

The Company was incorporated under the name of Crédit Agricole Private Capital S.C.A., SICAR on 22 June 2011, as a *société en commandite par actions* qualifying as a *société d'investissement en capital à risque* with variable capital under the 2004 Law, and is registered on the official list of the CSSF of investment companies in risk capital (*sociétés d'investissement en capital à risque or "SICAR"*). The name of the Company has been changed to Tiera Capital S.C.A., SICAR further to the extraordinary general meeting of Shareholders held on 12 May 2015.

The Articles were initially published in the *Mémorial* on 25 July 2011. The latest amendments to the Articles were published in the *Mémorial* on 27 May 2015. The Company is registered with the *Registre de Commerce et des Sociétés*, Luxembourg under number B-162081.

The Company is an umbrella structure and as such provides investors with the choice of investment in a range of several separate Sub-Funds, each of which relates to a separate portfolio of assets permitted by law with specific investment objectives, as described in the relevant Appendix.

The Company has been incorporated for an unlimited duration; however each Sub-Fund may be created for a limited duration as specified in the relevant Appendixes.

As a *société en commandite par actions*, the Company has two different types of Shareholders:

- the *associé gérant commandité* or unlimited Shareholder (the "**General Partner**"), who is the equivalent of the general partner of a limited partnership. The General Partner is solely responsible for the management of the Company and is jointly and severally liable for all liabilities which cannot be paid out of the assets of the Company. The General Partner may only be removed in accordance with the terms and conditions set forth in section IV "Management, Governance and Administration", sub-section 1. "The General Partner". The General Partner will hold the one General Partner Share in the Company. The General Partner Share has been issued upon incorporation of the Company. No further General Partner Shares will be issued;

- the *associés commanditaires* or limited Shareholders whose liability is limited to the amount of their investment in the Company. The Company may have an unlimited number of limited Shareholders. The interests of the limited Shareholders of the Company will be represented by Investors Shares of different Classes and Carried Interest Shares, as the case may be with respect to each Sub-Fund.

The General Partner is Crédit Agricole Investment Management S.à r.l., a company incorporated under the laws of Luxembourg on 22 June 2011 with a share capital of twelve thousand five hundred Euro (EUR 12,500). The articles of incorporation of the General Partner were published in the *Mémorial* on 25 July 2011. The General Partner is registered with the *Registre de Commerce et des Sociétés*, Luxembourg under number B-162067.

The capital of the Company is represented by one General Partner Share (which has been subscribed by the General Partner), Investors Shares and Carried Interest Shares of each Sub-Fund, as the case may be.

Shares may, as the General Partner shall determine, be of one or more different series differentiated by their respective issue date.

Each Share grants the right to one vote at every general meeting of Shareholders. No measure affecting the interests of the Company vis-à-vis third parties may validly be taken without the affirmative vote of the holder of the General Partner Share.

The capital of the Company shall at all times be equal to the total Net Asset Value of the Company.

The Company was incorporated with a subscribed share capital of thirty one thousand Euro (EUR 31,000.-) divided into one General Partner Share of no nominal value with an initial par value of one thousand Euro (EUR 1,000.) and three hundred (300) Investors Shares of no nominal value with an initial par value of one hundred Euro (EUR 100.-) each. Upon incorporation of the Company, the General Partner Share and the Shares were fully paid-up.

Upon incorporation of the Company, its initial share capital - the portion represented by the General Partner Share being excluded – shall be fully allocated to Lion Capital III Sub-Fund.

The minimum subscribed capital of the Company, as prescribed by law, is one million Euro (EUR 1,000,000.-). This minimum must be reached within a period of twelve (12) months following the regulatory authorization of the Company as a SICAR under the 2004 Law.

2. Investment Choice

For the time being, the Company offers Investors Shares in those Sub-Funds as further described individually in the relevant Appendix.

Upon creation of new Sub-Funds or of new Class(es), this Placement Memorandum shall be updated accordingly.

3. Investors Shares Classes

All Sub-Funds may offer more than one Class of Investors Shares. Each Class of Investors Shares within a Sub-Fund may have different features or rights or may be offered to different types of Eligible Investors to comply with the legislation of various countries. All Classes of Investors Shares attributable to a particular Sub-Fund will participate solely in the assets of that Sub-Fund.

Details in relation to the different Classes of Shares as well as the rights in relation thereto and issue conditions are set out for each Sub-Fund in the relevant Appendix.

4. Minimum Investment and Holding

The minimum initial investment required to be made by each investor in the Company is one hundred twenty-five thousand Euro (EUR 125,000.-). Additional restrictions in terms of

minimum initial and subsequent investments as well as the minimum holding requirements, if any, are set out for each Sub-Fund in the relevant Appendix.

II. Investment Objectives, Strategy and Restrictions

1. General Investment Objective and Strategy

The purpose of the Company is to invest all the funds available to it in "*risk capital*" within the widest meaning permitted under the 2004 Law and as clarified under the CSSF circular 06/241, with respect to the following investment considerations.

The Company's objective is to generate long-term capital gain by making investments as further specified in each Appendix.

Unless otherwise provided in the relevant Appendix, the General Partner may decide discretionarily to change or modify the investment policy of any given Sub-Fund. In such case, Shareholders will be informed by registered letter with acknowledgment of receipt and the Placement Memorandum will be amended accordingly.

2. Borrowing Policy

The Company, with respect to each Sub-Fund, may incur indebtedness whether secured or unsecured, as further described in the relevant Appendix.

Unless otherwise stated in the relevant Appendix, borrowings may be utilized for investment purposes as well as bridge financing and to fund expense disbursements when liquid funds are not readily available.

Investments of each Sub-Fund may include target companies or entities whose capital structures may include significant leverage. Leverage incurred at the level of such targeted investments will as a rule not be consolidated for the purpose of assessing external borrowings limits of each Sub-Fund referred to herein.

3. Currency Hedging Policy

Unless otherwise provided for in the relevant Appendix, the Sub-Funds may enter into currency related derivative contracts or instruments if such currency related contracts or instruments are *bona fide* hedging transactions in connection with the acquisition, holding or disposition of investments for the exclusive purpose of hedging risks arising from currency fluctuations. Any amounts paid by the Sub-Funds for or resulting from any such currency related contracts or instruments shall be treated as a Sub-Fund expense relating to the investment(s) hedged thereby, and, if two or more investments are hedged thereby, such amounts shall be allocated among such investments as reasonably determined by the General Partner. Any distributions resulting from any such currency related contracts or instruments shall be treated as attributable to the investment(s) hedged thereby, and, if two or more investments are hedged thereby, such distributions shall be allocated among such investments as reasonably determined by the General Partner.

4. Temporary Investments

Pending investment or reinvestment, the cash assets of each Sub-Fund may be held in time deposits, liquid money market instruments or highly rated government bonds, and units or shares of money market funds consistent with the temporary investments' strategy adopted by the General Partner. The temporary investments are to be made on a temporary basis, pending further use or redeployment of the capital from the results of the management of each Sub-Fund's assets. The General Partner may further establish restrictions or credit ratings with regards to the money market instruments and the highly rated government bonds to be chosen.

5. Investment process

The investment process occurs at different levels. A brief description is made below:

- At the level of the investment committee of the Investment Advisor:

  The investment team of the Investment Advisor selects, in accordance with the investment strategy of the Company, unlisted and illiquid investment undertakings providing direct or indirect access to risk capital investments from both primary and secondary markets. Origination is primarily carried out by the Investment Advisor thanks to a constant monitoring of targeted private markets, the development of relationships with specialist intermediaries, pro-active contacts and regular meetings with funds managers based on a proprietary database of funds managers.

  Throughout the origination and due diligence processes, investment opportunities are validated step by step to control and optimize their evaluation. Memorandums corresponding to three (3) different phases of review are prepared: such memorandum detail the investment, its strategic positioning, timing and main points of interests (phase 1), include the due diligence conclusions (phase 2) and contain a final recommendation including tax and legal matters (phase 3). Due diligence and structuring steps are completed, whenever required, by the use of external advisors for the legal and tax issues. Each memorandum is analysed and discussed during the various investment committees of the Investment Advisor and the investment opportunity is finally validated by the Investment Advisor upon presentation of the phase 3 memorandum.

- At the level of the private markets investment committee of the AIFM:

  The investment opportunity duly validated by the Investment Advisor is presented to the private markets investment committee of the AIFM. On the basis of the phase 3 memorandum prepared by the Investment Advisor, such committee discusses (and may suggest amendments) and then approves, or disapproves the investment recommendation on a majority basis.

- At the level of the Board of the General Partner:

  Once the investment opportunity is approved by the AIFM committee, it is submitted to the Board of the General Partner for final approval and execution of the subscription documentation.

III. General Risk Considerations

An investment in the Company and its Sub-Funds involves certain risks relating to the particular Sub-Fund's structure and investment objectives which investors should evaluate before making a decision to invest in such Sub-Fund.

The investments within each Sub-Fund are subject to market fluctuations and to the risks inherent in all investments; accordingly, no assurance can be given that the investment objectives of the relevant Sub-Fund will be achieved.

Investors should make their own independent evaluation of the financial, market, legal, regulatory, credit, tax and accounting risks and consequences involved in investment in a Sub-Fund and its suitability for their own purposes. In evaluating the merits and suitability of an investment in a Sub-Fund, careful consideration should be given to all of the risks attached to investing in a Sub-Fund.

The following is a brief description of certain factors which should be considered along with other matters discussed elsewhere in this Placement Memorandum. The following however, does not purport to be a comprehensive summary of all the risks associated with investments in any Sub-Fund.

An investment in Shares of any Sub-Fund carries substantial risk and is suitable only for investors who accept the risks, can assume the risk of losing their entire investment and who understand that there is no recourse other than to the assets of the relevant Sub-Fund.

Early termination: In the event of the early termination of a Sub-Fund, the General Partner would have to distribute to the Shareholders their pro-rata interest in the net assets of such Sub-Fund. The Sub-Fund's investments would have to be sold by the General Partner or distributed to the Shareholders. It is possible that at the time of such sale certain investments held by the relevant Sub-Fund may be worth less than the initial cost of the investment, resulting in a loss to the Sub-Fund and to its Shareholders. Moreover, in the event a Sub-Fund terminates prior to the complete amortization of organizational expenses, any unamortized portion of such expenses will be accelerated and will be debited from (and thereby reduce) amounts otherwise available for distribution to Shareholders. The General Partner may also propose to the extraordinary general meeting of Shareholders to liquidate the Company thus triggering the early termination of the Sub-Funds.

Changes in applicable law: The General Partner must comply with various regulatory and legal requirements, including securities laws and tax laws as imposed by the jurisdictions under which it operates. Should any of those laws change over the life of the Company, the regulatory and legal requirements to which the Company and its Shareholders may be subject could differ materially from current requirements. Changes in the legal and regulatory requirements applicable to Portfolio Investments may further impact on the prospects and profitability of the Company and its Sub-Funds.

Possible business failures: The insolvency or other business failure of any one or more of the major Portfolio Investments in which the Company has invested could have a material and adverse effect on the Company's performance and ability to achieve its objectives. Lack of generally available financing alternatives increases the risk of business failure.

Foreign exchange/Currency risk: The General Partner may invest in assets denominated in a wide range of currencies. The Net Asset Value expressed in its respective unit currency will fluctuate in accordance with the changes in foreign exchange rate between the Reference

Currency of the relevant Sub-Fund or Classes of Shares and the currencies in which the relevant Sub-Fund's investments are denominated. In the event that any Sub-Fund utilizes derivatives to hedge against currency fluctuations, there can be no assurance that such hedging transactions will be effective or beneficial.

Commission and fee(s) amounts: Carried Interest Shares shall be issued only to the General Partner. In this respect, the Special Return attached to the Carried Interest Shares may therefore create an incentive for the General Partner to cause the Company to make investments that are riskier or more speculative than might otherwise be the case.

New Company: The Company has no operating history and an indeterminate amount of time may be required to achieve operating efficiency and profitable operations. No assurance can be given that the Company will achieve its investment objectives and thus investment in the Company entails a certain degree of risk.

Tax Considerations: Tax charges and withholding taxes in various jurisdictions in which the Company will invest will affect the level of distributions made to it and accordingly to Shareholders. No assurance can be given as to the level of taxation suffered by the Company or its investments. Furthermore, no assurance can be given that there will be no detrimental changes in the tax systems of the jurisdictions where the target investments of the Company are located/domiciled, as may be further described in the Appendixes.

Portfolio valuation risks: Prospective investors should acknowledge that the portfolio of the Sub-Funds may be composed of assets of different natures in terms of *inter alia* sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. As a result, the valuation of the relevant portfolio and the production of the NAV calculation will be a complex process which might in certain circumstances require the General Partner to make certain assumptions in order to produce the desired output. The lack of an active public market for securities and debt instruments will make it more difficult and subjective to value investments of the Sub-Funds for the purposes of determining the NAV.

Operational risk: Highly skilled resources in the respective area are not easy to find, thus creating higher operational risks.

Risks linked to investments in other collective investment schemes: The investment by a Sub-Fund in target investment schemes may result in a duplication of some costs and expenses which will be charged to the Sub-Fund, *i.e.* setting up, filing and domiciliation costs, subscription, redemption or conversion fees, management fees, depositary bank fees, auditing and other related costs. For Shareholders of the said Sub-Fund, the accumulation of these costs may cause higher costs and expenses than the costs and expenses that would have been charged to the said Sub-Fund if the latter had invested directly.

Portfolio Investment Schemes Risks: The Company invests its assets in various types of investment schemes, and therefore, the risks associated with investing in the Company are closely related to the risks associated with the securities and other investments held by such investment schemes. The Company may hold and, therefore, be exposed to the market risk of owning many different types of investment schemes or of owning a high concentration of a particular type of investment schemes. Investment schemes exist for virtually all securities market sectors in the investment spectrum from high risk equity securities to high risk debt securities, including but not limited to investment schemes that invest primarily in foreign securities or small capitalization companies or large capitalization companies or high yield debt securities. The Company will in this sense be a “fund of funds” holding shares of investment schemes which may invest in a broad range of securities issued by all types of issuers. The

Company's holdings may not be diversified since it may hold shares of a number of investment schemes which concentrate their investments in a narrow segment of the securities markets. Like other "funds of funds", the Company will have its own expenses of holding shares and will also indirectly bear its share of the expenses of the Portfolio Investment Schemes. Expenses of the Portfolio Investment Schemes are reflected in the share price (or NAV) of each Portfolio Investment Scheme.

Lack of Diversity: The Company is not subject to specific legal or regulatory risk diversification requirements, other than those specified herein and the relevant Appendix. Therefore, the Company is in principle authorized to make a limited number of investments and, as a consequence, the aggregate returns realized by the Shareholders may be substantially adversely affected by the unfavorable performance of even one investment. In addition, the Company's assets may be concentrated in certain industries and segments of activity. A lack of diversification in the Company's portfolio may result in the Company's performance being vulnerable to business or economic conditions and other factors affecting particular companies or particular industries, which may adversely affect the return to Shareholders.

Lack of Liquidity of Portfolio Investments: The investments to be made by some Sub-Funds of the Company may be highly illiquid. The eventual liquidity of all investments will depend on the success of the realization strategy proposed for each investment. Such strategy could be adversely affected by a variety of factors. There is a risk that the Company may be unable to realize its investment objectives by sale or other disposition at attractive prices or at the appropriate times or in response to changing market conditions, or will otherwise be unable to complete a favorable exit strategy. Losses may be realized before gains on dispositions. The return of capital and the realization of gains, if any, will generally occur only upon the partial or complete disposition of an investment. Prospective investors should therefore be aware that they may be required to bear the financial risk of their investment for an undetermined period of time.

Reliance on Investment Advisor: The Company depends significantly on the efforts and abilities of the personnel of the Investment Advisor. The loss of these persons' services could have a materially adverse effect on the Company, and on the relevant Sub-Fund.

Indebtedness: When a Sub-Fund is subject to the risks associated with debt financing, it is subject to the risks that available funds will be insufficient to meet required payments and the risk that existing indebtedness will not be refinanced or that the terms of such refinancing will not be as favorable as the terms of existing indebtedness.

Leverage: The Company may employ directly or indirectly leverage in connection with the investments and their operations. However, there can be no assurance that they will be able to obtain the necessary debt financing. The use of leverage involves financial risk and will increase the exposure of the Company's investment returns to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the condition of the investments. There is a risk that available funds will be insufficient to meet required debt servicing payments and a risk that it will be not possible to refinance existing indebtedness, or that the terms of such refinancing will not be as favorable as the terms of existing indebtedness.

Security over uncalled Commitments/unfunded Subscriptions: When appropriate, the Company may incur, with respect to any Sub-Fund, indebtedness by borrowing against the uncalled commitments/unfunded subscriptions of the Shareholders. Shareholders may, as a result, be required, as a condition of their subscription, to consent to the granting of a security interest up to the total amount of their unpaid portion of their respective commitment/subscription.

Risks on Disposition of certain Investments: In connection with the disposition of an investment in a Portfolio Investment, the Company may be required to make representations about the business and financial affairs of the Portfolio Investment typical of those made in connection with the sale of any business. It may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate. These arrangements may result in contingent liabilities.

Control Person Liability: The Company may have important interests in some Portfolio Investments. The exercise of such important interest in a Portfolio Investment may impose additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations (including securities laws) or other types of liability in which the limited liability generally characteristic of business ownership may be ignored. If these liabilities were to arise, the Company might suffer a significant loss. In addition, the Company's assets, including any investments made by the Company and any capital held by the Company, might be made available to satisfy liabilities and other obligations of the Company. If the Company becomes subject to liability, parties seeking to have the liability satisfied may have recourse to the Company's assets generally and not be limited to any particular asset, such as the investment giving rise to the liability.

Investments through Subsidiaries: Investments may be made in Portfolio Investments through subsidiaries under certain circumstances, including in order to minimize exposure to certain taxes, to facilitate future sales of Portfolio Investments, or to facilitate an initial offering of stock of the holding company on an international stock exchange. These subsidiaries may have different depositary, administrator and auditors than the Company or no such depositary, administrator or auditors. Therefore, the interposition of these subsidiaries entails additional risks which would not have been incurred if investments were made directly.

Suitability Standards: Because of the risks involved, investment in the Company is only suitable for those persons who are able to bear the economic risk of the investment, understand the high degree of risk involved, believe that the investment is suitable based upon their investment objectives and financial needs, and have no need for liquidity of investment. Should any non-professional investor invest in Shares of the Company, it is advisable that only part of the sums which such an investor intends for long term investment should be so invested.

Depositary risk: Where securities are held with a correspondent / sub-custodian of the Depositary or by a securities system, such securities may be held by such entities in client omnibus accounts and in the event of a default by any such entity, where there is an irreconcilable shortfall of such securities, the Company may have to share that shortfall on a pro-rata basis. There may be circumstances where the Depositary is relieved from liability for the acts or defaults of its appointed sub-custodians provided that the Depositary has discharged its responsibility in compliance with articles 19(13) and 19(14) of the 2013 Law.

Attention should be drawn to the fact that the Net Asset Value per Share can go down as well as up. A Shareholder may not get back the amount he has invested. Changes in exchange rates may also cause the Net Asset Value per Share in the investor's base currency to go up or down. No guarantee as to future performance of, or future return from the Company or any Sub-Fund, can be given.

In addition to the above mentioned general risks which are inherent in all investments, the investment in the Company entails risks specific to the investment objectives and strategy of each Sub-Fund. The specific risks related to the particular investments are described in the relevant Appendix.

IV. Management, Governance and Administration

1. The General Partner

The General Partner is Crédit Agricole Investment Management S.à r.l., a company incorporated under the laws of Luxembourg on 22 June 2011 with a share capital of twelve thousand five hundred Euro (EUR 12,500.-). The articles of incorporation of the General Partner were published in the *Mémorial* on 25 July 2011. The General Partner is registered with the *Registre de Commerce et des Sociétés*, Luxembourg under number B-162067.

The General Partner and the Company were formed at the initiative of Crédit Agricole (Suisse) S.A.. Please see below the description of Crédit Agricole (Suisse) S.A. (sub-section 2. "Investment Advisor").

Pursuant to the Articles, as holder of the General Partner Share, the General Partner has responsibility for managing the Company in accordance with the Placement Memorandum and the Articles, Luxembourg laws and other relevant legal requirements.

The General Partner is responsible for implementing the investment policy of the Company and its Sub-Funds, subject to the investment restrictions set out in this Placement Memorandum. The General Partner has appointed the Investment Advisor in order to provide investment advisory and management support services with respect to the investment policy of each Sub-Fund.

The General Partner is also responsible for selecting the Depositary, the Administrative Agent, the Registrar and Transfer Agent and other such agents as are appropriate.

The Board of Managers of the General Partner as at the date of this Placement Memorandum is composed as follows:

- Mr. Olivier CARCY – Crédit Agricole (Suisse) S.A. – Manager, chairman of the Board of Managers;
- Mr. Giovanni BERTINO – Crédit Agricole Luxembourg S.A. – Manager;
- Mr. Frédéric DURAND – Crédit Foncier de Monaco S.A. – Manager;
- Mr. Nicolas RENAULD – Crédit Agricole (Suisse) S.A. – Manager; and
- Mr. Charles NOLLET – Crédit Agricole Luxembourg S.A. – Manager.

The attention of the Shareholders is drawn to the fact that the General Partner may only be removed in accordance with the provisions of the law of 10 August 1915 on commercial companies as amended and supplemented from time to time (the "1915 Law"), and with the provisions of the Articles.

2. Alternative Investment Fund Manager - AIFM

The General Partner has appointed Crédit Agricole Private Banking Management Company, which qualifies as an alternative investment fund manager, as external alternative investment fund manager of the Company (the "**AIFM**"), to perform portfolio management, risk

management, administration and valuation services, as well as marketing services in accordance with an alternative investment fund management agreement ("*Convention de Gestion des Investissements des Fonds d'Investissement Alternatifs*") effective as of 12 May 2015 (the "**Alternative Investment Fund Management Agreement**").

Crédit Agricole Private Banking Management Company is a public limited company (*société anonyme*) incorporated under the Luxembourg laws, having its registered office at 31-33, avenue Pasteur, L-2311 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies Register under number B 183481 and authorised by the CSSF as an alternative investment fund manager within the meaning of the 2013 Law. The purpose of the AIFM is to perform collective portfolio management including the management of alternative investment funds ("**AIF**") under the 2013 Law.

In fulfilling its responsibilities set forth by the 2013 Law and the Alternative Investment Fund Management Agreement, the AIFM is permitted to delegate its functions and duties to third parties in compliance with article 18 of the 2013 Law. The appointment of third parties is subject to the approval of the CSSF. The AIFM's liability towards the Company and its investors shall not be affected by the fact that it has delegated its functions and duties to third parties.

The AIFM has delegated the execution of the performance of some of its duties relating to the administration function with respect to the Company to CACEIS Bank Luxembourg, as further described under section VI. "Administrative Agent – Registrar and Transfer Agent" of this Placement Memorandum.

The AIFM has also delegated the execution of the performance of its duties relating to the distribution function with respect to the Company, as further described under this section IV "Management, Governance and Administration", sub-section 4. "Distribution".

The AIFM's own funds are appropriate to cover potential liability risks arising from professional negligence in its capacity as alternative investment fund manager of the Company.

As per the provisions of the 2013 Law, the AIFM must at all times:

- act honestly, with due skill, care and diligence and fairly in conducting its activities;
- act in the best interest of the Company and the Investors in the Company and the integrity of the market;
- have and employ effectively the resources and procedures that are necessary for the proper performance of its business activities;
- take all reasonable steps to avoid conflicts of interest and, when they cannot be avoided, to identify, manage and monitor and, where applicable, disclose those conflicts of interest in order to prevent them from adversely affecting the interests of the Company and its Investors and to ensure that the AIF(s) they manage are fairly treated;
- comply with all regulatory requirements applicable to the conduct of its business activities so as to promote the best interests of the Company or the Investors in the Company and the integrity of the market; and
- treat all Investors fairly.

The AIFM shall ensure that its decision-making procedures and its organisational structure ensure fair treatment of Investors in the Company.

In the framework of its risk management function, the AIFM implements appropriate risk management systems in order to detect, measure, manage and follow in an adequate manner all risks related to the investment strategy of the Company and its different Sub-Funds and their effect on the risk profile of the Company and its different Sub-Funds. As such, the AIFM shall ensure that the risk profile of the Company and its different Sub-Funds is relevant in light of the size, portfolio's structure, strategies and investment objective of the Company and its different Sub-Funds.

3. The Investment Advisor

The AIFM appointed Crédit Agricole (Suisse) S.A. (the "**Investment Advisor**") to provide investment advisory services in relation to the investment portfolios of the Company and its Sub-Funds, in accordance with the investment policy described in the relevant Appendix and under the overall supervision and control of the AIFM.

Established in Switzerland for more than hundred and thirty (130) years, the Investment Advisor is among the leading foreign banks in Switzerland specialized in managing its clients' wealth. The Investment Advisor, with almost forty-five billion Swiss Francs (CHF 45 billion) assets under management, is a wholly owned subsidiary of Crédit Agricole Private Banking which is the holding company that spearheads the international network of direct Private Banking activities of the Crédit Agricole group. The Investment Advisor, whose head office is in Geneva, has focused on creating value, developing open architecture products services platforms and controlled international expansion, strengthening its presence in the Middle East and emerging markets such as Asia, Latin America, Eastern and Central Europe.

Through its private equity department, the Investment Advisor offers its qualified private clients a ten-year experience in private equity with a solid track record and expertise. By selecting the best performing managers and exclusive co-investment opportunities, the Investment Advisor is able to provide them with an exclusive private equity investment platform.

Notwithstanding any limitations contained herein, Crédit Agricole (Suisse) S.A. may continue to make or arrange investments in or on behalf of the investment funds/collective investment schemes presently under its management or established in the future.

Specific Role of the Investment Advisor. The Investment Advisor shall provide investment advisory services to the Company and its Sub-Funds in a manner consistent with the investment policy of the relevant Sub-Fund as detailed in the applicable Appendix. The Investment Advisor shall advise the AIFM on investments/divestments to be made on behalf of the Company and support the AIFM in its day-to-day management of the affairs of the Sub-Funds. The Investment Advisor shall respect the global investment strategy previously determined by the AIFM, such as reflected, for each Sub-Fund in the relevant Appendix.

The Investment Advisor shall assist the AIFM for the preparation and optimization of all investment decisions to be made by the AIFM on behalf of the Company. The Investment Advisor shall present investment opportunities to the AIFM consistent with the implementation of the investment policy of the Company. The Investment Advisor shall also determine, under the supervision of the AIFM, from time to time what investments/divestments should/could be made by the AIFM. Such recommendations are of a purely advisory and non-binding nature.

Remuneration. In consideration of the services rendered by the Investment Advisor for the benefit of the Company, the Investment Advisor is entitled to receive a remuneration of such amount as agreed from time to time between the AIFM and the Investment Advisor. Such fees

shall be paid to the Investment Advisor by the AIFM out of its service fees, as set out in the relevant Appendix.

4. Distribution

The AIFM may decide to appoint one or more placement agents within the framework of the placement or marketing of Shares in the relevant jurisdictions (the "**Placement Agent(s)**").

Where the intervention of a Placement Agent is an integral part of the marketing mechanism, the relationships between the AIFM for the benefit of the Company, the Placement Agent and the Shareholders must be stipulated in a specific agreement, specifying the respective obligations of the parties. The AIFM will ensure that the Placement Agents offer sufficient guarantees for the proper execution of their obligations to Shareholders using their services.

In the event of the appointment of a Placement Agent, the latter must implement the procedures to combat money laundering, as described in section VII "Prevention of Money Laundering".

The General Partner draws the Investors' attention to the fact that any investor will be able to fully exercise his investor rights directly against the Company, provided that the investor is registered himself and in his own name in the Shareholders' register of the Company. In cases where an investor invests in the Company through an intermediary investing into the Company in his own name but on behalf of the investor in a nominee capacity, it may not always be possible for the investor to exercise certain Shareholders rights directly against the Company. Investors are advised to take advice on their rights in this respect.

V. Depositary

Under the Depositary Agreement effective as of 12 May 2015, CACEIS Bank Luxembourg (in such capacity, the "**Depositary**") has undertaken to provide depositary bank and custody services for the Company's assets. (the "**Depositary Agreement**")

CACEIS Bank Luxembourg is a credit institution registered with the Luxembourg Company Register (RCS) under number B-91985 and has been incorporated on 28 February 2003 under the name "Crédit Agricole Investor Services Bank Luxembourg". It is licensed to carry out banking activities under the terms of the Luxembourg law of 5 April 1993 on the financial services sector and specializes in custody, fund administration and related services.

The Depositary is responsible for (i) the custody of all financial instruments of the Company and (ii) the verification of ownership of other assets of the Company as well as (iii) the monitoring of the cash flows of the Company and (iv) such additional oversight functions as set out under article 19, paragraph 9 of the 2013 Law, namely:

(i) ensure that the sale, issue, repurchase and cancellation of Shares of the Company are carried out in accordance with the Luxembourg laws and regulations and the Company's constitutive documents;

(ii) ensure that the value of the Shares of the Company is calculated in accordance with applicable Luxembourg law, the Company's constitutive documents and the

valuation procedures adopted in respect of the Company in accordance with the 2013 Law;

(iii) carry out instructions of the AIFM provided such instructions do not conflict with the Luxembourg law and the Company's constitutive documents; in particular, monitor the Company's compliance with the investment restrictions and leverage limits set out in the Placement Memorandum.

(iv) ensure that in respect of transactions involving the assets of the Company, the consideration is remitted to the Company within the usual time limits;

(v) ensure that the income of the Company is applied in accordance with the Luxembourg law and the Company's constitutive documents.

The Depositary has further been appointed as paying agent. As paying agent, the Depositary is responsible for the payment of dividends (if any) to the Shareholders.

1. Delegation

The Depositary is not authorised to delegate to third parties, subject to the conditions laid down in the 2013 Law, its depositary functions, save for those relating to (i) the safekeeping of financial instruments to be held in custody and (ii) the verification of ownership and the maintenance of a record with respect to other assets. Such third parties shall be appointed by the Depositary under its responsibility with due skill, care and diligence. The above delegations shall each time be justified by objective reasons.

However, where the law of a third country requires that certain financial instruments to be held in custody by a local entity and no local entities satisfy the delegation requirements laid down in the 2013 Law, the Depositary may delegate its functions to such a local entity only to the extent required by the law of the third country and only as long as there are no local entities that satisfy the delegation requirements, such delegation by the Depositary being subject to the prior instruction of the General Partner or the AIFM and the Investors being duly informed of such delegation and the circumstances justifying such a delegation, prior to their investment.

2. Liability of the Depositary

The liability of the Depositary shall in principle not be affected by such delegation(s) and the Depositary shall be liable to the Company or its Investors for the loss of financial instruments by the Depositary or a third party to whom the custody of financial instruments has been delegated.

The Depositary may discharge its responsibility in case of a loss of a financial instrument (i) in the event that a *force majeure* event has occurred pursuant to article 19(12) second paragraph of the 2013 Law; or (ii) where it has contractually discharged its responsibility in compliance with article 19(13) of the 2013 Law; or (iii) in compliance with the conditions set out under article 19(14) of the 2013 Law where the laws of a third country requires that certain financial Instruments be held by a local entity and there are no local entities that satisfy the delegation requirements of article 19(11) of the 2013 Law.

3. Look through

The Depositary's duty regarding monitoring of cash flows shall not apply to cash held by financial and, as the case may be, or legal structures directly or indirectly controlled by the Company or the AIFM acting on behalf of the Company.

The Depositary's safekeeping duties with respect to financial instruments shall apply on a look-through basis to underlying assets held by financial and, as the case may be, or legal structures directly or indirectly controlled by the Company or the AIFM acting on behalf of the Company. However, this does not apply to fund of funds structures or master-feeder structures where the underlying funds have a depositary which keeps in custody the assets of these funds.

The Depositary's safekeeping duties with respect to other assets shall apply on a look-through basis to underlying assets held by financial and, as the case may be, or legal structures established by the Company or by the AIFM acting on behalf of the Company for the purpose of investing in the underlying assets and which are controlled directly or indirectly by the Company or the AIFM acting on behalf of the Partnership. This does not apply to fund of funds structures and master-feeder structures where the underlying funds have a depositary which provides ownership verification and record-keeping functions for this fund's assets.

4. Other provisions of the Depositary Agreement

The Depositary Agreement is governed by the laws of Luxembourg and the courts of Luxembourg shall have exclusive jurisdiction to hear any disputes or claims arising out of or in connection with the Depositary Agreement.

The Depositary is not involved, directly or indirectly, with the business affairs, organisation, sponsorship or management of the Company and is not responsible for the preparation of this document and accepts no responsibility for any information contained in this document other than the above description. The Depositary shall not have any investment decision-making role in relation to the Company. Decisions in respect of the purchase and sale of assets for the Company, the selection of investment professionals and the negotiation of commission rates are made by the Company. Shareholders should ask for the possibility to consult the Depositary Agreement at the registered office of the Company should they wish to obtain additional information as regards the precise contractual obligations and limitations of liability of the Depositary.

The Depositary Agreement may be terminated by either the Company or the Depositary upon three (3) months prior written notice.

In any case the Depositary will have to be replaced within two (2) months from its voluntary withdrawal or from its removal by the Company. The Depositary shall continue its activities in the meantime until the Company's assets have been transferred to the new depositary bank.

The fees and charges of the Depositary in connection with the investment activities and operations of the Company are borne by the Company and its Sub-Funds in accordance with common practice in Luxembourg.

VI. Administrative Agent – Registrar and Transfer Agent

1. The Administrative Agent

CACEIS Bank Luxembourg has also been appointed, by way of delegation by the AIFM, as administrative agent of the Company (the "**Administrative Agent**"), in accordance with the Central Administration and Domiciliary Services Agreement effective as of 12 May 2015, made for an unlimited duration (the "**Central Administration and Domiciliary Services Agreement**").

The Administrative Agent is responsible for the domiciliation of the Company, the maintenance of records and other general administrative functions as well as the processing of the calculation of the Net Asset Value. The attention of investors is drawn to the fact that, for the avoidance of doubt, the General Partner, the AIFM and the Company shall provide, with the assistance of specialized and reputable service providers, or cause third party specialized and reputable service providers to provide, the Administrative Agent with the pricing/valuation of the portfolio investments with respect to which no market price or fair value is made available to the general public or to the whole community of professionals of the financial sector, together with appropriate supporting data or evidence regarding the accuracy of such pricing/valuation, in accordance with the rules laid down in the Articles and this Placement Memorandum.

The Administrative Agent is also appointed by the AIFM as external valuer in order to value certain specific assets of the Company, when the circumstances so require and in compliance with article 17 of the 2013 Law. The AIFM's liability towards the Company and its Shareholders shall not be affected by the appointment of such external valuer.

The Administrative Agent is also responsible for providing the financial reports of the Company.

The Central Administration and Domiciliary Services Agreement may be terminated by either the Company or by the Administrative Agent upon a six (6) months' prior written notice.

The fees and charges of the Administrative Agent are borne by the relevant Sub-Funds or otherwise by the General Partner and/or the AIFM if specified in the Appendix.

2. The Registrar and Transfer Agent

CACEIS Bank Luxembourg shall also act as the registrar and transfer agent of the Company (the "**Registrar and Transfer Agent**").

The Registrar and Transfer Agent is responsible for the processing of the issue (registration) and redemption of the Shares and settlement arrangements thereof. In this context, the Registrar and Transfer Agent shall comply with any obligation imposed by applicable law that relates to the prevention of money laundering, in particular, with the identification of the Shareholders.

The Registrar and Transfer Agent is furthermore entrusted by the AIFM, the General Partner and the Company, under their supervision and overall responsibility, with the duty of verifying whether prospective investors willing to subscribe for Shares meet the eligibility requirements set out in article 2 of the 2004 Law, *i.e.* that they qualify either as Eligible Investors.

The Central Administration and Domiciliary Services Agreement may be terminated by either the Company or by the Administrative Agent upon a six (6) months' prior written notice.

The fees and charges of the Registrar and Transfer Agent are borne by the relevant Sub-Funds or otherwise by the General Partner and/or the AIFM if specified in the Appendix.

VII. Prevention of Money Laundering

The Registrar and Transfer Agent shall be entrusted by the AIFM, the General Partner and the Company, under their supervision and overall responsibility, with the verifications imposed by Luxembourg applicable laws, rules and regulations with respect to anti-money laundering and, in particular, with:

1. the law dated 12 November 2004 as amended, *inter alia*, by:

a) the law of 17 July 2008 implementing (i) Directive 2005/60/EC on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing and (ii) Directive 2006/70/EC laying down implementing measures for Directive 2005/60/EC of the European Parliament and of the Council as regards the definition of politically exposed person and the technical criteria for simplified customer due diligence procedures and for exemption on grounds of a financial activity conducted on an occasional or very limited basis;

b) the law dated 17 July 2008 concerning the combating of money laundering and terrorist financing; as well as;

c) the law of 27 October 2010 enhancing the anti-money laundering and counter terrorist financing legal framework.

2. CSSF Circular 13/556 concerning the entering into force of the CSSF Regulation n° 12-02 of 14 December 2012 regarding the fight against money laundering and terrorist financing, specifying and supplementing the law of 12 November 2004 on the fight against money laundering and terrorist financing, and repealing the CSSF Circular 10/476 and the CSSF Circular 08/387.

VIII. General Description of the Shares of the Company

1. General Considerations

Shares are exclusively restricted to Eligible Investors within the meaning of the 2004 Law.

This restriction is not applicable to the General Partner, its directors/managers or other persons who are involved in the management of the Company.

The Shares consist of one General Partner Share, Investors Shares and Carried Interest Shares of each Sub-Fund, as the case may be.

The General Partner Share was issued upon incorporation of the Company. No further General Partner Share will be issued.

The Company may issue Carried Interest Shares at the creation of each Sub-Fund, unless

otherwise provided for in the relevant Appendixes and in accordance with the terms and conditions specified therein. The Carried Interest Shares will be reserved to the General Partner. No further Carried Interest Shares shall be issued after the first issuance without the approval of an affirmative vote of two thirds of the Carried Interest Shares issued in the relevant Sub-Fund.

Investors Shares may be issued in one or more Classes in each Sub-Fund by the General Partner; each Class having different features or being offered to different types of investors, as more fully disclosed in the relevant Appendix to the Placement Memorandum for each Sub-Fund individually.

The General Partner shall maintain for each Sub-Fund a separate portfolio of assets. As between Shareholders, each portfolio of assets shall be invested for the exclusive benefit of the relevant Sub-Fund. **With regard to third parties, in particular towards the Company's creditors, each Sub-Fund shall be exclusively responsible for all liabilities attributable to it.**

Shares of any Class in any Sub-Fund will be issued in registered form only.

The inscription of the Shareholder's name in the register of Shares evidences his or her right of ownership of such registered Shares. A holder of registered Shares shall receive upon request a written confirmation of his or her shareholding.

2. General Meetings of Shareholders

The general meeting of Shareholders shall represent all the Shareholders of the Company. It shall have the powers to order, carry out or ratify acts relating to the operations of the Company, provided that, unless otherwise provided herein and in the Articles, no resolution shall be validly passed unless approved by the General Partner.

General meetings of Shareholders shall be convened by the General Partner. General meetings of Shareholders shall be convened pursuant to a notice given by the General Partner setting forth the agenda and sent by registered letter at least eight (8) days prior to the meeting to each Shareholder at the Shareholder's address recorded in the register of registered shares.

The requirements for participation, the quorum and the majority at each general meeting are those laid down in articles 67 and 67-1 of the 1915 Law. Unless otherwise provided by Luxembourg law or herein, resolutions of the general meeting are passed by a simple majority vote of the Shareholders present or represented and the consent of the General Partner.

Each Share will have one vote at the general meeting of Shareholders of the Company or at a Class meeting. Any resolution of a general meeting of Shareholders creating rights or obligations of the Company vis-à-vis third parties must be approved by the General Partner. Any resolution of a general meeting of Shareholders to the effect of amending the Articles must be passed with (i) a presence quorum of fifty percent (50%) of the Shares issued by the Company at the first call and, if not achieved, with no quorum requirement for the second call and, (ii) the approval of a majority of at least two-thirds (2/3) of the votes validly cast by the Shareholders present or represented at the meeting and (iii) the consent of the General Partner. Each amendment to the Articles entailing a variation of rights of a Sub-Fund/Class must be approved by a resolution of the general meeting of Shareholders of the Company and of a separate meeting(s) of the holders of Shares of the relevant Sub-Fund(s)/Class(es) concerned.

Fractional Shares may be issued up to two decimals of a Share. Such fractional Shares of each Class have no nominal value and, within each Class, shall be entitled to an equal participation in the net results and in the proceeds of liquidation of the relevant Sub-Fund on a pro rata basis.

3. Subscription for, and Issue of Shares of the Company, Minimum Investment and Holding

The General Partner is authorized, without limitation, to issue an unlimited number of Investors Shares and Carried Interest Shares within each Sub-Fund at any time without reserving to the existing Shareholders a preferential right to subscribe for the Shares to be issued, except for the limitations applicable with respect to the Carried Interest Shares.

The General Partner may impose restrictions on the frequency at which Investors Shares and Carried Interest Shares shall be issued in any Class and/or in any Sub-Fund; the General Partner may, in particular, decide that Investors Shares and Carried Interest Shares of any Class and/or of any Sub-Fund shall only be offered for subscription (i) in the context of one or several Closings or (ii) continuously at a specified periodicity, as indicated in the relevant Appendix.

The minimum investment and holding requirement per investor is described for each Sub-Fund in the relevant Appendix.

4. Contributions in Kind

The General Partner may agree to issue Investors Shares and Carried Interest Shares as consideration for a contribution in kind of assets, provided that such assets comply with the investment objectives, policies and restrictions of the relevant Sub-Fund and in compliance with the conditions set forth by Luxembourg law, in particular the obligation to deliver a valuation report from the auditor of the Company ("*réviseur d'entreprises agréé*") which shall be available for inspection. Any costs incurred in connection with a contribution in kind of assets shall be borne by the relevant investor(s) or the relevant Sub-Fund with the consent of the General Partner.

5. Commitments, Subscriptions and Defaulting Investors

Unless otherwise stipulated in any Appendix, if any Investor who has subscribed for the Shares of the Company or has made a commitment to the Company fails at any time to pay the relevant amounts due for value on the relevant payment date, the General Partner may decide to apply an interest charge on such amounts (the "**Default Interest**"), without further notice, at a rate equal to fifteen percent (15%) per annum, until the date of full payment. The Default Interest shall be calculated on the basis of the actual number of days elapsed between the relevant payment date (inclusive) and the actual date the relevant payment is received by the Company (exclusive).

If within thirty (30) Business Days following a formal notice (the "**Default Notice**") served by the General Partner by registered mail, the relevant Investor has not paid the full amounts due (including the Default Interest due), this Investor shall become a defaulting Investor (the "**Defaulting Investor**") and the General Partner may bring legal action in order to compel the Defaulting Investor to pay the full amount due (including any Default Interest). For the avoidance of doubts, it is specified that the General Partner has no time limit to serve the Default Notice.

5.1. Defaulted Shares

In the meantime, and notwithstanding the preceding sentence, all the Shares registered in the name of the Defaulting Investor that are **still partly paid** shall become defaulted Shares (the "**Defaulted Shares**") in the relevant Sub-Fund. The voting rights attached to the Defaulted Shares shall be suspended pursuant to article 67 (7) of the 1915 Law, as long as the payment of the full amounts duly called and payable (including the Default Interest due) has not been effected. In addition, Defaulted Shares do not either carry any right to distributions.

The default mechanism provided for under sub-section 5.3. (1) below may also apply to Defaulted Shares.

5.2. Defaulted Redeemable Shares

In the event that all Shares registered in the name of such Defaulting Investors are fully paid (the "**Defaulted Redeemable Shares**"), the default mechanisms foreseen under (1) and/or (2) below shall apply.

5.3. Default Mechanisms

(1) Sale of Shares of Defaulting Investors

In order to provide for the possibility to preserve the level of capital funding of the relevant Sub-Fund(s), each Investor agreed, for the benefit of the other Investors of the relevant Sub-Fund, including, for the avoidance of any doubts, the General Partner, an irrevocable promise to sell (*promesse de vente*) all or part of its Shares (as registered in the register of Shareholders of the relevant Sub-Fund(s)) to any of the Investors of the relevant Sub-Fund, each with full power of substitution, if it has become a Defaulting Investor, at a price per Share equal to the lesser of (i) fifty percent (50%) of the portion of the subscription price then paid-up by the Defaulting Investor and (ii) fifty percent (50%) of the Net Asset Value of such Shares, in proportion to the portion of the relevant subscription price then paid-up. The sale process shall be brought to completion in accordance with the following rules and procedure:

(i) after expiry of the thirty (30) days notice period referred to above, the General Partner shall deliver a notice, sent by internationally recognized courier and by telefax, or as a scanned document attached to an e-mail with in each case confirmation of transmission to the addressee, of such default to the Investors of the relevant Sub-Fund(s) who are not in default under their commitment/subscription agreement (each a "**Non-Defaulting Investor**"), and each Non-Defaulting Investor shall then confirm in writing, by courier and facsimile, to the Defaulting Investor and to the General Partner, within fifteen (15) Business Days following the date of the notification received from the General Partner, their acceptance, or that they decline, to purchase such number of Shares as indicated in its acceptance confirmation;

(ii) the sale shall be completed, and reflected as such by the General Partner in the register of Shareholders of the relevant Sub-Fund(s), in proportion to the number of Investors Shares held by each of the Non-Defaulting Investors confirming their acceptance to purchase the Shares from the Defaulting Investor, it being agreed and understood that by not confirming its acceptance of the purchase, a Non-Defaulting Investor increases the other Non Defaulting Investors' rights for the amount of Investors Shares which will not be acquired by such Investor;

(iii) the Investors agreed that their acceptance to purchase such number of Shares as indicated in the acceptance confirmation shall necessarily imply that the relevant parties or assignee thereof automatically and irrevocably fully and completely assume the proportion of the commitments/subscriptions of the Defaulting Investor that remains outstanding towards the relevant Sub-Fund(s) on the Shares transfer date.

In the absence of fraud, none of the Company or the General Partner shall be liable to (i) a Defaulting Investor whose Shares are transferred, or to (ii) a Non-Defaulting Investor purchasing Shares pursuant to this clause. The Defaulting Investor undertakes to keep the General Partner indemnified against any claims, costs and expenses which the General Partner may suffer as a result of the sale.

(2) Compulsory Redemption of the Defaulted Redeemable Shares of Defaulting Investors

Subject to item (3) below, as an alternative, or in addition, to the purchase mechanism foreseen above, all Shares registered in the name of such Defaulting Investor that would be **fully paid-up** may, in case of such default, be subject to a compulsory redemption (in accordance with the following rules and procedure:

(i) the General Partner shall send a notice (hereinafter called the "**Redemption Notice**") to the Defaulting Investor possessing the Defaulted Redeemable Shares; the Redemption Notice shall specify the Defaulted Redeemable Shares to be redeemed, the price to be paid for such Defaulted Redeemable Shares, and the place where this price shall be payable. The Redemption Notice may be sent to the Defaulting Investor by recorded delivery letter to his last known address. The Defaulting Investor in question shall be obliged without delay to deliver to the Company the certificate or certificates, if there are any, representing the Defaulted Redeemable Shares specified in the Redemption Notice. From the close of business of that day specified in the Redemption Notice, the Defaulting Investor shall cease to be the owner of the Defaulted Redeemable Shares specified in the Redemption Notice and the certificates representing these Shares shall be rendered null and void in the books of the Company;

(ii) in such compulsory redemption, the redemption price per Share will be equal to the lesser of (i) the subscription price which has to be paid at the time by the redeeming Defaulting Investor, less the Default Interest due on the unpaid part of the subscription amount due, as well as administration and miscellaneous costs and expenses borne by the Company in respect of such default and (ii) the Net Asset Value of such Defaulted Redeemable Shares on the relevant redemption date, less the Default Interest, as well as administration and miscellaneous costs and expenses borne by the Company in respect of such default. The above-mentioned redemption price will be payable only at the close of the liquidation of the relevant Sub-Fund(s).

(3) Duties of the General Partner

Whilst the General Partner shall retain a general discretion as to which Defaulting Investor remedy to apply, with respect to Defaulted Redeemable Shares, it shall - in the best interests of the relevant Sub-Fund(s) and in order to preserve the capital in the relevant Sub-Fund(s) - first resort to the *promesse de vente* option referred to in item (1) and only to the extent that this option does not result in a transfer of Defaulting Investor Shares shall the redemption option in item (2) be utilized.

The General Partner may bring any legal actions it may deem relevant against the Defaulting Investor based on breach of his commitment/subscription agreement with the Company.

IX. Restriction on the Ownership of Shares

1. Restriction as to the Subscription of Shares

Subscription for Shares is restricted to Eligible Investors.

Should the General Partner consider that a potential investor has not provided sufficient and adequate guarantee/evidence of its capacity to fully satisfy its envisaged investment in the Company, it may, at its discretion, request such a potential investor to provide it a Letter of Guaranty (or any other relevant security arrangement) prior to accepting the subscription/commitment of said investor.

The General Partner may furthermore restrict or reject any applications for Shares in the Company by any person and may cause any Shares to be subject to compulsory redemption if the Company considers that this ownership involves a violation of the law of the Grand Duchy or abroad, or may involve the Company in being subject to taxation in a country other than the Grand Duchy or may in some other manner be detrimental to the Company.

To that end, the General Partner may:

(i) decline to issue any Shares when it appears that such issue might or may have as a result the allocation of ownership of the Shares to a person who is not authorized to hold Shares in the Company;

(ii) proceed with the compulsory redemption of all the relevant Shares if it appears that a person who is not authorized to hold such Shares in the Company, either alone or together with other persons, is the owner of Shares in the Company, or proceed with the compulsory redemption of any or a part of the Shares, if it appears to the Company that one or several persons is or are owner or owners of a proportion of the Shares in the Company in such a manner that this may be detrimental to the Company. The procedure applicable to the redemption of Defaulted Redeemable Shares described under the section VIII "General Description of the Shares of the Company", sub-section "Commitments, Subscriptions and Defaulting Investors" shall be applied. The price at which the Shares specified in the redemption notice shall be redeemed (the "redemption price"), shall in such instances be equal to the Net Asset Value per Share. Payment of the redemption price will be made to the owner of such Shares in the reference currency of the relevant Class, except during periods of exchange restrictions, and will be deposited by the Company with a bank in Luxembourg or elsewhere (as specified in the purchase notice) for payment to such owner upon surrender of the Share certificate or certificates, if issued, representing the Shares specified in such notice. Upon deposit of such price as aforesaid, no person interested in the Shares specified in such purchase notice shall have any further interest in such Shares or any of them, or any claim against the Company or its assets in respect thereof, except the right of the Shareholders appearing as the owner thereof to receive the price so deposited (without interest) from such bank upon effective surrender of the Share certificate or certificates, if issued, as aforesaid. The exercise by the Company of this power shall not be questioned or invalidated in any case, on the grounds that there was insufficient evidence of ownership of Shares by any person or that the true ownership of any Shares was otherwise than appeared to the Company at the date of any purchase notice, provided that in such case said powers were exercised by the Company in good faith.

Given the above, and for the avoidance of doubt, in the event the General Partner finds out that a potential investor in any of the Sub-Funds, or an already existing Shareholder in any Sub-Fund, is not, or is no longer an Eligible Investor, the above described procedures shall be applied.

2. Restrictions as to the Transfer of Shares

Shareholders cannot sell, assign, transfer or pledge their Investors Shares without the prior written consent of the General Partner. No Shareholder can transfer the Investors Shares it holds unless:

(i) it has obtained the General Partner's consent;

(ii) the transferee or purchaser is determined to be an Eligible Investor within the meaning of the 2004 Law;

(iii) where applicable, the transferee has provided, if requested by the General Partner, a Letter of Guaranty (or any other relevant security arrangement); and

(iv) the transferor remains jointly and severally liable with the transferee for any remaining obligations at such time relating to the transferor's position as holder of the Shares relating to the period prior to transferring to the transferee (including without limitation the obligation to pay any remaining balance of its commitment/subscription in accordance with any drawdown previously made by the General Partner).

X. Redemption of Shares

Prospective investors should refer to the relevant Sub-Fund's Appendix as regards applicable provisions related to the redemption of Shares or related to restrictions or limitations which may apply to the redemption of the relevant Shares.

In any case, the Shares may be redeemed whenever the General Partner considers a redemption to be in the best interest of the Company and subject to the availability of sufficient cash to meet the redemption requests and in accordance with the 2004 Law.

Except in the circumstances described under section VIII "General Description of the Shares of the Company", sub-section 5. "Commitments, Subscriptions and Defaulting Investors" and where a redemption of an investor is possible as resolved by the General Partner or as specified in the relevant Appendix, the redemption price will equal the Net Asset Value per relevant Shares that will be calculated after the redemption request is received by the Company, and will generally be paid within six (6) months following the relevant Valuation Date (subject to the terms of the relevant Appendix). No redemption request shall be accepted by the General Partner on behalf of the Company in any other circumstances than those specified here above and in the relevant Sub-Fund Appendix.

The Company shall not redeem any Shares if the net assets of the Company would fall below the minimum capital required in the 2004 Law as a result of such redemption.

The Company shall have the right, if the General Partner so determines, to satisfy payment of the redemption price to any Shareholder who agrees, in specie by allocating to the Shareholder investments from the portfolio of assets of the Company equal to the value of the Shares to be

redeemed. The nature and type of assets to be transferred in such case shall be determined on a fair and reasonable basis and without prejudicing the interests of the other Shareholders and the valuation used shall be confirmed by a special report of the Auditor. The costs of any such transfers shall be borne by the transferee.

XI. Conversion of Shares

Shareholders are authorized to convert Shares from one Investor Class into another Investor Class within the same Sub-Fund or from one Sub-Fund into another Sub-Fund only to the extent it is expressly contemplated in the relevant Sub-Fund(s) Appendix for a specific Sub-Fund, and upon General Partner consent.

XII. Determination of the Net Asset Value

The Net Asset Value of the Shares of each Sub-Fund is expressed in the Reference Currency.

The General Partner sets the Valuation Days, and the methods whereby the Net Asset Value is made public, in compliance with the legislation in force.

1. Assets of the Sub-Funds

The assets of each Sub-Fund include:

- all cash in hand or on deposit, including any outstanding accrued interest;
- all bills and promissory notes and accounts receivable, including outstanding proceeds of any sale of securities;
- all securities, shares, bonds, time notes, debenture stocks, derivatives or subscription rights, warrants, money market instruments, and all other investments and transferable securities belonging to the relevant Sub-Fund;
- all dividends and distributions payable to the Sub-Fund either in cash or in the form of stocks and shares (the Company may, however, make adjustments to account for any fluctuations in the market value of transferable securities resulting from practices such as ex-dividend or ex-claim negotiations);
- all outstanding accrued interest on any interest-bearing securities belonging to the Sub-Fund, unless this interest is included in the principal amount of such securities;
- the Company's or relevant Sub-Fund's formation expenses, to the extent that such expenses have not been fully amortized within five (5) years of the Company's or relevant Sub-Fund's formation;
- the Company's or relevant Sub-Fund's other fixed assets, including office buildings, equipment and fixtures; and

- all other assets whatever their nature, including the proceeds of swap transactions and advance payments.

2. Liabilities of the Sub-Funds

The liabilities of each Sub-Fund include:

- all borrowings, bills, promissory notes and accounts payable;

- all known liabilities, whether or not already due, including all contractual obligations that have reached their term, involving payments made either in cash or in the form of assets, including the amount of any dividends declared by the Company regarding the Sub-Fund but not yet paid;

- a provision for capital tax and income tax accrued on the Valuation Day and any other provisions authorized or approved by the General Partner; and

- all other liabilities of the Company of any kind with respect to the Sub-Fund, except liabilities represented by Shares. In determining the amount of such liabilities, the Company shall take into account all expenses payable by the Company including, but not limited to:

  - formation expenses (provided they are fully amortized before five (5) years from the incorporation of the Company),
  - expenses in connection with and fees payable to the General Partner (where applicable), the AIFM (where applicable), the investment manager(s), advisors(s), accountants, depositary and correspondents, registrar, transfer agents, paying agents, brokers, distributors, permanent representatives in places of registration and auditors of the Company,
  - administration, domiciliary services, promotion, printing, reporting, publishing (including advertising or preparing and printing of issuing documents of the Company, explanatory memoranda, registration statements, financial reports) and other operating expenses,
  - the cost of buying and selling assets (transaction costs),
  - interest and bank charges, and
  - taxes and other governmental charges.

  The Company may calculate administrative and other expenses of a regular or recurring nature on an estimated basis annually or for other periods in advance and may accrue the same in equal proportions over any such period.

3. Determination of the Value of the Assets of the Company

Prices of liquid assets that are available from public sources shall be computed by the Administrative Agent on the basis of such public prices. The valuation of the assets of each Sub-Fund shall be made by the AIFM in compliance with article 17 of the 2013 Law and shall be determined as follows:

- the value of any cash in hand or on deposit, discount notes, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received, shall be equal to the entire amount thereof, unless the

same is unlikely to be paid or received in full, in which case the value thereof shall be determined after making such discount as the AIFM may consider appropriate in such case to reflect the true value thereof;

- the value of all portfolio securities and money market instruments or derivatives that are listed on an official stock exchange or traded on any other Regulated Market will be based on the last available price on the principal market on which such securities, money market instruments or derivatives are traded, as supplied by a recognized pricing service approved by the AIFM. If such prices are not representative of the fair value, such securities, money market instruments or derivatives as well as other permitted assets may be valued at a fair value at which it is expected that they may be resold, as determined in good faith under the direction of the AIFM;

- the value of securities and money market instruments which are not quoted or traded on a Regulated Market will be assessed at a fair value at which it is expected that they may be resold, as determined in good faith under the direction of the AIFM;

- investments in private equity securities will be appraised at a fair value under the direction of the AIFM in accordance with appropriate professional standards, such as the International Private Equity and Venture Capital Valuation Guidelines published by the European Private Equity and Venture Capital Association (EVCA);

- investments in real estate assets shall be valued with the assistance of one or several independent valuer(s) designated by the AIFM for the purpose of appraising, where relevant, the fair value of a property investment in accordance with the 2013 Law and its/their applicable standards, such as, for example, the Appraisal and Valuations Standards published by the Royal Institution of Chartered Surveyors (RICS);

- the value of the participations in investment funds shall be based on the last available valuation. Generally, participations in investment funds will be valued in accordance with the methods provided by the instruments governing such investment funds. These valuations shall normally be provided by the fund administrator or valuation agent of an investment fund. To ensure consistency within the valuation of each Sub-Fund, if the time at which the valuation of an investment fund was calculated does not coincide with the valuation time of any Sub-Fund, and such valuation is determined to have changed materially since it was calculated, then the Net Asset Value will be adjusted to reflect the change as determined in good faith by and under the direction of the AIFM;

- the valuation of swaps will be based on their market value, which itself depends on various factors (*e.g.* level and volatility of the underlying asset, market interest rates, residual term of the swap). Any adjustments required as a result of issues and redemptions are carried out by means of an increase or decrease in the nominal of the swaps, traded at their market value;

- the valuation of derivatives traded over-the-counter (OTC), such as futures, forward or option contracts not traded on exchanges or on other recognized markets, will be based on their net liquidating value determined, pursuant to the policies established by the AIFM on the basis of recognized financial models in the market and in a consistent manner for each category of contracts. The net liquidating value of a derivative position is to be understood as being equal to the net unrealized profit/loss with respect to the relevant position;

- the value of other assets will be determined prudently and in good faith by and under the direction of the AIFM in accordance with generally accepted valuation principles and procedures.

The AIFM, at its discretion, may authorize the use of other methods of valuation, on a consistent basis, if it considers that such methods would enable the fair value of any asset of the Company to be determined more accurately.

Where necessary, the fair value of an asset is determined by the AIFM, or by a committee appointed by the AIFM, or by a designee of the AIFM.

All valuation regulations and determinations shall be interpreted and made in accordance with Luxembourg generally accepted accounting principles, which are commonly referred to as "Luxembourg GAAP".

For each Sub-Fund, adequate provisions will be made for expenses incurred and due account will be taken of any off-balance sheet liabilities in accordance with fair and prudent criteria.

In the case where any asset or liability of the Company cannot be considered as being attributable to a particular Sub-Fund, such asset or liability will as a rule be allocated to all Sub-Funds pro rata to their net asset values; notwithstanding the foregoing, if and when specific circumstances so justify, such asset or liability may be allocated to all Sub-Funds in equal parts.

For each Sub-Fund and for each Class, the Net Asset Value per Share shall be calculated in the relevant Reference Currency on each Valuation Day by dividing the net assets attributable to such Sub-Fund and to such Class (which shall be equal to the assets minus the liabilities attributable to such Sub-Fund and to such Class) by the number of Shares issued and in circulation in such Sub-Fund and to such Class. Assets and liabilities expressed in foreign currencies shall be converted into the relevant Reference Currency, based on the relevant exchange rates.

The Company's net assets shall be equal to the sum of the net assets of all its Sub-Funds.

In the absence of bad faith, willful default, gross negligence or manifest error, every decision to determine the Net Asset Value taken by the AIFM or by any bank, company or other organization which the AIFM may appoint for such purpose, shall be final and binding on the Company and present, past or future Shareholders.

XIII. Temporary Suspension of Net Asset Value Calculation

The General Partner may suspend the determination of the Net Asset Value and/or, where applicable, the subscription, redemption and/or conversion of Shares, for one or more Sub-Funds, in the following cases:

- when the stock exchange(s) or market(s) that supplies/supply prices for a significant part of the assets of one or several Sub-Funds are closed, or in the event that transactions on such a market are suspended, or are subject to restrictions, or are impossible to execute in volumes allowing the determination of fair prices;

- when the information or calculation sources normally used to determine the value of a Sub-Fund's assets are unavailable, or if the value of a Sub-Fund's investment cannot be determined with the required speed and accuracy for any reason whatsoever;

- when exchange or capital transfer restrictions prevent the execution of transactions of a Sub-Fund or if purchase or sale transactions of a Sub-Fund cannot be executed at normal rates;

- when the political, economic, military or monetary environment, or an event of force majeure, prevent the Company from being able to manage normally its assets or its liabilities and prevent the determination of their value in a reasonable manner;

- when, for any other reason, the prices of any significant investments owned by a Sub-Fund cannot be promptly or accurately ascertained;

- when the Company or any of the Sub-Funds is/are in the process of establishing exchange parities in the context of a merger, a contribution of assets, an asset or share split or any other restructuring transaction;

- when there is a suspension of redemption or withdrawal rights by one or several investment funds in which the Company or the relevant Sub-Fund is invested;

- in exceptional circumstances, whenever the General Partner considers it necessary in order to avoid irreversible negative effects on one or more Sub-Funds, in compliance with the principle of equal treatment of Shareholders in their best interests.

When Shareholders are entitled to request the redemption or conversion of their Shares, if any, application for redemption or conversion is received in respect of any relevant Valuation Day (the "**First Valuation Day**") which either alone or when aggregated with other applications so received, is above the liquidity threshold determined by the General Partner for any one Sub-Fund, the General Partner reserves the right in its sole and absolute discretion (and in the best interests of the remaining Shareholders) to scale down *pro rata* each application with respect to such First Valuation Day so that not more than the corresponding amounts be redeemed or converted on such First Valuation Day. To the extent that any application is not given full effect on such First Valuation Day by virtue of the exercise of the power to pro-rate applications, it shall be treated with respect to the unsatisfied balance thereof as if a further request had been made by the shareholder in respect of the next following Valuation Day and, if necessary, subsequent Valuation Days, until such application shall have been satisfied in full. With respect to any application received in respect of the First Valuation Day, to the extent that subsequent applications shall be received in respect of following Valuation Days, such later applications shall be postponed in priority to the satisfaction of applications relating to the First Valuation Day, but subject thereto shall be dealt with as set out in the preceding sentence.

The suspension of the calculation of the Net Asset Value and/or, where applicable, of the subscription, redemption and/or conversion of the Shares, whether in a Sub-Fund or with respect to a Class only, shall be notified to the relevant Shareholders through all means reasonably available to the Company, unless the General Partner is of the opinion that a publication is not necessary considering the short period of the suspension.

Such a suspension decision shall be notified to any Shareholders requesting redemption or conversion of their Shares.

The suspension measures provided for in this article may be limited to one or more Sub-Funds.

XIV. Distribution Policy

The features of the Shares available within each Sub-Fund are set out in of the relevant Appendix.

The General Partner may declare annual or other interim distributions out from the investment income gains and realized capital gains as well as by way of redemption of Shares and, if considered necessary to maintain a reasonable level of dividends, out of any other funds available for distribution.

The Company shall not proceed to distributions, either by way of distribution of dividends or redemption of Shares, in the event the net assets of the Company would fall below the equivalent in the Reference Currency of the Company of one million Euro (EUR 1,000,000.-).

XV. Costs, Fees and Expenses

1. Costs Payable by the Relevant Sub-Fund

Except otherwise specified in the relevant Appendix, each Sub-Fund will bear all costs relating to its establishment and operations.

These costs may, in particular and without being limited to the following, include the remuneration of the General Partner, the AIFM, the Depositary, the Administrative Agent, the Registrar and Transfer Agent, the remuneration of the Investment Advisor, and, if any, sub-investment manager(s) or advisor(s) and other providers of services, brokerage fees, transaction fees, costs and expenses, taxes and costs connected with the movements of securities or cash, marketing expenses (such as without limitation preparation of marketing materials, and sponsoring conferences and seminars), as well as the fees of the auditor, legal advisor(s), the costs of preparation and distribution of the Placement Memorandum and periodic reports, Luxembourg subscription tax (if any) and any other taxes relating to the operations of the Sub-Fund, the costs related to the issue, redemption or conversion of Shares, translations and legal publications, the costs of its securities servicing, the possible costs of listing on any stock exchange or of publication of the price of its Shares, the costs of official deeds and any legal costs relating thereto.

Charges relating to the creation of any Sub-Fund shall be borne by such a Sub-Fund and amortized over a period not exceeding five (5) years against the assets of that Sub-Fund, and in such amounts in each year as determined by the General Partner on an equitable basis.

For the avoidance of doubts, the set-up costs relating to the Company as an umbrella platform will be borne by Crédit Agricole (Suisse) S.A..

2. Costs and Fees to be borne by the Investors

Where applicable, investors may have to bear placement fees and/or costs and/or fees with respect to the issue, redemption or conversion of Shares, as described in the relevant Appendix.

XVI. Taxation

1. Luxembourg Tax Considerations

The following is a summary of certain material Luxembourg tax consequences of purchasing, owning and disposing of the Shares. It does not purport to be a complete analysis of all possible tax situations that may be relevant to a decision to purchase, own or sell the Shares. It is included herein solely for preliminary information purposes. It is not intended to be, nor should it construed to be, legal or tax advice. Prospective Shareholders should consult their own tax advisers as to the applicable tax consequences of the ownership of the Shares, based on their particular circumstances. This summary does not allow any conclusions to be drawn with respect to issues not specifically addressed. The following description of Luxembourg tax law is based upon the Luxembourg law and regulations as in effect and as interpreted by the Luxembourg tax authorities on the date of the Prospectus and is subject to any amendments in law (or in interpretation) later introduced, whether or not on a retroactive basis.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*), as well as personal income tax (*impôt sur le revenu*) generally. Investors may further be subject to net worth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and to the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

1.1. Taxation of the Company

a) Withholding tax

Distributions of dividends by the Company to the Shareholders are not subject to withholding tax in Luxembourg.

b) Income tax

The Company is subject to corporate income tax and municipal business tax, at the current global rate of twenty-eight point eighty percent (28.80%) in 2011 (in Luxembourg-city). However, income derived from securities, as well as income derived from the transfer, contribution or liquidation of said securities is exempt at the level of the Company. Income arising from funds held pending their investment in risk capital does not constitute taxable income for the Company, although this exemption is only applicable for a period of twelve (12) months preceding their investment in risk capital and where it can be established that the funds have effectively been invested in risk capital.

c) Net worth tax

The Company is exempt from net worth tax.

d) Other taxes

The incorporation of the Company and the amendments to the Articles are subject to a fixed registration duty of fifty-five Euro (EUR 75,-).

No stamp duty or other tax is payable in Luxembourg on the issue of Shares in the Company.

1.2. Taxation of Shareholders

a) Income tax

Taxation of Luxembourg resident Shareholders

Luxembourg resident individuals

Any dividends received and other payments derived from the Shares received by resident individuals, who act in the course of either their private wealth or their professional / business activity, are subject to income tax at the ordinary progressive rate (with a current top marginal rate of forty-one point thirty-four percent (41.34%) in 2011). Under current Luxembourg tax laws, fifty percent (50%) of the gross amount of dividends received by resident individuals from the Company is exempt from income tax.

A gain realized upon the sale, disposal or redemption of Shares by Luxembourg resident individual Shareholders, acting in the course of the management of their private wealth is not subject to Luxembourg income tax, provided this sale, disposal or redemption took place more than 6 months after the Shares were acquired and provided the Shares do not represent a substantial shareholding. A shareholding is considered as substantial shareholding in limited cases, *i.e*. if *(i)* the Shareholder has held, either alone or together with his spouse or partner and/or his minor children, either directly or indirectly, at any time within the five (5) years preceding the realization of the gain, more than ten percent (10%) of the share capital of the Company or if *(ii)* the taxpayer acquired free of charge, within the five (5) years preceding the transfer, a participation that was constituting a substantial participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same 5-year period). Capital gains realised on a substantial participation more than 6 months after the acquisition thereof are subject to income tax according to the half-global rate method, (*i.e.* the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realised on the substantial participation). A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the shareholding.

Capital gains realized on the disposal of the Shares by resident individual Shareholders, who act in the course of their professional / business activity, are subject to income tax at ordinary rates. Taxable gains are determined as being the difference between the price for which the Shares have been disposed of and the lower of their cost or book value.

Luxembourg corporate residents

Dividends derived from the Shares by a Luxembourg fully-taxable resident company are subject to income tax, unless the conditions of the participation exemption regime, as described below, are satisfied.

Should the conditions of the participation exemption not be fulfilled, fifty percent (50%) of the dividends distributed by the Company to a Luxembourg fully-taxable resident company are exempt from corporate income tax and municipal business tax.

Under the participation exemption regime, dividends derived from Shares by a Luxembourg fully-taxable resident company may be exempt from income tax if cumulatively *(i)* it has held or commits itself to hold the Shares for an uninterrupted period of twelve (12) months, *(ii)* during this uninterrupted period of twelve (12) months the Shares represent a direct participation of at least ten percent (10%) in the share capital of the Company or a participation of an acquisition price of at least one point two million Euro (EUR 1,200,000.-) and *(iii)* the dividend is put at its disposal within such period. Liquidation proceeds are assimilated to received dividends for the purpose of the participation exemption and may be exempt under the same conditions. Shares held through a fiscally transparent entity are considered as being a direct participation proportionally to the percentage held in the net assets of the transparent entity.

Capital gains realised by a Luxembourg fully-taxable resident company on the Shares are subject to income tax at ordinary rates, unless the conditions of the participation exemption regime, as described below, are satisfied. Taxable gains are determined as being the difference between the price for which the Shares have been disposed of and the lower of their cost or book value.

Under the participation exemption regime, capital gains realized on the Shares by a Luxembourg fully-taxable resident company may be exempt from income tax if cumulatively *(i)* it has held or commits itself to hold the Shares for an uninterrupted period of twelve (12) months and *(ii)* during this uninterrupted period of twelve (12) months the Shares represent a direct participation of at least ten percent (10%) in the share capital of the Company or a participation of an acquisition price of at least EUR 6 million and *(iii)* the capital gain is realised within such period. Shares held through a fiscally transparent entity are considered as being a direct participation proportionally to the percentage held in the net assets of the transparent entity.

Luxembourg resident companies benefiting from a special tax regime

Luxembourg corporate resident Shareholders which are companies benefiting from a special tax regime, such as *(i)* undertakings for collective investment subject to the 2002 Law or the law of 17 December 2010, *(ii)* specialized investment funds subject to the amended law of 13 February 2007 on specialized investment funds and, *(iii)* family wealth management companies governed by the law of 11 May 2007, are tax exempt entities in Luxembourg, and are thus not subject to any Luxembourg income tax.

Taxation of Luxembourg non-resident Shareholders

Non-resident Shareholders who have neither a permanent establishment nor a permanent representative in Luxembourg to which the Shares are attributable are not liable to any Luxembourg income tax, whether they receive payments of dividends or realize capital gains upon sale of Shares.

Dividends received by a Luxembourg permanent establishment or permanent representative, as well as capital gains realised on the Shares, are subject to Luxembourg income tax, except in case of an eligible permanent establishment ("**Eligible Permanent Establishment**") where the

conditions of the participation exemption regime are satisfied *i.e.* the Eligible Permanent Establishment *(i)* has held or commits itself to hold the Shares for an uninterrupted period of 12 months, *(ii)* during this uninterrupted period of 12 months the Shares represent a direct participation of at least ten percent (10%) in the share capital of the Company or a participation of an acquisition price of at least one point two million Euro (EUR 1,200,000.-) regarding dividends and six million Euro (EUR 6,000,000.-) regarding capital gains and *(iii)* the income is put at its disposal within such period. An Eligible Permanent Establishment for the participation exemption is either a Luxembourg permanent establishment of a company resident in a State having a tax treaty with Luxembourg, a Luxembourg permanent establishment of a company covered by article 2 of the amended EU Parent-Subsidiary Directive 90/435/CEE or a Luxembourg permanent establishment of a limited or cooperative company resident in the European Economic Area other than an EU Member State. Should the conditions of the participation exemption not be fulfilled, fifty percent (50%) of the gross amount of dividends received by a Luxembourg permanent establishment or permanent representative is exempt from income tax.

b) Net worth tax

Luxembourg net worth tax will not be levied on the Shares in the hands of a Shareholder unless *(i)* such Shareholder is a corporate entity resident in Luxembourg other than an undertaking for collective investment governed by the 2002 Law or the law of 17 December 2010, a securitization company governed by the law of 22 March 2004, a company subject to the 2004 Law, a specialized investment fund governed by the amended law of 13 February 2007 on specialized investment funds or a family wealth management company governed by the law of 11 May 2007 or *(ii)* the Shares are attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg of a corporate entity. Further, in case of an Eligible Permanent Establishment, the Shares may be exempt for a given year under the participation exemption, if they represent at the end of the previous year a participation of at least ten percent (10%) in the share capital of the Company or a participation of an acquisition price of at least one point two million Euro (EUR 1,200,000.-).

c) Other taxes

No estate or inheritance tax is levied on the transfer of the Shares upon death of a Shareholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes.

Luxembourg gift tax may be levied on a gift or donation of the Shares if embodied in a Luxembourg notarial deed or otherwise registered in Luxembourg.

The tax consequences for each Shareholder of purchasing, subscribing, acquiring, holding, converting, selling, redeeming or disposing of Shares in the Company will depend upon the relevant laws of any jurisdiction to which the Shareholder is subject. Investors and prospective investors should seek their own professional advice as to this, as well as to any relevant exchange control or other laws and regulation. Taxation law and practice, and the levels of tax relating to the Company and to Shareholders, may change from time to time.

The following summary describes certain tax considerations for, France, Italy, and Switzerland related to the purchase, ownership and disposition of Investors Shares as of the date hereof. Prospective purchasers of Investors Shares are advised to consult their own tax advisors concerning the consequences under the tax laws of the country of which they are resident of making an investment in the Investors Shares.

2. France Tax Considerations

The following summary describes the material French tax considerations relating to an investment in the Company by certain individuals who are resident in France for French tax purposes. This summary does not purport to be a comprehensive discussion of all tax considerations relevant to a holder resident in France and it does not consider any specific facts or circumstances that may apply to a particular investor. The comments below only address the position of investors who do not qualify as so-called "professional securities dealers" and whom the Shares are part of their private (as opposed to business) assets ("Private Investors").

This summary is based on French laws and regulations currently in force, as applied on the date of this Placement Memorandum, and are subject to change, possibly with retroactive effect. No confirmation (tax rulings) regarding the taxation of the investments in the Company has been sought from the competent tax authorities. The tax treatments described below can only be secured through a confirmation by the competent French tax authorities.

All prospective holders of the Shares should consult their own tax advisors to determine the tax consequences to them of acquiring, holding and disposing of the Shares.

On this basis, the tax treatment from a French tax perspective of Private Investors in the event that the investment is made either directly in the Company or through a bank acting as a nominee (*fiducie*) should be as follows:

2.1. Income Tax

Preliminary comments

In the absence of specific legal provisions or administrative guidelines, there are some uncertainties as to the tax treatment applicable in France to income and gains earned by individual investors resident in France in respect of shares in vehicles such as the Company.

Considering that the Company has a specific tax status pursuant to which it is subject to tax but a large part of its revenues may be exempt from tax in Luxembourg, it seems questionable that Private Investors could benefit from those specific provisions of French tax law that apply to income and gains derived from shares in companies subject to corporate income tax.

On this basis, it is in particular assumed that Private Investors would not be entitled to invest in the Company through a private savings plan (*plan d'épargne en actions* - article 163 quinquies D of the French tax code), nor to apply a 40% rebate (*abattement de 40%* - article 158, 3- 2° to 4° of the French tax code) and a fixed rebate (*abattement fixe* - article 158, 3-5° of the French tax code) when computing the taxable portion of distributions they would receive from the Company, nor to elect for a final tax at a fixed rate to be withheld at source from such distributions (*prélèvement forfaitaire libératoire* - article 117 quarter of the French tax code) nor to benefit from a rebate for long term holding (*abattement pour durée de détention* - article 150-0 D bis of the French tax code) when computing the taxable portion of capital gains they would earn in respect of their Shares.

Tax treatment of dividends

Dividends received by Private Investors in respect of their Shares should therefore be fully subject to personal income tax at progressive rates (the marginal rate being currently set at 41%).

Such dividends should also be fully subject to a number of additional social contributions (which total rate is currently 12.3%), some of which (currently 5.8% out of 12.3%) are deductible from the personal income tax basis.

Tax treatment of capital gains / capital losses

Capital gains earned by Private Investors upon disposal of their Shares during a given civil year should be fully subject to personal income tax at a fixed rate (currently set at 19%) and to a number of additional social contributions (which total rate is currently 12.3%), none of which are deductible from the personal income tax basis.

For both personal income tax and social contributions purposes, capital losses suffered by Private Investors upon disposal of their Shares during a given civil year should be offsettable against similar capital gains earned during said civil year and the ten subsequent civil years.

Tax consequences of certain specific events

Upon occurrence of certain specific events (redemption of Shares, liquidation of the Company, reduction in the share capital or share premium of the Company, etc.), Private Investors may be deemed for tax purposes to be repaid all or part of their investment and/or to receive dividends and/or to earn/suffer capital gains/losses, depending on the nature of the relevant events and on the tax cost price of their respective Shares on the date of their occurrence.

Items qualifying as dividends should be subject to the tax treatment described in the *Tax treatment of dividends* section above.

Items qualifying as capital gains/losses should be subject to the tax treatment described in the *Tax treatment of capital gains/losses* section above.

Items qualifying as repayment of investment should be tax exempt but should come and reduce the tax cost price of the corresponding Shares.

2.2. Wealth Tax

Private Investors subject to wealth tax (*impôt de solidarité sur la fortune*) should take into account the value of their Shares when computing the amount of their taxable estate.

2.3. Estate Tax

Subject to the provisions of applicable international tax treaties, estate tax should be payable in respect of the Shares upon death of the Private Investors holding them.

2.4. Registration duties

Transfers of title to the Shares should give rise to the payment of registration duties at a fixed rate (currently set at 3%) assessed on the corresponding transfer prices but capped (currently at EUR 5,000 per transaction), provided that the deeds documenting such transfers are executed in France.

3. Switzerland Tax Considerations

The following section describes the material Swiss tax considerations relating to an investment in the Company by residents in Switzerland for Swiss tax purposes. This summary does not purport to be a comprehensive discussion of all tax considerations relevant to a Shareholder resident in Switzerland. In particular, this discussion does not consider any specific facts or circumstances which may apply to a particular investor. This summary is based on Swiss laws and regulations currently in force and as applied on the date of this Placement Memorandum, which are subject to change, possibly with retroactive effect. Prospective holders of the Shares should consult their own tax advisors to determine the tax consequences to them of acquiring, holding and disposing of the Shares. No confirmation (tax rulings) regarding the taxation of the investments in the Company has been sought from the competent tax authorities. The tax treatment of the holding of the Shares described below can only be secured through a confirmation by the competent Swiss tax authorities.

For the purpose of the Swiss tax considerations described herein, it is assumed that the Company will not be treated as a resident or will not be deemed to be a resident of Switzerland for Swiss tax purposes.

On this basis, the tax treatment from a Swiss tax perspective of individual investors resident in Switzerland in the event that the investment is made either directly in the Company or through a financial institution acting as a nominee (*fiducie*) will be as follows:

3.1. Income Tax

Classification

According to the guidelines published by the Swiss Federal Tax Administration and based on recent discussions with the same, foreign collective investment schemes in the form of a Luxembourg SICAR (structured as a *société en commandite par actions* or S.C.A.) which are under the supervision of the CSSF and which do not grant its investors with specific decisional powers should be transparent entities for Swiss tax purposes even if the investors have not been granted a redemption right (assimilation to a Swiss SCPC).

As a consequence, the Company should be treated as a transparent collective investment scheme for Swiss tax purposes.

Tax treatment of Swiss resident private investors

Swiss individual investors who do not qualify as so-called professional securities dealers and who hold Shares as part of their private (as opposed to business) assets are hereby defined as private investors.

As mentioned above, the Company should be considered as a transparent entity; taxation of the proceeds will thus depend on (i) whether it is treated either as a distributing fund or as a growth fund and on (ii) whether the proceeds correspond to a capital gain or to an income realized.

The Company is likely to be considered as a growth fund for Swiss tax purposes (due to its main private-equity objective which consists in making long-term capital gains). Under such circumstances, accumulated ordinary income (*e.g.* dividends, interests), if any, realized by the underlying investments is immediately taxed in the hands of the private investors (following the transparency of the Company).

By contrast, capital gains which should be the main (if not the exclusive) source of income, will not be subject to income tax, provided that it is possible, on the basis of the accounts of the Company or on the basis of another identification measure (*e.g.* separate coupon) to differentiate between capital gain and income.

Capital gains realized upon the sale of the Shares are tax exempt.

If the Shares are redeemed within the context of the Company's liquidation, the (positive) difference between the liquidation proceeds and the sum of (i) the original issuance price of the Shares, (ii) the investor's share of capital gains realized (and clearly identifiable as capital gain) and (iii) the investor's share of the previously taxed retained earnings is subject to tax.

Tax treatment of Swiss resident investors (companies and/or individuals) holding Shares as business assets

Those investors will be subject to income tax both on ordinary income and capital gains realized (distributed or not) by the underlying investments at the generally applicable rate as well as on gains realized upon disposal the Shares, provided accounted for in the books of the relevant investors notwithstanding the accumulation of the corresponding revenues.

If the Shares are redeemed within the context of the Company's liquidation, the (positive) difference between the liquidation proceeds and the sum of (i) the acquisition price of the Shares and (ii) the investor's share of the previously taxed retained earnings (if any and to the extend they are booked as a re-evaluation of the initial asset value) is subject to tax, provided such (positive) difference is properly accounted for as such in the books of the investor.

3.2. Federal Withholding Tax

Distributions from the Company are not subject to Swiss federal withholding tax since it is a foreign entity and since it can be reasonably argued that the Company will not be centrally managed in Switzerland.

3.3. Federal Issuance and Transfer Stamp Duty

The issuance of the Shares will be subject to Federal transfer stamp duty at zero point three percent (0.3%) (of which generally only half is to be borne by the Swiss investor) if such sale is made by or through the intermediation of a Swiss bank, broker dealer, or any other Swiss securities dealer as defined in the Federal Stamp Tax Act (the "**Swiss Securities Dealer**"), and unless the investor benefits from a statutory exception.

Generally speaking, and as the case may be, the transfer of the Shares will be subject to Federal transfer stamp duty at zero point three percent (0.3%) (of which generally only half is to be borne by the Swiss investor) calculated on the sale proceeds, if such sale is made by or through the intermediation of a Swiss Securities Dealer.

Please note that as a general rule the transfer stamp duty is owed by the Swiss Securities Dealer. It is however very common that this tax burden is transferred by the Securities Dealer to the Investor.

Redemption of the Shares will not be subject to Swiss stamp duty.

3.4. EU Savings Tax Retention

Swiss resident investors that can substantiate their Swiss residence will not suffer any retention pursuant to the EU Savings Tax Directive or the corresponding agreement concluded by the EU and Switzerland. In addition, the Company does not qualify as an undertaking for collective investment in transferable securities as per the Council Directive 85/611/EEC of 20 December 1985. As a consequence, the agreement concluded by the EU and Switzerland on the savings tax should not be applicable.

3.5. Investment through a financial institution (acting as a nominee)

The tax treatment of Swiss individual investors in the event that the investment in the Company is made through a financial institution acting as a nominee (*fiducie*) will be the same as in case of direct investment as described above.

XVII. FATCA

The United States HIRE Act was adopted in March 2010 (the "**HIRE Act**"). It includes provisions generally known as FATCA.

The intention of these is that details of Specified US Persons holding assets outside the United States of America (the "**US**") will be reported by financial institutions to the IRS as a safeguard against US tax evasion. As a result of the HIRE Act, and to discourage non-US Financial Institutions from staying outside this regime, all US securities held by a Financial Institution that does not enter and comply with the regime will in principle be subject to a US tax withholding of 30 per cent on gross sales proceeds as well as income.

On 28 March 2014, Luxembourg has signed an IGA with the United States, in order to facilitate compliance of Luxembourg Financial Institutions, such as the Company, with FATCA and avoid the above-described US withholding tax. Under the IGA, Luxembourg Financial Institutions will provide the Luxembourg tax authorities with information on the identity and the investments of and the income received by their investors that are Specified US Persons or, in case of a Non-US Entity being a holder, on the status of any Controlling Person as a Specified US Person. The Luxembourg tax authorities will then automatically pass the information on to the IRS. Such reporting is, however, not required in case the Luxembourg Financial Institution can rely on a specific exemption or a deemed-compliant category contained in the IGA.

The Company therefore requires all holders to provide mandatory documentary evidence on their status as a Specified US Person or, in case of a Non-US Entity being a holder, on the status of any Controlling Person as a Specified US Person. Under the IGA, the Company will be required to, inter alia, disclose the name, address and taxpayer identification number of these Specified US Persons that own, directly or indirectly, an interest in the Company, as well as information on the balance or value of the direct or indirect interest owned in the Company by such Specified US Persons, as well as on any amounts directly or indirectly paid by the Company to such Specified US Persons.

The Company's ability to satisfy its obligations under the IGA will depend on each holder in the Company providing the Company with any information, including information concerning the

direct or indirect owners of such holder, that the Company determines is necessary to satisfy such obligations. Each holder agrees to provide such information upon request by the Company.

A holder that fails to comply with such documentation requests may be charged with any taxes or penalties imposed on the Company attributable to such holder's non-compliance under the IGA and FATCA, and the Company may, in its sole discretion, redeem such Shares.

While the Company will make all reasonable efforts to seek documentation from holders to comply with these rules and to allocate any taxes or penalties imposed or required to be deducted under the IGA and/or FATCA to holders whose non-compliance caused the imposition or deduction of the tax or penalty, it cannot be excluded that other complying holders in the Company may be affected by the presence of such non-complying holders.

All prospective investors and holders are advised to consult with their own tax advisors regarding the possible implications of FATCA on their investment in the Company.

XVIII. FINANCIAL YEAR, GENERAL MEETINGS OF SHAREHOLDERS AND DOCUMENTS AVAILABLE FOR INSPECTION

1. Financial Year

The Financial Year shall start on 1 January and end on 31 December. The first Financial Year shall end on 31 December 2011.

Audited annual reports will be available at the registered office of the Company. The first report of the Company will be made with the financial statements as of 31 December 2011.

2. General meetings

The annual general meeting of the Shareholders of the Company will be held at the registered office of the Company in Luxembourg on the third Tuesday of the month of June each year at 11.30 a.m. (Luxembourg time) (or, if such day is not a Business Day, on the next following Business Day).

Notices of a general meeting and other notices will be given in accordance with Luxembourg law. Notices will specify the place and time of the meetings, the conditions of admission and the agenda and will be given at least eight (8) days prior to the meetings. The requirements as to attendance, quorum and majorities at all general meetings will be those laid down in the Articles of the Company and in the 1915 Law. All Shareholders may attend the annual general meetings, any general meetings and Class meetings of the Sub-Funds in which they hold Shares and may vote either in person or by proxy.

3. Documents available for inspection

Copies of the Articles, the Placement Memorandum and the latest financial statements of the Company are available for the Shareholders, free of charge, during business hours on each Business Day at the registered office of the Company.

Shareholders can further ask to consult the documentation and information as provided under article 21 of the 2013 Law, as well as the Alternative Investment Fund Management Agreement, the Depositary Agreement, the Central Administration and Domiciliary Services Agreement, the investment advisory services agreement or the minutes of the general meetings of Shareholders, free of charge, during business hours on each Business Day at the registered office of the Company. As a rule, (i) Shareholders shall however not be entitled to request the delivery of a copy of these documents; and (ii) Shareholders will not be allowed to consult any contractual or corporate documents pertaining to management of the activities of the Company other than the above listed documents.

The commitment agreement by which Investors may subscribe for Shares is governed by Luxembourg law and any dispute arising from the commitment agreement will be brought before the exclusive jurisdiction of courts of the Grand-Duchy of Luxembourg. Shareholders should note that there are no legal instruments in Luxembourg required for the recognition and enforcement of judgments in Luxembourg.

4. Amendments to the Placement Memorandum

If the laws and regulations applicable to the Company or having an impact on the Company's operation change (either at Luxembourg level or European level) and such changes require compulsory amendment to the structure of the Company or its operations, then the General Partner shall be authorized to amend any provision of this Placement Memorandum, subject to the prior approval of the CSSF. In such case, and provided that such compulsory amendment to the structure or the operations of the Company does not require the involvement of the general meeting of Shareholders of the Company or the relevant Sub-Fund, then the Placement Memorandum will be updated and the Shareholders will be informed thereof, for their information purposes only without any other involvement in the decision making process prior to the effectiveness of the above mentioned amendment. For the avoidance of doubt, in this case, the Shareholders will not be offered the right to request the cost-free redemption of their Shares prior to the changes becoming effective.

In any case, should any amendments of the Placement Memorandum entail an amendment of the Articles or require the decision to be made by the general meeting of Shareholders of the Company or of one or several Sub-Funds, such decision shall be passed by a resolution of an extraordinary general meeting of Shareholders in accordance with the form, quorum and majority requirements set forth in the Articles and in compliance with Luxembourg laws and regulations.

The General Partner is also authorised to amend any other provision of the Placement Memorandum, provided such changes are not material to the structure and/or operations of the Company and the Sub-Funds and are beneficial or at least not detrimental to the interests of the Shareholders of the Company, any Sub-Fund or any Class, as the case may be and as determined by the General Partner at its sole but reasonable discretion. In such case, the Placement Memorandum will be amended and the Shareholders will be informed thereof, for their information purposes only. For the avoidance of doubt, Shareholders will not be offered the right to request the cost-free redemption of their Shares prior to such changes becoming effective.

The General Partner is authorised to make other amendments to the provisions of the Placement Memorandum that are material to the structure and/or operations of the Company and its Sub-Funds or detrimental to the interests of the Shareholders of the Company, any Sub-Fund or any Class (such as the change of the fee structure of the Company or the Sub-Fund), subject to the approval of the CSSF, provided that such changes shall only become effective, and the Placement Memorandum amended accordingly, in compliance with the 2004 Law to the extent the procedures set forth below are complied with:

(i) in an open-ended Sub-Fund, provided that there is sufficient liquidity, all Shareholders have been offered a cost-free redemption of their Shares within a one (1) month period from the sending of such a notice to all Shareholders or to Shareholders of the relevant Sub-Fund or Class in cases where such amendments are applicable only to specific Sub-Fund or Class. Such changes shall become effective only after the expiry of this one-month period; or

(ii) in a closed-ended Sub-Fund or in the event that the cost-free redemption is not possible because the assets of the Sub-Fund are illiquid, the Shareholders shall not have a right to request cost-free redemption of their Shares and the General Partner shall seek prior approval of such amendments by a decision of the general meeting of Shareholders passed with (1) at least two-thirds (2/3) of the votes attached to all Shares issued by the Company (or where applicable, in the relevant Sub-Fund or Class) and validly cast by those present or represented at the meeting; and (2) a presence quorum requirement of fifty percent (50%) of the capital of the Company (or where applicable, of the relevant Sub-Fund or Class) at the first call and, if not achieved, with no quorum requirement for the second call.

XIX. Liquidation of the Company

In the event of dissolution, the liquidation shall be carried out by one or more liquidators (which can be the General Partner) appointed by the general meeting as liquidator, pursuant to the 2004 Law and the Articles. Amounts which have not been claimed by Shareholders at the close of the liquidation will be deposited in escrow with the *Caisse de consignation* in Luxembourg. Should such amounts not be claimed within the prescription period, then they may be forfeited.

XX. Termination, Amalgamation and Transfer of Assets from Sub-Funds and/or Classes of Shares

The general meeting of Shareholders of each Sub-Fund may transfer all of the assets of such Sub-Fund to, or amalgamate all of the Shares of such Sub-Fund with, another existing Sub-Fund within the Company, or to another investment company in risk capital under the provisions of the 2004 Law, or to another sub-fund thereof (the "new sub-fund") in accordance with applicable law, and re-designate the Shares of such Sub-Fund as Shares of the new sub-fund (following a split or consolidation, if necessary, and the payment of the amount corresponding to any fractional entitlement to the Shareholders of such Sub-Fund).

Such a transfer/amalgamation of a Sub-Fund to another existing Sub-Fund within the Company, or to a another investment company in risk capital under the provisions of the 2004 Law or to another sub-fund thereof, may only be initiated by a decision of the general meeting of Shareholders of the Sub-Fund concerned taken in relation to such transfer/amalgamation of a Sub-Fund passed with (i) a majority of not less than seventy five percent (75%) of the votes validly cast by the Shareholders present or represented at such meeting, (ii) a seventy five percent (75%) quorum requirement at the first general meeting called to consider a resolution or if such quorum requirements are not met at such first meeting, then with a fifty percent (50%)

quorum requirement for any succeeding general meeting of Shareholders called to consider such resolution and (iii) the consent of the General Partner.

In the event that, for any reason whatsoever, the value of the total net assets in any Sub-Fund or the value of the net assets of any Class of Investors Shares within a Sub-Fund has decreased to, or has not reached, an amount determined by the General Partner to be the minimum level for such Sub-Fund, or such Class of Investors Shares, to be operated in an economically efficient manner or in case of a substantial modification in the political, economic or monetary situation or as a matter of economic rationalization, the General Partner may decide to redeem all the Shares of the relevant Class or Classes at the Net Asset Value (taking into account actual realization prices of investments and realization expenses) calculated with reference to the Valuation Day in respect of which such decision shall be effective. The Company shall serve a notice to the Shareholders of the relevant Class or Classes prior to the effective date for the compulsory redemption, which will indicate the reasons and the procedure for the redemption operations.

XXI. Conflicts of Interest and Fair Treatment of Investors

The General Partner, the AIFM, the Investment Advisor and, where applicable specialised investment advisors or managers involved in the management of the assets of any Sub-Fund, the Depositary, the Administrative Agent and their respective affiliates, directors, officers and shareholders (collectively the "**Parties**") are or may be involved in other financial, investment and professional activities which may cause conflict of interest with the management and administration of the Company. These include the management of other collective investment schemes, purchase and sale of securities, brokerage services, custody and safekeeping services and serving as directors, officers, advisors, distributors or agents of other collective investment schemes or other companies, including companies and investment funds in which the Company may invest.

The General Partner and/or the Investment Advisor and/or, where applicable, specialised investment advisors or managers involved in the management of the assets of any Sub-Fund or certain affiliate companies of these services providers, may be remunerated by portfolio managers, distributors or sponsors of investment funds, in which the Sub-Funds invest, for the access by such portfolio managers, distributors or sponsors of investment funds to the infrastructure and networks established by the General Partner and/or Investment Advisor and/or, where applicable, specialised investment advisors or managers involved in the management of the assets of any Sub-Fund or certain affiliate companies of these services providers.

The Shareholders should be aware that the terms of the placing arrangements with such trading portfolio managers may provide, in pertinent part, for the payment of fees up to a significant portion of an investment manager's total management and performance-based fees or of a portion of the brokerage commissions generated by the underlying investment funds, calculated by reference to the amounts invested in such underlying investment funds through the General Partner and/or Investment Advisor and/or, where applicable, specialised investment advisors or managers involved in the management of the assets of any Sub-Fund or affiliate companies of these services providers.

Although such arrangements, when they exist, may create potential conflicts of interest for the General Partner and/or the Investment Advisor and/or, where applicable, specialised investment advisors or managers involved in the management of the assets of any Sub-Fund between their duties to select portfolio managers based solely on their merits and its interest in assuring revenue in the context of the placing arrangements if this issue is not properly dealt with, the

General Partner and/or the Investment Advisor and/or, where applicable, specialised investment advisors or managers involved in the management of the assets of any Sub-Fund shall at all time (i) act in the best interest of the Company in the due diligence process carried out prior to the selection of any relevant target investment and (ii) ensure that all investment/disinvestment recommendations in the management of the assets of the Company are never influenced or affected by any of the terms of such placing arrangements. Each of the Parties will respectively ensure that the performance of their respective duties will not be impaired by any such involvement that they might have. In the event that a conflict of interest does arise, the managers of the General Partner and the relevant Parties shall endeavour to ensure that it is resolved fairly within reasonable time and in the interest of the Shareholders.

Most favoured investors provision

The Company and/or the AIFM may enter into side letters or other written agreements to or with any Investor provided that such arrangements (i) do not breach the content of the legal documentation of the Company and/or (ii) affect the proper functioning of the Company and/or compliance of the AIFM and the Company with their legal and regulatory obligations, and (iii) have the sole effect of establishing rights under, or supplementing the terms of the subscription documentation to the Company.

If the Company and/or the AIFM enters into any such side letter or other agreement with respect to the Company that establishes rights or benefits in favour of any Investor that (taken together with any associated obligations) are more favourable in any material respect to such Investor than the rights and benefits established in favour of any other Investor whose Commitment (together with the commitments of any related parties) is equal to or higher than that of the beneficiary(ies) of such side letter(s) or other agreement(s) (or any of them), then the Company and/or the AIFM shall offer to each such other Investor having agreed to subscribe equal to or higher amounts than the beneficiary(ies) of the said side-letter(s) or other agreement(s), the opportunity to elect, within thirty (30) calendar days after receipt of such offer, to receive such rights and benefits established by such side letter(s) provisions or other agreement to the extent reasonably applicable to such other Investor. In connection with such offer, the Company and/or the AIFM shall provide a copy of such side letter(s) or other agreement(s) to such interested Investor whose Commitment is equal to or higher than that of the beneficiary (ies) of such side letter(s) or other agreement(s). This paragraph will not apply to any more favourable terms with respect to Management Fees that are offered to any Affiliate or employee of the AIFM or the Investment Advisors or any of their related persons or entities.

XXII. Data Protection

The Company collects, stores and processes by electronic or other means the data supplied by Shareholders at the time of their subscription for the purpose of fulfilling the services required by Shareholders and complying with its legal obligations.

The data processed include the name, address and invested amount of each Shareholder (the “personal data”).

Shareholders may, at their discretion, refuse to communicate the personal data to the Company. In this event however the Company may reject its request for subscription for Securities in the Company.

In particular, the personal data supplied by Shareholders are processed for the purpose of *(i)* maintaining the register of Shareholders; *(ii)* processing subscriptions, redemptions and conversions of Shares and payments of dividends or interests to Shareholders; *(iii)* complying with applicable anti-money laundering rules and other legal obligations, such as maintaining controls in respect of late trading and market timing practices.

The personal data shall never be used for marketing purposes.

The Company undertakes not to transfer the personal data to any third parties except when required by law or with the prior consent of the relevant Shareholder.

Each Shareholder is entitled to access its personal data and may ask for a rectification thereof in cases where such personal data are inaccurate and/or incomplete. Shareholders may contact the Administrative Agent and the General Partner in this regard.

Personal data shall not be retained for periods longer than those required for the purpose of their processing subject to any limitation periods imposed by law.

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BREAKDOWN OF INVESTMENT STRATEGIES OF THE SUB-FUNDS

	Investment strategies	
L Capital 3 Sub-Fund	Fund of fund strategies	Fund of private equity
Lion Capital III Sub-Fund	Fund of fund strategies	Fund of private equity
AXA Secondary Fund V Sub-Fund	Fund of fund strategies	Fund of private equity
L Capital 2 Sub-Fund	Fund of fund strategies	Fund of private equity
IK VII Sub-Fund	Fund of fund strategies	Fund of private equity
ACTIS Global 4 Sub-Fund	Fund of fund strategies	Fund of private equity
KKR Asian Fund II Sub-Fund	Fund of fund strategies	Fund of private equity
AXA Secondary Fund IV Sub-Fund	Fund of fund strategies	Fund of private equity
TB-4 Sub-Fund	Fund of fund strategies	Fund of private equity
AP V Secondary Sub-Fund	Fund of fund strategies	Fund of private equity
Capvis IV Sub-Fund	Fund of fund strategies	Fund of private equity
LKII Sub-Fund	Fund of fund strategies	Fund of private equity
SW1 Sub-Fund	Fund of fund strategies	Fund of private equity
BCF XI Sub-Fund	Fund of fund strategies	Fund of private equity
NAF VII Sub-Fund	Fund of fund strategies	Fund of private equity

ASF VI Sub-Fund	Fund of fund strategies	Fund of private equity
European DataCenters Sub-Fund	Private equity strategies	Other private equity fund strategy
Colkart Sub-Fund	Private equity strategies	Other private equity fund strategy
KS 4 Sub-Fund	Fund of fund strategies	Fund of private equity
BAPE VI Sub-Fund	Fund of fund strategies	Fund of private equity
IT3 Sub-Fund	Fund of fund strategies	Fund of private equity

A. L CAPITAL 3 SUB-FUND

1. Investment Objective and Strategy

The L Capital 3 Sub-Fund (the "**Sub-Fund**") is solely aimed at committing capital from five million Euro (EUR 5,000,000.-) to twenty million Euro (EUR 20,000,000.-), to be invested in "L Capital 3" (the "**Target Fund**").

1.1. The Target Fund

The Target Fund is a private equity fund qualifying as a "*fonds commun de placement à risques*" or "FCPR" under the laws of France, which is managed by L Capital Management (the "**Management Company**"), a company duly approved by the French Financial Markets Authority (*Autorité des Marchés Financiers* or "AMF") on February 21st, 2001 under number GP01009.

The Target Fund will continue the Management Company's proven strategy of applying extensive specialist luxury retail, financial and investment knowledge to mid-market European companies operating in the medium to high-end retail and consumer goods segments.

The Target Fund anticipates a three hundred and fifty million Euro (EUR 350,000,000.-) size to be deployed in growth capital and leveraged buy-out (or "LBO") investments of fifteen (15) to forty (40) million Euro into ten (10) to fifteen (15) companies, each with enterprise value of twenty to three hundred million Euro (EUR 300,000,000.-) and active in the market segment defined by the Management Company as "AAA brands" (Aspirational, Affordable and Alternative) and other specialized retail opportunities.

The Target Fund will have a pan-European focus, but it is anticipated that the majority of investments will be made in France, Italy and Spain. Investments may also be made outside of Europe, on an opportunistic basis and where the Management Company has relevant experience, knowledge and contacts.

1.2. The Management Company

The Management Company, L Capital Management, is an independently-operated team sponsored by LVMH, one of the world's leading luxury companies with a portfolio of over sixty-five (65) global brands, and its private holding company Groupe Arnault (together the "**Sponsors**").

The Management Company is approved by the French Financial Markets Authority (*Autorité des Marchés Financiers* or "AMF"), under number GP01009, and has its headquarters at 22 avenue Montaigne, 75008 Paris (France).

L Capital Management, in its capacity as management company of the Target Fund, is in charge of carrying out the investment policy of the latter, and shall be responsible for identifying, evaluating, selecting and making all investments/divestments for the benefit of the Target Fund. The Management Company represents the Target Fund towards third parties, and exercises any voting rights attached to the securities held by the Target Fund, on its behalf.

1.3. Successful Track Record

The Management Company has previously successfully managed two other similar funds, "L Capital 1" and "L Capital 2", by investing five hundred seventeen million point five hundred and twenty five thousand Euro (EUR 517,525,000.-) in twenty-one (21) companies, thirteen (13) of which have been realized for seven hundred and ten point one million Euro (EUR 710,100,000.-) in proceeds, generating a combined gross realized IRR of thirty six point two percent (+36.2%) and a combined cost multiple of two point seven times (2.7x). Distributions of six hundred and forty four point four million Euro (EUR 644,400,000.-) have been returned to investors in the two funds representing a hundred twenty six percent (126%) of capital called to date.

Both previous vintages portfolios show attractive performance:

- the "L Capital 1" (vintage 2001) fund has generated a gross realized IRR of thirty five point six percent (+35.6%) and a cost multiple of two point seven times (2.7x) on twelve (12) exits over eight (8) years. The fund is fully invested;

- the "L Capital 2" (vintage 2005) fund has realized one investment for a gross realized IRR of forty three point six percent (+43.6%) and a cost multiple of three times (3.0x). The unrealized portfolio is performing well, with strong mid-term prospects.

1.4. Management of the Target Fund by a Specialist Team

The team members of the Management Company, as more precisely described in the private placement memorandum of the Target Fund, collectively bring two hundred and forty three (243) years of brand management, operational, private equity, financial and consulting experience, a combination which, in the opinion of the Management Company, is key to the successful execution of the Target Fund's value creation strategy.

The team members of the Management Company have senior level experience in luxury brand management and an intimate understanding of high-value retail operations. The team has full access to LVMH's extensive networks, know-how and market knowledge.

1.5. Distinctive Market Focus

The Target Fund intends to focus on investing in companies that market AAA brands. The Management Company defines these brands as Aspirational, Affordable and Alternative, positioned between the luxury and consumer goods segments, and combining some of the most attractive characteristics of each.

In the last decade, the worldwide emergence of new consumers for branded goods has progressively split the luxury goods market between "traditional luxury" and "accessible luxury" or "AAA" segments.

1.6. Focused Strategy

The Management Company will continue to pursue an investment strategy that it believes draws on the team's strong blend of high quality experience, driven by the team's focus on the specialized AAA brands market segment and its ability to make a hands-on contribution to value creation.

The Management Company aims to use its intimate understanding of the actual and potential value of complex brands in order to unlock the potential of a highly specialized market segment. By working with management teams as partners to introduce larger company strategies and standards to mid-market companies, the Management Company believes it can not only accelerate growth through brand development, but can also position these companies to attract a premium from potential trade buyers.

1.7. Relationship with LVMH

The Target Fund is an independently-operated private equity fund, sponsored by LVMH and Groupe Arnault. The Management Company expects that the Target Fund will continue to benefit from its close association with LVMH through:

- Association with world-class brands and retail businesses;
- Powerful and pervasive network throughout the retail sector worldwide;
- Opportunity for owners and management teams to be associated with top quality brands;
- Extensive in-house research and market knowledge;
- Wide range of international experience across multiple economic cycles;
- Access to a pool of talented managers.

1.8. Investment Policy of the Target Fund

1. The principal investment objective of the Target Fund is to make direct or indirect investments in companies with innovative brands and concepts that respond to the aspirations of consumers of up-market branded goods (appeal to customer's emotion, quality, capacity to generate trust, prestige, modern and innovative image, etc.).

The Target Fund will focus on acquiring interests in companies with strong short and medium-term growth and value creation potential, either in management buyout, with or without leverage, or growth capital transactions.

The Target Fund will focus on investments in the range of fifteen (15) to forty (40) million Euro per investment (excluding bridging investments and follow-on investments).

Each investment by the Target Fund in an unquoted company will be conditioned upon the Target Fund obtaining the right to appoint at least one member of the board of directors (or any other management or supervisory body) of such company.

2. The Target Fund will focus on six (6) product and service segments: (i) personal equipment; (ii) home equipment and decoration; (iii) personal care (beauty, health, well being); (iv) leisure and travel; (v) media; (vi) specialized and selective retail distribution concepts.

No allocation of the investments by sector will be predetermined.

3. The Target Fund will invest in principle eighty percent (80%) of the total commitments in member countries of the European Economic Area and Switzerland. However, the Target Fund may invest more than twenty percent (20%) of the total commitments outside these countries upon prior approval of its advisory committee.

4. The Target Fund will invest primarily in equity or equity related instruments or in the form of shareholders loans in companies whose securities are not listed on a financial instruments market.

The Target Fund may participate in "mezzanine financings".

5. In order to diversify risks, the Target Fund will not invest more than fifteen percent (15%) of the total commitments (excluding bridging investments) in a single portfolio company (including its affiliates). However, *(i)* in case of follow-on investment(s), the Target Fund may invest up to twenty percent (20%) of the total commitments (excluding bridging investments) in a single portfolio company (including its affiliates), and *(ii)* in the case of a bridging investment, the Target Fund may invest up to twenty-five percent (25%) of the total commitments in a single portfolio company (including its affiliates).

6. The Target Fund will not invest in any portfolio company *(i)* which the Management Company is aware is engaged in unlawful activities; *(ii)* whose principal business is the manufacturing distribution or sale of weapons or their ammunition (excluding hunting weapons and sports weapons and their ammunition); *(iii)* which is engaged in the sectors of pornography, the production of or trade in human cloning. The Target Fund will not engage in speculative investment in commodities, commodity contracts or forwards, exchange contact activities (without, however, limiting the role of the Management Company).

7. The Target Fund may invest beyond the limits provided for in paragraphs 4 and 5 above only if its advisory committee approves the investment prior to the transaction.

2. Borrowing Policy/Leverage

The Sub-Fund may leverage its assets by way of borrowing up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund. Borrowings may be utilized for investment purpose as well as to bridge financing and expense disbursements when liquid funds are not readily available. Investments of the Sub-Fund are expected to include Portfolio Investment Schemes whose capital structures may include additional significant leverage.

3. Share Classes

3.1. Carried Interest Shares

No Carried Interest Shares shall be issued within the Sub-Fund, upon the launching thereof.

3.2. Investors Shares

At present, there is only one Class of Investors Shares available for subscription in the Sub-Fund, namely A Shares, denominated in EUR (€).

4. NAV Calculation

The Valuation Day of the Sub-Fund shall be the last business day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion.

5. Capital Funding

The Sub-Fund is aimed at raising up to twenty million Euro (EUR 20,000,000.-).

5.1. Commitments during the Initial Offering Period

Investors are permitted to commit to subscribe for A Shares in the Sub-Fund from 22 June 2011 until the earliest of either (i) 30 September 2011 or (ii) on or about the last closing of the Target Fund as determined in the private placement memorandum thereof.

Investors, the commitments of which are accepted on the First Closing (the "**Initial Investors**"), shall be required to pay up to five percent (5%) of their respective committed amounts no later than ten (10) Business Days following the notification of the First Closing to Initial Investors, following which A Shares are to be issued **fully paid-up**, at a subscription price of one hundred Euro (EUR 100) each.

5.2. Commitments after the Initial Offering Period

After the First Closing, commitments for A Shares will be accepted from Initial Investors and other investors at such Closings ("**Subsequent Closings**") as determined by the General Partner during a period terminating on the Last Closing. The Last Closing shall be on 31 December 2011, unless extended by the General Partner. Dates of Subsequent Closings will be communicated to the Investors by a ten (10) Business Days' prior notice.

The General Partner may decide, at its discretion, to postpone the date of any Closing (including the First Closing and the Last Closing); in such case, the Investors will be informed of the amended date of the Closing and the date on which the corresponding part of their commitment has to be paid.

Investors the commitments of which are accepted at any Subsequent Closing will be required to pay no later than ten (10) Business Days following the notification of such Subsequent Closing the same percentage of their commitments as has already been drawn down from Initial Investors. A Shares subscribed in relation to Subsequent Closings will be issued **fully paid-up** at a subscription price of one hundred Euro (EUR 100.-) per Share.

Such subscription price will be increased by an amount corresponding to an interest to the benefit of the Sub-Fund (the "**Actualization Interest**"). The Actualization Interest will be calculated in each case by applying an interest rate equal to the EURIBOR three (3) months on the First Closing as published by Bloomberg, plus two percent (2%) per annum, from the date of the First Closing and, as the case may be, of each subsequent draw down to the date of the corresponding Subsequent Closing. The Actualization Interest shall be calculated based on the actual number of days elapsed.

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the subscription price for A Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Shares on the relevant Subsequent Closing; in which case all such A Shares issued on the same Closing shall constitute a separate series. In this case, no Actualization Interest will be due.

5.3. Drawdown Dates

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner during the Commitment Period. Such draw downs may only take place provided their amount is not less than two and half percent (2.5%) of each Investor's commitment. The General Partner will give each Investor a seven (7) days' prior notice for each draw down.

A Shares issued in relation to each drawdown made after the First Closing shall be issued **fully paid-up** at a subscription price equal, at the General Partner's discretion, either (i) to hundred Euro (EUR 100) plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Shares on such drawdown date. If Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The subscription price of A Shares issued after the First Closing must be paid on the relevant drawdown date.

5.4. Commitment Period

The Commitment Period will extend from the First Closing until the Last Closing.

6. Minimum Commitment

Commitments may only be accepted from Eligible Investors, in a minimum amount of one hundred and twenty-five thousand Euro (EUR 125,000.-). Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept commitments in lesser amounts.

7. Redemptions and Conversions

A Shareholder may not, of its own initiative, require the Company to redeem its A Shares, or to convert them into any other Class issued in any of the Sub-Funds.

8. Management Fees, Remuneration of the AIFM, Advisory Fees and other costs

8.1. Management Fees

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee, paid quarterly in advance by the Sub-Fund to the General Partner. Such management fee shall equal zero point fifty percent (0.50%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value plus (ii) the unfunded portion of the aggregate subscribed capital of the Sub-Fund as of the end of the preceding quarter.

The management fee will accrue as of the First Closing and will be calculated by reference to the aggregate subscribed capital of the Sub-Fund until the Last Closing. Accordingly, adjustments to management fee already paid will be made on Subsequent Closings, and the General Partner will

receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

It should be noted that calculation of the fees on the basis of the aggregate subscribed capital of the Sub-Fund may entail the payment of fees in respect of subscription monies which have not yet been drawn down.

8.2. Remuneration of the AIFM

Any remuneration payable to the AIFM will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

8.3. Investment Advisory Fees

Any fees payable to the Investment Advisor will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

8.4. Other Expenses

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund.

The Sub-Fund shall also bear its general operating expenses (the "**Operating Expenses**"), which shall also include the fees and disbursements of the Depositary, Administrative Agent, paying agent, Registrar and Transfer Agent, domiciliary agent, and all other out-of-pocket administration expenses and any taxes, fees or other governmental charges levied against the Company attributed or attributable to this Sub-Fund. Such Operating Expenses shall not exceed zero point forty five percent (0.45%) per annum based on the aggregate commitments made in the Sub-Fund.

The Sub-Fund shall bear all expenses related to its creation, up to an amount equaling one percent (1%) of the aggregate commitments made to the benefit of the Sub-Fund; any charges and expenses beyond such amount will be borne by Crédit Agricole (Suisse) S.A..

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

9. Distributions

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Shares, the redemption price will be equal to the last Net Asset Value per relevant Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from Target Fund's distributions after the deduction of the appropriate management and advisory fees and Operating Expenses (including legal reserves for contingent liabilities).

The Target Fund may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions as defined in and in the cases provided for in the constitutive/issuing documents of the Target Fund. In such cases the Shareholders may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund.

10. Specific Risk Considerations

In regard to the risks associated with investments in the Sub-Fund, the following risks linked to the Target Fund are noteworthy:

1. the value of any investment can go down as well as up;

2. investments in unlisted companies are intrinsically more risky than in listed companies as the unlisted companies may be smaller and more vulnerable to changes in markets and technology and highly dependent on the skills and commitment of a small management team;

3. investments in unlisted companies can be difficult to realize. At the liquidation of the Target Fund, such investments may be distributed *in specie* so that investors may then become minority shareholders in several unlisted companies;

4. shares in the Target Fund are not freely transferable and no market for such shares currently exists, nor is one expected to develop;

5. investors of the Sub-Fund should have the financial ability and willingness to accept the risks and lack of liquidity associated with an investment in the Target Fund, as further disclosed in the private placement memorandum of the latter;

6. some investments may be in currencies other than the Euro and therefore their value may vary with the relevant exchange rate;

7. past performance of similar investments does not necessarily constitute a guide to the future performance of the Target Fund's investments;

8. the Target Fund will be managed by the Management Company. Investors will not be able to make investments or other decisions on behalf of the Target Fund;

9. the success of the Target Fund will depend on the ability of the Management Company to identify, select, effect and realize appropriate investments; there is no guarantee that suitable investments will be or can be acquired or that investments will be successful;

10. leveraged transactions are by nature subject to a higher degree of financial risk;

11. changes in legal, tax and regulatory regimes may occur during the life of the Target Fund, which may have an adverse effect on it or its investments;

12. no assurance can be given that the target returns of the Target Fund will be achieved;

13. there may be a significant period of time before the Target Fund has invested all the investors' subscribed amounts and the effective investment of these subscribed amounts may be made on a discontinuous basis;

14. unlisted investments can take several years to mature. As a result, while the Target Fund's long-term performance may be satisfactory, performance in the early years may be poor;

15. shares in the Target Fund have not been and will not be registered under the United States Securities Act of 1933, as amended, or any other applicable law relating to securities;

16. while it is planned to structure the Fund's investments so as to achieve the Target Fund's investment objectives, there can be no guarantee that the structure of any investment will be tax efficient for a particular investor or that any particular tax result will be achieved;

17. if an investor of the Target Fund fails to meet a drawdown notice, the Management Company may pursue remedies as indicated in the by-laws of the Target Fund.

The above risk factors list is non-exhaustive.

11. Listing on the Luxembourg Stock Exchange

The General Partner does not intend to apply for the listing of the Shares of the Sub-Fund on the Luxembourg Stock Exchange or any other stock exchange.

12. Availability of the Net Asset Value and of Other Information

The Net Asset Value per Share of each Class will be available at the registered office of the General Partner and/or with the Administrative Agent.

The private placement memorandum of the Target Fund will be made available to the Company.

The audited annual report and the unaudited quarterly report of the Target Fund including the value of the shares of the Target Fund, information on its new investments and the development of its portfolio, will be made available to the Company.

13. Duration and exit strategy of the Sub-Fund

The Sub-Fund is established for a limited duration of ten (10) years as from the Last Closing, with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Target Fund, at its sole discretion. In fact, the exit strategy of the Sub-Fund is linked to the duration of the Target Fund, which is ten (10) years from the date of incorporation of the Target Fund with two (2) consecutive extensions of one (1) year each, subject to the terms and conditions of its by-laws.

During all the investment process, potential exit routes and a target exit horizon will be linked to those of the Target Fund. The maturity of each investment is continually monitored and assessed by comparing actual development against the business plan. The timing and conditions of any exit in the Target Fund are discussed in a timely manner, in advance of such exit, with the management team of the Target Fund.

Notwithstanding the foregoing, if the Target Fund during the life of the Sub-Fund does not qualify anymore as a private equity fund in accordance with the 2004 Law, then the General Partner shall make the necessary in order for the Sub-Fund to dispose of its investments in the Target Fund.

B. LION CAPITAL III SUB-FUND

1. Investment Objective and Strategy

The Lion Capital III Sub-Fund (the "**Sub-Fund**") is solely aimed at committing capital from ten million Euro (EUR 10,000,000.-) to twenty million Euro (EUR 20,000,000.-), to be invested in "Lion Capital Fund III, L.P." (the "**Target Fund**").

1.1. The Target Fund

The Target Fund is a private equity fund set-up as a limited partnership under the laws of the United Kingdom, whose general partner is "Lion Capital General Partner III LLP" (the "**Target Fund General Partner**").

The Target Fund is an unregulated collective investment scheme, subject to the restriction on promotion of interests in collective investment schemes contained in Section 238 of the United Kingdom Financial Services and Markets Act 2000 (the "**FSMA**").

The Target Fund is managed by Lion Capital LLP ("**Lion Capital**"), further described below.

1.2. Investment Objective of the Target Fund

The Target Fund aims to acquire businesses primarily in Europe with the principal objective of providing its shareholders with capital appreciation through the acquisition of equity, equity-like and/or debt securities.

The Target Fund will apply and continue Lion Capital's proven strategy of making control investments in mid and large-sized, consumer-oriented businesses primarily in Europe and North America, while aiming to deliver superior risk-adjusted returns through the application of deep investment and operating expertise in the consumer sector.

The Target Fund anticipates commitments of two billion Euro (EUR 2,000,000,000.-). Its investment objective shall be carried through a "Flight to Quality" strategy, whereby Lion Capital aims to make approximately three (3) investments each year in companies with strong brands, representing differentiated consumer propositions that provide a sustainable source of competitive advantage and resilience through the economic cycle. The Target Fund's investments are predicated on the pursuit of significant strategic or operational change, with Lion Capital's executives playing a leading role in establishing and executing the business development plan for each of its portfolio companies.

Lion Capital seeks to invest in a diversified portfolio of comparatively low volatility assets within which it is well placed to create equity value. Within the consumer sector, Lion Capital believes that strong brands consistently provide the greatest source of sustainable competitive advantage and resilience through the economic cycle, making them the highest quality assets in the sector and the focus of the Lion Capital's "Flight to Quality" investment approach.

1.3. The Target Fund General Partner

The Target Fund General Partner, Lion Capital General Partner III LLP, is an English limited liability partnership.

Lion Capital General Partner III LLP, in its capacity as general partner of the Target Fund, shall be responsible for ensuring that the Target Fund is always managed and operated, and that its investment portfolio is always managed on a discretionary basis, by a person permitted to do so, and under its supervision and authority, such person being referred to as the "Manager" in the limited partnership agreement pertaining to the Target Fund.

The Target Fund General Partner may also decide to operate and manage the Target Fund itself instead of the Manager, provided the Target Fund General Partner becomes, and for so long as it remains, authorized under the FSMA.

1.4. The Management of the Target Fund

The Target Fund is managed and operated by Lion Capital, which is an investment company set-up under the laws of the United Kingdom and regulated by the United Kingdom Financial Services Authority, and is specialized in consumer-focused private equity investments.

Lion Capital is currently managing three (3) active pools of investment capital combining over three point seven billion Euro (EUR 3,700,000,000.-) of capital under its management since inception: Lion Capital Fund I (formed in 2004), Lion Capital Fund II (formed in 2007) and the Target Fund.

The management of the Target Fund is guided by the senior leadership of Lion Capital, more precisely described in the private placement memorandum of the Target Fund, and which collectively brings over two hundred (200) years of experience to Lion Capital's activity and had, as of December 2009, invested over four point five billion Euro (EUR 4,500,000,000.-) of equity capital in more than forty (40) companies.

Lion Capital believes that the diversity of experience and skills amongst its senior executives, combined with its strong ethos of collegial decision-making and the integration of executives with operating experience throughout the sourcing, execution and management of its portfolio companies make Lion Capital a uniquely specialized and effective investment manager.

1.5. Successful Track Record

Lion Capital has been successfully managing two (2) other similar funds, Lion Capital Fund I and Lion Capital Fund II, by investing over two point six billion Euro (EUR 2,600,000,000.-) in nineteen (19) companies, nine (9) of which have been (at least partially) realized for over one point five billion Euro (EUR 1,500,000,000.-) in proceeds. Distributions for over one billion four hundred Euro (EUR 1,400,000,000.-) have been returned to investors in the two funds representing fifty three percent (53%) of capital called to date.

Both previous vintages portfolios show attractive performance:

- the "Lion Capital Fund I" (vintage 2004) has so far generated a gross realized internal rate of return ("IRR") of thirty two percent (+32%) and a cost multiple of one point nine

times (1.9x), on realizations of four (4) investments and partial realizations of two (2) investments;

- the "Lion Capital Fund II" (vintage 2007) has at least partially realized two (2) investments for a cost multiple of zero point nine times (0.9x). The unrealized portfolio is performing well, with strong mid-term perspectives and clear profitable exit roots in the near term.

1.6. Distinctive Market Focus

Lion Capital believes that the consumer sector is an attractive segment of the economy suitable for private equity investments. Accounting for approximately eight trillion Euro and ten trillion USD, respectively representing fifty-five percent (55%) and seventy percent (70%) of gross domestic product in Europe and North America respectively, the consumer sector accounts for a significant component of any developed economy, providing ample depth and breadth of activity to support a steady flow of investment opportunities.

The consumer sector as a whole exhibits a greater degree of earnings stability than many other segments of the economy, evidenced by the lower share price volatility of consumer companies relative to their peers. This relative stability makes consumer businesses well suited to operating with leveraged capital structures and should enable more predictable and orderly exits for portfolio companies.

1.7. Focused Strategy

Within the broader consumer sector, Lion Capital has selected specific sub-segments in which to concentrate the Target Fund's investment activities. These core segments are those that Lion Capital believes display the characteristics most consistently attractive for investment, and account for approximately three point five trillion Euro of activity in Europe and three trillion USD in North America.

2. Borrowing Policy/Leverage

The Sub-Fund may leverage its assets by way of borrowing up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund. Borrowings may be utilized for investment purpose as well as to bridge financing and expense disbursements when liquid funds are not readily available. Investments of the Sub-Fund are expected to include Portfolio Investment Schemes whose capital structures may include additional significant leverage.

3. Share Classes

3.1. Carried Interest Shares

No Carried Interest Shares shall be issued within the Sub-Fund, upon the launching thereof.

3.2. Investors Shares

At present, there is only one Class of Investors Shares available for subscription in the Sub-Fund, namely A Shares, denominated in EUR (€).

4. NAV Calculation

The Valuation Day of the Sub-Fund shall be the last business day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion.

5. Capital Funding

The Sub-Fund is aimed at raising up to twenty million Euro (EUR 20,000,000.-).

5.1. Commitments during the Initial Offering Period

Investors are permitted to commit to subscribe for A Shares in the Sub-Fund from 22 June 2011 until the earliest of either (i) 30 September 2011 or (ii) on or about the last closing of the Target Fund as determined in the private placement memorandum thereof.

Investors, the commitments of which are accepted on the First Closing (the "**Initial Investors**"), shall be required to pay up to five percent (5%) of their respective committed amounts no later than ten (10) Business Days following the notification of the First Closing to Initial Investors, following which A Shares are to be issued **fully paid-up**, at a subscription price of one hundred Euro (EUR 100) each.

5.2. Commitments after the Initial Offering Period

After the First Closing, commitments for A Shares will be accepted from Initial Investors and other investors at such Closings ("**Subsequent Closings**") as determined by the General Partner during a period terminating on the Last Closing. The Last Closing shall be on 31 December 2011, unless extended by the General Partner. Dates of Subsequent Closings will be communicated to the Investors by a ten (10) Business Days' prior notice.

The General Partner may decide, at its discretion, to postpone the date of any Closing (including the First Closing and the Last Closing); in such case, the Investors will be informed of the amended date of the Closing and the date on which the corresponding part of their commitment has to be paid.

Investors the commitments of which are accepted at any Subsequent Closing will be required to pay no later than ten (10) Business Days following the notification of such Subsequent Closing the same percentage of their commitments as has already been drawn down from Initial Investors. A Shares subscribed in relation to Subsequent Closings will be issued **fully paid-up** at a subscription price of one hundred Euro (EUR 100.-) per Share.

Such subscription price will be increased by an amount corresponding to an interest to the benefit of the Sub-Fund (the "**Actualization Interest**"). The Actualization Interest will be calculated in each case by applying an interest rate equal to the EURIBOR three (3) months on the First Closing as published by Bloomberg, plus two percent (2%) per annum, from the date of the First

Closing and, as the case may be, of each subsequent draw down to the date of the corresponding Subsequent Closing. The Actualization Interest shall be calculated based on the actual number of days elapsed.

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the subscription price for A Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Shares on the relevant Subsequent Closing; in which case all such A Shares issued on the same Closing shall constitute a separate series. In this case, no Actualization Interest will be due.

5.3. Drawdown Dates

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner during the Commitment Period. Such draw downs may only take place provided their amount is not less than two and half percent (2.5%) of each Investor's commitment. The General Partner will give each Investor a seven (7) days' prior notice for each draw down.

A Shares issued in relation to each drawdown made after the First Closing shall be issued **fully paid-up** at a subscription price equal, at the General Partner's discretion, either (i) to one hundred Euro (EUR 100) plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Shares on such drawdown date. If Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The subscription price of A Shares issued after the First Closing must be paid on the relevant drawdown date.

5.4. Commitment Period

The Commitment Period will extend from the First Closing until the Last Closing.

6. Minimum Commitment

Commitments may only be accepted from Eligible Investors, in a minimum amount of one hundred and twenty-five thousand Euro (EUR 125,000.-). Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept commitments in lesser amounts.

7. Redemptions and Conversions

A Shareholder may not, of its own initiative, require the Company to redeem its A Shares, or to convert them into any other Class issued in any of the Sub-Funds.

8. Management Fees, Remuneration of the AIFM, Advisory Fees and other costs

8.1. Management Fees

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee, paid quarterly in advance by the Sub-Fund to the General Partner. Such management fee shall equal zero point fifty percent (0.50%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value plus (ii) the unfunded portion of the aggregate subscribed capital of the Sub-Fund as of the end of the preceding quarter.

The management fee will accrue as of the First Closing and will be calculated by reference to the aggregate subscribed capital of the Sub-Fund until the Last Closing. Accordingly, adjustments to management fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

It should be noted that calculation of the fees on the basis of the aggregate subscribed capital of the Sub-Fund may entail the payment of fees in respect of subscription monies which have not yet been drawn down.

8.2. Remuneration of the AIFM

Any remuneration payable to the AIFM will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

8.3. Investment Advisory Fees

Any fees payable to the Investment Advisor will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

8.4. Other Expenses

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund.

The Sub-Fund shall also bear its general operating expenses (the "**Operating Expenses**"), which shall also include the fees and disbursements of the Depositary, Administrative Agent, paying agent, Registrar and Transfer Agent, domiciliary agent, and all other out-of-pocket

administration expenses and any taxes, fees or other governmental charges levied against the Company attributed or attributable to this Sub-Fund. Such Operating Expenses shall not exceed zero point forty five percent (0.45%) per annum based on the aggregate commitments made in the Sub-Fund.

The Sub-Fund shall bear all expenses related to its creation, up to an amount equaling one percent (1%) of the aggregate commitments made to the benefit of the Sub-Fund; any charges and expenses beyond such amount will be borne by Crédit Agricole (Suisse) S.A..

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

9. Distributions

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Shares, the redemption price will be equal to the last Net Asset Value per relevant Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from Target Fund's distributions after the deduction of the appropriate management and advisory fees and Operating Expenses (including legal reserves for contingent liabilities).

The Target Fund may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions as defined in and in the cases provided for in the constitutive/issuing documents of the Target Fund. In such cases the Shareholders may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund.

10. Specific Risk Considerations

In regard to the risks associated with investments in the Sub-Fund, the following risks linked to the Target Fund are noteworthy:

- **Business Risks**: the Target Fund's investment portfolio will consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.
- **Future and Past Performance**: the performance of prior investments of the Lion Capital professionals (the "**Principals**") is not necessarily indicative of the Target Fund's future results. While Lion Capital intends for the Target Fund to make investments that have the targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.
- **Investment in Junior Securities**: the securities in which the Target Fund will invest may be among the most junior in a portfolio company's capital structure and, thus, be subject to the greatest risk of loss. Generally, there will be no collateral to protect an investment once made.

- **Concentration of Investments**: the Target Fund will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment. As a result, the Target Fund's investment portfolio could become highly concentrated, and the performance of a few holdings may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Target Fund may invest in fewer portfolio companies and thus be less diversified.
- **Lack of Sufficient Investment Opportunities**: it is possible that the Target Fund will never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. However, shareholders of the Target Fund will be required to pay an annual profit share to the Target Fund General Partner during the investment period based on the entire amount of their commitments.
- **Illiquidity; Lack of Current Distributions**: an investment in the Target Fund should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Target Fund (including the annual profit share payable to the Target Fund General Partner) may exceed its income, thereby requiring that the difference be paid from the Target Fund's capital.
- **Leveraged Investments**: the Target Fund may make use of leverage by incurring or having a portfolio company incur debt to finance a portion of the Target Fund's investment in a given portfolio company. Leverage generally magnifies both the Target Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which state is difficult to accurately forecast. During times when credit markets are tight, it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage will also result in interest expense and other costs to the Target Fund that may not be covered by distributions made to the Target Fund or appreciation of its investments. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of the Target Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the Target Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet debt service, the Target Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Target Fund. Furthermore, should the credit markets be tight at the time the Target Fund determines that it is desirable to sell all or a part of a portfolio company, the Target Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Target Fund will invest generally will not be rated by a credit rating agency.
- **Limited Transferability of Target Fund Interests**: there will be no public market for the Target Fund interests, and none is expected to develop. There are substantial restrictions upon the transferability of Target Fund interests under its documentation, and applicable securities laws. In general, withdrawals of Target Fund interests are not permitted. In addition, Target Fund interests are not redeemable.

- **Restricted Nature of Investment Positions**: generally, there will be no readily available market for a substantial number of the Target Fund's investments, and hence, most of the Target Fund's investments will be difficult to value. Certain investments may be distributed in kind to its shareholders.
- **Reliance on the Manager and Portfolio Company Management**: the Target Fund has no operating history and will be entirely dependent on Lion Capital. Control over the operation of the Target Fund will be vested entirely with Lion Capital, and the Target Fund's future profitability will depend largely upon the business and investment acumen of the Principals. The loss of service of one or more of the Principals could have an adverse effect on the Target Fund's ability to realize its investment objectives. Shareholders of the Target Fund generally have no right or power to take part in the management of the Target Fund, and as a result, the investment performance of the Target Fund will depend entirely on the actions of Lion Capital. Although Lion Capital will monitor the performance of each Target Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day to day basis. Although the Target Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the existing management of such companies will continue to operate a company successfully.
- **Projections**: projected operating results of a company in which the Target Fund invests will normally be based primarily on financial projections prepared by each company's management. In all cases, projections are only estimates of future results that are based upon information received from the company and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.
- **Conflicting Investor Interests**: shareholders of the Target Fund, including the Sub-Fund, may have conflicting investment, tax, and other interests with respect to their investments in the Target Fund, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with decisions made by Lion Capital regarding an investment that may be more beneficial to one shareholder than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, Lion Capital generally will consider the investment and tax objectives of the Target Fund and its shareholders as a whole, not the investment, tax, or other objectives of any shareholder individually.
- **Significant Adverse Consequences for Default**: the documentation of the Target Fund provides for significant adverse consequences in the event a shareholder of the Target Fund defaults on its commitment or other payment obligations, including, but not limited to, forfeiture of a portion of its interest, compulsory transfer of its interest for an amount that may be less than the fair market value of such interest and/or any other action that Lion Capital LLP may think necessary to enforce the obligations of the defaulting investor.
- **Carried Interest**: the fact that the carried interest in the Target Fund is based on a percentage of net profits may create an incentive for Lion Capital to cause the Target Fund to make riskier or more-speculative investments than otherwise would be the case.
- **Public Company Holdings**: the Target Fund's investment portfolio may contain securities issued by publicly held companies. Such investments may subject the Target Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies,

limitations on the ability of the Target Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation against such companies' board members, including the Principals, and increased costs associated with each of the aforementioned risks.

- **Uncertain Economic and Political Environment**: the current global economic and political climate is one of uncertainty. Prior acts of terrorism in the United States, the threat of additional terrorist strikes and the fear of a prolonged global conflict have exacerbated volatility in the financial markets and can cause consumer, corporate, and financial confidence to weaken, increasing the risk of a "self reinforcing" economic downturn. The availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, is currently restricted. This may have an adverse effect on the economy generally and on the ability of the Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of their businesses. A climate of uncertainty may reduce the availability of potential investment opportunities and increases the difficulty of modeling market conditions, reducing the accuracy of the financial projections.

- **Market Conditions**: any material change in the economic environment, including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative impact on the performance and/or valuation of the portfolio companies. The Target Fund's performance can be affected by deterioration in public markets and by market events, such as the onset of the credit crisis in the summer of 2007, which can impact the public market comparable earnings multiples used to value privately held portfolio companies. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and the Target Fund's performance. Following the onset of the credit crisis, the rate of future investment by funds has slowed and may continue to do so as the pricing of new transactions adjusts to reflect the current economic uncertainty and the lack of credit in the markets. Holding periods are also likely to be longer as the rate of realizations slows in light of the deterioration in market conditions for initial public offerings and a decline in mergers and acquisitions activity. The value of publicly traded securities may be volatile and difficult to sell as a block, even following a realization through a listing. The impact of the credit crisis may also affect the Target Fund's ability to raise funding to support its investment objective and also the level of profitability achieved on realizations of investments.

- **Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments**: the recent deterioration of the global credit markets has made it more difficult for investment funds such as the Target Fund to obtain favorable financing for investments. A widening of credit spreads, coupled with the deterioration of the sub-prime and global debt markets and a rise in interest rates, has dramatically reduced investor demand for high yield debt and senior bank debt, which in turn has led some investment banks and other lenders to be unwilling to finance new private equity investments or to only offer committed financing for these investments on unattractive terms. The Target Fund's ability to generate attractive investment returns may be adversely affected to the extent the Target Fund is unable to obtain favorable financing terms for its investments. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of global economies. Such marketplace events also may restrict the ability of the Target Fund to realize its investments at favorable times or for favorable prices.

- **Conflict of Interest**: shareholders of the Target Fund should be aware that there will be occasions when Lion Capital, its members, officers and associates may encounter potential conflicts of interest in connection with the Target Fund and its portfolio companies. Members of Lion Capital will work on other matters including the existing investment

funds and their respective portfolios and, therefore, conflicts may arise in the allocation of management resources.

- **Indemnification**: the Target Fund will be required to indemnify the Target Fund General Partner, Lion Capital LLP and any associate of either of them (and any officer, director, shareholder, agent, partner, member or employee of any of them) and other persons who serve at the request of the Target Fund General Partner or Lion Capital LLP on behalf of the Target Fund for liabilities incurred in connection with the affairs of the Target Fund. Members of the advisory board of the Target Fund, and the shareholders whom such members of the advisory board represent, will also be entitled to the benefit of certain indemnification and exculpation provisions as set forth in the LPA. Such liabilities may be material. For example, in their capacity as directors of portfolio companies the members, officers or employees of the Target Fund General Partner, Lion Capital LLP or their associates may be subject to derivative or other similar claims brought by shareholders of such companies. The indemnification obligations of the Target Fund would be payable from the assets of the Target Fund, including the undrawn commitments of its shareholders. Distributions previously made to shareholders may be recalled subject to certain limitations set forth in the LPA.
- **Co-investments**: the Target Fund may co-invest with third parties through joint ventures or other entities. Such investments may involve risks in connection with such third-party involvement, including the possibility that such party may have financial difficulties that negatively impact such investment or may have economic or business interests that conflict with those of the Target Fund.
- **Currency Risk**: the Target Fund will be denominated in Euro while investments are likely also to be made and realized in other currencies. Changes in rates of exchange may have an adverse effect on the value, price or income of the investments in the Target Fund. Movements in the foreign exchange rate between Euro and the currency applicable to a particular investor may have an impact upon such investor's returns in their own currency of account.

Additionally, changes in legal, tax and regulatory regimes may occur during the life of the Target Fund, which may have an adverse effect on it or its investments**.**

11. Listing on the Luxembourg Stock Exchange

The General Partner does not intend to apply for the listing of the Shares of the Sub-Fund on the Luxembourg Stock Exchange or any other stock exchange.

12. Availability of the Net Asset Value and of Other Information

The Net Asset Value per Share of each Class will be available at the registered office of the General Partner and/or with the Administrative Agent.

The private placement memorandum of the Target Fund will be made available to the Company.

The audited annual report and the unaudited quarterly reports of the Target Fund, including a number of items specified in the placement memorandum of the Target Fund, will be made available to the Company.

13. Duration and exit strategy of the Sub-Fund

The Sub-Fund is established for a limited duration of ten (10) years as from the Last Closing, with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Target Fund, at its sole discretion. In fact, the exit strategy of the Sub-Fund is linked to the duration of the Target Fund, which is ten (10) years as from 7 October 2010 with two (2) consecutive extensions of one (1) year each, subject to the terms and conditions of its limited partnership agreement.

During all the investment process, potential exit routes and a target exit horizon will be linked to those of the Target Fund. The maturity of each investment is continually monitored and assessed by comparing actual development against the business plan. The timing and conditions of any exit in the Target Fund are discussed in a timely manner, in advance of such exit, with the management team of the Target Fund.

Notwithstanding the foregoing, if the Target Fund during the life of the Sub-Fund does not qualify anymore as a private equity fund in accordance with the 2004 Law, then the General Partner shall make the necessary in order for the Sub-Fund to dispose of its investments in the Target Fund.

C. AXA SECONDARY FUND V SUB-FUND

1. Investment Objective and Strategy

The AXA Secondary Fund V Sub-Fund (the "**Sub-Fund**") is solely aimed at committing capital from twenty million US Dollars (USD 20,000,000.-) to forty million US Dollars (USD 40,000,000.-), to be invested in "AXA Secondary Fund V, L.P." (the "**Target Fund**"). The Target Fund is organized by AXA Investment Managers Private Equity S.A. (the "**Target Fund Sponsor**") as a successor fund to AXA Secondary Fund I, AXA Secondary Fund II, AXA Secondary Fund III, and AXA Secondary Fund IV (respectively, "**ASF I**", "**ASF II**", "**ASF III**" and "**ASF IV**", and together, the "**Previous Funds**").

1.1. The Target Fund

The Target Fund has been established and registered as a limited partnership in Scotland under the Limited Partnership Act 1907 with number SL 8450. The Target Fund is characterized as an unregulated collective investment scheme, subject to the restriction on promotion of interests in collective investment schemes contained in Section 238 and 240 of the Financial Services and Markets Act 2000 of the United Kingdom (the "**FSMA**").

The Target Fund is a private equity fund of funds set-up as a limited partnership under the laws of Scotland, whose general partner is "AXA Private Equity Secondary Funds Limited" (the "**Target Fund General Partner**"), further described below.

The Target Fund is managed by AXA Private Equity UK Ltd. ("**The Target Fund Manager**"), further described below.

The Target Fund General Partner, the Target Fund Manager and the investment advisers appointed by the Target Fund Manager for the benefit of the Target Fund are part of the AXA Private Equity group of companies ("**AXA Private Equity**").

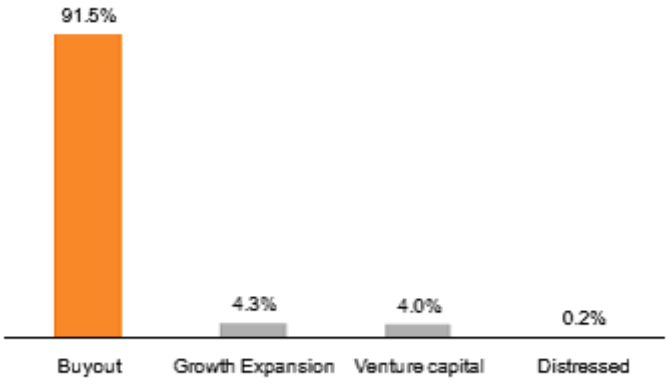
1.2. Investment Objective and Strategy of the Target Fund

The Target Fund aims to make private equity investments worldwide by providing liquidity to existing private equity investors through the secondary market. The purpose of the Target Fund is to make secondary market acquisitions of interests in buyout, growth equity and venture capital investment funds of which at least fifty percent (50%) of the original commitments have already been drawn down (on an aggregated basis if a portfolio of interests is acquired), as well as acquire portfolios composed of direct interests in operating companies. The portfolio of operating companies taken as a whole (whether direct investments of the Target Fund or indirect investments through underlying private equity funds) will be principally located in the European Union and North America.

In terms of diversification, the Target Fund General Partner intends to build a well balanced investment portfolio with limited exposure to a single fund and/or manager. As an illustration of what type of investments may be made by the Target Fund and on the basis of the consolidated net asset value as of 31 December 2010, the following graphics represent the breakdown by type of underlying private equity funds, vintage year, industry sector and geography of previous

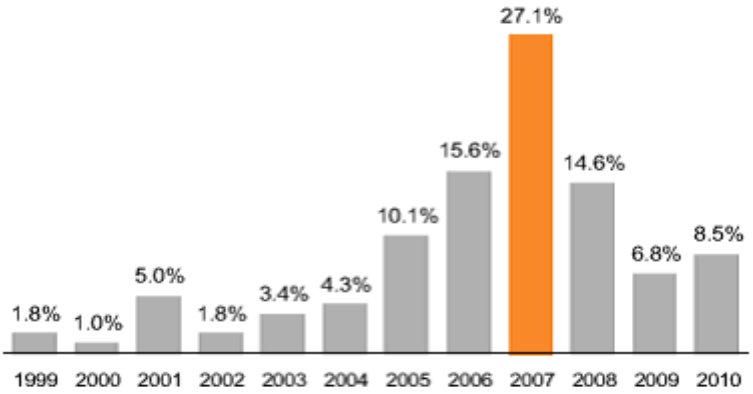
secondary funds managed by AXA Private Equity UK (namely AXA Secondary Fund II, AXA Secondary Fund III and AXA Secondary Fund IV):

1.2.1. Type of private equity funds



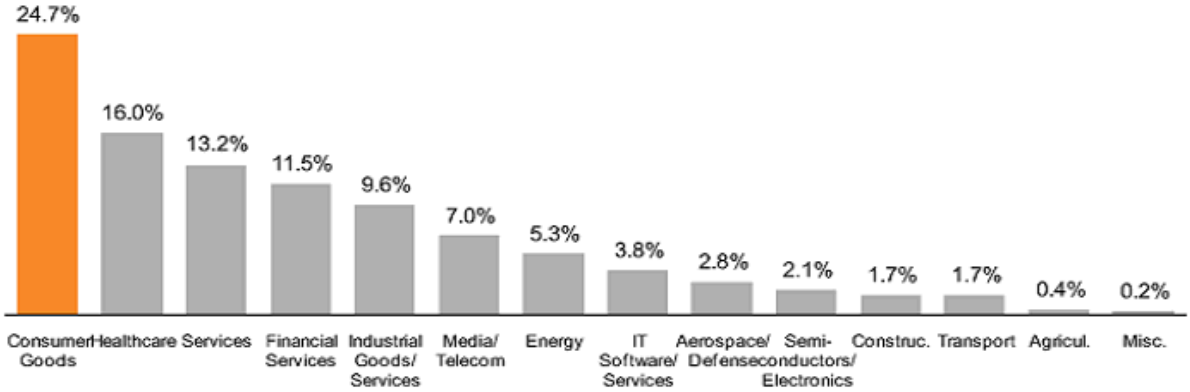
Source: August 2011 AXA Secondary Fund V Due Diligence Pack

1.2.2. Vintage year



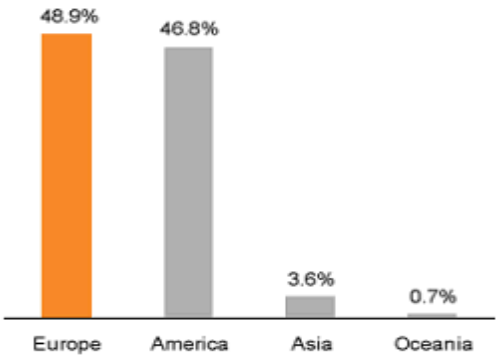
Source: August 2011 AXA Secondary Fund V Due Diligence Pack

1.2.3. Industry sector



Source: August 2011 AXA Secondary Fund V Due Diligence Pack

1.2.4. Geography



Source: August 2011 AXA Secondary Fund V Due Diligence Pack

AXA Private Equity plans to continue for the Target Fund the same strategy of investment which was applied in the Previous Funds. This involves maintaining its position in the secondary segment, leveraging off the synergies of AXA Private Equity's primary fund commitment activities and emphasizing non-auctioned and more sophisticated value-added deals. The Target Fund aims at achieving its performance by leveraging the Target Fund Sponsor's expertise in building a diversified portfolio of private equity funds. The Target Fund is seeking aggregate commitments from investors of three billion five hundred million US Dollars (USD 3,500,000,000.-), with a four billion US Dollars (USD 4,000,000,000.-) hard cap.

1.3. The Target Fund General Partner

The Target Fund General Partner is AXA Private Equity Secondary Funds Limited, a Jersey (Channel Islands) limited company with registered office at PO Box 87, 22 Grenville Street, St Helier, Jersey JE4 8PX, Channel Islands. The Target Fund General Partner was incorporated in Jersey on 21 October 2010.

AXA Private Equity Secondary Funds Limited, in its capacity as general partner of the Target Fund will have overall supervision of the operation of the Target Fund. In particular, subject to

and in the limits of the limited partnership agreement governing the Target Fund, the Target Fund General Partner shall have exclusive responsibility for the management and control of the business of the Target Fund and the application of the assets of the Target Fund to portfolio investments and shall have full power and authority to bind the Target Fund and to do all things necessary to carry out the purposes of the Target Fund. It shall ensure that the Target Fund shall be managed in accordance with its investment objectives, strategy, process, criteria and restrictions as described in its constitutive/issuing documents.

1.4. The Management of the Target Fund

The Target Fund Manager is AXA Private Equity UK Ltd., an English limited company with registered office at 55 Grosvenor Street, London W1K 3HY, United Kingdom, and a subsidiary of the Target Fund Sponsor. The Target Fund Manager is authorized by the UK Financial Services Authority.

The Target Fund Manager is itself managed and represented *vis-à-vis* third parties by its board of directors, nominated in accordance with the articles of association of the Target Fund Manager.

The Target Fund Manager will be responsible for all investment and divestment decisions on behalf of the Target Fund, the management of the assets, as well as risk management matters in relation to the Target Fund. In particular, the Target Fund Manager will be responsible for the approval of investment and divestment opportunities and of restructuring or reorganization measures in respect of existing investments.

1.5. Successful Track Record and completed transactions of the Target Fund

As of March 31, 2011, the Previous AXA Secondary Funds have generated total value of four billion six hundred million US Dollars (USD 4,600,000,000.-) of which two billion three hundred million US Dollars (USD 2,300,000,000.-) have been distributed to limited partners, yielding an overall IRR, net of fees and expenses and carried interest, of twenty seven point eight percent (27.8%).

- As of March 31, 2011, ASF I was fully invested, having completed nineteen (19) transactions representing two hundred fourteen million US Dollars (USD 214,000,000.-) of committed capital to over one hundred eighty five (185) underlying funds. On two hundred eight million US Dollars (USD 208,000,000.-) of called funds from its limited partners, ASF I has generated a total value of three hundred ninety eight million US Dollars (USD 398,000,000.-), comprised of distributions to its limited partners of three hundred eighty seven million US Dollars (USD 387,000,000.-) and eleven million US Dollars (USD 11,000,000.-) of remaining fund value, yielding a net IRR of thirty nine point seven percent (39.7%) and a net multiple of 1.91x for the limited partners. The fund is the top performer of its vintage as per Cambridge Associates LLC Secondaries Benchmarks.

- As of March 31, 2011, ASF II was fully invested, having completed twenty (20) transactions representing four hundred sixty five million US Dollars (USD 465,000,000.-) of committed capital to over one hundred thirty five (135) underlying funds. Out of four hundred forty one million US Dollars (USD 441,000,000.-) of called funds from its limited partners, ASF II has generated total value of seven hundred four million US Dollars (USD 704,000,000.-), comprised of distributions to its limited partners of six hundred twenty seven million US Dollars (USD 627,000,000.-) and seventy seven million US Dollars (USD 77,000,000.-) of remaining fund value, yielding a net IRR of twenty three percent (23.0%) and a net multiple

of 1.60x for the limited partners. The funds performances are superior to first quartile cut-offs, as per Cambridge Associates LLC Secondaries Benchmarks.

- As of March 31, 2011, ASF III was eighty nine percent (89%) committed, having completed sixteen (16) transactions representing nine hundred twenty six million US Dollars (USD 926,000,000.-) of committed capital to over seventy (70) underlying funds. Out of eight hundred fifty million US Dollars (USD 850,000,000.-) of called funds from its limited partners, ASF III has generated total value of one billion four hundred sixty two million US Dollars (USD 1,462,000,000.-), comprised of distributions to its limited partners of one billion one hundred forty five million US Dollars (USD 1,145,000,000.-) and three hundred seventeen million US Dollars (USD 317,000,000.-) of remaining fund value, yielding a net IRR of forty seven point five percent (47.5%) and a net multiple of 1.72x for the limited partners. The fund's performances outperform Cambridge Associates LLC Secondaries Benchmarks' upper quartile ranking, returning performances nearly twice as large.

- As of March 31, 2011, ASF IV was ninety percent (90%) committed, having completed nine (9) transactions representing three billion one hundred seventy six million US Dollars (USD 3,176,000,000.-) of committed capital to over one hundred seventy (170) underlying funds. Out of one billion seven hundred thirty seven million US Dollars (USD 1,737,000,000.-) of called funds from its limited partners, ASF IV has generated total value of two billion nine million US Dollars (USD 2,009,000,000.-), comprised of distributions to its limited partners of one hundred forty million US Dollars (USD 140,000,000.-) and one billion eight hundred sixty nine million US Dollars (USD 1,869,000,000.-) of remaining fund value, yielding a net IRR of eight point seven percent (8.7%) and a net multiple of 1.16x for limited partners. As ASF IV is not yet mature enough for meaningful benchmark comparisons, given the strong cash flows originating from latest transactions, it is expected that returns to investors amount to 1.6x times called funds.

The payback period, *i.e.* the point at which distributions to limited partners exceed total commitments, was four years for ASF I, five years for ASF II, three years for ASF III and is expected to be less than seven years for ASF IV.

As regards the completed transactions of the Target Fund, the following transactions have already been carried out:

- First transaction: in June 2011 the Target Fund acquired from Citigroup a one point seven billion US Dollars (USD 1,700,000,000.-) portfolio of limited partnership interests in private equity buyout funds and direct interests in companies. In particular, the portfolio of this first transaction is composed of two hundred and seven (207) limited partnership interests and a number of direct interests in underlying companies.

- Second transaction: also in June 2011 the Target Fund acquired from Barclays a seven hundred forty million US Dollars (USD 740,000,000.-) portfolio composed of twenty seven (27) limited partnership interests and co-investments in private equity buyout funds, concentrated on high quality assets.

1.6. Distinctive Market Focus

The Target Fund is created to build a broadly diversified portfolio of secondary investments with a focus on high quality assets. The Target Fund will benefit from an investing environment fuelled by the amounts of private equity funds raised from 1997 to 2009, which is driving today's

secondary market. Institutional seller's growth, due to strategic reallocations and to evolving market regulation, continues to support the rapid expansion of the secondary market.

Over the last decade, the private equity industry has grown significantly. Total commitments have exponentially increased from a relatively low level of forty seven billion US Dollars (USD 47,000,000,000.-) in 1997 to a record high of three hundred fifty nine billion US Dollars (USD 359,000,000,000.-) in 2007. Cumulative amounts of over two thousand billion US Dollars (USD 2,000,000,000,000.-) have been raised by U.S. and European funds since 1997. These commitments have been subscribed by an increasingly diverse spectrum of investors.

The exceptionally high number of private equity funds raised during the 2005-2008 period has mechanically increased secondary deal-flow volume. In addition, recent economic turmoil has significantly amplified all the traditional reasons for investors to divest private equity commitments and has changed the scale of large secondary transactions.

Regulations regarding asset management and private equity will shortly evolve. The United States Volcker Rule, European Basel III for European banks, and Solvency II for insurance companies may yield to the restructuring of asset allocations and potential private equity exit needs by financial institutions.

The high levels of recent commitments and the arrival of new investors to the asset class over the past few years have driven liquidity needs. To summarize, the private equity market has evolved and is still evolving into a large, well established and maturing asset class where its players and the market require tools to manage liquidity. The sale of assets to secondary funds is now considered as an indispensable asset management tool and is today an essential part of the market.

As a result of the development of private equity over the last ten (10) years, it is expected that the secondary market will remain very active in the coming years. Given the numerous reasons for liquidity and the level of commitments raised in the past, AXA Private Equity anticipates that the secondary market for limited partnership interests could represent forty billion US Dollars (USD 40,000,000,000-) per year over the 2010-2013 period. These figures are AXA Private Equity's estimates for the aggregate of remaining net asset value plus unfunded commitment in the market. This market projection represents the likely availability of secondary fund interests and does not incorporate another large source of deal flow such as portfolios of direct investments in operating companies.

1.7. Focused Strategy

The Target Fund strategy is to focus on non-auction processes starting from five million US Dollars (USD 5,000,000.-). In this segment, especially in Europe, many deals remain undisclosed with little or no competition as sellers can be particularly keen to avoid publicity. The Fund will seek to achieve diversification across a variety of funds, financial sponsors, vintages years, investment strategies, industry sectors and geographies.

AXA Private Equity aims at differentiating itself from other funds of funds players by combining its strong primary and secondary expertise as it applies its unique selection approach to investment projects. The first investment criteria retained is, regardless of pricing considerations, the quality of the assets to be acquired. The investment team then examines the pricing and transaction structure of the investment opportunity to certify that the transaction has the possibility to meet the targeted performance. AXA Private Equity's process in analyzing management teams also relies on the assessment of the individual participants involved in each potential portfolio fund, and how well those separate individuals join to form a cohesive team.

AXA Private Equity will leverage its extensive network of general partners, limited partners, intermediaries and managers in order to collect the most accurate information available on the above.

1.8. Exit strategy of the Target Fund

The exit strategy of the Target Fund is primarily linked to the exits from each underlying portfolio investments of the underlying funds. As the Target Fund will typically invest in mature limited partnerships that are already three (3) to eight (8) years into their fund life, the holding period of underlying portfolio investments (*i.e.* underlying companies) shall be limited in average between two (2) to five (5) years. Given the fact that (i) the investment period of the Target Fund is limited to five (5) years from the initial closing, subject to the terms and conditions of its limited partnership agreement, and (ii) the term of the Target Fund is ten (10) years from the initial closing, subject to three (3) consecutive one-year extensions, subject to the terms and conditions of its limited partnership agreement, underlying assets should be liquidated before expiration of the legal term of the Target Fund.

In any case, potential exit routes of underlying assets of the Target Fund also include a sale to a third party on the secondary market to ensure the liquidation of portfolio investments before the expiration of the term of the Target Fund.

2. Borrowing Policy/Leverage

The Sub-Fund may leverage its assets by way of borrowing up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund. Borrowings may be utilized for investment purpose as well as to bridge financing and expense disbursements when liquid funds are not readily available. Investments of the Sub-Fund are expected to include Portfolio Investment Schemes whose capital structures may include additional significant leverage.

3. Share Classes

3.1. Carried Interest Shares

No Carried Interest Shares shall be issued within the Sub-Fund, upon the launching thereof.

3.2. Investors Shares

At present, there is only one Class of Investors Shares available for subscription in the Sub-Fund, namely A Shares, denominated in US Dollars (USD).

4. NAV Calculation

The Valuation Day of the Sub-Fund shall be the last business day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion.

5. Capital Funding

The Sub-Fund is aimed at raising up to forty million US Dollars (USD 40,000,000.-).

5.1. Commitments during the Initial Offering Period

Investors are permitted to commit to subscribe for A Shares in the Sub-Fund from 11 November 2011 until the earliest of either (i) 31 December 2011 or (ii) on the last closing of the Target Fund as determined in the private placement memorandum thereof.

Investors, the commitments of which are accepted on the First Closing (the "**Initial Investors**"), shall be required to pay up to five percent (5%) of their respective committed amounts no later than ten (10) Business Days following the notification of the First Closing to Initial Investors, following which A Shares are to be issued **fully paid-up**, at a subscription price of one hundred US Dollars (USD 100) each.

5.2. Commitments after the Initial Offering Period

After the First Closing, commitments for A Shares will be accepted from Initial Investors and other investors at such Closings ("**Subsequent Closings**") as determined by the General Partner during a period terminating on the Last Closing. The Last Closing shall be on 31 March 2012, unless extended by the General Partner. Dates of Subsequent Closings will be communicated to the Investors by a ten (10) Business Days' prior notice.

The General Partner may decide, at its discretion, to postpone the date of any Closing (including the First Closing and the Last Closing); in such case, the Investors will be informed of the amended date of the Closing and the date on which the corresponding part of their commitment has to be paid.

Investors the commitments of which are accepted at any Subsequent Closing will be required to pay no later than ten (10) Business Days following the notification of such Subsequent Closing the same percentage of their commitments as has already been drawn down from Initial Investors. A Shares subscribed in relation to Subsequent Closings will be issued **fully paid-up** at a subscription price of one hundred US Dollars (USD 100) per Share.

Such subscription price will be increased by an amount corresponding to an interest to the benefit of the Sub-Fund (the "**Actualization Interest**"). The Actualization Interest will be calculated in each case by applying an interest rate equal to the EURIBOR three (3) months on the First Closing as published by Bloomberg, plus three percent (3%) per annum, from the date of the First Closing, as the case may be, of each subsequent draw down to the date of the corresponding Subsequent Closing. The Actualization Interest shall be calculated based on the actual number of days elapsed.

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the subscription price for A Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Shares on the relevant Subsequent Closing; in which case all such A Shares issued on the same Closing shall constitute a separate series. In this case, no Actualization Interest will be due.

5.3. Drawdown Dates

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner during the Commitment Period. Such draw downs may only take place provided their amount is not less than two and half percent (2.5%) of each Investor's commitment. The General Partner will give each Investor a seven (7) days' prior notice for each draw down.

A Shares issued in relation to each drawdown made after the First Closing shall be issued **fully paid-up** at a subscription price equal, at the General Partner's discretion, either (i) to one hundred US Dollars (USD 100) plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Shares on such drawdown date. If Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The subscription price of A Shares issued after the First Closing must be paid on the relevant drawdown date.

5.4. Commitment Period

The Commitment Period will extend from the First Closing until the Last Closing.

6. Minimum Commitment

Commitments may only be accepted from Eligible Investors, in a minimum amount of one hundred and twenty-five thousand Euro (EUR 125,000.-) or an equivalent amount in another currency. Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept commitments in lesser amounts.

7. Redemptions and Conversions

A Shareholder may not, of its own initiative, require the Company to redeem its A Shares, or to convert them into any other Class issued in any of the Sub-Funds.

8. Management Fees, Remuneration of the AIFM, Advisory Fees and other costs

8.1. Management Fees

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee, paid quarterly in advance by the Sub-Fund to the General Partner. Such management fee shall equal zero point fifty percent (0.50%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value plus (ii) the unfunded portion of the aggregate subscribed capital of the Sub-Fund as of the end of the preceding quarter.

The management fee will accrue as of the First Closing and will be calculated by reference to the aggregate subscribed capital of the Sub-Fund until the Last Closing. Accordingly, adjustments to management fee already paid will be made on Subsequent Closings, and the General Partner will

receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

It should be noted that calculation of the fees on the basis of the aggregate subscribed capital of the Sub-Fund may entail the payment of fees in respect of subscription monies which have not yet been drawn down.

8.2. Remuneration of the AIFM

Any remuneration payable to the AIFM will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

8.3. Investment Advisory Fees

Any fees payable to the Investment Advisor will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

8.4. Other Expenses

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund.

The Sub-Fund shall also bear its general operating expenses (the "**Operating Expenses**"), which shall also include the fees and disbursements of the Depositary, Administrative Agent, paying agent, Registrar and Transfer Agent, domiciliary agent, and all other out-of-pocket administration expenses and any taxes, fees or other governmental charges levied against the Company attributed or attributable to this Sub-Fund. Such Operating Expenses shall not exceed zero point forty five percent (0.45%) per annum based on the aggregate commitments made in the Sub-Fund.

The Sub-Fund shall bear all expenses related to its creation, up to an amount equaling one percent (1%) of the aggregate commitments made to the benefit of the Sub-Fund; any charges and expenses beyond such amount will be borne by Crédit Agricole (Suisse) S.A..

For the purposes of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

9. Distributions

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Shares, the redemption price will be equal to the last Net Asset Value per relevant Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from Target Fund's distributions after the deduction of the appropriate management and advisory fees and Operating Expenses (including legal reserves for contingent liabilities).

The Target Fund may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions as defined in and in the cases provided for in the constitutive/issuing documents of the Target Fund. In such cases the Shareholders may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund.

10. Specific Risk Considerations

In regard to the risks associated with investments in the Sub-Fund, the following risks linked to the Target Fund are noteworthy:

- **Risks Inherent in Private Equity Investment**

  The success of the Target Fund's investments in private equity investment funds and portfolio companies is subject to those risks which are inherent in private equity investment. Private equity investments are subject to the risks associated with the underlying businesses, including market conditions, changes in regulatory requirements, reliance on management at the investment fund and portfolio company levels, interest rate and currency fluctuations, general economic conditions, domestic or foreign political developments, capital market conditions and other factors. There can be no assurance that the future performance of the portfolio companies in which the Target Fund and the Target Fund's portfolio investment funds invest will be positive or result in rates of return that are consistent with historical performance. Past performance may not be an indication of future performance. The Target Fund will not generally be able to participate in the management and control of the portfolio investments and portfolio companies in which it invests.

  Venture capital investments involve risks associated with investment in companies operating at a loss or with substantial variation in operating results from period to period, companies with the need for substantial additional capital to support expansion or to maintain a competitive position, or companies with significant financial leverage. Leveraged buy-out investments involve risks associated with the substantial indebtedness incurred in connection with such transactions. Accordingly, the profitability of the portfolio companies, as well as appreciation of the investments in such companies, whether held directly or indirectly by the Target Fund, will depend in part upon the ability of these companies to attract capital, which in turn depends on the general economic climate, prevailing interest rates and other factors beyond their control. The viability of highly leveraged portfolio companies is determined by their ability to meet interest payments arising under their debt obligations.

An investment in the Target Fund is long term and with no certainty of return. The value of an Interest and the distributions in respect of it can fluctuate down as well as up and an investor may get back less than it contributed to the Target Fund or lose its entire investment. In addition, prevailing economic conditions, market conditions, investor sentiment and lender sentiment will all have a substantial impact on the availability of investments, on the value of the Target Fund's investments, and on the opportunities for disposing of investments.

- **Illiquidity of Private Equity**

Contractual limitations will typically restrict the Target Fund's ability to transfer the portfolio investments without the consent of the applicable managers of those entities. The securities or other financial instruments or obligations of portfolio companies in which a portfolio investment invests may, at any given time, be very thinly traded, have no public market, or be restricted as to their transferability under the laws of the applicable jurisdiction. In some cases, a portfolio investment may also be prohibited by contract from selling securities of portfolio companies or other assets for a period of time or otherwise be restricted from disposing of such securities or other assets. In other cases, the investments of a portfolio investment may require a substantial amount of time to liquidate. Consequently, there is a significant risk that a portfolio investment will be unable to realize its investment objectives by sale or other disposition of its securities or other assets at attractive prices, or will otherwise be unable to complete any exit strategy with respect to its portfolio companies. These risks can be further increased by changes in the financial condition or business prospects of the portfolio companies, changes in national or international economic conditions, and changes in laws, regulations, fiscal policies or political conditions of countries in which portfolio companies are located or in which they conduct their business. In addition, a portfolio investment may distribute its investments "in-kind" to its investors, including the Target Fund. In turn, the Target Fund may make in-kind distributions of these investments, which may, in certain circumstances, be composed of illiquid securities. There can be no assurance that limited partners will be able to dispose of these investments or that the value of these investments, as determined by the Target Fund for purposes of the determination of the distributions and the calculation of the carried interest partners' carried interest, will ultimately be realized.

- **Illiquidity of the Interests**

Investors should be aware of the long-term nature of this investment. There is not now and will not be a public market for the interests in the Target Fund. The interests in the Target Fund may not be sold or otherwise transferred without the consent of the Target Fund General Partner and compliance with the limited partnership agreements thereof. The interests have not been registered under the U.S. Securities Act or any other applicable securities law and are subject to restrictions on transfer contained in such laws. Transfers of outstanding interests to persons who are benefit plan investors may in some cases be restricted. There is no liquid market for the interests and none is expected to develop. Accordingly, an investor may not be able to liquidate its investment in the Target Fund in the event of an emergency or for any other reason, and its interest may not be acceptable as collateral for loans. Such limitations may also adversely affect the price that an investor will be able to obtain for interests in the Target Fund it is able to sell.

- **Risk of Limited Diversification**

There is no assurance as to the degree of diversification that will actually be achieved in the Target Fund's investments by sector, geographic region or asset type. The Target Fund may participate in a limited number of investments and, as a consequence, the aggregate return of the Target Fund may be substantially adversely affected by the unfavourable performance of even a single Fund investment.

The failure of one or more portfolio investments could have an adverse effect on the Target Fund. The Target Fund's capitalization may be less than three billion five hundred million US Dollars (USD 3,500,000,000.-), in which case the number of investments will be less than if the Target Fund were fully capitalized at three billion five hundred million US Dollars (USD 3,500,000,000.-).

As a result of the time it may take to source appropriate investments, the Target Fund's portfolio may not initially be diversified. One risk of the Target Fund not being fully diversified is that the aggregate returns realised by investors may be substantially adversely affected by the unfavourable performance of a small number of such investments.

- **Unpredictability of Distributions**

Return of capital and realization of gains, if any, on investments will generally occur only upon the distribution or other disposition by the portfolio investments of portfolio company securities, which may not occur for several years after the portfolio investments' initial investment or the Target Fund's acquisition of such portfolio investments. Such distributions are likely to be unpredictable and may occur earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

- **Reliance on the Manager and the Investment Advisers**

The Target Fund is managed and advised by the Target Fund Manager and the investment advisers thereof. The investors will not make decisions with respect to the management, disposition or other realisation of any investment, or other decisions regarding the Target Fund's business and affairs and will have no opportunity to control or influence the Target Fund's daily management or operations. The success of the Target Fund is substantially dependent on the Target Fund Manager and the investment advisers thereof and certain key individuals described in the private placement memorandum of the Target Fund. Should one or more of these individuals become incapacitated or in some way cease to participate in the management of the Target Fund, its performance could be adversely affected.

The investors will also not have the opportunity to evaluate the relevant economic, financial and other information which will be utilised by the Target Fund Manager and the investment advisers thereof in their selection, structuring, monitoring and disposition of investments.

- **Potential Conflicts of Interest**

Instances may arise where the interests of the Target Fund Manager, the investment advisers thereof, the Target Fund General Partner or other members of the AXA IM group may conflict with the interests of the Target Fund and the investors. The existence of the management team's carried interest may create an incentive for the Target Fund Manager and/or the Target Fund General Partner to make more speculative investments on behalf of the Target Fund than it would otherwise make in the absence of such a performance-based arrangement. The officers, directors and employees of the Target Fund Manager, the investment advisers thereof, the Target Fund General Partner and their affiliates (collectively "Employees") will devote such time as the Target Fund Manager, the investment advisers thereof and the Target Fund General Partner deem necessary to carry out the operations of the Target Fund effectively. Employees will also work on projects for the Previous Funds and other affiliates of AXA and conflicts of interest may arise in allocating management time, services or functions among such affiliates. Investors should also refer to the time commitment to be made to the Target Fund by the investment team as described in the private placement memorandum of the Target Fund.

- **Manager Incentivisation**

  The carried interest partners will be entitled to receive a carried interest from the Target Fund. Carried interest will be calculated by reference to distributions of net proceeds, taking into account prior distributions. As a result of the terms on which the carried interest will be payable, carried interest could be paid and retained even in circumstances where the Target Fund has not made a profit overall. In addition, entitlement to carried interest may create an incentive for the Target Fund Manager or the investment team to make or, respectively, to recommend investments that are riskier or more speculative than would be the case if this arrangement were not in effect.

- **Borrowing by the Target Fund**

  The Target Fund may, from time to time, employ leverage. Whilst the circumstances in which the Target Fund may borrow will be limited, the extent to which the Target Fund will use leverage may have consequences to the investors, including, but not limited to: (i) fluctuation in the net assets of the Target Fund, (ii) use of cash flow (including contributions) for debt service and related costs and expenses, and (iii) limitation on the flexibility of the Target Fund to make distributions to its investors or sell assets that are pledged to secure the indebtedness.

  The Target Fund has the power to secure borrowing on the undrawn commitments of investors, potentially allowing the lender to issue drawdown notices to investors and to take direct enforcement action against a defaulting Investor.

- **Availability of Investments and Competition**

  The business of identifying, completing and realizing attractive private equity investments is competitive and involves a high degree of uncertainty. Historically, the primary competition for venture capital, buyout, and other private equity investments has been from private equity partnerships and corporations, investment companies, private equity affiliates of large industrial and financial companies, and wealthy individuals. There can be no assurance that the Target Fund Manager will be able to locate and complete attractive investments which satisfy the Target Fund's investment objectives or realize upon their values or that it will be able to invest fully its committed capital.
  To the extent that any portion of the Target Fund's commitments is not invested, the Target Fund's potential for return may be diminished.

  There are other private equity houses which are able to commit the amount of capital to deals required for the investment strategy pursued by the Target Fund and other private equity houses may be attempting to emulate the Target Fund's approach. As a result, there may be greater competition for these types of deals than was previously the case.

  The Target Fund may incur significant expenses identifying, investigating and attempting to acquire potential assets which are ultimately not consummated, including expenses relating to due diligence, transportation, extended competitive bidding processes, legal expenses and fees for other third-party advisors. Significant abort costs such as these will reduce the Target Fund's returns.

- **Need for Follow-On Investments**

  Following the initial investment in a portfolio company, the Target Fund may be called upon to provide additional funds or have the opportunity to increase its investment in such company. There is no assurance that the Target Fund will make follow-on investments or that the Target Fund will have access to sufficient funds to make such an investment at that time. The Target Fund's decision not to make a follow-on investment or its inability to do so may have a

substantial negative impact on the portfolio company and, therefore, the returns to the Target Fund from such company.

- **Tax Consequences**

  Any change in the tax rate or the tax basis or the creation of new taxes applicable at the investment level because of a change in relevant tax laws may have adverse consequences on investments value or yield projections. Audits by tax authorities may also lead to the challenge of the retained structure or other anticipated tax consequences for the investments, thus possibly leading to unexpected adverse tax consequences. The Target Fund may also become jointly and severally liable for taxes in case some investors do not adequately satisfy their tax obligations, thus facing unexpected adverse tax consequences, with no certainty of being able to recover amounts from the relevant investors.

  In determining whether or not to make an investment in the Target Fund each potential investor should have considered the tax consequences of such an investment. In addition, each prospective investor is advised to consult its own tax counsel as to the tax consequences of an investment in the Target Fund and as to applicable foreign, state and local taxes. Because of timing differences between allocations of gain and income and distributions, there can be no assurance that investors subject to income tax will receive distributions sufficient to fully satisfy their tax liabilities. Tax rules and their interpretation in relation to interests in the Target Fund may change during the life of the Target Fund.

- **Risk of Default by Investors and Drawdowns**

  Any default by an investor in meeting commitments to the Target Fund could have an adverse impact upon the Target Fund's ability to complete a transaction and/or could increase the relative exposure of other investors to such transactions.

  Investors who fail to comply with a notice of drawdown may suffer significant financial penalties. Commitments to the Target Fund will be drawn down over time. Failure to meet such a payment obligation when called may result in sanctions against the defaulting investor, as set out in the limited partnership agreement of the Target Fund.

- **Foreign Investment Risk**

  The Target Fund will be denominated in US Dollars while investments are likely also to be made and realised in other currencies. Changes in rates of exchange may have an adverse effect on the value, price or income of the investments in the Target Fund.

  Movements in the foreign exchange rate between US Dollars and the currency applicable to a particular investor may have an impact upon such investor's returns in their own currency of account.

  While the Target Fund Manager will use reasonable endeavours to hedge the Target Fund's exposure to non-US Dollar currencies, it is not expected to be possible to hedge such exposure completely. For risks linked to hedging positions taken by the Target Fund Manager, please refer to the following paragraph entitled Derivatives Risk.

- **Derivatives Risk**

  The Target Fund may utilise futures, options, contracts for differences and other derivative contracts and/or instruments provided that such investments or contracts are entered into in order to hedge actual or prospective investments, positions or exposures of the Target Fund, including for hedging purposes of its interest rate and currency exchange exposure. The costs of hedging transactions will be an expense of the Target Fund. It may not be possible to hedge

against a currency movement at an attractive price, for example where such movement is widely anticipated. As a result of the Target Fund's hedging policy, the Target Fund Manager may, nevertheless, be required to enter into such transactions on behalf of the Target Fund. These instruments may end up causing the Target Fund to make a lower performance than in the absence of such instruments, in case the covered investment has eventually increased in value due to the covered risk. It may occur that the Target Fund is obliged to unwind its derivatives position at a loss, whereas the underlying covered assets have not yet been disposed of, thus not generating yet the symmetrical gain. The Target Fund may also be exposed to the risk of a counterparty defaulting under a derivative contract and therefore exposed to risk of losses in the event of the bankruptcy of a derivative counterparty. Further, when used for hedging purposes there may be an imperfect correlation between these instruments and the investment or market sectors being hedged. Transactions in over-the-counter derivatives may involve additional risk, as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk.

- **Risks regarding Disposition of Portfolio Investments**

  In connection with the disposition of portfolio investments, the Target Fund may be required to make representations about the business and financial affairs of portfolio companies typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities laws. The Target Fund may also be required to indemnify the purchasers of investments or underwriters to the extent that any such representatives or disclosure documents turn out to be incorrect, inaccurate or misleading.

- **Control of Invested Funds**

  The Target Fund generally will not have the right to participate in the day-to-day management, control or operations of the underlying funds in which the Target Fund is investing, nor will it have the right to remove the managers thereof. The Target Fund will also not necessarily have the opportunity to evaluate the relevant economic, financial and other information which will be utilized by the underlying funds in which they are investing in their selection, structuring, monitoring and disposition of investments. However, an underlying fund (alone, or together with other investors) may be deemed to have a control position with respect to some portfolio companies which could expose it to liabilities not normally associated with minority equity investments, such as additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability in which the limited liability generally characteristic of business operations may be ignored.

- **Employee Benefit Plan Risks**

  ERISA is complex and its interpretation and application remain uncertain. Fiduciaries and other persons considering purchasing interests on behalf of or with plan assets of any ERISA plan are urged to consult their own counsel with specific reference to their own requirements and provisions of ERISA applicable to an investment in the Target Fund.

- **Exculpation and Indemnification**

  Certain exculpation and indemnification provisions contained in the limited partnership agreement of the Target Fund may limit the rights of action otherwise available to limited partners and other parties against the Target Fund General Partner, the Target Fund Manager, the investment advisers thereof and members of the advisory committee thereof or their respective affiliates, employees, members, partners or stockholders.

- **Expedited Transactions**

  Investment analyses and decisions by the Target Fund Manager and the investment advisers of thereof may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to the Target Fund Manager or the investment advisers thereof at the time an investment decision is made may be limited, and the Target Fund may not have access to detailed information regarding investments. Therefore, no assurance can be given that the Target Fund Manager or the investment advisers thereof will have knowledge of all circumstances that may adversely affect a Target Fund investment.

- **Portfolio Valuation**

  Private equity funds utilize divergent reporting standards that may make it difficult for the Target Fund Manager to accurately assess the prior performance of the sponsor of a potential investment. In addition, such reporting variances may affect the ability of the Target Fund Manager to accurately value and monitor investments. Such variances typically involve the calculation of the internal rate of return on investment. For example, a fund's calculation of the internal rate of return on investment may vary depending on whether the calculation includes fees due to its general partner and the fund's expenses.

  Target Fund investments will also be difficult to value because it may be relatively difficult for the Target Fund to obtain reliable valuations of the underlying investments. In most cases, the Target Fund will rely on the fund's valuation of the underlying investments. Prospective investors should be aware that situations involving uncertainties as to valuation of assets held by the Target Fund could have an adverse effect on the returns of the Target Fund.

  The legal and regulatory environment and the disclosure, accounting, auditing and reporting standards in certain of the countries in which investments may be made by the Target Fund may, in many respects, be less stringent and not provide the same degree of protection or information to investors as would generally apply in their home countries. Although the Target Fund itself will be preparing its accounts in accordance with generally accepted accounting principles, the assets, liabilities, profits and losses appearing in published financial statements of funds, companies, ventures or projects in which investments are made may not reflect their financial position or results of operations in the way they would be reflected had such financial statements been prepared in accordance with generally accepted accounting principles in an investor's home country. All or any of the foregoing may mean that the value of any of the portfolio investments is less than as stated in financial or other statements prepared or published by the relevant fund, company, venture or project, which in turn would mean that the net assets of the Target Fund reported from time to time may not accurately reflect the realistic value of all or any of the portfolio investments.

- **Fees and Expenses**

  Limited partners will pay certain fees (e.g. the management fee to the Target Fund) and expenses of the Target Fund and will indirectly bear the fees (e.g. the management fees to the manager of a portfolio investment) and expenses of the portfolio investments in which the Target Fund invests. Similarly, limited partners will pay carried interest to the carried interest partners and may indirectly bear their share of carried interest paid to the general partner of a portfolio investment to the extent that a carried interest is paid in connection with such portfolio investment's investments.

- **Liability for Return of Distributions**

  If the Target Fund is otherwise unable to meet its obligations, the limited partners may, under applicable law, be obligated to return cash distributions previously received by them if such

distributions are deemed to be a return of their capital contributions or a wrongful payment to them. In addition, certain provisions in the partnership agreement will permit the Target Fund General Partner to require each partner to return distributions made to such partner for the purpose of meeting such limited partner's pro rata share of the Target Fund's expenses (including any indemnification obligations). Furthermore, with respect to any distributions from a portfolio investment that were in turn distributed by the Target Fund to the limited partners, the Target Fund General Partner may require the limited partners to return such distributions to the extent any portfolio investment (or the general partner thereof) requires the Target Fund to return distributions to such portfolio investment (or such general partner).

- **Dilution from Additional Closings**

  Limited partners that are admitted or increase their commitments at any subsequent closing will participate in existing investments, diluting the interests of existing limited partners therein. Although such limited partners will contribute their pro rata share of all previously drawn commitments (plus an interest equivalent thereon), there can be no assurance that this payment will reflect the fair value of the Target Fund's existing investments.

- **Early Termination of Portfolio Partnerships**

  If a fund in which the Target Fund invests terminates its investment programs earlier than anticipated, the Target Fund will not invest as much capital as planned, which could have a negative effect on the Target Fund's returns.

- **Prevention of Money Laundering**

  In response to increased regulatory concerns with respect to the sources of funds used in investments and other activities and in order to comply with various anti-money laundering requirements the Target Fund may request prospective and existing limited partners to provide additional documentation verifying, among other things, such limited partner's identity and source of funds used to purchase its interest. The Target Fund General Partner may decline to accept a subscription if this information is not provided or on the basis of such information that is provided. Requests for documentation may be made at any time during which a limited partner holds an interest. The Target Fund General Partner may be required to provide this information, or report the failure to comply with such requests, to governmental authorities, in certain circumstances without notifying the limited partner that the information has been provided. The Target Fund General Partner may take such steps as it determines may be necessary to comply with applicable law, regulations, orders, directives or special measures that may be required by government regulators. Governmental authorities are continuing to consider appropriate measures to implement anti-money laundering laws and at this point it is unclear what steps the Target Fund General Partner may be required to take; however, these steps may include prohibiting such limited partner from making further contributions of capital to the Target Fund, depositing distributions to which such limited partner would otherwise be entitled to an escrow account and/or causing the withdrawal of such limited partner from the Target Fund.

- **Portfolio Company Risks**

  The portfolio investments in which the Target Fund will invest may invest in companies or entities ("Portfolio Companies") that involve a high degree of business or financial risk. The Portfolio Companies may be start-ups or in an early stage of development, may be distressed or have operating losses or significant variations in operating results and may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence. The Portfolio Companies may also include companies that are experiencing or are expected to experience financial difficulties, which may never be overcome. In addition, they may require substantial additional capital to support their operations, to finance expansion or to maintain

their competitive position, or may otherwise have a weak financial condition. Portfolio Companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel.

Many Portfolio Companies may be highly leveraged, which may impair these companies' ability to finance their future operations and capital needs and which may result in restrictive financial and operating covenants. As a result, these companies' flexibility to respond to changing business and economic conditions may be limited. In addition, in the event that the company does not perform as anticipated or incurs unanticipated liabilities, high leverage will magnify the adverse effect on the value of the equity of the company and could result in substantial diminution in or the total loss of an equity investment in the company. The return generated by the relevant Portfolio Companies will also depend on the level of interest charged under such debt and, consequently, may vary in function of the variations in interest rates.

- **Terrorism**

The threat or occurrence of terrorist attacks, and the military, economic and political response to terrorism and hostilities throughout the world, may have material consequences on the global economy. The Target Fund General Partner is not able to predict the extent, severity or duration of the effect of terrorist attacks, hostilities or related events or quantify the impact that these events may have on the Target Fund, any portfolio investment or the portfolio companies of any portfolio investment.

- **Annual Tax Information**

In order for the Target Fund to provide annual tax information to its partners, it must first receive tax information from the portfolio investments. If the receipt of such information is delayed, the Target Fund may not be able to provide such tax information to the limited partners to allow them to timely file their tax returns. As a result, limited partners may be required to obtain extensions for their tax returns each year.

- **Risk Upon Disposition of Investments**

In connection with the disposition of a portfolio company, a portfolio investment may be required to make representations about the business and financial affairs of such portfolio company and/or such portfolio investment typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities laws. Such portfolio investment may also be required to indemnify the purchasers of such portfolio company or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate or misleading. These arrangements may result in contingent liabilities for the Target Fund, which might ultimately have to be funded by the limited partners as further described in the partnership agreement. Also, the partnership agreement contains provisions to the effect that if there is any such claim in respect of a Target Fund investment, limited partners may be required to return distributions previously received by them, subject to certain limitations.

- **Termination of the Target Fund's Interest in a Portfolio Fund Investment**

A portfolio investment may, among other things, terminate the Target Fund's interest in that portfolio fund if the Target Fund fails to satisfy any capital call by that portfolio investment or if the general partner of that portfolio investment determines that the continued participation of the Target Fund in such portfolio investment would have a material adverse effect on such portfolio investment or its assets.

- **Financial Crisis and Financing Market Risk**

  Economic conditions in recent years have deteriorated significantly compared to prior periods, characterised by significant declines in the values of equity and debt securities, the collapse of major financial institutions and unprecedented intervention programs by national governments. Whilst there have been statistical indicators and signs pointing to the global economy recovering from the recent turmoil, the continuing adverse global economic conditions (together with factors such as consumer demand, lack of confidence, investor sentiment, the availability and cost of credit, the liquidity of global financial markets, unemployment, lack of business activity and economically-motivated social unrest in previously stable countries) may have an adverse effect on the Target Fund's investment strategy, results of operations and returns to investors. In addition, concern has recently increased in relation to the sovereign debt positions of certain countries, including in the Eurozone. Among other related risks, the detachment of a country from the Eurozone, the failure of a country to satisfy its sovereign debt obligations or the effects of measures designed to protect against these risks (including "austerity measures" or rescue packages) or other related risks might cause significant economic instability or otherwise adversely affect the Target Fund and its investments.

  Prospective investors will be aware that in recent years, the credit markets have become harder to access, with debt available for private equity investment being provided in lower amounts for shorter maturity at more expensive rates and with more stringent conditions than in previous years. Although we are starting to see some recovery in the debt markets, these factors may affect the ability of the Target Fund Manager to find and/or secure finance for suitable new investment opportunities for the Target Fund, and may also have an adverse effect on the value of the Target Fund's investments and on returns to investors. Such adverse effects are likely to be exacerbated if conditions in the debt markets were to deteriorate.

- **Risk of Greater Regulation to the Target Fund, the Target Fund Manager and the Target Fund General Partner**

  There are currently a number of initiatives in Europe, the United States and elsewhere which may result in greater regulation of, or affecting, the private fund industry, including private equity funds of funds. It is not yet clear what form such regulation might take and to what extent it will impact on the operations of the Target Fund, the Target Fund Manager and/or the Target Fund General Partner. It is possible, however, that increased regulation, whether possibly foreseen today or not, may place limitations and restrictions on the way that the Target Fund is permitted to operate or the way in which the Target Fund Manager is permitted to manage the Target Fund, or increase the costs to the Target Fund and/or the Target Fund Manager of operating their business, and this may impact negatively on returns to investors.

  In particular, the proposed EU Directive on Alternative Investment Fund Managers (the "AIFM Directive") is likely to change the regulatory requirements to which the Target Fund's operations are subject. The AIFM Directive is likely to result in increased regulatory burdens on the Target Fund Manager and other service providers to the Target Fund, and increased expenses may be borne by the Target Fund. The AIFM Directive may also result in portfolio companies being subject to additional reporting requirements, which may put funds affected by the AIFM Directive (likely to include the Target Fund) at a disadvantage in sourcing investments compared to other prospective buyers whose ownership would not subject investee companies to such requirements. In addition, as a result of recent changes to US regulations, it is likely that the Target Fund Manager will be required to register as an investment adviser in the United States. The impact of this is currently unclear, but it is possible that this will result in increased regulatory burdens on the Target Fund Manager and increased expenses may be borne by the Target Fund.

- **Risk associated with the investment in unregulated underlying funds**

  As the Target Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk.

  Although the risks inherent to investments in underlying funds (whether regulated or unregulated) are limited to the loss of the initial investment contributed, investors should nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. In particular, the consequence of the leverage effect is that the value of a fund's assets increases faster if capital gains arising from investments financed by borrowing exceed the related costs, notably the interest on borrowed monies and premiums payable on derivative instruments. A fall in prices, however, causes a faster decrease in the value of the fund's assets. In extreme cases, the use of derivative instruments and short sales by underlying unregulated funds may result in them becoming worthless.

  Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets.

  As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

Additionally, changes in legal, tax and regulatory regimes may occur during the life of the Target Fund, which may have an adverse effect on it or its investments.

11. Listing on the Luxembourg Stock Exchange

The General Partner does not intend to apply for the listing of the Shares of the Sub-Fund on the Luxembourg Stock Exchange or any other stock exchange.

12. Availability of the Net Asset Value and of Other Information

The Net Asset Value per Share of each Class will be available at the registered office of the General Partner and/or with the Administrative Agent.

The private placement memorandum of the Target Fund will be made available to the Company.
The audited annual report and the unaudited quarterly reports of the Target Fund, including a number of items specified in the private placement memorandum of the Target Fund, will be made available to the Company.

13. Duration and exit strategy of the Sub-Fund

The Sub-Fund is established for a limited duration of ten (10) years as from the Last Closing, with four (4) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Target Fund, at its sole discretion.

In fact, the exit strategy of the Sub-Fund is linked to the duration of the Target Fund, which is ten (10) years as from 15 December 2010 with three (3) consecutive extensions of one (1) year each, subject to the terms and conditions of its limited partnership agreement.

During all the investment process, the target exit horizon will be linked to that of the Target Fund. The maturity of each underlying investment of the Target Fund is continually monitored. The timing and occurrence of any distributions linked to the exit from the underlying investments of the Target Fund are discussed in a timely manner with the management team of the Target Fund.

Notwithstanding the foregoing, if the Target Fund during the life of the Sub-Fund does not qualify anymore as a private equity fund in accordance with the 2004 Law, then the General Partner shall make the necessary in order for the Sub-Fund to dispose of its investments in the Target Fund.

D. L CAPITAL 2 SUB-FUND

1. Investment Objective and Strategy

The L Capital 2 Sub-Fund (the "**Sub-Fund**") is solely aimed at committing capital from seven million Euro (EUR 7,000,000.-) to eight million Euro (EUR 8,000,000.-), to be invested in "L Capital 2" (the "**Target Fund**").

In this regard, the Sub-Fund will acquire on the secondary market, shares in the Target Fund.

1.1. The Target Fund

The Target Fund is a private equity fund qualifying as a "*fonds commun de placement à risques*" or "FCPR" under the laws of France, which is managed by L Capital Management (the "**Management Company**"), a company duly approved by the French Financial Markets Authority (*Autorité des Marchés Financiers* or "AMF") on February 21st, 2001 under number GP01009.

The Target Fund is focused on acquiring interests in growth-oriented development and expansion stage companies operating in the consumer goods and retail sectors.

These companies focus exclusively on the product extension and/or retail expansion of "aspirational brands" (*i.e.* brands responding to the same inner aspirations as those sought by costumers of "luxury brands").

The Target Fund follows the same geographic focus as L Capital, its predecessor fund, by investing primarily in member countries of the European Economic Area and Switzerland.

The Target Fund was created in November 2005 by L Capital Management who successfully raised more than three hundred twenty six million Euro (EUR 326,000,000.-) from a large investors' base including institutional investors, family offices as well as high net worth individuals to build a diversified portfolio of unlisted companies. Since 2005, the Target Fund invested in nine (9) unlisted companies, of which two (2) in France, five (5) in Italy, one (1) in United Kingdom and one (1) in Spain. In December 2010, the Target Fund ended its investment period, and as a consequence will only consider additional investment that is a further investment in a portfolio company or an investment in an affiliate of a portfolio company.

1.2. Investment Objective and Strategy of the Target Fund

The principal investment objective of the Target Fund is to make direct or indirect investments in companies with innovative brands and concepts that respond to the aspirations of consumers of up-market branded goods (appeal to customer's emotion, quality and capacity to generate trust, prestige, modern and innovative image).

The Target Fund focuses on acquiring interests in companies with strong short and medium-term growth and value creation potential, either in management buyout, with or without leverage, or growth capital transactions.

In particular, the target portfolio companies in which the Target Fund invests must present a strong potential for asset value growth and superior investment returns. The team members of the

Management Company will seek to accelerate the development of these companies by providing, as needed their specific industry experience, which includes: (i) enhanced brand management expertise, (ii) technical and marketing resources and (iii) relevant best market practices.

The Target Fund focuses on investments in the range of fifteen (15) to forty (40) million Euro per investment (excluding bridging investments and follow-on investments).

Priority is given to investing in transactions where the Target Fund is the lead/co-lead investor and holds majority control, either individually or alongside other financial investors. In those cases where minority investments are envisaged or made in attractive investment opportunities, the Management Company will negotiate or will have negotiated representation of at least one seat on the board of directors as well as other appropriate minority shareholder protection, including control and liquidity rights, pre-emption and other preferential rights.

The Target Fund shall not invest in:

- any predominantly real estate based transactions or acquire any real estate which does not constitute an inherent part in or the normal development of the exercise of trade businesses;
- any hostile transaction without the prior approval of its advisory committee in accordance with the provisions of the by-laws (*règlement*) of the Target Fund, and
- any portfolio company (i) which is, as a principal part of its business, engaged in exploration and exploitation for oil and/or gas or any other natural resources; (ii) which is engaged in illegal activities; (iii) whose principal business is the manufacturing, processing, distribution or sale of weapons or ammunitions; (iv) whose principal business is the manufacturing, processing, distribution or sale of tobacco; (v) whose principal business is the operation of casinos or other gambling facilities; and (vi) which is engaged in pornography, the production or trade of human cloning;
- any portfolio company engaged in speculative investment in commodities, commodity contracts or forward exchange contract activities; or
- any other private equity investment funds or other pooled investment vehicles.

1.3. The Management Company

The Management Company, L Capital Management, is an independently-operated team sponsored by LVMH, one of the world's leading luxury companies with a portfolio of over sixty-five (65) global brands, and its private holding company Groupe Arnault (together the "**Sponsors**").

The Management Company is approved by the French Financial Markets Authority (*Autorité des Marchés Financiers* or "AMF"), under number GP01009, and has its headquarters at 22 avenue Montaigne, 75008 Paris (France).

L Capital Management, in its capacity as Management Company of the Target Fund, is in charge of carrying out the investment policy of the latter, and shall be responsible for identifying, evaluating, selecting and making all investments and divestments for the benefit of the Target Fund. The Management Company represents the Target Fund towards third parties, and exercises any voting rights attached to the securities held by the Target Fund, on its behalf.

1.4. Successful Track Record

The Management Company is successfully managing three (3) similar funds, "L Capital", "L Capital 2" and "L Capital 3", respectively created in 2001, 2005 and 2010. Since 2001 and across these three (3) vintages, the Management Company invested five hundred and fifty four million Euro (EUR 554,000,000.-) in twenty (20) companies, of which twelve (12) have been realized for seven hundred and ten million Euro (EUR 710,000,000.-) in proceeds, generating a gross realized IRR of thirty three point four percent (+33.4%) and a cost multiple of two point five times (2.5x). Distributions of six hundred and fifty seven million Euro (EUR 657,000,000.-) have been returned to investors in the two (2) funds "L Capital" and "L Capital 2", representing one hundred and fifteen percent (115%) of the capital called as of the last official accounting date 31 March 2011.

As of 30 June 2011, the Target Fund "L Capital 2" has realized one (1) investment for a gross realized IRR of forty three point six percent (+43.6%) and a cost multiple of three times (3.0x).

On July 2011, L Capital Management has realized another investment for a gross realized IRR of seven point four percent (+7.4%) and a cost multiple of one point forty three (1.43x).

1.5. Management of the Target Fund by a Specialist Team

The team members of the Management Company, as more precisely described in the private placement memorandum of the Target Fund, collectively bring brand management, operational, private equity, financial and consulting experience, a combination which, in the opinion of the Management Company, is key to the successful execution of the Target Fund's value creation strategy.

The team members of the Management Company have senior level experience in luxury brand management and an intimate understanding of high-value retail operations. The team has full access to LVMH's extensive networks, know-how and market knowledge.

1.6. Distinctive Market Focus of the Target Fund

The Target Fund is specifically focused on acquiring interests in companies with strong short and medium-term growth and value creation potential, either in management buyout, with or without leverage, or growth capital transactions operating in the consumer goods and retail sector. These companies focus exclusively on the product extension and/or retail expansion of "aspirational brands" (*i.e.* brands responding to the same inner aspirations as those sought by costumers of "luxury brands").

These "aspirational" brands comply with the "luxury" business model, the main features of which are (i) high margins, (ii) low price sensitivity, (iii) product diversification opportunities and (iv) geographic and channel expansion potential.

Sectorially, the Target Fund is focused on the following segments: (i) personal equipment, (ii) home equipment and decoration, (iii) personal care and (iv) selective retail distribution concepts.

1.7. Focused Strategy of the Target Fund

The continuation of the previously implemented investment strategy by the Management Company with respect to L Capital together with its unique sector focus (itself backed by the

breadth and depth of its management team members) form the basis of the Target Fund's competitive advantage.

The Management Company pursues an investment and divestment strategy that draws on (i) the reputation and experience of its team management members and of the Sponsors, (ii) the strong operational and private equity backgrounds of such members and (iii) the depth of their brand management experience.

1.8. Relationship with LVMH

The Target Fund is an independently-operated private equity fund, sponsored by LVMH and Groupe Arnault. The Management Company expects that the Target Fund will continue to benefit from its close association with LVMH through:

- Association with world-class brands and retail businesses;
- Powerful and pervasive network throughout the retail sector worldwide;
- Opportunity for owners and management teams to be associated with top quality brands;
- Extensive in-house research and market knowledge;
- Wide range of international experience across multiple economic cycles;
- Access to a pool of talented managers.

1.9. Exit process of the Target Fund

Several criteria are taken into account by the Management Company to dispose of an investment:

- The length of ownership period: the Target Fund expects to exit investments after a holding period of approximately four (4) to six (6) years;
- The potential internal rate of return (IRR) on the investment and the outlook for possible further improvement;
- The growth achieved by the portfolio company as compared to the original business plan; and
- The existence of exit opportunities.

Based on the fourteen (14) realizations made by the Management Company since 2001 (*i.e.* including the predecessor fund of the Target Fund), exits are typically achieved through a sale of the portfolio company within three (3) to five (5) years since the initial investment.

The Target Fund will endeavor to maximize value for its holders by always trying to obtain the best selling terms and conditions for the assets.

In addition to auspicious investment conditions and potential gain from the majority premium on exit, the team members of the Management Company make investment decisions on the basis of medium sized companies' lower multiples and intend to bring them to higher maturity where they are valued at higher multiples.

The team members of the Management Company try prior to making an investment to anticipate the possible exit routes and to define a target exit horizon. The maturity of the investment is assessed by comparing its actual development with the initial business plan. The timing and

conditions of a possible exit will be evaluated taking in consideration the mix of potential IRR and the multiple of cost.

2. Borrowing Policy/Leverage

The Sub-Fund may leverage its assets by way of borrowing up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund. Borrowings may be utilized for investment purpose as well as to bridge financing and expense disbursements when liquid funds are not readily available. Investments of the Sub-Fund are expected to include Portfolio Investment Schemes whose capital structures may include additional significant leverage.

3. Share Classes

3.1. Carried Interest Shares

No Carried Interest Shares shall be issued within the Sub-Fund, upon the launching thereof.

3.2. Investors Shares

At present, there is only one Class of Investors Shares available for subscription in the Sub-Fund, namely A Shares, denominated in EUR (€).

4. NAV Calculation

The Valuation Day of the Sub-Fund shall be the last business day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion.

5. Capital Funding

The Sub-Fund is aimed at raising up to eight million Euro (EUR 8,000,000.-).

5.1. Commitments during the Initial Offering Period

Investors are permitted to commit to subscribe for A Shares in the Sub-Fund from 12 December 2011 until 31 December 2011.

Investors, the commitments of which are accepted on the First Closing, shall be required to pay up to five percent (5%) of their respective committed amounts no later than ten (10) Business Days following the notification of the First Closing to Investors, following which A Shares are to be issued **fully paid-up**, at a subscription price of one hundred Euro (EUR 100.-) each.

For the purpose of this Sub-Fund, the First Closing and the Last Closing will be the same date since there will only be one closing.

The General Partner may decide, at its discretion, to postpone the date of the First Closing; in such case, the Investors will be informed of the amended date of the First Closing and the date on which the corresponding part of their commitment has to be paid.

5.2. Drawdown Dates

After the First Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner during the Commitment Period. Such draw downs may only take place provided their amount is not less than one percent (1%) of each Investor's commitment. The General Partner will give each Investor a seven (7) days' prior notice for each draw down.

A Shares issued in relation to each drawdown made after the First Closing shall be issued **fully paid-up** at a subscription price equal to one hundred Euro (EUR 100.-).

The subscription price of A Shares issued after the First Closing must be paid on the relevant drawdown date.

6. Minimum Commitment

Commitments may only be accepted from Eligible Investors, in a minimum amount of one hundred and twenty-five thousand Euro (EUR 125,000.-). Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept commitments in lesser amounts.

7. Redemptions and Conversions

A Shareholder may not, of its own initiative, require the Company to redeem its A Shares, or to convert them into any other Class issued in any of the Sub-Funds.

8. Management Fees, Remuneration of the AIFM, Advisory Fees and other costs

8.1. Management Fees

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee, paid quarterly in advance by the Sub-Fund to the General Partner. Such management fee shall be equal to zero point fifty percent (0.50%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value plus (ii) the unfunded portion of the aggregate subscribed capital of the Sub-Fund as of the end of the preceding quarter.

8.2. Remuneration of the AIFM

Any remuneration payable to the AIFM will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

8.3. Investment Advisory Fees

Any fees payable to the Investment Advisor will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

8.4. Other Expenses

The Sub-Fund shall be responsible for (i) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (ii) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (iii) all litigation and indemnification expenses related to the investments or business of the Sub-Fund.

The Sub-Fund shall also bear its general operating expenses (the "**Operating Expenses**"), which shall also include the fees and disbursements of the Depositary, Administrative Agent, paying agent, Registrar and Transfer Agent, domiciliary agent, and all other out-of-pocket administration expenses and any taxes, fees or other governmental charges levied against the Company attributed or attributable to this Sub-Fund. Such Operating Expenses shall not exceed zero point forty five percent (0.45%) per annum based on the aggregate commitments made in the Sub-Fund.

The Sub-Fund shall bear all expenses related to its creation, up to an amount equaling one percent (1%) of the aggregate commitments made to the benefit of the Sub-Fund; any charges and expenses beyond such amount will be borne by Crédit Agricole (Suisse) S.A..

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

9. Distributions

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Shares, the redemption price will be equal to the last Net Asset Value per relevant Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from Target Fund's distributions after the deduction of the appropriate management and advisory fees and Operating Expenses (including legal reserves for contingent liabilities).

The Target Fund may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions as defined in and in the cases provided for in the constitutive/issuing documents of the Target Fund. In such cases the Shareholders may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund.

10. Specific Risk Considerations

An investment in the Target Fund will involve a significant risk for a number of reasons including the following:

1. The value of any investment can go down as well as up;
2. Investments in unquoted companies are intrinsically riskier than in quoted companies as the unquoted companies may be smaller, more vulnerable to changes in markets and technology and dependent on the skills and commitment of a small management team;
3. Investments in unquoted companies can be difficult to realise. At the termination of the Target Fund such investments may be distributed in specie so that investors may then become minority shareholders in a number of unquoted companies;
4. Shares in the Target Fund are not freely transferable and no market for such shares currently exists, nor is one expected to develop;
5. Investors should have the financial ability and willingness to accept the risks and lack of liquidity associated with an investment in a FCPR of the type described herein;
6. Some investments may be in currencies other than in Euro and therefore their value may vary with the relevant exchange rate;
7. Past performance of similar investments is not necessarily a guide to the future performance of the Target Fund's investments;
8. The Target Fund is managed by the Management Company. Investors are not able to make investment or other decisions on behalf of the Target Fund or have any role in the Target Fund's transactions;
9. The success of the Target Fund depends on the ability of the Management Company to identify, select, effect and realise appropriate investments; there is no guarantee that investments will be successful;
10. The Target Fund's success depends in substantial part upon the skill and expertise of the investment professionals employed by the Management Company and there can be no assurance that such individuals will continue to be employed by such entity or to function on behalf of the Target Fund;
11. Leveraged transactions are, by their own nature, subject to a high degree of financial risk;
12. The Target Fund, as a minority investor, might not always be in a position to protect its interests effectively;
13. Changes in legal, tax and regulatory regimes may occur during the life of the Target Fund which may have an adverse effect on it or its investments;
14. In order to comply with certain U.S. Department of Labour regulations (which in broad terms require that the Target Fund has extensive management rights with respect to at least half of its portfolio investments, based on acquisition costs), the Target Fund may be required to dispose of certain investments in an untimely manner and may be precluded from making investments that would otherwise be desirable;
15. No assurances can be given that the target returns of the Target Fund will be achieved;
16. Unquoted investments can take several years to mature. As a result, while long-term performance of the Target Fund may be satisfactory, performance in the early years may be poor;
17. Investors may be required to indemnify the Management Company and related parties for liabilities, costs and expenses arising in connection with services to the Target Fund;

18. The Target Fund has participated in a limited number of investments so that returns might be adversely affected by the poor performance of even a single investment;
19. The fact that the carried interest is based on the performance of the Target Fund, this may or may have created an incentive for the Management Company to make investments that are more speculative than would be the case otherwise;
20. Shares in the Target Fund have not been and will not be registered under the United States Securities Act of 1933, as amended, or any other applicable securities laws;
21. While it has been intended to structure the Target Fund's investments in a manner that is intended to achieve the Target Fund's investment objectives, there can be no guarantee that the structure of any investment will be tax efficient for a particular investor or that any particular tax result will be achieved;
22. If an investor fails to meet a drawdown notice, the Management Company may pursue remedies that will be set out in the by-laws (*Règlement*);
23. The Target Fund's investment focus is limited to companies with innovative brands and concepts that respond to the aspirations of consumers of up-market branded goods (appeal to customer's emotion, quality, capacity to generate trust, prestige, modern and innovative image, etc.). Such focus may involve risks greater than those generally associated with diversified funds, including significant fluctuations in returns.

11. Listing on the Luxembourg Stock Exchange

The General Partner does not intend to apply for the listing of the Shares of the Sub-Fund on the Luxembourg Stock Exchange or any other stock exchange.

12. Availability of the Net Asset Value and of Other Information

The Net Asset Value per Share of each Class will be available at the registered office of the General Partner and/or with the Administrative Agent.

The private placement memorandum of the Target Fund will be made available to the Company. The audited annual report and the unaudited quarterly reports of the Target Fund, including a number of items specified in the private placement memorandum of the Target Fund, will be made available to the Company.

13. Duration and exit strategy of the Sub-Fund

The Sub-Fund is established for a limited duration of five (5) years as from the First Closing, with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Target Fund, at its sole discretion. In fact, the exit strategy of the Sub-Fund is linked to the duration of the Target Fund, which is ten (10) years from its commencement date (November 2005) with two (2) consecutive extensions of one (1) year each, subject to the terms and conditions of its by-laws.

During all the investment process, potential exit routes and target exit horizon will be linked to those of the Target Fund. The maturity of each investment is continually monitored and assessed by comparing actual development against the business plan. The timing and conditions of any

exit in the Target Fund are discussed in a timely manner, in advance of such exit, with the management team of the Target Fund.

Notwithstanding the foregoing, if the Target Fund during the life of the Sub-Fund does not qualify anymore as a private equity fund in accordance with the 2004 Law, then the General Partner shall make the necessary in order for the Sub-Fund to dispose of its investments in the Target Fund.

E. IK VII SUB-FUND

1. Investment Objective and Strategy

The IK VII Sub-Fund (the "**Sub-Fund**") is solely aimed at committing capital up to twenty million Euro (EUR 20'000'000.-), to be invested in "IK VII No. 1 Limited Partnership" (the "**Target Fund**").

1.1. The Target Fund

The Target Fund is a private equity fund which has been established as a limited partnership and registered pursuant to the United Kingdom Limited Partnerships Act 1907, whose general partner is "IK VII GP, L.P." (the "**Target Fund General Partner**").

The Target Fund is characterized as an unregulated collective investment scheme, subject to the restriction on promotion of interests in collective investment schemes contained in Section 238 of the United Kingdom Financial Services and Markets Act 2000 (the "**FSMA**").

The investment arrangements comprising the aggregate amount of the commitments to the Target Fund and any other limited partnership or other investment vehicle which may be established in the United Kingdom or elsewhere as a parallel investment vehicle will be referred hereto as "**IK VII Fund**" or the "**Fund**".

The IK VII Fund is the successor fund to Industri Kapital 1989 Fund, Industri Kapital 1994 Fund, Industri Kapital 1997 Fund, Industri Kapital 2000 Fund, Industri Kapital 2004 Fund and Industri Kapital 2007 Fund (respectively, "**IK 1989 Fund**", "**IK 1994 Fund**", "**IK 1997 Fund**", "**IK 2000 Fund**", "**IK 2004 Fund**" and "**IK 2007 Fund**").

For the purpose of this appendix, "**IK"** or the **"Firm"** refers to IK Investment Partners Limited (and any limited liability partnership which succeeds to substantially all of its business), together with its principal group companies, including IK Investment Partners Norden AB, IK Investment Partners GmbH, IK Investment Partners SAS, IK Investment Partners Sarl and IK Invest BV together with their respective subsidiaries from time to time. In respect of past performance this definition also includes the activities of its predecessors Enskilda Ventures Limited (regarding its Scandinavian business) and Scandinavian Acquisition Capital Limited.

1.2. Investment Objective and Strategy of the Target Fund

The purpose of the Target Fund is to carry on the business of investment in particular but without limitation, to make private equity and equity related investments, predominantly in connection with buyouts, growth buyouts, buy-ins, recapitalisations, or similar investment opportunities in Austria, Belgium, the Czech Republic, Denmark, Finland, France, Germany, Luxembourg, the Netherlands, Norway, Poland, Slovakia, Sweden and Switzerland (together the "**Principal Focus Area**"). As described more fully below (see section 1.6), the investments of the Target Fund will not be focused on one particular activity sector.

Such investments shall include, but shall not be limited to, the purchase, sale and disposal of shares and other securities in non-listed companies located in the Principal Focus Area and in a lesser extent in listed companies (provided such investments in listed companies are acquired to facilitate a public to private transaction or are acquired as a result of a realisation in the form of

an initial public offering) as well as the making of loans (whether secured or unsecured) to such companies, with the principal objective of creating capital growth and realising capital gain.

The Fund's strategy is that of acquiring controlling stakes in middle market companies with solid management, strong cash flow and the potential to significantly improve their profits.

The Fund will focus primarily on European companies with enterprise values of between one hundred million Euro (EUR 100,000,000.-) and five hundred million Euro (EUR 500,000,000.-), investing in approximately sixteen (16) to twenty (20) companies.

The Fund targets commitments of one billion seven hundred million Euro (EUR 1,700,000,000.-), with a hard cap of one billion nine hundred and seventy five million Euro (EUR 1,975,000,000.-) (excluding the commitments of the IK investors).

The Fund will not invest in:

- other pooled investment funds or collective investment schemes;, provided that the Fund may (a) acquire investments or part thereof from other pooled investment funds; or (b) structure investments through holdings in pooled investment funds or collective investment schemes where desirable purely for structuring purposes; and

- companies whose principal business activity at the time of making the investment is the acquisition, development, letting and disposal of real estate (excluding, for the avoidance of doubt, any company that has a significant real estate portfolio for the purpose of carrying on its business).

1.3. The Target Fund General Partner and the management of the Target Fund

The Target Fund General Partner is a Jersey limited partnership whose registered office is at Charles Bisson House, 3rd Floor, 30-32 New Street, St. Helier, Jersey, JE2 3RA, Channel Islands which acts through its general partner IK VII Limited or any successor.

The Target Fund General Partner shall have exclusive responsibility for the management and control of the business and affairs of the Target Fund and, subject to such limitations as are contained in the amended and restated deed of limited partnership relating to the Target Fund dated 1st November 2011, shall have the power and authority to do all things necessary to carry out the purposes and objectives of the Target Fund. The Target Fund General Partner shall devote as much of its time and attention as shall reasonably be required for the management of the Target Fund's business and shall carry on and manage the same with the assistance from time to time of such agents, servants or other employees or advisers as it shall deem necessary.

1.4. Successful Track Record

When considering the Firm's track record, IK believes the following significant factors should be noted:

- The consistent execution of IK's active ownership value-added investment strategy has generated strong returns for investors through varying economic and business cycles.

- Since its formation in 1989 through 30 June 2011, IK has invested approximately five point six billion Euro (EUR 5,600,000,000.-) of equity in eighty two (82) investments.

- Out of these eighty two (82) investments, IK exited sixty (60) investments, representing three point three billion Euro (EUR 3,300,000,000.-) of capital invested. These exits generated eight point seven billion Euro (EUR 8,700,000,000.-) of proceeds resulting in a multiple of cost of 2.6x and a gross internal rate of return (IRR) of forty two percent (+42%).

- Of the Firm's sixty (60) realised investments, seventy three percent (73%) have been exited at a multiple of cost of 2.0x the invested capital or more.

- Since 30 June 2011, IK has completed the exit of, or entered into definitive agreements to exit, three (3) further portfolio companies and made three (3) new investments totalling two hundred million Euro (EUR 200,000,000.-) of equity.

- IK believes that the Firm's most recent fund, the IK 2007 Fund, is also well-positioned to deliver strong returns for its investors.

- IK believes it has a low loss ratio, with only three of its eighty two (82) investments written off since inception.

1.5. Distinctive Market Focus

The IK VII Fund will continue to execute the Firm's successful strategy of making control buyouts of middle market companies in Northern Continental Europe, primarily in the Benelux, Denmark, Norway, France, Germany, Central and Eastern Europe (CEE), Sweden and Finland (the "Core Markets"). IK believes that the opportunity to acquire middle market companies within the Core Markets is highly compelling as discussed below.

The private equity industry in the Nordics is one of the most sophisticated and long-standing in Europe with private ownership being generally well regarded as a successful and sustainable form of ownership. The region is considered to benefit from a strong industrial sector with high export levels and a burgeoning middle market segment. IK intends to leverage the deep experience of its Nordic investment teams to capitalise on the investment opportunity this region presents.

Despite being the largest economy in Europe, Germany has a relatively underdeveloped private equity industry. Just zero point sixteen percent (0.16%) of the country's total economic output was invested in private equity buyout and growth investments in 2010 according to the EVCA, about one fifth of the equivalent measure in the UK. IK believes this means there is significant untapped potential in Germany and will continue to make selective investments in the country and the wider German-speaking region.

IK also sees great potential in the French and Benelux markets with the Netherlands and France in particular having very significant private equity industries. Both regions combined accounted for nearly a quarter of all European private equity investments in 2010, while each of IK's three investments in 2011 (up to 30 September) was made in these countries.

Since 2008, IK has been investing in the CEE. This is the least developed of IK's Core Markets with private equity investment equivalent to just zero point eleven percent (0.11%) of the region's GDP (compared to zero point seventy seven percent (0.77%) in Sweden).

However, IK believes there are strong prospects in the region, particularly in Poland which accounts for over half of all private equity investments in CEE and where IK has already made two acquisitions.

A significant proportion of private equity investment in Europe is represented by IK's Core Markets. Over fifty percent (50%) of private equity investments in Europe during 2010 were made in countries under IK's geographic remit.

IK has historically focused solely on investments in Continental Europe and will continue to execute this strategy in the IK VII Fund. Continental Europe has accounted for a significantly higher proportion of European buyout activity in recent years relative to the UK. In 2010, Continental Europe represented approximately sixty six percent (66%) of European buyouts by value, versus just over fifty percent (50%) 10 years earlier in 2000. IK believes that its Northern Continental European roots and consistent geographic focus have positioned the Firm well to capitalise on this trend.

IK's Core Markets have been some of the best performing in Europe since the global financial crisis began in 2007. They have been particularly resilient during the downturn, especially in comparison to other major European economies and peripheral Eurozone states, some of whom have been forced to accept bailouts and implement punitive austerity cuts. This is a trend that is set to continue, with IK's Core Markets expected to grow at an average rate of two point seven (2.7%) over the three year period from 2010-2012. IK believes that the best European investment opportunities in the short to medium term will lie within these economies.

The IK team has successfully invested through several recessionary periods during the Firm's 22-year history. The team is experienced in investing through various business cycles.

The Nordic economies are currently reaping the rewards of having solid public finances, whilst Germany's export-based economy has shown the strength and stability that has been lacking in many other major Western countries. With a number of young, entrepreneurial economies, unburdened by the sovereign debts of many EU states, CEE is an exciting and highly attractive growth market. It benefits from a central location and proximity to export markets, strong internal demand and a productive labour force.

Whilst economic instability may be continuing and GDP growth rates may be revised downwards, IK continues to believe that the regions in which it invests will continue to outperform in terms of growth from those which it does not target.

Within its Core Markets, IK maintains a disciplined focus of investing in companies with an initial enterprise value of between one hundred million Euro (EUR 100,000,000.-) and five hundred million Euro (EUR 500,000,000.-). The Firm believes that this segment of the buyout market is highly attractive as a result of the following factors:

- Opportunity to Add Value: middle market companies often exhibit significant profit improvement potential, including through operational and strategy enhancements and geographic expansion. In particular, IK often invests in companies that are already leaders in their local markets but which have the potential to develop into regional or pan-European market leaders.

- Large population of target companies: over sixty percent (60%) of all Western European companies in the middle market (defined as companies with revenues between one hundred million Euro (EUR 100,000,000.-) and five hundred million Euro (EUR 500,000,000.-)) operate in IK's Core Markets. Furthermore, there are a substantial

number of similarly sized orphaned divisions or subsidiaries of much larger entities that often represent attractive investment opportunities in IK's Core Markets.

1.6. Focused Strategy

IK believes that it is a highly attractive partner for management teams of companies which are strong performers in their local markets and are seeking to become pan-European or global market leaders within their respective niche industries. IK believes that its pan-regional network is a key advantage over single country funds which do not have IK's reach, and over pan-European funds which lack its deep local knowledge and expertise.

IK uses its extensive local relationships and established reputation to proactively identify potential investment opportunities and to make an early approach to the management and / or the seller of a target. The Firm's aim is to develop a relationship and a competitive angle prior to a sale process commencing. This strategy often permits IK to either pre-empt a formal sale or to become the preferred partner in a competitive process. Over the past twelve (12) months, IK has reviewed in excess of three hundred (300) potential investment opportunities.

IK is not an industry focused firm and has successfully made investments across a broad range of sectors. However, over IK's 22-year history, the Firm's professionals have gained substantial expertise in a number of attractive industries focused on business services, care, industrial goods and consumer goods.

IK believes this approach creates important advantages for investors:

- The accumulated experience and knowledge of IK professionals provides a competitive advantage - it enables IK to quickly identify, assess and exploit attractive opportunities.

- A diversified portfolio of investments helps to protect investors from volatility within individual industries and is more likely to create sustainable returns.

IK seeks to differentiate itself from competitors by structuring acquisitions as partner investments in which the seller may retain a minority stake in the company post-investment. The Firm's partner investments enable the seller to participate in IK's post-investment value creation while allowing the portfolio company to continue to benefit from the seller's experience and expertise. IK's partner investments have included participation by leading industrial corporations and influential families capable of adding value post-investment.

IK professionals have the experience, appetite and resources to manage complex sale processes that may deter other investors and then to unlock and drive the value hidden in a company.

1.7. Exit strategy of the IK VII Fund

IK seeks to maximise returns for its investors through carefully timed exits with planning for the exit commencing before the investment is made.

An important element in an investment decision is an understanding of who the likely purchasers of a portfolio company will be and the returns to investors (in particular to confirm that the exit is not hinged on a potential secondary / private equity exit route). A material part of the investment committee memorandum therefore addresses such matters to ensure that they are properly considered and a clear exit process is defined.

Once an investment is completed regular reviews take place to ensure that exit plans are kept up-to-date. The first exit check review is undertaken after three years (and repeated annually thereafter) and contains a "Hold / Sell" analysis, considers exit paths and evaluates the incremental return to the Fund and the portfolio company management of holding the investment further. The review is presented to the partners of the Firm.

2. Borrowing Policy/Leverage

The Sub-Fund may leverage its assets by way of borrowing up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund. Borrowings may be utilized for investment purpose as well as to bridge financing and expense disbursements when liquid funds are not readily available. Investments of the Sub-Fund are expected to include Portfolio Investment Schemes whose capital structures may include additional significant leverage.

3. Share Classes

3.1. Carried Interest Shares

No Carried Interest Shares shall be issued within the Sub-Fund, upon the launching thereof.

3.2. Investors Shares

At present, there is only one Class of Investors Shares available for subscription in the Sub-Fund, namely A Shares, denominated in EUR (€).

4. NAV Calculation

The Valuation Day of the Sub-Fund shall be the last business day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion.

In order to ensure consistency within the valuation of the Sub-Fund, if the Financial Year of the Sub-Fund is different than the financial year of the Target Fund, and if a material change has occurred in the net asset value of the Target Fund between the end of the Financial Year of the Sub-Fund and the end of the financial year of the Target Fund, the Net Asset Value will be adjusted to reflect the change as determined in good faith by and under the direction of the General Partner by using the Target Fund's last audited net asset value adjusted by the cash flows (*e.g.* drawdowns and distributions) that may have occurred in the meantime.

5. Capital Funding

The Sub-Fund is aimed at raising up to twenty million Euro (EUR 20,000,000.-).

5.1. Commitments during the Initial Offering Period

Investors are permitted to commit to subscribe for A Shares in the Sub-Fund from 1 June 2012 until the earliest of either (i) 30 June 2012 or (ii) on or about the last closing of the Target Fund

as determined in the private placement memorandum thereof.

Investors, the commitments of which are accepted on the First Closing (the "**Initial Investors**"), shall be required to pay up to five percent (5%) of their respective committed amounts no later than ten (10) Business Days following the notification of the First Closing to Initial Investors, following which A Shares are to be issued **fully paid-up**, at a subscription price of one hundred Euro (EUR 100.-) each.

5.2. Commitments after the Initial Offering Period

After the First Closing, commitments for A Shares will be accepted from Initial Investors and other investors at such Closings ("**Subsequent Closings**") as determined by the General Partner during a period terminating on the Last Closing. The Last Closing shall be on 31 December 2012, unless extended by the General Partner. Dates of Subsequent Closings will be communicated to the Investors by a ten (10) Business Days' prior notice.

The General Partner may decide, at its discretion, to postpone the date of any Closing (including the First Closing and the Last Closing); in such case, the Investors will be informed of the amended date of the Closing and the date on which the corresponding part of their commitment has to be paid.

Investors the commitments of which are accepted at any Subsequent Closing will be required to pay no later than ten (10) Business Days following the notification of such Subsequent Closing the same percentage of their commitments as has already been drawn down from Initial Investors. A Shares subscribed in relation to Subsequent Closings will be issued **fully paid-up** at a subscription price of one hundred Euro (EUR 100.-) per Share.

Such subscription price will be increased by an amount corresponding to an interest to the benefit of the Sub-Fund (the "**Actualization Interest**"). The Actualization Interest will be calculated in each case by applying an interest rate equal to the EURIBOR three (3) months on the First Closing as published by Bloomberg, plus two percent (2%) per annum, from the date of the First Closing and, as the case may be, of each subsequent draw down to the date of the corresponding Subsequent Closing. The Actualization Interest shall be calculated based on the actual number of days elapsed.

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the subscription price for A Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Shares on the relevant Subsequent Closing; in which case all such A Shares issued on the same Closing shall constitute a separate series. In this case, no Actualization Interest will be due.

5.3. Drawdown Dates

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner during the Commitment Period. Such draw downs may only take place provided their amount is not less than two and half percent (2.5%) of each Investor's commitment. The General Partner will give each Investor a seven (7) days' prior notice for each draw down.

A Shares issued in relation to each drawdown made after the First Closing shall be issued **fully**

paid-up at a subscription price equal, at the General Partner's discretion, either (i) to one hundred Euro (EUR 100) plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Shares on such drawdown date. If Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The subscription price of A Shares issued after the First Closing must be paid on the relevant drawdown date.

5.4. Commitment Period

The Commitment Period will extend from the First Closing until the Last Closing.

6. Minimum Commitment

Commitments may only be accepted from Eligible Investors, in a minimum amount of one hundred and twenty-five thousand Euro (EUR 125,000.-). Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept commitments in lesser amounts.

7. Redemptions and Conversions

A Shareholder may not, of its own initiative, require the Company to redeem its A Shares, or to convert them into any other Class issued in any of the Sub-Funds.

8. Management Fees, Remuneration of the AIFM, Advisory Fees and other costs

8.1. Management Fees

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee, paid quarterly in advance by the Sub-Fund to the General Partner. Such management fee shall equal zero point fifty five percent (0.55%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value plus (ii) the unfunded portion of the aggregate subscribed capital of the Sub-Fund as of the end of the preceding quarter.

The management fee will accrue as of the First Closing and will be calculated by reference to the aggregate subscribed capital of the Sub-Fund until the Last Closing. Accordingly, adjustments to management fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

It should be noted that calculation of the fees on the basis of the aggregate subscribed capital of the Sub-Fund may entail the payment of fees in respect of subscription monies which have not yet been drawn down.

8.2. Remuneration of the AIFM

Any remuneration payable to the AIFM will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

8.3. Investment Advisory Fees

Any fees payable to the Investment Advisor will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

8.4. Other Expenses

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund.

The Sub-Fund shall also bear its general operating expenses (the "**Operating Expenses**"), which shall also include the fees and disbursements of the Depositary, Administrative Agent, paying agent, Registrar and Transfer Agent, domiciliary agent, and all other out-of-pocket administration expenses and any taxes, fees or other governmental charges levied against the Company attributed or attributable to this Sub-Fund. Such Operating Expenses shall not exceed zero point forty five percent (0.45%) per annum based on the aggregate commitments made in the Sub-Fund.

The Sub-Fund shall bear all expenses related to its creation, up to an amount equaling one percent (1%) of the aggregate commitments made to the benefit of the Sub-Fund; any charges and expenses beyond such amount will be borne by Crédit Agricole (Suisse) S.A..

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

9. Distributions

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Shares, the redemption price will be equal to the last Net Asset Value per relevant Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from Target Fund's distributions after the deduction of the appropriate management and advisory fees and Operating Expenses (including legal reserves for contingent liabilities).

The Target Fund may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions as defined in and in the cases provided for in the constitutive/issuing documents of the Target Fund. In such cases the Shareholders may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund.

10. Specific Risk Considerations

In regard to the risks associated with investments in the Sub-Fund, the following risks linked to the Target Fund are noteworthy:

1. The value of any investment can go down as well as up.

2. Investments in unquoted companies are intrinsically riskier than in quoted companies as the unquoted companies may be smaller, more vulnerable to changes in markets and technology and dependent on the skills and commitment of a small management team.

3. Investments in unquoted companies can be difficult to realise. At the termination of the Target Fund such investments may be distributed in specie so that Investors may then become minority shareholders in a number of unquoted Companies.

4. Commitments in the Target Fund are not freely transferable and no liquid market for such commitments currently exists, nor is one expected to develop.

5. Investors should have the financial ability and willingness to accept the risks and lack of liquidity associated with an investment in a fund of the type described herein.

6. Some investments may be in currencies other than in Euro and therefore their value may vary with the relevant exchange rate. Investors should be aware that movements in the value of currencies over the life of the Target Fund will affect the Value of their holdings. In addition, interests in the Target Fund will be denominated in Euros and, therefore, will be subject to any fluctuation in the rate of exchange between Euros and the domestic currency of each investor.

7. Past performance of similar investments or of the previous six IK funds' investments is not necessarily a guide to the future performance of the Target Fund's investments.

8. The Target Fund will be managed by the Target Fund General Partner and accordingly limited partners will not be able to make investment or other decisions on behalf of the Target Fund or have any role in the Target Fund's transactions.

9. The success of the Target Fund depends on the ability of the Target Fund General Partner to identify, select, effect and realize appropriate investments and there is no guarantee that suitable investments will be or can be acquired or that investments will be successful.

10. The Target Fund's success will depend in substantial part upon the skill and expertise of the investment professionals employed by the general partner, the investment adviser and their affiliates and there can be no assurance that such individuals will continue to be employed by such entities or to function on behalf of the Target Fund.

11. Financial information issued by prospective portfolio companies which is available to the Target Fund General Partner prior to the Target Fund making an investment will not be supplied to limited partners at that time or, potentially, subsequently.

12. Leveraged transactions are, by their own nature, subject to a high degree of financial risk, including without limitation, a significant rise in interest rates, and the potential repayment of the loan facility in priority to any distribution to the Target Fund and its investors.

13. The Target Fund might, in certain circumstances such as when it is a minority investor, not always be in a position to protect its interests effectively.

14. Changes in legal, tax and regulatory regimes (the laws or their interpretation) may occur during the life of the Target Fund which may have an adverse effect on it or its investments.

15. The Target Fund is likely to be considered an alternative investment fund, and the general partner an alternative investment fund manager, for the purposes of the European Union's alternative investment fund manager directive (the "AIFMD"). The AIFMD has not yet been implemented in the member states of the European Union and there therefore remain uncertainties as to how implementation will be effected. The AIFMD contains restrictions on certain investment activities and remuneration arrangements as well as requiring compliance with reporting, disclosure, notification, risk management, capital, depositary and authorisation requirements. These are likely to increase the costs and expenses associated with operating the Target Fund and making investments and it is possible that the AIFMD will restrict the Target Fund from being operated in the manner and on the terms envisaged in this memorandum.

16. Interest rates, the availability of financing, the price of securities and participation by other investors in the financial markets may adversely affect the value and number of investments made by the Target Fund.

17. No assurances can be given that the target returns of the Target Fund will be achieved.

18. There may be a significant period of time before the Target Fund has invested all of the commitments.

19. Unquoted investments can take several years to mature. As a result, while long-term performance of the Target Fund may be satisfactory, performance in the early years may be poor.

20. Investors (*i.e.* the Company) may be required to indemnify the Target Fund General Partner, the investment adviser and their respective officers, directors, employees and agents for liabilities, costs and expenses arising in connection with services to the Target Fund.

21. The Target Fund may be competing for investments with other parties. It is possible that competition for appropriate investment opportunities may increase, which may reduce the number of opportunities available and / or adversely affect the terms upon which such investments can be made. There is no guarantee that the Target Fund will be able to achieve full investment during the investment period and, accordingly, the Target Fund may only make a limited number of investments.

22. The Target Fund may participate in a limited number of investments so that returns might be adversely affected by the poor performance of even a single investment.

23. Investments made by the Target Fund may be made through intervening holding companies or other entities in order to minimise applicable taxes or for regulatory or securities reasons. No assurance is given that any particular structure will be suitable for all investors and, in certain circumstances, such structures may lead to additional costs or reporting obligations for some or all of the investors.

24. The fact that the Target Fund General Partner's carried interest is based on the performance of the Target Fund may create an incentive for the Target Fund General Partner to make investments that are more speculative than would be the case otherwise.

25. In order to comply with certain U.S. department of labor regulations (which in broad terms require that the Target Fund has extensive management rights with respect to at least half of its portfolio investments, based on acquisition costs), the Target Fund may be required to dispose of certain investments in an untimely manner and may be precluded from making investments that would otherwise be desirable.

26. Commitments have not been and will not be registered under the U.S. securities act of 1933, as amended, or any other applicable securities laws.

27. The IK executives currently have responsibility for managing the investments made by the other IK funds. These activities will require a commitment of time and resources which might otherwise be devoted to evaluating and monitoring investments on behalf of the Target Fund. In addition, the investment professionals may not remain with IK throughout the life of the Target Fund, and this could have a material effect on the Target Fund, notwithstanding that some investor protections exist in the Target Fund documentation.

11. Listing on the Luxembourg Stock Exchange

The General Partner does not intend to apply for the listing of the Shares of the Sub-Fund on the Luxembourg Stock Exchange or any other stock exchange.

12. Availability of the Net Asset Value and of Other Information

The Net Asset Value per Share of each Class will be available at the registered office of the General Partner and/or with the Administrative Agent.

The private placement memorandum of the Target Fund will be made available to the Company.

The audited annual report and the unaudited quarterly reports of the Target Fund, including a number of items specified in the placement memorandum of the Target Fund, will be made available to the Company.

13. Duration and exit strategy of the Sub-Fund

The Sub-Fund is established for a limited duration of ten (10) years as from the Last Closing, with four (4) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Target Fund, at its sole discretion. In fact, the exit strategy of the Sub-Fund is linked to the duration of the Target Fund, which is ten (10) years as from its first closing date with three (3) consecutive extensions of one (1) year each, subject to the terms and conditions of its amended and restated deed of limited partnership.

During all the investment process, potential exit routes and a target exit horizon will be linked to those of the Target Fund. The maturity of each investment is continually monitored and assessed by comparing actual development against the business plan. The timing and conditions of any exit in the Target Fund are discussed in a timely manner, in advance of such exit, with the management team of the Target Fund.

Notwithstanding the foregoing, if the Target Fund during the life of the Sub-Fund does not qualify anymore as a private equity fund in accordance with the 2004 Law, then the General Partner shall make the necessary in order for the Sub-Fund to dispose of its investments in the Target Fund.

F. ACTIS GLOBAL 4 SUB-FUND

1. Investment Objective and Strategy

The Actis Global 4 Sub-Fund (the "**Sub-Fund**") is solely aimed at committing capital from **five** million US Dollars (USD 5,000,000.-) to **fourty** million US Dollars (USD 40,000,000.-), to be invested in "Actis Global 4 LP" (the "**Target Fund**").

1.1. The Target Fund

The Target Fund is a private equity fund which has been registered as a limited partnership in England under the United Kingdom Limited Partnerships Act 1907, as amended from time to time, whose general partner is "Actis GP LLP" (the "**Target Fund General Partner**").

The Target Fund is characterized as an unregulated collective investment scheme, subject to the restriction on promotion of interests in collective investment schemes contained in Section 238 of the United Kingdom Financial Services and Markets Act 2000 (the "**FSMA**").

For the purpose of this appendix, "**Actis"** means Actis LLP, a limited liability partnership (No. OC305927) with its registered office at 2 More London Riverside, London SE1 2JT, United Kingdom, the manager of the Target Fund (the manager of the Target Fund also the "**Manager**").

Also, for the purpose of this appendix, the "**Actis Group"** means the Target Fund General Partner, Actis and their respective associates, provided that, for the avoidance of doubt, the "Actis Group" does not include any fund, portfolio or entity in respect of which a member of the Actis Group is (directly or indirectly) a manager, adviser, general partner or recipient of carried interest.

1.2. Investment Objective and Strategy of the Target Fund

The Target Fund will seek to invest in companies throughout emerging markets, with a particular focus on companies located in Africa, China, Latin America, South Asia and South East Asia. Executing buy-and-build strategies through the active involvement of Actis's "Value Creation Group", the Target Fund aims to make control and minority equity investments with strong rights in high-growth mid-market companies through the acquisition of equity, equity-related and/ or debt securities, with the principal objective of generating income and capital gains.

The Target Fund anticipates commitments of two point two billion US Dollars (USD 2,200,000,000.-).

Actis is particularly focusing on creating value through operational changes and intends that investment returns will be predominantly driven by growth in revenue and from operational improvements delivering higher margins. This operational focus and approach to post-investment activity is embodied by Actis's investment team and its dedicated "Value Creation Group", an integral part of the deal team concentrated exclusively on supporting the operational performance of Actis's portfolio companies. The Professionals within the "Value Creation Group" are actively involved through the life of an investment, from sourcing and execution to portfolio management and exit.

The Target Fund intends to have a majority of its investments in control or joint control position while the proportion of minority investments typically have strong governance rights with board seats.

Actis will be focused on proprietary sourcing, control investments, cross-border operations and buy-and-build acquisitions in emerging markets.

The Target Fund will pursue a strategy centered on two (2) themes:

- Rising personal wealth and domestic consumption driven by the rapid expansion of the consumer class; and

- Investment in the creation of social infrastructure (*e.g.* healthcare and education) and in companies servicing physical infrastructure assets.

Actis will seek to build a portfolio of investments diversified by geography, sector and transaction type and has developed commercial and management due diligence processes that are tailored to managing emerging market risks. Actis will target investments in high growth companies across the four sectors of Consumer, Industrials, Financial Services and Business Services.

Actis's expectation is that the final portfolio will comprise thirty-five (35) to forty (40) investments, with around fifty percent (50%) likely to be invested in Asia and around fifty percent (50%) in Africa and Latin America.

The Target Fund is centred on a global pan-emerging markets investment strategy. In addition, Actis will also manage regional funds with respective contemplated commitments of four hundred million US Dollars (USD 400,000,000.-) for Actis India 4, four hundred million US Dollars (USD 400,000,000.-) for Actis Africa 4, three hundred million US Dollars (USD 300,000,000.-) for Actis China and two hundred million US Dollars (USD 200,000,000.-) for Actis Latin America 4 (together the "**Regional Pools**").

The Target Fund and the Regional Pools, forming together "**Actis 4**" or the "**Fund**", will benefit from Actis's global resources and processes. Actis 4 investment strategy is driven by a global investment committee and investments will be shared between the Global Pool and relevant Regional Pools on a fixed allocation basis, subject to certain concentration limits applicable to each pool.

1.3. <u>The Target Fund General Partner and the management of the Target Fund</u>

The Target Fund General Partner is a limited liability partnership (No. OC370074) with its registered office at 2 More London Riverside, London SE1 2JT, United Kingdom.

The Target Fund General Partner, on behalf of the Target Fund, shall ensure that the Target Fund is always operated and its investment portfolio is always managed by an authorised person, being either the Target Fund General Partner or a member of the Actis Group and shall appoint Actis as the first manager of the Target Fund pursuant to a management agreement.

Subject to the terms of the deed of limited partnership of the Target Fund dated as of March 21st 2012 as amended from time to time (the "**Deed**"), the Manager has exclusive responsibility for the management and control of the business and affairs of the Target Fund and has full power and authority to do all things necessary to carry out the purposes of the Target Fund, shall devote as much of its time and attention thereto as shall reasonably be required for the management of

the business of the Target Fund, shall procure that all filings and registrations required in relation to the Target Fund pursuant to the Limited Partnerships Act 1907, as amended, are promptly made and shall operate the Target Fund in accordance with the Deed.

Notwithstanding the above, the Target Fund General Partner continues to have the power and authority to represent the Partnership in its dealings with the Manager in accordance with the Deed and shall remain responsible to the other partners of the Target Fund for the performance of the obligations of the Manager under the Deed.

1.4. Successful Track Record

Since 1998 and as of 30 June 2011, Actis has completed one hundred and four (104) private equity transactions across Asia, Africa and Latin America, at an aggregate cost of three billion US Dollars (USD 3,000,000,000.-). Of these, sixty-five (65) full and partial realisations with an aggregate cost of eight hundred seventy-five million US Dollars (USD 875,000,000.-) have generated two billion six hundred million US Dollars (USD 2,600,000,000.-) in proceeds, a gross multiple of 3.2x and a gross internal rate of return (IRR) of thity three percent (33%). Actis has consistently applied an investment framework aimed at protecting capital and maximising returns through changing economic and market conditions.

As at 30 June 2011, Actis had four billion six hundred million US Dollars (USD 4,600,000,000.-) of funds under management from over one hundred and twenty (120) institutional investors.

As part of the 2004 spin-out from CDC Group plc, a statutory corporation established by the UK government for investment in the emerging markets , Actis agreed to manage a legacy portfolio comprised of pre-2004 investments. Four hundred twenty one million US Dollars (USD 421,000,000.-) of legacy private equity investments were collected together in regional groupings. Between 2004 and 2006, Actis raised one billion four hundred million US Dollars (USD 1,400,000,000.-) for six (6) separate regional funds to make private equity investments in South Asia, Africa, China and South East Asia (collectively referred to as "**Actis 2**"). Actis 2 is fully invested and Actis is now seeking further exit opportunities.

In 2007-08, Actis raised two billion nine hundred million US Dollars (USD 2,900,000,000.-) for Actis Emerging Markets 3 (**"Actis 3**"). This fund consisted of a one billion six hundred million US Dollars (USD 1,600,000,000.-) pan-emerging markets global pool along with separate regional pools for private equity investments in India, Africa, China and Latin America. As at August 2011, the Actis 3 global pool was seventy-four percent (74%) committed, including allocations to existing buy-and-build platform companies.

As at 30 June 2011, Actis's aggregate private equity portfolio, including realised and unrealised investments, has generated a gross multiple of 1.7x and a gross IRR of twenty-seven percent (27%).

1.5. Distinctive Market Focus

Actis believes that continuing strong economic growth lies at the core of the emerging markets investment opportunity. Emerging markets are forecast by the Economist Intelligence Unit to grow their GDP at an average of six percent (6%) per annum over the period 2011-15 against two percent (2%) per annum growth in the Organisation for Economic Co-operation and Development (**OECD)** markets.

This economic growth will in turn drive rapid domestic consumption growth and the continuing evolution of the emerging markets consumer is expected to be a key opportunity for the Target Fund. This investment opportunity is not solely from growth in consumption, but also from the increasing demand for higher quality products and services, including education and healthcare.

The second key theme for the Target Fund will be the build-out of physical and social infrastructure. This build-out has been led by governments, who recognize that basic infrastructure is a pre-requisite for economic growth. The scale of the investment required means that governments must mobilize private capital. In Actis's view, an improved regulatory and policy environment has made the infrastructure investment opportunity increasingly attractive for private sector investors. Actis will invest in the creation of social infrastructure (*e.g.* healthcare and education) and in companies servicing physical infrastructure assets.

In combination, the consumer evolution and infrastructure build-out themes will represent the Target Fund's primary investment focus and shape its strategy while continuing the investment focus of its predecessor funds

1.6. Focused Strategy

A sector perspective and global oversight allows Actis to identify and proactively originate deals from different types of vendors: for example, multinational companies holding non-core assets or families whose businesses may have reached the limit of their internal capacity to grow organically.

Actis's global platform underpins its sector-led origination approach, from the cross-border complexities involved in dealing with multinationals; to acquiring platform companies and assembling management teams; to executing buy-and-build strategies as well as to dealing with local entrepreneurs who prize Actis's sector insight and cultural understanding.

Adding value at investee companies is at the core of Actis's investment strategy and resourcing. Furthermore, Actis believes that in-house operating partners are better placed to create value than the use of external consultants.

Actis generates differentiated deal flow as a result of its focused sectoral strategy, a preference for proprietary sourcing and control, an aptitude for complexity and an ability to invest in cross-border businesses. This has resulted in the creation of an unusually diverse portfolio of investments for Actis 3.

Deal teams combine executives with local knowledge, global sector expertise, relevant operational experience and dedicated environmental, social and governance expertise. Each Actis deal team will call on a network of advisers and industry experts to support due diligence and portfolio management.

1.7. Investment Process and Exit Strategy of the Target Fund

Actis has a common investment and exit process across all the countries and sectors in which it operates. The process is overseen by Actis's chief investment officer. The investment committee is central to the process.

For new investments and exits, the process has three (3) formal stages: screening, preliminary investment committee approval and final investment committee approval.

The aim of screening is to determine, based on the investment or exit thesis and the Actis's available resources, whether further time and effort should be put into pursuing the opportunity.

Then, as early as possible after an opportunity is screened, the deal team will seek preliminary investment committee approval to commence extensive due diligence on the investment (for a new investment) or exit negotiations (for an exit) and to allocate a task budget. The investment committee's decision will be based on its assessment of the quality of the opportunity, informed by the deal team's preliminary return estimates for the investment / exit, the key risks identified and, in some cases, a proposed investment / exit structure. All decisions of the investment committee require unanimity amongst voting members present. For potential exits, due diligence will be carried out on the prospective buyer, the price they are offering and their capacity top pay.

Finally, if the deal team completes satisfactory due diligence on a potenctial investment or exit, the deal team will seek a final approval from the investment committee to proceed with the investment / exit. The deal team will present to the investment committee a paper describing the opportunity and the investment and exit thesis, including the due diligence performed, the expected return, the risks indentified and how these risks will be mitigated and the investment committee will deliberate based on those elements.

2. Borrowing Policy/Leverage

The Sub-Fund may leverage its assets by way of borrowing up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund. Borrowings may be utilized for investment purpose as well as to bridge financing and expense disbursements when liquid funds are not readily available. Investments of the Sub-Fund are expected to include Portfolio Investment Schemes whose capital structures may include additional significant leverage.

3. Share Classes

3.1. Carried Interest Shares

No Carried Interest Shares shall be issued within the Sub-Fund, upon the launching thereof.

3.2. Investors Shares

At present, there is only one Class of Investors Shares available for subscription in the Sub-Fund, namely A Shares, denominated in US Dollars (USD).

4. NAV Calculation

The Valuation Day of the Sub-Fund shall be the last business day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion.

5. Capital Funding

The Sub-Fund is aimed at raising up to fourty million US Dollars (USD 40,000,000.-)

5.1. Commitments during the Initial Offering Period

Investors are permitted to commit to subscribe for A Shares in the Sub-Fund from 21 September 2012 until the earliest of either (i) 31 December 2012 or (ii) on or about the last closing of the Target Fund as determined in the private placement memorandum thereof.

Investors, the commitments of which are accepted on the First Closing (the "**Initial Investors**"), shall be required to pay up to five percent (5%) of their respective committed amounts no later than ten (10) Business Days following the notification of the First Closing to Initial Investors, following which A Shares are to be issued **fully paid-up**, at a subscription price of one hundred Dollars (USD 100) each.

5.2. Commitments after the Initial Offering Period

After the First Closing, commitments for A Shares will be accepted from Initial Investors and other investors at such Closings ("**Subsequent Closings**") as determined by the General Partner during a period terminating on the Last Closing. The Last Closing shall be on 30 June 2013, unless extended by the General Partner. Dates of Subsequent Closings will be communicated to the Investors by a ten (10) Business Days' prior notice.

The General Partner may decide, at its discretion, to postpone the date of any Closing (including the First Closing and the Last Closing); in such case, the Investors will be informed of the amended date of the Closing and the date on which the corresponding part of their commitment has to be paid.

Investors the commitments of which are accepted at any Subsequent Closing will be required to pay no later than ten (10) Business Days following the notification of such Subsequent Closing the same percentage of their commitments as has already been drawn down from Initial Investors. A Shares subscribed in relation to Subsequent Closings will be issued **fully paid-up** at a subscription price of one hundred Dollars (USD 100.-) per Share.

Such subscription price will be increased by an amount corresponding to an interest to the benefit of the Sub-Fund (the "**Actualization Interest**"). The Actualization Interest will be calculated in each case by applying an interest rate equal to five percent (5%) per annum, from the date of the First Closing and, as the case may be, of each subsequent draw down to the date of the corresponding Subsequent Closing. The Actualization Interest shall be calculated based on the actual number of days elapsed.

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the subscription price for A Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Shares on the relevant Subsequent Closing; in which case all such A Shares issued on the same Closing shall constitute a separate series. In this case, no Actualization Interest will be due.

5.3. Drawdown Dates

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner during the Commitment Period. Such draw downs may only take place provided their amount is not less

than two and a half percent (2.5%) of each Investor's commitment. The General Partner will give each Investor a seven (7) days' prior notice for each draw down.

A Shares issued in relation to each drawdown made after the First Closing shall be issued **fully paid-up** at a subscription price equal, at the General Partner's discretion, either (i) to one hundred US Dollars (USD 100) plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Shares on such drawdown date. If Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The subscription price of A Shares issued after the First Closing must be paid on the relevant drawdown date.

5.4. Commitment Period

The Commitment Period will extend from the First Closing until the Last Closing.

6. Minimum Commitment

Commitments may only be accepted from Eligible Investors, in a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-). Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept commitments in lesser amounts.

7. Redemptions and Conversions

A Shareholder may not, of its own initiative, require the Company to redeem its A Shares, or to convert them into any other Class issued in any of the Sub-Funds.

8. Management Fees, Remuneration of the AIFM, Advisory Fees and other costs

8.1. Management Fees

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee, paid quarterly in advance by the Sub-Fund to the General Partner. Such management fee shall equal zero point fifty five percent (0.55%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value plus (ii) the unfunded portion of the aggregate subscribed capital of the Sub-Fund as of the end of the preceding quarter.

The management fee will accrue as of the First Closing and will be calculated by reference to the aggregate subscribed capital of the Sub-Fund until the Last Closing. Accordingly, adjustments to management fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

It should be noted that calculation of the fees on the basis of the aggregate subscribed capital of the Sub-Fund may entail the payment of fees in respect of subscription monies which have not yet been drawn down.

8.2. Remuneration of the AIFM

Any remuneration payable to the AIFM will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

8.3. Investment Advisory Fees

Any fees payable to the Investment Advisor will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

8.4. Other Expenses

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund.

The Sub-Fund shall also bear its general operating expenses (the "**Operating Expenses**"), which shall also include the fees and disbursements of the Depositary, Administrative Agent, paying agent, Registrar and Transfer Agent, domiciliary agent, and all other out-of-pocket administration expenses and any taxes, fees or other governmental charges levied against the Company attributed or attributable to this Sub-Fund. Such Operating Expenses shall not exceed zero point forty five percent (0.45%) per annum based on the aggregate commitments made in the Sub-Fund.

The Sub-Fund shall bear all expenses related to its creation, up to an amount equaling one percent (1%) of the aggregate commitments made to the benefit of the Sub-Fund; any charges and expenses beyond such amount will be borne by Crédit Agricole (Suisse) S.A..

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

9. Distributions

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Shares, the redemption price will be equal to the last Net Asset Value per relevant Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from Target Fund's distributions after the deduction of the appropriate management and advisory fees and Operating Expenses (including legal reserves for contingent liabilities).

The Target Fund may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions as defined in and in the cases provided for in the constitutive/issuing documents of the Target Fund. In such cases the Shareholders may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund.

10. Specific Risk Considerations

In regard to the risks associated with investments in the Sub-Fund, the following risks linked to the Target Fund are noteworthy:

- **Suitability of investment**

An investment in the Target Fund will not be suitable for all investors. An investment is suitable only for sophisticated investors who are aware of the risks of investing in private equity funds and the emerging markets and an investor must have the financial ability to understand and willingness to accept the extent of their exposure to the risks and lack of liquidity inherent in an investment in the Target Fund.

- **Political and economic considerations**

Investment in emerging markets entails risks of a nature and degree not typically encountered in private equity investments in developed markets. There is a risk in emerging markets of nationalisation, expropriation, confiscation or of punitive taxation, political changes, government regulation, regional conflicts, social instability, corruption, diplomatic developments or imposition of economic sanctions which could adversely affect the value of investments made in emerging markets. Prior acts of terrorism and the threat of additional terrorist strikes, and the fear of a prolonged global conflict have exacerbated volatility in the financial markets and can cause consumer, corporate, and financial confidence to weaken, increasing the risk of a "self-reinforcing" economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities and increases the difficulty of modelling market conditions, reducing the accuracy of the financial projections. Furthermore, such uncertainty may have an adverse effect upon the investments made by the Target Fund. Since December 2010, political instability has increased markedly in a number of countries in the Middle East and Africa, including, among others, Bahrain, Côte d'Ivoire, Egypt, Jordan, Libya, Syria, Tunisia and Yemen. Unrest in those countries may also have implications for the wider global economy and could adversely affect the value of investments made in those markets.

- **Market Stability**

General economic conditions, including interest rates, the availability of financing, the price of securities and participation of other investors in the financial markets may adversely affect the value and number of investments made by the Target Fund. No assurance can be given that the stability of the financial markets in which the Target Fund may invest will not be subject to significant deterioration which would adversely affect the ability of the Manager to find and / or secure finance for suitable new investment opportunities for the Target Fund, and may also have an adverse effect on the value of the investments and on returns to investors.

- **Risk of counterparty default**

There is a risk that counterparties may default on their contractual obligations to the Target Fund or its investments. Any such counterparty default would likely have an adverse effect on the value of the investments and on the returns to investors.

- **Repatriation restrictions**

The Target Fund may be subject to foreign exchange controls in certain jurisdictions which may adversely affect its ability to repatriate the income or proceeds of sale arising from certain of the Fund's investments. Repatriation of income, capital and the proceeds of sale by the Target Fund would currently require governmental consents. Delays in or a refusal to grant any such approval, or a revocation or variation of consents granted prior to investments being made in any particular country, or the imposition of new restrictions, may adversely affect the Fund's investments.

- **Legal considerations**

Emerging markets may not accord equivalent rights (or protection for such rights) to those which investors might expect in countries with more sophisticated laws and regulations. For example, intellectual property rights may not be protected to the same extent as such rights are protected in more developed countries. Furthermore, it may be more difficult for the Target Fund to obtain effective enforcement of its rights by legal or arbitral proceedings in emerging markets than in countries with more mature legal systems.

- **Regulatory Risks**

The value of the Target Fund's assets may be affected by changes in the legal and regulatory climate in emerging markets. Any such changes or developments may have an adverse effect on the Fund or its investments.

- **Tax Considerations**

The Target Fund will seek to structure its investments so as to mitigate or reduce taxes or duties in emerging markets, taking into account the tax laws, administrative practices, applicable double tax treaties and other rules ("tax laws"). Tax laws are complex and quite often not completely clear, and the tax consequences of a particular structure chosen might be questioned or might be subject to challenge by the relevant tax authority in the country concerned. Furthermore, tax laws might change, and therefore tax consequences in connection with a particular investment by the Fund might change after it has been implemented, or be retroactively applied due to such changes in tax law. Any US investor in any partnership constituting the Fund that is treated as a partnership for US federal income tax purposes (each a "**Fund Partnership**") will be required to include in its income its allocable share of such Fund Partnership's items of income, gain, loss, deduction and credit (including such Fund Partnership's allocable share of those items of any other entity in which it invests that is treated as a partnership or is otherwise subject to tax on a flow through basis) for each of the Fund Partnership's taxable years ending with or within its taxable year. Because of the nature of the Fund's investment activities, in any taxable year a US investor may not receive cash distributions sufficient to fund the tax liability resulting from its investment in any Fund Partnership in which it has invested. Therefore, each US investor should ensure that it has sufficient funds from other sources to pay all tax liabilities resulting from its investment in any Fund Partnership.

- **ERISA Considerations**

The Manager will use all reasonable efforts to avoid having the assets of any of the partnerships being considered to constitute "plan assets" of any plan subject to Title I of the US Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") or Section 4975 of the US Internal Revenue Code of 1986, and may, in this regard, elect to operate one or more of the partnerships as a "venture capital operating company" ("**VCOC**") within the meaning of the regulations promulgated under ERISA. Operating as a VCOC would require a partnership to obtain rights to participate substantially in, and to influence substantially the conduct of, the management of a number of the portfolio companies. The designation of directors and other measures contemplated could expose the Target Fund to claims by a portfolio company, its security holders and its creditors. While the Manager intends to manage the Target Fund to minimise exposure to these risks, the possibility of successful claims cannot be precluded. In addition, if a partnership is operated as a VCOC, the partnership may be restricted or precluded from making certain investments and it may be necessary for the partnership to liquidate investments at a disadvantageous time in order to avoid holding ERISA "plan assets", resulting in lower proceeds to the partnership than might have been the case if the partnership was not required to operate as a VCOC. Moreover, if a partnership is required to operate as a VCOC and the VCOC requirements are not satisfied, the partnership's assets could be treated as "plan assets" under ERISA, which could have significant adverse consequences to the Target Fund and the Investors.

Persons acting as fiduciaries on behalf of qualified profit-sharing, pension or other retirement trusts subject to ERISA should satisfy themselves that an investment in the Target Fund is consistent with Section 404 of ERISA and that the investment is prudent, taking into consideration cash flow and other objectives of the investor. See the Tax and ERISA Memorandum for more information.

- **Currency fluctuations**

In accordance with its investment objectives, the Target Fund will make investments in the securities of issuers in countries both in emerging markets and elsewhere and the Fund will, therefore, be subject to the risk of changes in the value of the currencies in which its assets are denominated against the USD. In addition, the Target Fund may incur costs in connection with the conversions between various currencies. Prospective investors should be aware therefore that movements in the value of currencies over the life of the Target Fund will affect the value of their holdings. In general, the currency markets are extremely volatile. Significant changes in the rate of exchange between the USD and other currencies may significantly reduce the USD equivalent value of an investor's interest in the Target Fund and there can be no assurance that a significant devaluation of the USD will not occur during the term of the Target Fund which would have an adverse impact on the Target Fund's returns.

- **Inflation**

Some emerging markets have experienced substantial rates of inflation in recent years. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economics and securities markets of certain emerging markets economies. There can be no assurance that inflation will not become a serious problem in the future and thus have an adverse impact on the Target Fund's returns.

- **Regulatory and accounting practices**

Accounting, auditing, disclosure and regulatory standards applicable to emerging markets differ in some respects and are less stringent or less stringently enforced than in more developed equity markets and there may be less information available to investors about portfolio companies.

- **Investments in private companies**

The Target Fund will invest predominantly in unlisted companies. Prior to making any investment, a thorough due diligence of compliance with statutory and corporate requirements by the portfolio company will be performed. However, the Target Fund cannot certify that the portfolio company is, and will continue to be, fully compliant with all necessary regulations. This risk is more significant in the case of unlisted companies. Additionally, unlisted companies are not regulated by the same disclosure and investment protection norms that apply to listed companies.

- **Information flow**

Privately held companies generally maintain less comprehensive financial information than listed companies. Therefore, the Target Fund may make investment decisions, and monitor such investments, after reviewing information which is less comprehensive than that available to an investor in a listed public company.

- **Co-investment**

In certain instances, the Target Fund may invest in portfolio companies alongside financial, strategic or other third-party co-investors (including one or more investors in the Target Fund). Investments alongside co-investors will involve additional risks which may not be present in investments where a co-investor is not involved, including the possibility that a co-investor or co-investors may have interests or objectives that are inconsistent with those of the Target Fund or may be in a position to take actions contrary to the Target Fund's investment objectives or may become bankrupt or otherwise default on their obligations.

- **Need for follow-on investments**

Following its initial investment in a given portfolio company, the Target Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a portfolio company. There is no assurance that the Target Fund will make follow-on investments or that the Target Fund will have sufficient funds to make all or any of such investments. Any decision by the Target Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment, may result in a lost opportunity for the Target Fund to increase its participation in a successful operation, may result in the Target Fund's investment in the relevant portfolio company becoming diluted and in circumstances where the follow-on investment is offered at a discount to market value, may result in a loss of value for the Target Fund.

- **Leveraged investments**

The Target Fund may make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in a given portfolio company. Leverage generally magnifies both the Target Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which state is difficult to accurately forecast. Leverage also often imposes

restrictive financial and operating covenants on the borrower, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs.

- **Disclosure of confidential information**

The Manager and / or certain investors in the Target Fund may be required by law or otherwise to disclose certain confidential information relating to a portfolio company of the Target Fund. Such disclosure may affect the ability of the Target Fund to realise its investment in such portfolio company, may affect the price that the Target Fund is able to obtain upon any subsequent realisation or may otherwise adversely affect the Target Fund.

- **Valuation and reaslisations**

Investments by the Target Fund in unquoted companies may be difficult to realise, and in the absence of an available market, it may not be possible to establish their current value at any particular time, or indeed to realise what the Target Fund believes to be their full value on a disposal. Stock markets in the emerging markets may be volatile which may affect the liquidity of the Fund's investments which are or become listed on stock exchanges in such markets. The value of any investment can go down as well as up.

- **Difficulty in locating suitable investments**

The Target Fund may be unable to find a sufficient number of attractive opportunities to meet its investment objectives. Investments by the Target Fund are subject to normal market risks, and there is no guarantee that the Target Fund will be able to fully invest all of its capital during the Target Fund's investment period and, accordingly, the Target Fund may only make a limited number of investments. Since these investments may involve a high degree of risk, poor performance by a few of them could significantly affect the return to the Investors. Furthermore, given that the Target Fund General Partner's share payable during the commitment period will be calculated by reference to total commitments and not by reference to invested capital, the payment of the Target Fund General Partner's share will have a greater impact on the return to the Investors in circumstances where a limited amount of commitments are drawn down for investment purposes than would otherwise be the case if a greater amount of commitments are drawn down for investment purposes.

- **Possible business failures**

The Target Fund intends to diversify its investments. Nevertheless, the insolvency or other business failures of any one or more of the Target Fund's investments may have an adverse effect on the Target Fund's performance and ability to achieve its objectives. The risk to investors of potential business failures is increased in cases where financial disclosure, or its enforcement is less stringent than in more developed countries.

- **Nature of investment**

Interests in the Target Fund are neither redeemable nor freely transferable. Such interests are not and will not be listed on any investment exchange, there is no public market in them and no such market is expected to develop. Investments in the Target Fund will not be fully realised until termination of the Target Fund, which may be more than ten years from the final closing. The offer and sale of interests in the Target Fund have not been and will not be registered under the United States Securities Act of 1933, as amended, or any other applicable securities laws. Consequently, an interest in the Target Fund will be difficult to sell or realise.

As such, an investment in the Target Fund is speculative and requires a long-term commitment, with no certainty of return. Returns generated by the Target Fund's investments may be insufficient to compensate investors adequately for the business and financial risks that must be assumed. Many of the investments will be highly illiquid, and there can be no assurance that the Target Fund will be able to realise such investments in a timely manner. Consequently, the timing of cash distributions to the Investors is uncertain and unpredictable. Investments may be difficult to value and realisations of such investments may require a lengthy time period. The performance of the portfolio companies in which the Target Fund invests, and therefore the value of the investments, will be subject to many factors over which the Target Fund may have limited or no control. The value of investments may fall as well as rise, and an Investor may not get back the amount invested.

- **Compulsory withdrawal**

The Manager may, but is not obliged to, require an investor to withdraw from the Target Fund where, among other things, the continued participation by such investor in the Target Fund would violate any applicable laws or statutory regulations.

- **Involvement in portfolio companies as directors**

Investing in new or expanding companies normally involves a greater involvement on the part of the Target Fund than is the case with investments in public companies. It is typical for a private equity investor to have one or more seats on the board of directors of the portfolio company, in order to enhance its ability to efficiently manage its investment. Although a representative of the Target Fund may serve on a portfolio company's board of directors, each portfolio company will be managed by its own officers (who generally will not be affiliated with the Target Fund). Portfolio companies may have substantial variations in operating results from period-to-period, face intense competition, and experience failures or substantial declines in value at any stage. Membership on the board of directors of a portfolio company can result in personal actions in litigation both in such situations and in other circumstances. Typically, portfolio companies will have insurance to protect directors and officers (including those affiliated with the Target Fund), but this may be inadequate. As the Target Fund documents will contain a comprehensive indemnity for the benefit of, amongst others, such directors and / or officers, any legal action resulting in damages being payable by such directors and / or officers may result in the Target Fund being liable for such indemnity payments if the insurance coverage of the underlying portfolio company is inadequate.

- **Controlling or minority stakes**

The Target Fund may assume control positions in its portfolio companies. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liabilities in respect of which the limited liability generally characteristic of business operations may be ignored. The Target Fund may also hold minority positions in certain portfolio companies or acquire securities that are subordinated vis-à-vis other securities as to economic or management rights or other attributes.

The Target Fund may therefore have limited ability to protect its position, or liability arising from, such companies and might not always be in a position to protect its interests effectively, particularly if management teams pursue objectives which are inconsistent with those of the Target Fund.

- **Past performance**

Past investment performance is not necessarily indicative of future performance and there can be no assurance that the Target Fund will achieve comparable results or that the Target Fund will be able to implement its investment strategy, achieve its investment objectives or otherwise achieve the same or similar performance to any other fund managed by the Manager.

- **No right to control the Target Fund's operations**

Investors will have no right to control the day-to-day operations, including investment and realisation decisions, of the Fund.

- **Conflicting investor interests**

Investors may have conflicting investment, tax and other interests with respect to their investments in the Target Fund, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with recommendations made by the Manager or decisions made by the Manager regarding an investment that may be more beneficial to one investor than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, the Manager will consider the investment and tax objectives of the Target Fund and the investors as a whole, not the investment, tax, or other objectives of any of the Investors individually.

- **Dilution**

Investors admitted to the Target Fund at closings subsequent to the initial closing who participate in any then-existing investments of the Target Fund, will dilute the interest in such investments of existing investors. Although any such new investors will be required to contribute their pro-rata share of previously made capital contributions and a payment intended to reflect the Target Fund's carrying costs for such investments, there can be no assurance that this contribution will reflect the fair value of the Target Fund's existing investments at the time of such contributions.

- **Length of investments**

The Target Fund may make investments that may not be advantageously disposed of prior to the date that the Target Fund is dissolved, either by expiration of the Target Fund's term or otherwise.

Although the Manager expects that the investments will be disposed of prior to dissolution or be suitable for distribution in-specie at dissolution, the Manager has a limited ability to extend the term of the Target Fund, and the Target Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

- **Liquidity**

The Target Fund will be acquiring investments of a long-term and illiquid nature in companies whose shares are not quoted or dealt in on a stock exchange, for which there may only be a limited number of prospective buyers. These investments may be difficult to value and to sell or otherwise liquidate and their realisable value may be less than their intrinsic value. The risk accompanying an investment in such companies is greater than the risk of investing in publicly traded securities. There can be no assurance that the Target Fund will be able to realise cash from such investments in a timely manner and, in some cases, the Target Fund may be prohibited by

contract from selling investments for a period of time. Consequently, the timing of cash distributions to the Investors is uncertain and unpredictable.

- **Significant adverse consequences for default**

Investors who fail to comply with drawdown notices may suffer significant financial consequences, including the forfeiture of their interest in the Target Fund. The Target Fund documents provide for significant adverse consequences if an investor defaults on its obligation to contribute amounts to the Target Fund pursuant to its commitment or other payment obligations set forth in the Target Fund documents.

- **Importance of key executives**

The success of the Target Fund will depend in substantial part on the ability of key executives of the Manager to locate, select, develop and realise appropriate investments. There can be no assurance that such key executives will continue to be employed by the Manager, or to function on behalf of the Target Fund nor that suitable replacements will be found should they become incapacitated. As a result, the Target Fund's performance could be adversely affected should one or more key executives cease to participate in the activities of the Target Fund.

- **Reliance on the Manager**

The Target Fund will rely upon the Manager in formulating the investment strategies. The bankruptcy or liquidation of the Manager or any of its affiliates may have an impact on the net asset value of the Target Fund. Investors in the Target Fund must rely on the judgement of the Manager, its agents and, in particular, on the judgement of their respective principals, officers and employees. The investors will not be able to evaluate for themselves the merits of particular investments prior to the Target Fund making them.

- **Forward-looking statements**

Any forward-looking statements (including without limitation, projections of future earnings or value) contained in the private placement memorandum of the Target Fund are subject to known and unknown risks, uncertainties and other factors which may cause actual results to be materially different from those contemplated in such statements.

- **Projections**

Projected operating results of a company in which the Target Fund invests normally will be based primarily on financial projections prepared by such company's management team. In all cases, projections are only estimates of future results that are based upon information received from the portfolio company and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be achieved, and actual results may be significantly different from such projections. Also, general economic factors (which are not predictable and are completely outside the control of the Target Fund and its respective employees and affiliates) can have a material effect on the reliability of such projections.

- **Competition**

The Target Fund will be competing for investments with other parties. It is possible that competition for appropriate investment opportunities may increase, which may reduce the number of opportunities available and / or adversely affect the terms upon which the investments

can be made. In addition, such competition may have an adverse affect on the length of time required to fully invest the Target Fund.

A portion of the Target Fund's assets may be invested in companies in highly competitive markets or product segments dominated by firms with substantially greater financial and possibly better technical resources than the portfolio companies in which the Target Fund invests. Portfolio companies in which the Target Fund invests may operate in product segments that face technological changes and / or may be dominated by other firms or organisations. These and other inherent business risks could affect the performance of the portfolio companies, and affect the value of the Target Fund's investments.

- **Investment slection**

The portfolio companies have not yet been identified. Accordingly, prospective investors will not have an opportunity to review the portfolio companies or the terms of the Target Fund's investments in the portfolio companies prior to investing in the Target Fund.

- **Actis Investment Restriction**

The constitutional documents of the Manager currently contain a restriction on the Manager being involved in making any investment (in its capacity as a fund manager) unless such investment: (i) is in and for the benefit of one or more countries which are from time to time classified by the World Bank or any successor institution as "low income" or "middle income" countries; or (ii) is otherwise part of a strategy to maximise the creation and long-term growth of viable businesses in countries whose gross domestic product per capita, as recorded by the World Bank or any successor institution, is less than USD1,750 (the "**Actis Investment Restriction**"). For as long as the Actis Investment Restriction remains in force, the Fund will only make investments which comply with the Actis Investment Restriction. However, if at any time the Actis Investment Restriction is varied or removed, the Fund may make investments which would have been prohibited by the Actis Investment Restriction, provided that such investments are otherwise permitted by any investment policies or restrictions contained in the Fund documents.

- **Limited diversification**

The Target Fund may participate in only a limited number of investments and may seek to make several investments in a limited number of industries or industry segments. As a result, the Target Fund's investment portfolio could become highly concentrated and the performance of a few investments may substantially affect its aggregate return and the Target Fund's investment portfolio will be subject to a greater level of volatility. Furthermore, to the extent that the capital raised is less than the targeted amount, the Target Fund may invest in fewer portfolio companies and thus be less diversified.

- **Indemnification of the Manager**

The Target Fund will indemnify the Manager and its associates, agents and their respective personnel and members of the investor panel against any claims, damages, losses and liabilities incurred by them by review of their activities on behalf of the Target Fund, subject to certain exclusions. Such indemnification may impair the financial condition of the Target Fund and its ability to acquire assets or otherwise achieve its investment objective or meet its obligations.

11. Listing on the Luxembourg Stock Exchange

The General Partner does not intend to apply for the listing of the Shares of the Sub-Fund on the Luxembourg Stock Exchange or any other stock exchange.

12. Availability of the Net Asset Value and of Other Information

The Net Asset Value per Share of each Class will be available at the registered office of the General Partner and/or with the Administrative Agent.

The private placement memorandum of the Target Fund will be made available to the Company.

The audited annual report and the unaudited quarterly reports of the Target Fund, including a number of items specified in the placement memorandum of the Target Fund, will be made available to the Company.

13. Duration and exit strategy of the Sub-Fund

The Sub-Fund is established for a limited duration of ten (10) years as from the Last Closing, with four (4) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Target Fund, at its sole discretion. In fact, the exit strategy of the Sub-Fund is linked to the duration of the Target Fund, which is ten (10) years as from its final closing date with three (3) consecutive extensions of one (1) year each, subject to the terms and conditions of its deed of limited partnership.

During all the investment process, potential exit routes and a target exit horizon will be linked to those of the Target Fund. The maturity of each investment is continually monitored and assessed by comparing actual development against the business plan. The timing and conditions of any exit in the Target Fund are discussed in a timely manner, in advance of such exit, with the management team of the Target Fund.

Notwithstanding the foregoing, if the Target Fund during the life of the Sub-Fund does not qualify anymore as a private equity fund in accordance with the 2004 Law, then the General Partner shall make the necessary in order for the Sub-Fund to dispose of its investments in the Target Fund.

G. KKR ASIAN FUND II SUB-FUND

1. Investment Objective and Strategy

The KKR Asian Fund II Sub-Fund (the "**Sub-Fund**") is solely aimed at committing capital from five million US Dollars (USD 5,000,000.-) to fourty million US Dollars (USD 40,000,000.-), to be invested in "KKR Asian Fund II L.P." (the "**Target Fund**").

1.1. The Target Fund

The Target Fund is a private equity fund which has been registered as an exempted limited partnership under the laws of the Cayman Islands, whose general partner is "KKR Associates Asia II L.P.", a Cayman Islands exempted limited partnership, and its permitted successors and assigns, in its capacity of general partner of the Target Fund (the "**Target Fund General Partner**").

The Target Fund is not required to register or be regulated as a mutual fund under the Mutual Funds Law (2009 Revision) of the Cayman Islands.

Kohlberg Kravis Roberts & Co L.P., a Delaware limited partnership registered as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended, (the "**Management Company**") provides advisory and management services to the Target Fund.

For the purpose of this appendix, "**KKR**" means the Management Company together with its affiliates.

1.2. Investment Objective and Strategy of the Target Fund

The Target Fund has been established to pursue investment opportunities, in accordance with the objectives and policy described in the paragraph below, in large, industry-leading businesses in Asia (as defined by the regional market and investment environment).

The objectives and policy of the Target Fund are to invest in management buyouts and build-ups, and growth equity investments, primarily in companies based in Asia (meaning the continents of Australia, including Oceania, and Asia, and excluding the Russian Federation and the countries of the Middle East). Investments may be made in equity, debt, and other Securities of such companies as well as in real estate, generally targeting an amount of one hundred million US Dollars (USD 100,000,000.-) or more per investment to obtain a controlling or other significant interest. Consistent with KKR's past practice, the Target Fund will not engage in hostile transactions.

The Target Fund will invest in (a) companies located or otherwise conducting significant business in Asia, as determined by the Target Fund General Partner taking into account such factors as, *inter alia*, the company's country of incorporation, headquarters' location, source of revenues and location of tangible assets and employees and (b) other assets located in Asia.

KKR seeks to provide its private equity investors with long-term capital appreciation through the acquisition, hands-on monitoring, and ultimate sale of leading businesses. KKR's private equity fund transactions take many forms, from typical management buyouts in which KKR's private equity funds acquire strong cash flow businesses, to leveraged build-ups in which they finance

successive acquisitions to drive growth, to structured minority investments in which they acquire meaningful minority stakes in companies along with substantial governance rights.

In general, KKR seeks to acquire businesses that it believes are at an inflection point where KKR's involvement will drive transformational change, whether through a traditional buyout or as a minority investor. In selected emerging markets in Asia, such as China, India and a number of Southeast Asian countries, relatively young, successful entrepreneurs are unlikely to sell control of their companies outright to financial sponsors. Where control deals are not available in the local market, KKR is flexible in making investments as a minority investor. Whatever the transaction structure may be, KKR applies the same analytical tools and experience base to improve the businesses in which it acquires interests.

The investment of the Target Fund in any single portfolio company will not exceed an amount equal to twenty percent (20%) of the aggregate capital commitments of the limited partners of the Target Fund (the "**Target Fund Limited Partners**") and the Target Fund General Partner, as defined below (together with the Target Fund Limited Partners, the "**Target Fund Partners**") as of the date of such investment by the Target Fund.

The Target Fund will not make any portfolio investment that would result in more than fifteen percent (15%) of the aggregate capital commitments of the Target Fund Partners being invested in Opportunistic Investments as of the date of such portfolio investment. "Opportunistic Investments" means any one or more of the following: (a) investments consisting of direct real property interests or in Persons that derive substantially all of their revenue from the development and subsequent sale or exploitation through long-term leasing of real estate (but excluding from this clause (i) operating businesses for which real estate is a material component or asset base, including restaurants, retailers, hospitals, department stores, hotels, resorts, gaming companies, movie theaters, equipment dealerships and similar types of businesses and (ii) strategic multi-investment platforms or joint ventures organized to acquire and operate real estate assets); and (b) investments acquired pursuant to open market purchases of publicly-traded securities. An investment of the type described in this clause will not be (or will cease to be, as applicable) categorized as an Opportunistic Investment if a privately negotiated agreement concerning the investment is reached with the company or if the company becomes an affiliate of the Target Fund.

For the purpose of this sub-section:

Securities means any of one or more of the following: (a) capital stock (both common and preferred); partnership interests (both limited and general); limited liability company interests; notes; bonds; debentures; other obligations, instruments or evidences of indebtedness (whether convertible or otherwise); and other securities, equity interests or financial instruments of whatever kind of any Person, whether readily marketable or not; (b) any rights to acquire any of the Securities described in clause (a) above (including, without limitation, options, warrants, rights or other interests or other Securities convertible into any such Securities); or (c) any Securities received by the Fund upon conversion of, in exchange for, as proceeds from the disposition of, as interest on or as a stock dividend or other distribution from any of the Securities described in clauses (a) or (b) above.

Person(s) means and includes an individual, a partnership, a limited liability company, a joint venture, a corporation, a trust, an unincorporated organization, a government or any department or agency thereof or any entity similar to any of the foregoing.

1.3. The Target Fund General Partner and the management of the Target Fund

The Target Fund General Partner (i.e. KKR Associates Asia II L.P.) will make all investment decisions on behalf of the Target Fund.

Subject to the provisions of the Target Fund's amended and restated limited partnership agreement (the "**LPA**"), the management, control, operation and policy of the Target Fund shall be vested exclusively in the Target Fund General Partner, which shall have the power by itself (or through its duly appointed agents) and shall be authorized and empowered on behalf and in the name of the Target Fund to carry out any and all of the objects and purposes of the Target Fund and to perform all acts (including the payment of Target Fund obligations) and enter into and perform all contracts and other undertakings that it may in its discretion deem necessary or advisable or incidental thereto.

The Management Company will be appointed by the Target Fund to provide it with advisory and management services, including assistance with respect to strategic planning, identifying and executing investments, monitoring the performance of investments, and recommending exit strategies, and such other assistance as the Fund may require. KKR may appoint sub-advisors, including its affiliates, which will be compensated by KKR at no additional cost to the Target Fund.

1.4. Successful Track Record

Since 1976, KKR's private equity funds have invested fifty one point seven billion US Dollars (USD 51,700,000,000.-) in over two hundred (200) transactions (as of September 30, 2011). In Asia, KKR has invested and committed approximately four point six billion US Dollars (USD 4,600,000,000.-) in equity since 2005 in twenty two (22) transactions (as of September 30, 2011). KKR has taken publicly listed companies private, acquired divisional assets through corporate divestiture transactions, partnered with family-owned businesses and strategic buyers, structured meaningful minority investments enabling KKR to drive improvement at companies while limiting downside risk, and acquired and grown businesses through industry consolidation strategies.

During 2005 and 2006, after much thoughtful consideration, KKR established a presence in Asia with four executives and a promise to recruit talented local investment professionals and operating executives. By 2007, with a team of seventeen (17) executives, KKR raised a dedicated pan-Asian fund to pursue large-sized private equity investments. In 2011, KKR completed fundraising on KKR China Growth Fund L.P., a fund formed to pursue smaller-sized growth equity investments in Greater China (meaning mainland China, Honk Kong, Macau and Tawain). KKR's Asian investment team has grown to forty-five (45) executives, who are further complemented by approximately thirty (30) additional professionals representing the KKR capital markets team, the client and partner group and KKR Capstone operational expertise, as well as a group of senior advisors dedicated to Asian operations. The efforts of these groups throughout Asia have been pivotal in establishing KKR's strong presence and success in Asia. KKR believes that KKR's Asian franchise has been successfully established, and that its experienced team, its expertise in building value, and KKR's global reach and best-in-class processes give KKR a competitive edge in the Asian private equity market.

1.5. Distinctive Market Focus

Due to the continued rapid development of the Asian capital markets, emerging Asian companies today are able to fuel continued growth by tapping the active public equity capital markets that

are now established in most Asian economies. However, the capacity and market for debt capital have remained limited across most countries in the region. As such, the providers of capital to fund growth in these markets consist largely of the public markets and private pools of growth capital.

Private equity has been playing an increasingly important role in the development of leading Asian companies. While Asia is rapidly becoming a vibrant private equity market, the amount of private equity investment to date relative to GDP remains small compared to the United States and Europe. This indicates substantial growth potential for private equity in Asia in the future. Given these market dynamics, the continued expected global GDP growth from emerging Asian economies, as well as the significant opportunity for operational value creation as emerging Asian businesses seek to grow, KKR believes that the need for private capital to fund growth in Asia is large, the opportunity to provide operational expertise to leading companies in Asia is great and the timing to invest is ripe.

KKR's approach in Asia is to fully combine its leading global resources with the Asian team's extensive local experience, relationships, and operational expertise to build successful partnerships with leading businesses. KKR typically focus its efforts on opportunities where it can invest a meaningful amount of capital in a business with an existing sustainable competitive advantage, and where it believes the value of the business can be enhanced through its active involvement.

1.6. Focused Strategy

KKR's private equity platform is differentiated by:

- *Strong Global and Asian Performance*
- *Global Reach and Commitment to Asia Driven by an Experienced Local Team*
- *Best-in-Class Investment Expertise and Deep Operational Capabilities*
- *Stakeholder Engagement*

KKR's Asian business is a fully localized constellation of dedicated country teams operating with all the global advantages KKR offers as one of the pioneers of the global private equity industry. This differentiated position gives KKR significant advantages in deal sourcing and operational value creation while allowing KKR to maintain the appropriate level of country and market sensitivities. KKR's senior investment professionals across Asia have significant experience at KKR, and have invested throughout local and regional markets, across economic cycles and a variety of industries, helping to build many leading companies in Asia. Over the past few years, KKR has substantially expanded the value-creating expertise within KKR globally and in Asia by: (i) growing a strong, local team of investment professionals, (ii) establishing an internal capital markets expertise primarily engaged in assisting KKR's private equity investments, (iii) increasing KKR Capstone and KKR's senior advisor resources (as such terms are defined in the placement memorandum of the Target Fund), and (iv) building a public affairs capability to assist KKR's private equity companies. KKR also has developed global capabilities that can assist its Asian private equity investments.

In recent years, KKR has augmented its historic strengths of best-in-class financial and structuring skills, which it believes are prerequisites for success in the private equity business, with an operational approach to building value in its portfolio companies. KKR's strategy is to not only work as partners with the management of its portfolio companies, but also to become deeply involved in the operations of KKR's businesses and to leverage resources like KKR Capstone, KKR's network of senior advisors, KKR's deep team of dedicated capital markets

professionals, and KKR's active stakeholder engagement team in order to help drive operational and capital structure improvement.

KKR believes that the combination of its global resources, a strong local team across six (6) offices in Asia, and investment and operational expertise provides KKR with an advantage in identifying and creating value in exceptional investment opportunities that will support the growth of leading companies in Asia. It allows KKR to form successful partnerships with leading businesses and entrepreneurs across the region and investment spectrum, either through control-oriented buyout transactions, or as minority growth capital. Given the unique range of market dynamics in Asia, KKR adopts a flexible approach to transaction, ownership, and corporate structures, while adhering to its stringent requirements on business fundamentals and management team quality. KKR seeks to capitalize on the region's strong economic growth, as well as to introduce global best practices and operational value creation for high-quality, leading local businesses. KKR believes that its approach to private equity investing differentiates KKR, and its strengths provide its Asian franchise with a strong competitive advantage. Ultimately, KKR finds companies KKR is proud to own and sustainably improve them while generating strong investment returns for KKR's investors.

KKR anticipates that its future investments will benefit from the increased strength of the KKR organization and the depth and quality of its investment professionals. As a result, KKR believes it has built a sustainable model for delivering attractive risk-adjusted investment returns and multiples of capital in Asia.

1.7. Investment Management, Investment Process, Committees and Exit Strategy of the Target Fund

Investment Management and Investment Process

The demands of investing in multi-billion dollar businesses, with the goal of substantially increasing their value, are significant. KKR strives to maintain best-in-class processes and accountability to ensure that it prioritizes its time, make good investment decisions, actively engage in operational value creation, rigorously monitor its investments, and time its exits to maximize returns. Success requires sophisticated internal processes that continuously test its performance and leverage its collective skills, experience, and resources across KKR.

KKR has instituted investment management practices that govern how it operates its business. These cover firm-wide communication, investment methodologies from deal sourcing to exiting, sophisticated deal tracking and accounting procedures, and expanding and leveraging KKR's internal and external resources. These structures and processes are also intended to assist KKR in transferring the experience gained by its senior professionals to its next generation of executives.

Committees

Three internal committees – the Asia Private Equity Investment Committee, the Asia Portfolio Management Committee, and the Management Committee – are primarily responsible for running KKR's private equity business as it relates to Asia.

In addition, the global conflicts committee is responsible for analyzing and addressing potential conflicts of interest, and the Risk Committee helps to create and implement a disciplined approach to the management of risks within KKR.

Asia Private Equity Investment Committee

The Asia Private Equity Investment Committee will review all private equity investment proposals, implement rigorous and consistent due diligence practices, and work with the deal team to set pricing and negotiation tactics for the Traget Fund portfolio investments. The Asia Private Equity Investment Committee participants will work actively with KKR's private equity investment teams to ensure that due diligence on KKR's potential investments is comprehensive and appropriately focused. The Asia Private Equity Investment Committee will also provide input on structuring each Target Fund investment. In the process of making an investment, deal teams will make formal presentations to the Asia Private Equity Investment Committee on multiple occasions, so that the risks and opportunities of the business are carefully vetted.

Asia Portfolio Management Committee

KKR's Portfolio Management Committee structure instills discipline into the process of building value in portfolio companies post-acquisition. The regional Portfolio Management Committees play a significant role in a variety of portfolio management decisions, such as deploying investment professionals where needed, making the difficult decisions when companies are underperforming, and monitoring and advising on exit strategies. Each regional Portfolio Management Committee has the shared mandate of instilling discipline and local experience in the investment process. Leadership remains the same globally with Paul Raether, a senior Member of KKR, serving as chairman for each regional committee. Specifically, the Asia Portfolio Management Committee instills discipline and local experience in the process of building value in KKR's Asian portfolio companies, leveraging the unique experiences of KKR's senior Asian private equity and KKR Capstone leadership, as well as experience from global and local senior advisors.

Management Committee

The Management Committee was established in December 2005 in recognition of the growing complexities of operating KKR's global investment management business. The goal of this committee is to bring a broader set of resources to bear in running KKR on a day-to-day basis.

Exit Strategy

KKR has considerable expertise in exiting portfolio companies. Since the firm's inception and as of September 30, 2011, KKR has realized sixty-nine point three billion US Dollars (USD 69,300,000,000.-) of gross proceeds through numerous IPOs, secondary offerings, sales to strategic buyers, and recapitalizations. KKR has extensive contacts and long-standing relationships among corporate buyers and within the investment banking community that it leverages to complete these exits. KKR's regional Portfolio Management Committees work with each deal team to determine the optimum timing and structure of each disposition of a portfolio investment.

In certain geographies in Asia, many investors are often deterred from entering the market given the perception of a less transparent business environment and underdeveloped corporate cultures. KKR and its experienced team play a critical role in advising portfolio companies to put in place sound corporate governance systems for companies in less developed markets. Together with the development of corporate best practices, a sound corporate governance system helps pave a clear exit strategy for significant shareholders both through trade sales and public offerings.

KKR's goal upon exit is to achieve the optimum combination of an attractive risk-adjusted rate of return and multiple of capital. For example, KKR has been careful not to pursue recapitalizations simply to generate high IRRs, but to evaluate such transactions in the context of

appropriately leveraged capital structures and long-term value creation. While KKR is proactive on the exit front, it assesses exit strategies in terms of what is best for each company's long-term value and returns. In Asia, KKR tends to hold its investments four to six years on average, which it believes gives it sufficient time to implement improvement plans that build long-term value for its portfolio companies.

Across all Asian investments, as of September 30, 2011, KKR has already realized approximately two point two billions US Dollars (USD 2,200,000,000.-) of capital through (i) IPOs and secondary offerings, such as the NASDAQ public listing of Avago and the Hong Kong public listing of Modern Dairy, (ii) strategic sales, such as BIS Industries Ltd., Seven West Media and Tianrui Cement Co., Ltd. and (iii) refinancings, such as Aricent Group, Inc. Furthermore, KKR believes its portfolio companies in Asia are generally large, attractive, industry-leading companies within each market, and will be well positioned to access capital markets as appropriate. KKR also believes that its development of its KKR Capital Markets means that it has more resources focused on monitoring capital markets opportunities for its companies than the typical private equity sponsor, enabling KKR to take better advantage of liquidity windows.

2. Borrowing Policy/Leverage

The Sub-Fund may leverage its assets by way of borrowing up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund. Borrowings may be utilized for investment purpose as well as to bridge financing and expense disbursements when liquid funds are not readily available. Investments of the Sub-Fund are expected to include Portfolio Investment Schemes whose capital structures may include additional significant leverage.

3. Share Classes

3.1. Carried Interest Shares

No Carried Interest Shares shall be issued within the Sub-Fund, upon the launching thereof.

3.2. Investors Shares

At present, there is only one Class of Investors Shares available for subscription in the Sub-Fund, namely A Shares, denominated in US Dollars (USD).

4. NAV Calculation

The Valuation Day of the Sub-Fund shall be the last business day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion.

5. Capital Funding

The Sub-Fund is aimed at raising up to fourty million US Dollars (USD 40,000,000.-).

5.1. Commitments during the Initial Offering Period

Investors are permitted to commit to subscribe for A Shares in the Sub-Fund from 18 October 2012 until the earliest of either (i) March 3, 2013 or (ii) on or about the last closing of the Target Fund as determined in the private placement memorandum thereof.

Investors, the commitments of which are accepted on the First Closing (the "**Initial Investors**"), shall be required to pay up to five percent (5%) of their respective committed amounts no later than ten (10) Business Days following the notification of the First Closing to Initial Investors, following which A Shares are to be issued **fully paid-up**, at a subscription price of one hundred US Dollars (USD 100.-) each.

5.2. Commitments after the Initial Offering Period

After the First Closing, commitments for A Shares will be accepted from Initial Investors and other investors at such Closings ("**Subsequent Closings**") as determined by the General Partner during a period terminating on the Last Closing. The Last Closing shall be on June 30, 2013, unless extended by the General Partner. Dates of Subsequent Closings will be communicated to the Investors by a ten (10) Business Days' prior notice.

The General Partner may decide, at its discretion, to postpone the date of any Closing (including the First Closing and the Last Closing); in such case, the Investors will be informed of the amended date of the Closing and the date on which the corresponding part of their commitment has to be paid.

Investors the commitments of which are accepted at any Subsequent Closing will be required to pay no later than ten (10) Business Days following the notification of such Subsequent Closing the same percentage of their commitments as has already been drawn down from Initial Investors. A Shares subscribed in relation to Subsequent Closings will be issued **fully paid-up** at a subscription price of one hundred US Dollars (USD 100.-) per Share.

Such subscription price will be increased by an amount corresponding to an interest to the benefit of the Sub-Fund (the "**Actualization Interest**"). The Actualization Interest will be calculated in each case by applying an interest rate equal to five percent (5%) per annum, from the date of the First Closing and, as the case may be, of each subsequent draw down to the date of the corresponding Subsequent Closing. The Actualization Interest shall be calculated based on the actual number of days elapsed.

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the subscription price for A Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Shares on the relevant Subsequent Closing; in which case all such A Shares issued on the same Closing shall constitute a separate series. In this case, no Actualization Interest will be due.

5.3. Drawdown Dates

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner during the Commitment Period. Such draw downs may only take place provided their amount is not less

than two and a half percent (2.5%) of each Investor's commitment. The General Partner will give each Investor a seven (7) days' prior notice for each draw down.

A Shares issued in relation to each drawdown made after the First Closing shall be issued **fully paid-up** at a subscription price equal, at the General Partner's discretion, either (i) to one hundred US Dollars (USD 100.-) plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Shares on such drawdown date. If Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The subscription price of A Shares issued after the First Closing must be paid on the relevant drawdown date.

5.4. Commitment Period

The Commitment Period will extend from the First Closing until the Last Closing.

6. Minimum Commitment

Commitments may only be accepted from Eligible Investors, in a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-). Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept commitments in lesser amounts.

7. Redemptions and Conversions

A Shareholder may not, of its own initiative, require the Company to redeem its A Shares, or to convert them into any other Class issued in any of the Sub-Funds.

8. Management Fees, Remuneration of the AIFM, Advisory Fees and other costs

8.1. Management Fees

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee, paid quarterly in advance by the Sub-Fund to the General Partner. Such management fee shall equal zero point fifty five percent (0.55%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value plus (ii) the unfunded portion of the aggregate subscribed capital of the Sub-Fund as of the end of the preceding quarter.

The management fee will accrue as of the First Closing and will be calculated by reference to the aggregate subscribed capital of the Sub-Fund until the Last Closing. Accordingly, adjustments to management fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

It should be noted that calculation of the fees on the basis of the aggregate subscribed capital of the Sub-Fund may entail the payment of fees in respect of subscription monies which have not yet been drawn down.

8.2. Remuneration of the AIFM

Any remuneration payable to the AIFM will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

8.3. Investment Advisory Fees

Any fees payable to the Investment Advisor will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

8.4. Other Expenses

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund.

The Sub-Fund shall also bear its general operating expenses (the "**Operating Expenses**"), which shall also include the fees and disbursements of the Depositary, Administrative Agent, paying agent, Registrar and Transfer Agent, domiciliary agent, and all other out-of-pocket administration expenses and any taxes, fees or other governmental charges levied against the Company attributed or attributable to this Sub-Fund. Such Operating Expenses shall not exceed zero point forty five percent (0.45%) per annum based on the aggregate commitments made in the Sub-Fund.

The Sub-Fund shall bear all expenses related to its creation, up to an amount equaling one percent (1%) of the aggregate commitments made to the benefit of the Sub-Fund; any charges and expenses beyond such amount will be borne by Crédit Agricole (Suisse) S.A..

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

9. Distributions

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Shares, the redemption price will be equal to the last Net Asset Value per relevant Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from Target Fund's distributions after the deduction of the appropriate management and advisory fees and Operating Expenses (including legal reserves for contingent liabilities).

The Target Fund may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions as defined in and in the cases provided for in the constitutive/issuing documents of the Target Fund. In such cases the Shareholders may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund.

10. Specific Risk Considerations

In regard to the risks associated with investments in the Sub-Fund, the following risks linked to the Target Fund are noteworthy:

Certain risks related to the Target Fund

- **Illiquid and Long-Term Investments**

Investment in the Target Fund requires a long-term commitment, with no certainty of return. Many of the Target Fund's investments will be highly illiquid, and there can be no assurance that the Target Fund will be able to realize such investments in a timely manner. The realizable value of a highly illiquid investment at any given time may be less than its intrinsic value. Distributions in kind of illiquid securities to the Target Fund Partners may be made.

Although it is anticipated that certain investments of the Target Fund may generate current income, the return of capital, and the realization of gains, if any, with respect to certain other investments will occur only upon the partial or complete disposition of such investment. While an investment may be sold at any time, typically this will occur a number of years after the investment is made. The Target Fund will generally not be able to sell its investments publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, in some cases, the Target Fund may be prohibited by contract or applicable laws and regulations from selling certain securities for a period of time, which may mean that the Target Fund would be unable to take advantage of favorable market prices. In view of such limitations on liquidity, which are illustrative and not exhaustive, the Target Fund will generally not be able to realize on an investment in a privately-held entity until the sale of such entity. Furthermore, such illiquidity may continue even if the underlying entities obtain listings on securities exchanges. There can be no assurance that the Target Fund will be able to dispose of its investments at the price and at the time it wishes to do so.

Certain investments by the Target Fund may be in securities that are or become publicly traded. Such investments may involve economic, political, interest rate, and other risks, any of which could result in an adverse change in the market price. In addition, in some cases the Target Fund may be prohibited by contract, applicable laws and regulations or other limitations from selling such securities for a period of time such that the Target Fund would be unable to take advantage of favorable market prices.

- **Market and Economic Risks**

The Target Fund and its portfolio companies may be materially affected by market, economic, and political conditions globally and in the jurisdictions and sectors in which they invest or operate, including factors affecting interest rates, the availability of credit, currency exchange

rates, and trade barriers. These factors are outside the Target Fund General Partner's control, and could adversely affect the liquidity and value of the Target Fund's investments, and may reduce the ability of the Target Fund to make attractive new investments.

In particular, economic and financial market conditions began to significantly deteriorate beginning in the fourth quarter of 2008. Since then, global financial markets have experienced considerable declines in the valuations of equity and debt securities, there has been an acute contraction in the availability of credit and a number of leading financial institutions have become insolvent or required government support to continue operating. As a result, certain government authorities and central banks worldwide have undertaken unprecedented intervention programs, the effects of which remain uncertain. These events have led to a significantly diminished availability of credit and an increase in the cost of financing for businesses, which has materially hindered the initiation of new leveraged transactions and, together with declines in valuations of equity and debt securities, has adversely affected the private equity sector. Deteriorating conditions in global credit markets have materially hindered lenders' willingness to fund new leveraged transactions and, together with declines in valuations of equity and debt securities, have adversely affected the private equity sector. Although financial markets have shown intermittent signs of improvement, global economic conditions remain tenuous, and to the extent that they do not improve, this may adversely impact the investments of the Target Fund.

- **Prior Track Record**

The past performance of KKR's other investment funds, including the predecessor to the Target Fund, is not predictive of the Target Fund's performance, in particular because the investment objectives of certain of KKR's other funds differ from the investment objectives of the Target Fund. Moreover, the Target Fund is subject to all of the business risks and uncertainties associated with any new fund, including the risk that it will not achieve its investment objectives and that the value of an interest in the Target Fund could decline substantially.

- **Reliance on Target Fund General Partner, KKR, and Investment Professionals**

As of the date of the placement memorandum of the Target Fund, none of the Target Fund's investments have been identified, and the success of the Target Fund will therefore depend on the ability of the Target Fund General Partner and KKR to identify and consummate suitable investments and to dispose of investments of the Target Fund at a profit. The Target Fund General Partner and KKR will rely on the skill and expertise of the Target Fund's investment team, and others providing investment and other advice and services with respect to the Target Fund. There can be no assurance that these key investment professionals or other persons will continue to be associated with or available to the Target Fund General Partner or KKR throughout the life of the Target Fund. The loss of the services of one or more of such persons could have an adverse impact on the Target Fund.

Furthermore, although the Target Fund's team members and other investment professionals intend to devote sufficient time to the Target Fund so that it can carry out its proposed activities, certain of the Target Fund's team members are also responsible for the day-to-day activities and investments of certain other KKR target funds.

Finally, although the Target Fund General Partner expects to have access to the respective resources, relationships and expertise of KKR, there can be no assurance that any such resources, relationships and expertise will be available for each transaction. In addition, subject to any express restrictions set forth in the LPA, investment professionals and committee members may be replaced or added, and management, operating, and investment procedures may be modified at any time.

- **Reliance on Management of Portfolio Companies**

Although it is the intention of the Target Fund to ensure that portfolio companies have strong management teams, there can be no assurance that any portfolio company's management team will be able to operate successfully.

- **Availability of Suitable Investment Opportunities**

The success of the Target Fund will depend on the ability of the Target Fund General Partner to identify and select appropriate investment opportunities, as well as the Target Fund's ability to acquire these investments. There is no guarantee that suitable investments will be secured by the Target Fund, or that any investment entered into will be successful. The management buyout and private equity investment industry in which the Target Fund will be engaged is highly competitive. The Target Fund will be competing for investments with operating companies, financial institutions, and other institutional investors as well as private equity, hedge, and other investment funds. Over the past few years, an increasing number of funds that target growth and other types of investments in Asia have been formed, and additional funds may be formed in the future. These investors may make competing offers for investment opportunities identified by the Target Fund General Partner.

In addition, such competition may mean that the prices and terms on which investments may be made may be less beneficial to the Target Fund than would otherwise have been the case. No assurance is given that the Target Fund's investment objectives will be achieved or that it will be able to invest its committed capital fully. Also, there can be no assurance that the Target Fund will be able to exit from its investments at attractive valuations. The Target Fund may incur significant expenses identifying, investigating, and attempting to acquire potential assets that are ultimately not consummated, including fees and expenses relating to due diligence, transportation, and travel related expenses, including in extended competitive bidding processes.

- **Projections and Third-Party Reports**

The Target Fund General Partner will generally establish the capital structure of an investment and the terms and targeted returns of such investment on the basis of financial, macroeconomic, and other applicable projections. Projected operating results will normally be based primarily on investment executive judgments or third-party advice and reports. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be achieved, and actual results may vary significantly from the projections. General economic, natural, and other conditions, which are not predictable, can have an adverse impact on the reliability of such projections. Assumptions or projections about asset lives; the stability, growth, or predictability of costs; demand; or revenues generated by an investment or other factors associated therewith may, due to various risks and uncertainties including those described herein, differ materially from actual results.

- **No Market for Interests; Restrictions on Transferability; No Rights of Withdrawal**

The the Target Fund's interestshave not been registered under the 1933 Act, the securities laws of any state of the United States or the securities laws of any other jurisdiction, and cannot be resold unless they are subsequently registered under the 1933 Act and other applicable securities laws or an exemption from registration is available. It is not contemplated that registration of the Target Fund's interests under the 1933 Act or other securities laws will ever be effected. There is no public market for the Target Fund's interests and none is expected to develop. A Target Fund Limited Partner will not be permitted to assign its Target Fund's interests without the prior

written consent of the Target Fund General Partner, which may be withheld in its sole discretion. Target Fund Limited Partners may not withdraw capital from the Target Fund at their discretion. Consequently, Target Fund Limited Partners may not be able to liquidate their Target Fund's interests prior to the termination of the Target Fund and must be prepared to bear the risks of owning the Target Fund's interests for an extended period of time.

- **No Right to Control Operations**

Target Fund Limited Partners will have no opportunity to control the day-to-day operations, including investment and disposition decisions, of the Target Fund. Target Fund Limited Partners must rely entirely on the Target Fund General Partner and KKR to conduct and manage the affairs of the Target Fund.

- **Absence of Regulatory Oversight**

The Target Fund is not a registered investment company under the 1940 Act, or otherwise registered under the securities laws, or with the securities regulatory authority or commission, of any other jurisdiction, and the Target Fund has no current intention of being so registered. Accordingly, the provisions of the 1940 Act and of similar legislation in other jurisdictions regulating the relationship between an investment fund and its asset manager and otherwise protecting the interests of investors in an investment fund are generally not expected to be applicable to an investment in the Target Fund.

- **Target Fund Limited Partner Default**

The LPA provides for significant penalties for a Target Fund Limited Partner in the event such Target Fund Limited Partner defaults on its obligation to contribute amounts to the Target Fund in satisfaction of its commitment or defaults on other contribution or payment obligations set forth in the LPA or other Target Fund documentation. A defaulting Target Fund Limited Partner may be subject to various default remedies, including without limitation the loss of future distributions from the Target Fund, forced transfer of its interest in the Target Fund at less than fair market value, and/or forfeiture of a portion of its interest in the Target Fund, and a default may be required to be disclosed (including the identity of the defaulting Target Fund Limited Partner) to the advisory committee or to the other Target Fund Limited Partners generally. In addition, if a Target Fund Limited Partner defaults on (or is late with respect to) its obligation to make contributions to the Target Fund, the Target Fund General Partner may fund (or require the other Target Fund Limited Partners to fund) such shortfall. To the extent that Target Fund Partners fund a shortfall and the defaulted amounts are ultimately funded by the defaulting or late funding Target Fund Limited Partner (or its successor), the Target Fund Partners bridging the late funded amount will be returned their bridged amount but will not be compensated otherwise.

- **Valuation Risk**

The Target Fund will rely on the Target Fund General Partner for valuation of its assets and liabilities. The Target Fund will primarily hold securities and other assets that will not have readily assessable market values. In such instances the Target Fund General Partner will determine the fair value of such securities and assets in its reasonable judgment based on various factors and may rely on internal pricing models. Such valuations may vary from similar valuations performed by independent third parties for similar types of securities or assets. The valuation of illiquid securities and other assets is inherently subjective and subject to increased risk that the information utilized to value such assets or to create the price models may be inaccurate or subject to other error. The value of the Target Fund’s portfolio may also be affected by changes in accounting standards, policies or practices. Due to a wide variety of market factors

and the nature of certain securities and assets to be held by the Target Fund, there is no guarantee that the value determined by the Target Fund General Partner will represent the value that will be realized by the Target Fund on the eventual disposition of the investment or that would be realized upon an immediate disposition of the investment.

- **Contingent Liabilities on Dispositions**

In connection with the disposition of an investment in a portfolio company, the Target Fund may be required to make representations, including representations regarding the business and financial affairs of such portfolio company typical of those made in connection with the sale of any business. The Target Fund may also be required to indemnify the purchasers of such an investment to the extent that any representation of the Target Fund turns out to be inaccurate or with respect to other matters. These arrangements may result in contingent liabilities, which may ultimately have to be funded by the Target Fund Partners making contributions to the Target Fund out of previous distributions received from the Target Fund.

- **Indemnification**

The Target Fund General Partner and its affiliates (including KKR), and the members, partners, shareholders, directors, officers, employees, and (if specifically agreed by the Target Fund General Partner) agents of each of them, will be entitled to indemnification from the Target Fund, except in certain circumstances. The assets of the Target Fund, including the unused capital commitments of Target Fund Limited Partners, will be available to satisfy these indemnification obligations, and Target Fund Partners may be required to return distributions to satisfy such obligations. Such obligations will survive the dissolution of the Target Fund.

- **Side Letters**

Subject to any limitations set forth in the LPA, the Target Fund or the Target Fund General Partner, without any further approval of any Target Fund Limited Partner or other person, may enter into a side letter or similar agreement with a Limited Partner which has the effect of establishing rights with respect to the Target Fund General Partner and/or the Target Fund under, or altering or supplementing the terms of, the LPA or any subscription agreement in a manner more favorable to such Target Fund Limited Partner than the terms applicable to other Target Fund Limited Partners. Any rights established, or any terms of the LPA so altered or supplemented, in a side letter with a Target Fund Limited Partner will govern with respect to such Target Fund Limited Partner notwithstanding any other provision of the LPA or any subscription agreement.

- **Risk Arising from Provision of Managerial Assistance**

The Target Fund will typically seek to obtain rights to participate substantially in and to influence substantially the conduct of the management of the Target Fund’s portfolio companies, and KKR executives and/or senior advisers may serve on the boards of directors of portfolio companies. The designation of directors and other measures contemplated could expose the assets of the Target Fund to claims by a portfolio company, its security holders and its creditors. While KKR intends to manage the Target Fund in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

- **Public Disclosure**

Some of the Target Fund's interests will be held by investors, such as public pension plans and listed investment vehicles, that are subject to public disclosure requirements. The amount of

information about their investments (including private equity fund investments) that is required to be disclosed has increased in recent years, and that trend may continue. To the extent that disclosure of confidential information relating to the Target Fund or its portfolio companies results from the Target Fund's interests being held by public investors, the Target Fund may be adversely affected.

- **Legal and Regulatory Risks**

The regulatory considerations affecting the ability of the Target Fund to achieve its investment objectives are complicated and subject to change. The recent negative perception of the private equity industry in certain countries could make it harder for funds sponsored by private equity firms, such as the Target Fund, to successfully bid for and complete investments.

This increased political and regulatory scrutiny of the private funds industry has been particularly acute during the 2008-2009 global financial crisis. For example, the U.S. Congress, has recently passed into law sweeping financial regulatory reform legislation as a direct response to this crisis. While it now falls to the Treasury, the SEC, and other U.S. regulatory agencies to implement these reforms, such reforms will require, among other things, increased registration and regulation of alternative management firms, and disclosure with respect to, such firms and the funds they sponsor, which could expose the Target Fund General Partner to legal, compliance and other related costs. Other jurisdictions have proposed similar measures. Such increased regulatory burdens and reporting requirements may, among other things, divert the time, attention and resources of personnel and the management teams of portfolio companies, and may place the Target Fund at a competitive disadvantage to the extent that KKR or portfolio companies are required to disclose sensitive business information. In addition, certain countries, such as India and Australia, have sought to tax (or have taxed) the investment gains derived by non-resident investors, including private equity funds, from the disposition of the equity in companies operating in those countries. In some cases this is the result of new legislation or changes in the interpretation of existing legislation and in other cases tax authorities have challenged investment structures that benefit from tax treaties between countries. There is, therefore, the material risk that burdensome new laws (including tax laws) or regulations or changes in applicable laws or regulations or in the interpretation or enforcement thereof, specifically targeted at the private funds industry, or other related regulatory developments could adversely affect private fund managers and the funds they sponsor, including the Target Fund.

- **Tax Risk Factors**

An investment in the Target Fund involves complex U.S. federal income tax and non-U.S. tax considerations that will differ for each investor depending on the investor’s particular circumstances. There can be no assurance that the structure of the Target Fund or of any investment will be tax-efficient for any particular investor. Prospective investors are urged to consult their own tax advisors with reference to their specific tax situations.

- **Potential Changes in Tax Legislation Affecting KKR**

KKR’s ability to achieve the investment objectives of the Target Fund depends to a substantial degree on its ability to retain and motivate its investment professionals and other key personnel, and to recruit talented new personnel. KKR’s ability to recruit, retain, and motivate its professionals is dependent on its ability to offer highly attractive incentive compensation.

Proposed legislation has been introduced in the United States that would treat all or part of the capital gain and dividend income that is recognized by an investment partnership and allocable to a partner affiliated with the sponsor of the partnership (*i.e.*, the carried interest) as ordinary income to such partner for U.S. federal income tax purposes. If this legislation or any similar

legislation, regulation or other official guidance were to be enacted or otherwise take effect and apply with respect to KKR, KKR's investment professionals would incur a material increase in their tax liability with respect to their entitlement to carried interest. This might make it harder for KKR to retain and motivate these professionals, which may have an adverse effect on KKR's ability to achieve the investment objectives of the Target Fund. Until such time, if any, that such legislation or regulation becomes law, it is uncertain what its terms and effective date would be and what risks it would raise for the treatment of KKR, KKR's investment professionals, the Target Fund or the investors.

Certain Risks related to investing in Asia

- **Emerging Market Investments**

The Target Fund will invest primarily in Asia, and a significant portion of its assets may be invested in emerging or developing market countries. Investments in emerging and developing markets involve certain factors not typically associated with investing in developed countries, including risks relating to: (i) differences relating to local securities markets, including potential price volatility in and relative illiquidity of some overseas securities markets, the absence of uniform accounting, auditing, and financial reporting standards, practices, and disclosure requirements, and less government supervision and regulation; (ii) other differences in law and regulation, including fewer investor protections, less stringent fiduciary duties, less developed bankruptcy laws, and difficulty in enforcing contractual obligations; (iii) certain economic and political risks, including potential economic, political, or social instability, exchange control regulations, nationalization, expropriation or confiscatory taxation, higher rates of inflation, and reliance on a more limited number of commodity inputs, service providers, and/or distribution mechanisms; and (iv) the possible imposition of local taxes on income and gains recognized with respect to securities and assets. The risks of investing in emerging and developing markets, including the risks described above, are usually greater than the risks involved in investing in more developed markets. While the Target Fund General Partner intends to manage the Target Fund in a manner that will minimize exposure to these risks, there can be no assurance that adverse developments with respect to such risks will not adversely affect the securities or assets of the Target Fund that are held in certain countries.

- **Investments in Non-OECD Countries**

Many of Asian countries are not members of the OECD. Investments in non-OECD countries may be subject to more substantial risks in political and macro-economic conditions, such as significant currency fluctuations, changes in governmental controls over the economy and high rates of inflation. Many non-OECD countries have experienced these problems in the past. There can be no assurance that a recurrence of such problems will not have a materially adverse effect on the Target Fund's investments.

Moreover, the economies of non-OECD countries generally are more heavily dependent upon international trade than those of OECD countries and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. Expropriation, confiscatory taxation, nationalization, political, economic or social instability or other developments could adversely affect the assets of the Target Fund held in non-OECD countries.

- **Public Capital Markets**

The securities markets of most Asian countries are generally smaller and less liquid than the major securities markets in the United States. A high proportion of the shares of many companies

in Asia may be held by a limited number of persons. A limited number of issuers in most, if not all, securities markets in Asia may represent a disproportionately large percentage of market capitalization and trading value. Such limited liquidity of securities markets may affect the Target Fund's ability to acquire or dispose of securities at the price and time it wishes to do so. The illiquidity of Target Fund investments may continue even if the underlying companies obtain listings on their respective home country exchanges. In addition, settlement systems in certain emerging market countries may be less developed than in more established markets and could impede the Target Fund's ability to effect transactions in these countries. Disclosure and regulatory standards of securities markets in Asia are in many respects less stringent than U.S. standards. Furthermore, there may be a lower level of monitoring and regulation of the markets and the activities of investors in such markets, and enforcement of existing regulations may be extremely limited. Consequently, should the Target Fund make investments through the public markets in Asia, the prices at which the Target Fund may acquire investments may be affected by other market participants' anticipation of the Target Fund's investments, by trading by persons with material nonpublic information and by securities transactions by brokers in anticipation of transactions by the Target Fund in particular securities.

- **Economic and Financial Instability in Asia**

Some Asian countries may experience interest rate volatility, lack of financial liquidity and stock market volatility, any of which could contribute to a decline in business and consumer spending in addition to other adverse market conditions. Although such events or circumstances may at times create significant investment opportunities, there can be no assurance that economic and financial difficulties will not adversely affect the value of the Target Fund's investments or make it more difficult for the Target Fund to locate appropriate investment opportunities.

- **Regional Risks**

The market and economy of a particular country in which the Target Fund may invest are influenced by economic and market conditions in other countries in Asia, particularly emerging market countries. Developments in one country can have adverse effects on the securities of companies and the value of property and related assets in other countries in which the Target Fund may invest. A significant adverse change in the economy of one country, or the loss of investor confidence in the financial systems of emerging and other markets generally, could cause increased volatility in the economies and financial markets of such country and countries throughout the region and, as a result, have an adverse effect on Target Fund investments. Financial turmoil in certain countries in Asia in the late 1990s adversely affected the Asian economy generally, and though those countries worst impacted have since undertaken prudent approaches towards rebuilding, there can be no assurance that such financial events will not reoccur in Asia.

- **Political and Social Conditions**

Political and social instability in the future may adversely affect the Target Fund's investments. Such instability could result from, among other things, popular unrest associated with demands for improved political, economic and social conditions or popular opposition to government policies that facilitate direct foreign investment. The Target Fund may, where appropriate and affordable, seek to obtain political risk insurance, but there can be no assurance that such insurance will be available on commercially reasonable terms, or at all, or that the Target Fund will decide to obtain such insurance.

- **Natural Disasters**

Natural disasters, epidemics and other acts of God, which are beyond the control of the Target Fund General Partner, may adversely affect the economy, infrastructure and livelihood of people throughout the Asian region. Many countries in Asia, including China, Japan, India, Australia and Southeast Asia have been affected by earthquakes, floods, typhoons, drought or forest fires in recent years. Disease outbreaks have occurred in Asia in the past, including, for example, a number of cases of Severe Acute Respiratory Syndrome ("SARS") in China from 2002 to 2003 and again in April of 2004. Any prolonged recurrence of SARS, the H1N1 virus, avian influenza or other infectious disease, or other adverse public health developments or natural disasters in any country in which the Target Fund targets investments may have a material adverse effect on the business operations of the Target Fund's portfolio companies.

- **Restrictions on Foreign Investment**

Some Asian countries have laws and regulations that limit or preclude direct foreign investment in the securities of domestic companies or the repatriation of investment income, capital or sales proceeds to foreign investors. Prior government approval for foreign investments may be required under certain circumstances, and the process of obtaining these approvals may require significant expenditure of time and resources. Also, the Target Fund could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital or earnings, as well as by the application of restrictions on investments to the Target Fund.

- **Privatizations**

The Target Fund may invest in state-owned enterprises that have been or will be transferred from government to private ownership. While some Asian governments have identified potential targets for privatization, it is impossible to predict the timing of such privatizations (or give any assurance that they will occur at all) or what the terms or effects of such privatizations might be. There can be no assurance that, if a privatization is undertaken on a private placement basis, the Target Fund will have the opportunity to participate in the investing consortium. Investors should be aware that changes in governments or economic factors could result in a change in a country's policies on privatization. Should these policies change in the future, it is possible that governments may determine to return projects and companies to state ownership. In such a situation, the level of compensation that would be provided to the owners of the private companies concerned cannot be accurately predicted but could be substantially less than the amount invested in such companies.

- **Difficulty of Bringing Suit**

Laws and legal standards differ in many Asian countries from those in the United States. These laws and standards may have a material effect on the Target Fund's investments, as well as the general economic and political environment in each country in which the Target Fund invests. Many Asian countries do not have well-developed shareholder rights and provide inadequate legal remedies for breaches of contract (*e.g.*, a shareholder agreement). Moreover, there can be no assurance that this trend in economic legislation will not be slowed, curtailed or reversed, particularly in the event of a change in leadership, social disruption or other circumstances affecting the social, political or economic status of certain countries. Such a shift could have a material adverse effect on the business and prospects of a company in which the Target Fund invests.

The ability of the Target Fund to bring suit against an entity in which it invests or such entity's directors, executive officers or shareholders may be limited. Such entities will likely be

organized under the laws of countries other than the United States, their directors and officers are likely to reside outside of the United States, and substantially all of their assets may be located outside of the United States. As a result, it is likely that the Target Fund will be unable to effect service of process within the United States upon such entities or their directors and officers. Even where an entity is successfully sued in the United States, enforcement of the judgment in certain jurisdictions is impossible and in other jurisdictions may be difficult.

- **Financial, Accounting, Disclosure and Regulatory Standards**

Accounting, auditing, financial and other reporting standards, practices and disclosure requirements in certain Asian countries are not equivalent to those in the United States. Accordingly, information available to the Target Fund and the Target Fund Partners, including both general economic and commercial information and information concerning specific enterprises or assets, may be less reliable and less detailed than information available in more economically sophisticated countries. In addition, in certain instances, the Target Fund may not have access to all available information to determine fully the origination, credit appraisal and underwriting practices utilized with respect to any investment. As a result, KKR's due diligence in certain Asian countries may provide less information than otherwise expected, which may, in turn, increase the risk related to the investments in these countries. While the Target Fund will endeavor to conduct appropriate due diligence in all cases, no assurances can be given that the Target Fund will obtain the information or assurances that an investor in a more sophisticated economy would obtain before proceeding with an investment.

- **Environmental and Other Regulatory Risks**

The Target Fund may invest in companies that are subject to changing and increasingly stringent environmental and health and safety laws, regulations and permit requirements, and there can be no guarantee that all costs and risks regarding compliance with environmental laws and regulations can be identified. New and more stringent environmental and health and safety laws, regulations and permit requirements or stricter interpretations of current laws or regulations could impose substantial additional costs on investments or portfolio companies. Compliance with such current or future environmental requirements does not ensure that the operations of a portfolio company will not cause injury to the environment or to people under all circumstances or that the portfolio company will not be required to incur additional unforeseen environmental or other expenditures. Failure to comply with any such requirements could have a material adverse effect on portfolio companies, and there can be no assurance that portfolio companies will at all times comply with all applicable environmental laws, regulations and permit requirements.

- **OFAC and FCPA Considerations**

Economic sanction laws in the United States and other jurisdictions may prohibit KKR, KKR's Asia team and the Target Fund from transacting with certain countries, individuals and companies. In the United States, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") administers and enforces laws, Executive Orders and regulations establishing U.S. economic and trade sanctions, which prohibit, among other things, transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. These types of sanctions may significantly restrict or completely prohibit the Target Fund's investment activities in Asia. KKR, KKR's Asia team and the Target Fund are committed to complying with the U.S. Foreign Corrupt Practices Act and other anti-corruption laws and regulations, as well as anti-boycott regulations, to which they are subject. As a result, the Target Fund may be adversely affected because of its unwillingness to enter into transactions that violate any such laws or regulations.

11. Listing on the Luxembourg Stock Exchange

The General Partner does not intend to apply for the listing of the Shares of the Sub-Fund on the Luxembourg Stock Exchange or any other stock exchange.

12. Availability of the Net Asset Value and of Other Information

The Net Asset Value per Share of each Class will be available at the registered office of the General Partner and/or with the Administrative Agent.

The private placement memorandum of the Target Fund will be made available to the Company.

The audited annual report and the unaudited quarterly reports of the Target Fund, including a number of items specified in the placement memorandum of the Target Fund, will be made available to the Company.

13. Duration and exit strategy of the Sub-Fund

The Sub-Fund is established for a limited duration of eleven (11) years as from the Last Closing, with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Target Fund, at its sole discretion. In fact, the exit strategy of the Sub-Fund is linked to the duration of the Target Fund, which is eleven (11) years as from its first investment date with two (2) consecutive extensions of one (1) year each, subject to earlier termination in accordance with the terms and conditions of the LPA.

During all the investment process, potential exit routes and a target exit horizon will be linked to those of the Target Fund. The maturity of each investment is continually monitored and assessed by comparing actual development against the business plan. The timing and conditions of any exit in the Target Fund are discussed in a timely manner, in advance of such exit, with the management team of the Target Fund.

Notwithstanding the foregoing, if the Target Fund during the life of the Sub-Fund does not qualify anymore as a private equity fund in accordance with the 2004 Law, then the General Partner shall make the necessary in order for the Sub-Fund to dispose of its investments in the Target Fund.

H. AXA SECONDARY FUND IV SUB-FUND

1. Investment Objective and Strategy

The AXA Secondary Fund IV Sub-Fund (the "**Sub-Fund**") is solely aimed at committing capital up to twenty million US Dollars (USD 20,000,000.-), to be invested in "AXA Secondary Fund IV, LP" (the "**Target Fund**").

In this regard, the Sub-Fund will acquire, on the secondary market, interests in the Target Fund.

The Target Fund is organized by AXA Investment Managers Private Equity S.A. (the "**Target Fund Sponsor**") as a successor fund to AXA Secondary Fund I, AXA Secondary Fund II and AXA Secondary Fund III (respectively, "**ASF I**", "**ASF II**" and "**ASF III**", and together, the "**Previous Funds**").

1.1. The Target Fund

The Target Fund has been established and registered as a limited partnership under the Limited Partnership law (Jersey) of 1994 of the Island of Jersey.

The Target Fund is a private equity fund of funds set-up as a limited partnership under the laws of Jersey, whose general partner is "AXA Private Equity Secondaries Limited" (the "**Target Fund General Partner**"), further described below.

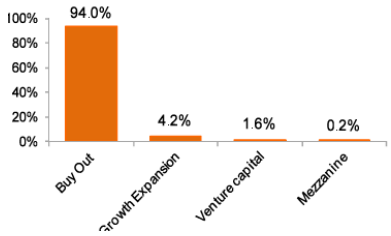
The Target Fund was created on 20 October 2006 by the Target Fund Sponsor who successfully raised more than two billions eight hundred million US Dollars (USD 2,800,000,000.-) from a large investors' base including institutional investors, family offices as well as high net worth individuals.

As of 31 March 2012, the Target Fund was ninety three percent (93%) committed, having completed thirteen (13) transactions representing above three billion US Dollars (USD 3,000,000,000.-) of committed capital to eighty (80) underlying funds.

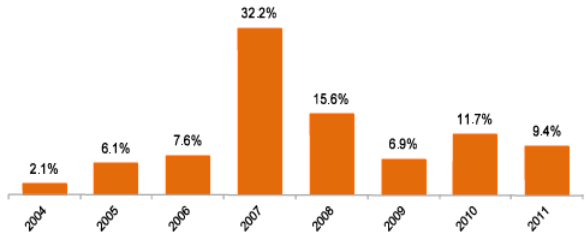
Out of two billion one hundred million US Dollars (USD 2,100,000,000.-) of called capital from its limited partners, the Target Fund has generated total value of two billion six hundred million US Dollars (USD 2,600,000,000.-), comprised of distributions to its limited partners of two hundred million US Dollars (USD 200,000,000.-) and two billion four hundred million US Dollars (USD 2,400,000,000.-) of remaining fund value, yielding a net IRR of ten percent (10%) and a net multiple of 1.26x for limited partners. As the Target Fund is not yet mature enough for meaningful benchmark comparisons, given the strong cash flows originating from latest transactions, it is expected that returns to investors amount to 1.6x times called funds.

In terms of diversification, the Target Fund General Partner has built a well balanced investment portfolio with limited exposure to a single fund/manager. The following graphics represent the portfolio diversification as at 31 December 2011 by type of underlying private equity funds, vintage years, industry sector and geography.

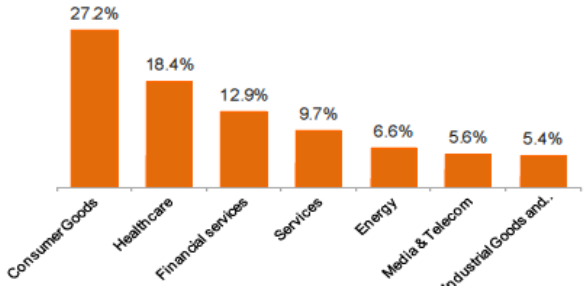
1.1.1. Type of Private Equity Fund



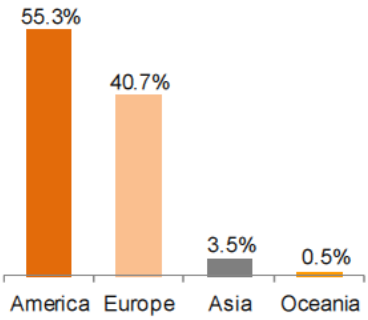
1.1.2. Vintage year



1.1.3. Industry Sector



1.1.4. Geography



In 11 June 2012, the Target Fund ended its investment period, and as a consequence will not be engaged in any new transaction. The payback period, *i.e.* the point at which distributions to limited partners exceed total commitments is expected to be less than three years for the Target Fund.

1.2. Investment Objective, Strategy of the Target Fund

The purpose of the Target Fund is to carry on the business of an investor and, in particular, to identify and make secondary market acquisitions of interests in private equity and venture capital investments funds as well as of portfolios of direct private equity and venture capital investments held by such investment funds or other investors.

The Target Fund has been formed to make private equity investments worldwide by providing liquidity to existing private equity investors through the secondary market. The Target Fund's investments (the "**Portfolio Investments**") consist primarily of interests in private equity funds which are at least fifty percent (50%) called (on an aggregated basis if a portfolio of interests is acquired), as well as portfolios of direct investments in operating companies. The portfolio companies taken as a whole (whether direct investments of the Target Fund or indirect investments through underlying private equity funds) are principally located in the European Union and North America.

1.3. The Target Fund General Partner

The Target Fund General Partner is AXA Private Equity Secondaries Limited, a Jersey (Channel Islands) limited company with registered office PO Box 87, 22 Grenville Street, St Helier, Jersey JE4 8PX, Channel Islands). The Target Fund General Partner was incorporated in Jersey on 9 March 2004. The Target Fund General Partner is a wholly owned subsidiary of the Target Fund Sponsor.

AXA Private Equity Secondary Funds Limited, in its capacity as general partner of the Target Fund shall have, subject to and in the limits of the limited partnership agreement governing the Target Fund, exclusive responsibility for the management and control of the business of the Target Fund and the application of the assets of the Target Fund to Portfolio Investments, meeting calls for subsequent payments in respect of Portfolio Investments or satisfying any other commitment of the Target Fund and shall otherwise have full power and authority to bind the Target Fund and to do all things necessary to carry out the purposes of the Target Fund. It shall ensure that the Target Fund shall be managed in accordance with its investment objectives, strategy, process, criteria and restrictions as described in its constitutive/issuing documents.

1.4. Successful Track Record of the Previous Funds and Completed Transactions of the Target Fund

- As of 31 March 2012, ASF I was fully invested, having completed nineteen (19) transactions representing two hundred fourteen million US Dollars (USD 214,000,000.-) of committed capital to over one hundred eighty five (185) underlying funds. Out of two hundred eight million US Dollars (USD 208,000,000.-) of called funds from its limited partners, ASF I has generated a total value of four hundred thirty two million US Dollars (USD 432,000,000.-), comprised of distributions to its limited partners of four hundred twenty two million US Dollars (USD 422,000,000.-) and ten million US Dollars (USD 10,000,000.-) of remaining fund value, yielding a net IRR of forty two percent (42%) and a net multiple of 2.1x for the limited partners. The fund is the top performer of its vintage as per Cambridge Associates LLC Secondaries Benchmarks.

- As of 31 March 2012, ASF II was fully invested, having completed twenty (20) transactions representing four hundred sixty five million US Dollars (USD 465,000,000.-) of committed capital to over one hundred thirty five (135) underlying funds. Out of four hundred forty one

million US Dollars (USD 441,000,000.-) of called funds from its limited partners, ASF II has generated total value of seven hundred forty-three million US Dollars (USD 743,000,000.-), comprised of distributions to its limited partners of six hundred sixty eight million US Dollars (USD 668,000,000.-) and seventy six million US Dollars (USD 76,000,000.-) of remaining fund value, yielding a net IRR of twenty four percent (24%) and a net multiple of 1.7x for the limited partners. The funds performances are superior to first quartile cut-offs, as per Cambridge Associates LLC Secondaries Benchmarks.

- As of 31 March 2012, ASF III was eighty nine percent (89%) committed, having completed sixteen (16) transactions representing nine hundred twenty six million US Dollars (USD 926,000,000.-) of committed capital to over seventy (70) underlying funds. Out of eight hundred fifty-five million US Dollars (USD 855,000,000.-) of called funds from its limited partners, ASF III has generated total value of one billion five hundred eighty-nine million US Dollars (USD 1,589,000,000.-), comprised of distributions to its limited partners of one billion three hundred million US Dollars (USD 1,300,000,000.-) and two hundred eighty nine million US Dollars (USD 289,000,000.-) of remaining fund value, yielding a net IRR of forty seven percent (47 %) and a net multiple of 1.9x for the limited partners. The fund's performances outperform Cambridge Associates LLC Secondaries Benchmarks' upper quartile ranking, returning performances nearly twice as large.

1.5. The Target Fund Advisers and the Investment Team

AXA Investment Managers Private Equity Europe S.A., AXA Private Equity Germany GmbH and any other entity appointed by the Target Fund General Partner (together the "**Target Fund Advisers**") act as advisers to the Target Fund General Partner to enable it to manage the Target Fund. Each of the Target Fund Advisers is a direct or indirect wholly owned subsidiary of the Target Fund Sponsor.

AXA Investment Managers Private Equity Europe S.A. (a French *société anonyme à conseil de surveillance et directoire* incorporated on 27 December 1995, with a share capital amounting to two hundred sixty nine thousand four hundred forty seven Euro (EUR 269,447.-), and a wholly owned subsidiary of the Sponsor) has its principal office at 20, Place Vendôme, 75001 Paris, France; AXA Private Equity Germany GmbH (a German private limited company (*Gesellschaft mit beschrankter Haftung*), incorporated on 2 February 2000, with a share capital amounting to twenty five thousand Euro (EUR 25,000.-)), has its principal office at 4, an der Welle, 60322 Frankfurt am Main, Germany; both of them will act as advisers to the Target Fund General Partner so as to enable it to manage the Target Fund.

The Target Fund Advisers' team dedicated to the secondary market (the "**Investment Team**") consists of forty investment professionals who operate on a fully-integrated global basis from offices in Paris, London, Frankfurt, Zurich, Milan, New York and Singapore, ensuring a unique global presence which is a key success factor in the secondary market. To date the Investment Team has ensured a strong performance from each of ASF I, ASF II and ASF III. Since the inception of its secondary activities in 1998, the Investment Team has developed a strong expertise in the secondary market and a broad relationship network in the private equity community. The Target Fund receives important investment sourcing and due diligence benefits from the experience and broad network of relationships of the Investment Team. The Target Fund Advisers are responsible for the sourcing, analysis, structuring and negotiation of secondary transactions on behalf the Target Fund General Partner. The Target Fund Advisers prepare the investment recommendation for any transaction that is presented to the board of directors of the Target Fund General Partner.

1.6. Distinctive Market Focus of the Target Fund

Secondary funds acquire multiple positions in private equity funds that are largely invested and mature. These characteristics are the key drivers that give secondary funds a particularly favorable risk/return profile.

Not a blind pool
As secondary funds acquire positions in mature funds, the acquired funds are already largely invested in underlying companies. This gives the buyer a very good view of the portfolio at a point where non-performing assets have typically been largely written-off and performing assets are increasing in value, after reducing their acquisition debt and approaching liquidity events. In any case, buyers have the ability, depending on the level of information provided by sellers, general partners and the buyer's own network, to quantify the unrealized value of the portfolio. Secondary funds also potentially have attractive pricing compared with the initial limited partners of the acquired funds as assets are very often acquired at a discount to their net asset value.

A highly diversified portfolio
As the Target Fund will acquire multiple portfolios of limited partnership interests, it will provide a diversified portfolio across vintage years, investment strategy, geography, general partners and stage of investment and, as a result, will reduce significantly the risk component of the strategy. The Investment Team is diligent on behalf of each of its funds to build a well balanced portfolio.

Early cash-flows
As the Target Fund will typically invest in limited partnerships that are already three (3) to eight (8) years into their life cycle, it will start to receive distributions from the acquired interests shortly after purchase. These early distributions are a key driver of the enhanced returns profile of the Target Fund and should provide its investors with regular cash-flow.

1.7. Focused Strategy of the Target Fund

The Target Fund Sponsor continued for AXA Secondary Fund IV, LP the same strategy of investment which was successfully applied in the Previous Funds. This involves maintaining its position in the secondary segment, leveraging-off the synergies of the Target Fund Sponsor's primary fund commitment activities and emphasizing non-auctioned and more sophisticated value-added deals.

The Target Fund strategy is to focus on non large auction processes mainly ranging between twenty million US Dollars (USD 20,000,000.-) to eight hundred million US Dollars (USD 800,000,000.-). In this segment, especially in Europe, many deals remain undisclosed with no or little competition as sellers can be particularly keen to avoid publicity.

1.8. Exit Strategy of the Target Fund

The exit strategy of the Target Fund is primarily linked to the exits from each underlying portfolio investments of the underlying funds. As the Target Fund typically invests in mature limited partnerships that are already three (3) to eight (8) years into their fund life, the holding period of underlying portfolio investments (*i.e.* underlying companies) shall be limited in average between two (2) to five (5) years. Given the fact that the Target Fund is itself a 2006 vintage fund fully invested in mature private equity funds currently in divestment period, the remaining period until the legal term of the Target Fund shall be in the four (4) years, until October 2016, subject

to three (3) consecutive one-year extensions, in accordance with the terms and conditions of its limited partnership agreement, underlying assets should be liquidated before expiration of the legal term of the Target Fund.

In any case, potential exit routes of underlying assets of the Target Fund also include a sale to a third party on the secondary market to ensure the liquidation of portfolio investments before the expiration of the term of the Target Fund.

2. Borrowing Policy/Leverage

The Sub-Fund may leverage its assets by way of borrowing up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund. Borrowings may be utilized for investment purpose as well as to bridge financing and expense disbursements when liquid funds are not readily available. Investments of the Sub-Fund are expected to include portfolio investment schemes whose capital structures may include additional significant leverage.

3. Share Classes

3.1. Carried Interest Shares

No Carried Interest Shares shall be issued within the Sub-Fund, upon the launching thereof.

3.2. Investors Shares

At present, there is only one Class of Investors Shares available for subscription in the Sub-Fund, namely A Shares, denominated in US Dollars (USD).

4. Reference Currency and NAV Calculation

The Reference Currency of the Sub-Fund shall be the US Dollar (USD).

The Valuation Day of the Sub-Fund shall be the last business day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion.

5. Capital Funding

The Sub-Fund is aimed at raising up to twenty million US Dollars (USD 20,000,000.-).

5.1. Commitments during the Offering Period

Investors are permitted to commit to subscribe for A Shares in the Sub-Fund until 31 December 2012 (the "**Closing**"). For the purpose of this Sub-Fund, there will only be one closing.

Investors, the commitments of which are accepted on the Closing, shall be required to pay up to five percent (5%) of their respective committed amounts no later than eight (8) Business Days following the notification of the Closing to Investors, following which A Shares are to be issued **fully paid-up**, at a subscription price of one hundred US Dollars (USD 100.-) each.

The General Partner may decide, at its discretion, to postpone the date of the Closing; in such case, the Investors will be informed of the amended date of the Closing and the date on which the corresponding part of their commitment has to be paid.

5.2. Drawdown Dates

After the Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner during the Commitment Period. Such drawdowns may only take place provided their amount is not less than one percent (1%) of each Investor's commitment. The General Partner will give each Investor a seven (7) days' prior notice for each drawdown.

A Shares issued in relation to each drawdown made after the Closing shall be issued **fully paid-up** at a subscription price equal to one hundred US Dollars (USD 100.-).

The subscription price of A Shares issued after the Closing must be paid on the relevant drawdown date.

6. Minimum Commitment

Commitments may only be accepted from Eligible Investors, in a minimum amount of one hundred and twenty-five thousand Euro (EUR 125,000.-) or an equivalent amount in any other currency. Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept commitments in lesser amounts.

7. Redemptions and Conversions

A Shareholder may not, of its own initiative, require the Company to redeem its A Shares, or to convert them into any other Class issued in any of the Sub-Funds.

8. Management Fees, Remuneration of the AIFM, Advisory Fees and other costs

8.1. Management Fees

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee, paid quarterly in advance by the Sub-Fund to the General Partner. Such management fee shall be equal to zero point fifty-five percent (0.55%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value plus (ii) the unfunded portion of the aggregate subscribed capital of the Sub-Fund as of the end of the preceding quarter.

It should be noted that calculation of the fees on the basis of the aggregate subscribed capital of the Sub-Fund may entail the payment of fees in respect of subscription monies which have not yet been drawn down.

8.2. Remuneration of the AIFM

Any remuneration payable to the AIFM will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

8.3. Investment Advisory Fees

Any fees payable to the Investment Advisor will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

8.4. Other Expenses

The Sub-Fund shall be responsible for (i) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (ii) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (iii) all litigation and indemnification expenses related to the investments or business of the Sub-Fund.

The Sub-Fund shall also bear its general operating expenses (the "**Operating Expenses**"), which shall also include the fees and disbursements of the Depositary, Administrative Agent, paying agent, Registrar and Transfer Agent, domiciliary agent, and all other out-of-pocket administration expenses and any taxes, fees or other governmental charges levied against the Company attributed or attributable to this Sub-Fund. Such Operating Expenses shall not exceed zero point forty five percent (0.45%) per annum based on the aggregate commitments made in the Sub-Fund.

The Sub-Fund shall bear all expenses related to its creation, up to an amount equaling one percent (1%) of the aggregate commitments made to the benefit of the Sub-Fund; any charges and expenses beyond such amount will be borne by Crédit Agricole (Suisse) S.A.

For the purposes of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

9. Distributions

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Shares, the redemption price will be equal to the last Net Asset Value per relevant Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from Target Fund's distributions after the deduction of the appropriate management and advisory fees and Operating Expenses (including legal reserves for contingent liabilities).

The Target Fund may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions as defined in and in the cases provided for in the constitutive/issuing documents of the Target Fund. In such cases the Shareholders may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund.

10. Specific Risk Considerations

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails risks specific to the Sub-Fund's investment objectives and strategy. The following discussion of risk factors does not purport to be a complete explanation of the risks involved in investing in the Sub-Fund. The risks of investing in the Sub-Fund include, but are not necessarily limited to, the following:

Specific Risk Considerations at the level of the Sub-Fund

Portfolio valuation risks: Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of assets of different natures in terms of *inter alia* sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The assets of the Sub-Fund will be valued using methods determined from time to time by the General Partner. The valuation methods may rely materially on input from the Investment Advisor. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realise with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in any Sub-Fund.

Risks associated with the investment in unregulated underlying funds: As the Sub-Fund may invest directly in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. In particular, the consequence of the leverage effect is that the value of a fund's assets increases faster if capital gains arising from investments financed by borrowing exceed the related costs, notably the interest on borrowed monies and premiums payable on derivative instruments. A fall in prices, however, causes a faster decrease in the value of the fund's assets. In extreme cases, the use of derivative instruments and short sales by underlying unregulated funds may result in them becoming worthless. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or

information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

Specific Risk Considerations at the level of the Target Fund

Risks Inherent in Private Equity Investment

The success of the Target Fund's investments in private equity investment funds and portfolio companies is subject to those risks which are inherent in private equity investment. Private equity investments are subject to the risks associated with the underlying businesses, including market conditions, changes in regulatory requirements, reliance on management at the investment fund and portfolio company levels, interest rate and currency fluctuations, general economic conditions, domestic or foreign political developments, capital market conditions and other factors. There can be no assurance that the future performance of the portfolio companies in which the Target Fund and the Target Fund's portfolio investment funds invest will be positive or result in rates of return that are consistent with historical performance. Past performance may not be an indication of future performance. The Target Fund will not generally be able to participate in the management and control of the Portfolio Investments and portfolio companies in which it invests.

Venture capital investments involve risks associated with investment in companies operating at a loss or with substantial variation in operating results from period to period, companies with the need for substantial additional capital to support expansion or to maintain a competitive position, or companies with significant financial leverage. Leveraged buy-out investments involve risks associated with the substantial indebtedness incurred in connection with such transactions. Accordingly, the profitability of the portfolio companies, as well as appreciation of the investments in such companies, whether held directly or indirectly by the Target Fund, will depend in part upon the ability of these companies to attract capital, which in turn depends on the general economic climate, prevailing interest rates and other factors beyond their control. The viability of highly leveraged portfolio companies is determined by their ability to meet interest payments arising under their debt obligations.

An investment in the Target Fund is long term and with no certainty of return. The value of an interest and the distributions in respect of it can fluctuate down as well as up and an investor may get back less than it contributed to the Target Fund or lose its entire investment.

Illiquidity of Private Equity

Contractual limitations will typically restrict the Target Fund's ability to transfer the Portfolio Investments without the consent of the applicable managers of those entities. The securities or other financial instruments or obligations of portfolio companies in which a Portfolio Investment invests may, at any given time, be very thinly traded, have no public market, or be restricted as to their transferability under the laws of the applicable jurisdiction. In some cases, a Portfolio Investment may also be prohibited by contract from selling securities of portfolio companies or other assets for a period of time or otherwise be restricted from disposing of such securities or other assets. In other cases, the investments of a Portfolio Investment may require a substantial amount of time to liquidate. Consequently, there is a significant risk that a Portfolio Investment will be unable to realize its investment objectives by sale or other disposition of its securities or other assets at attractive prices, or will otherwise be unable to complete any exit strategy with respect to its portfolio companies. These risks can be further increased by changes in the financial condition or business prospects of the portfolio companies, changes in national or international economic conditions, and changes in laws, regulations, fiscal policies or political conditions of countries in which portfolio companies are located or in which they conduct their business.

In addition, a Portfolio Investment may distribute its investments "in-kind" to its investors, including the Target Fund. In turn, the Target Fund may make in-kind distributions of these investments, which may, in certain circumstances, be composed of illiquid securities. There can be no assurance that limited partners will be able to dispose of these investments or that the value of these investments, as determined by the Target Fund for purposes of the determination of the distributions and the calculation of the carried interest partners' carried interest, will ultimately be realized.

Illiquidity of the Interests

Investors should be aware of the long-term nature of this investment. There is not now and will not be a public market for the interests in the Target Fund. The interests in the Target Fund may not be sold or otherwise transferred without the consent of the Target Fund General Partner and compliance with the limited partnership agreements of the Target Fund. The interests have not been registered under the U.S. Securities Act or any other applicable securities law and are subject to restrictions on transfer contained in such laws. Transfers of outstanding interests to persons who are benefit plan investors may in some cases be restricted. There is no liquid market for the interests and none is expected to develop. Accordingly, an Investor may not be able to liquidate its investment in the Target Fund in the event of an emergency or for any other reason, and its interest may not be acceptable as collateral for loans. Such limitations may also adversely affect the price that an investor will be able to obtain for interests in the Target Fund it is able to sell.

Risk of Limited Diversification

There is no assurance as to the degree of diversification that will actually be achieved in the Target Fund's investments by sector, geographic region or asset type. The Target Fund may participate in a limited number of investments and, as a consequence, the aggregate return of the Target Fund may be substantially adversely affected by the unfavorable performance of even a single Target Fund investment.

The failure of one or more Portfolio Investments could have an adverse effect on the Target Fund. The Target Fund's capitalization may be less than two point five billion US Dollars (USD 2,500,000,000), in which case the number of investments will be less than if the Target Fund were fully capitalized at two point five billion US Dollars (USD 2,500,000,000).

As a result of the time it may take to source appropriate investments, the Target Fund's portfolio may not initially be diversified. One risk of the Target Fund not being fully diversified is that the aggregate returns realized by investors may be substantially adversely affected by the unfavorable performance of a small number of such investments.

Unpredictability of Distributions

Return of capital and realization of gains, if any, on investments will generally occur only upon the distribution or other disposition by the Portfolio Investments of portfolio company securities, which may not occur for several years after the Portfolio Investments' initial investment or the Target Fund's acquisition of such Portfolio Investments. Such distributions are likely to be unpredictable and may occur earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

Reliance on the Target Fund General Partner and the Target Fund Advisers

The Target Fund is managed and advised by the Target Fund General Partner and the Target Fund Advisers. The Investors will not make decisions with respect to the management, disposition or other realization of any investment, or other decisions regarding the Target Fund's business and affairs and will have no opportunity to control or influence the Target Fund's daily

management or operations. The success of the Target Fund is substantially dependent on the Target Fund General Partner and the Target Fund Advisers and certain key individuals. Should one or more of these individuals become incapacitated or in some way cease to participate in the management of the Target Fund, its performance could be adversely affected.

The Investors will also not have the opportunity to evaluate the relevant economic, financial and other information which will be utilized by the Target Fund General Partner and the Target Fund Advisers in their selection, structuring, monitoring and disposition of investments.

Potential Conflicts of Interest

Instances may arise where the interests of the Target Fund Advisers, the Target Fund General Partner or other members of the AXA IM group may conflict with the interests of the Target Fund and the investors. The existence of the management team's carried interest may create an incentive for the Target Fund General Partner to make more speculative investments on behalf of the Target Fund than it would otherwise make in the absence of such a performance-based arrangement. The officers, directors and employees of the Target Fund Advisers, the Target Fund General Partner and their affiliates (collectively "Employees") will devote such time as the Target Fund Advisers and the Target Fund General Partner deem necessary to carry out the operations of the Target Fund effectively. Employees will also work on projects for AXA Secondary Fund I, AXA Secondary Fund II, AXA Secondary Fund III and other affiliates of AXA and conflicts of interest may arise in allocating management time, services or functions among such affiliates. Investors should also refer to the time commitment to be made to the Target Fund by the Investment Team.

Competition

The business of identifying, completing and realizing attractive private equity investments is competitive and involves a high degree of uncertainty. Historically, the primary competition for venture capital, buyout, and other private equity investments has been from private equity partnerships and corporations, investment companies, private equity affiliates of large industrial and financial companies, and wealthy individuals. There can be no assurance that the Target Fund General Partner will be able to locate and complete attractive investments which satisfy the Target Fund's investment objectives or realize upon their values or that it will be able to invest fully its committed capital.

To the extent that any portion of the Target Fund's commitments is not invested, the Target Fund's potential for return may be diminished.

There are other private equity houses which are able to commit the amount of capital to deals required for the investment strategy pursued by the Target Fund and other private equity houses may be attempting to emulate the Target Fund's approach. As a result, there may be greater competition for these types of deals than was previously the case.

Tax Consequences

In determining whether or not to make an investment in the Target Fund each potential investor should have considered the tax consequences of such an investment. In addition, each prospective investor is advised to consult its own tax counsel as to the tax consequences of an investment in the Target Fund and as to applicable foreign, state and local taxes. Because of timing differences between allocations of gain and income and distributions, there can be no assurance that investors subject to income tax will receive distributions sufficient to fully satisfy their tax liabilities. Tax rules and their interpretation in relation to interests in the Target Fund may change during the life of the Target Fund.

Risk of Default by Investors and Drawdowns

Any default by an investor in meeting commitments to the Target Fund could have an adverse impact upon the Target Fund's ability to complete a transaction and/or could increase the relative exposure of other investors to such transactions.

Investors who fail to comply with a notice of drawdown may suffer significant financial penalties. Commitments to the Target Fund will be drawn down over time. Failure to meet such a payment obligation when called may result in sanctions against the defaulting investor, as set out in the limited partnership agreement of the Target Fund.

Foreign Investment Risk

The Target Fund will be denominated in US Dollars while investments are likely also to be made and realized in other currencies. Changes in rates of exchange may have an adverse effect on the value, price or income of the investments in the Target Fund.

Movements in the foreign exchange rate between US Dollars and the currency applicable to a particular Investor may have an impact upon such investor's returns in their own currency of account.

Risks regarding Disposition of Portfolio Investments

In connection with the disposition of Portfolio Investments, the Target Fund may be required to make representations about the business and financial affairs of portfolio companies typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities laws. The Target Fund may also be required to indemnify the purchasers of investments or underwriters to the extent that any such representatives or disclosure documents turn out to be incorrect, inaccurate or misleading.

Control of Invested Funds

The Target Fund generally will not have the right to participate in the day-to-day management, control or operations of the underlying funds in which the Target Fund is investing, nor will it have the right to remove the managers thereof. The Target Fund will also not necessarily have the opportunity to evaluate the relevant economic, financial and other information which will be utilized by the underlying funds in which they are investing in their selection, structuring, monitoring and disposition of investments. However, an underlying fund (alone, or together with other investors) may be deemed to have a control position with respect to some portfolio companies which could expose it to liabilities not normally associated with minority equity investments, such as additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability in which the limited liability generally characteristic of business operations may be ignored.

Employee Benefit Plan Risks

ERISA is complex and its interpretation and application remain uncertain. Fiduciaries and other persons considering purchasing interests on behalf of or with plan assets of any ERISA plan are urged to consult their own counsel with specific reference to their own requirements and provisions of ERISA applicable to an investment in the Target Fund.

Exculpation and Indemnification

Certain exculpation and indemnification provisions contained in the limited partnership agreement of the Target Fund may limit the rights of action otherwise available to limited partners and other parties against the Target Fund General Partner, the Target Fund Advisers and

members of the advisory committee of the Target Fund or their respective affiliates, employees, members, partners or stockholders.

Expedited Transactions

Investment analyses and decisions by the Target Fund General Partner and the Target Fund Advisers may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to the Target Fund General Partner or the Target Fund Advisers at the time an investment decision is made may be limited, and the Target Fund may not have access to detailed information regarding investments. Therefore, no assurance can be given that the Target Fund General Partner or the Target Fund Advisers will have knowledge of all circumstances that may adversely affect a Target Fund investment.

Portfolio Valuation

Private equity funds utilize divergent reporting standards that may make it difficult for the Target Fund General Partner to accurately assess the prior performance of the sponsor of a potential investment. In addition, such reporting variances may affect the ability of the Target Fund General Partner to accurately value and monitor investments. Such variances typically involve the calculation of the internal rate of return on investment. For example, a fund's calculation of the internal rate of return on investment may vary depending on whether the calculation includes fees due to its general partner and the fund's expenses.

Target Fund investments will also be difficult to value because it may be relatively difficult for the Target Fund to obtain reliable valuations of the underlying investments. In most cases, the Target Fund will rely on the fund's valuation of the underlying investments. Prospective investors should be aware that situations involving uncertainties as to valuation of assets held by the Target Fund could have an adverse effect on the returns of the Target Fund.

Fees and Expenses

Limited partners will pay certain fees (*e.g.* the management fee to the Target Fund) and expenses of the Target Fund and will indirectly bear the fees (*e.g.* the management fees to the manager of a Portfolio Investment) and expenses of the Portfolio Investments in which the Target Fund invests. Similarly, limited partners will pay carried interest to the carried interest partners and may indirectly bear their share of carried interest paid to the general partner of a Portfolio Investment to the extent that a carried interest is paid in connection with such Portfolio Investment's investments.

Liability for Return of Distributions

If the Target Fund is otherwise unable to meet its obligations, the limited partners may, under applicable law, be obligated to return cash distributions previously received by them if such distributions are deemed to be a return of their capital contributions or a wrongful payment to them. In addition, certain provisions in the limited partnership agreement of the Target Fund will permit the Target Fund General Partner to require each partner to return distributions made to such partner for the purpose of meeting such limited partner's pro rata share of the Target Fund's expenses (including any indemnification obligations). Furthermore, with respect to any distributions from a Portfolio Investment that were in turn distributed by the Target Fund to the limited partners, the Target Fund General Partner may require the limited partners to return such distributions to the extent any Portfolio Investment (or the general partner thereof) requires the Target Fund to return distributions to such Portfolio Investment (or such general partner).

Dilution from Additional Closings

Limited partners that are admitted or increase their commitments at any subsequent closing will participate in existing investments, diluting the interests of existing limited partners therein. Although such limited partners will contribute their pro rata share of all previously drawn commitments (plus an interest equivalent thereon), there can be no assurance that this payment will reflect the fair value of the Target Fund's existing investments.

Early Termination of Portfolio Partnerships

If a fund in which the Target Fund invests terminates its investment programs earlier than anticipated, the Target Fund will not invest as much capital as planned, which could have a negative effect on the Target Fund's returns.

Prevention of Money Laundering

In response to increased regulatory concerns with respect to the sources of funds used in investments and other activities and in order to comply with various anti-money laundering requirements the Target Fund may request prospective and existing limited partners to provide additional documentation verifying, among other things, such limited partner's identity and source of funds used to purchase its interest. The Target Fund General Partner may decline to accept a subscription if this information is not provided or on the basis of such information that is provided. Requests for documentation may be made at any time during which a limited partner holds an interest. The Target Fund General Partner may be required to provide this information, or report the failure to comply with such requests, to governmental authorities, in certain circumstances without notifying the limited partner that the information has been provided. The Target Fund General Partner may take such steps as it determines may be necessary to comply with applicable law, regulations, orders, directives or special measures that may be required by government regulators. Governmental authorities are continuing to consider appropriate measures to implement anti-money laundering laws and at this point it is unclear what steps the Target Fund General Partner may be required to take; however, these steps may include prohibiting such limited partner from making further contributions of capital to the Target Fund, depositing distributions to which such limited partner would otherwise be entitled to an escrow account and/or causing the withdrawal of such limited partner from the Target Fund.

Portfolio Company Risks

The Portfolio Investments in which the Target Fund will invest may invest in companies or entities ("Portfolio Companies") that involve a high degree of business or financial risk. The Portfolio Companies may be start-ups or in an early stage of development, may be distressed or have operating losses or significant variations in operating results and may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence. The Portfolio Companies may also include companies that are experiencing or are expected to experience financial difficulties, which may never be overcome. In addition, they may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. Portfolio Companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel.

Many Portfolio Companies may be highly leveraged, which may impair these companies' ability to finance their future operations and capital needs and which may result in restrictive financial and operating covenants. As a result, these companies' flexibility to respond to changing business and economic conditions may be limited. In addition, in the event that the company does not perform as anticipated or incurs unanticipated liabilities, high leverage will magnify the

adverse effect on the value of the equity of the company and could result in substantial diminution in or the total loss of an equity investment in the company.

Terrorism

The threat or occurrence of terrorist attacks, and the military, economic and political response to terrorism and hostilities throughout the world, may have material consequences on the global economy. The Target Fund General Partner is not able to predict the extent, severity or duration of the effect of terrorist attacks, hostilities or related events or quantify the impact that these events may have on the Target Fund, any Portfolio Investment or the portfolio companies of any Portfolio Investment.

Annual Tax Information

In order for the Target Fund to provide annual tax information to its partners, it must first receive tax information from the Portfolio Investments. If the receipt of such information is delayed, the Target Fund may not be able to provide such tax information to the limited partners to allow them to timely file their tax returns. As a result, limited partners may be required to obtain extensions for their tax returns each year.

Risk Upon Disposition of Investments

In connection with the disposition of a Portfolio Company, a Portfolio Investment may be required to make representations about the business and financial affairs of such Portfolio Company and/or such Portfolio Investment typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities laws. Such Portfolio Investment may also be required to indemnify the purchasers of such Portfolio Company or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate or misleading. These arrangements may result in contingent liabilities for the Target Fund, which might ultimately have to be funded by the limited partners as further described in the partnership agreement. Also, the limited partnership agreement of the Target Fund contains provisions to the effect that if there is any such claim in respect of a Target Fund investment, limited partners may be required to return distributions previously received by them, subject to certain limitations.

Termination of the Target Fund's Interest in a Portfolio Fund Investment

A Portfolio Investment may, among other things, terminate the Target Fund's interest in that portfolio fund if the Target Fund fails to satisfy any capital call by that Portfolio Investment or if the general partner of that Portfolio Investment determines that the continued participation of the Target Fund in such Portfolio Investment would have a material adverse effect on such Portfolio Investment or its assets.

11. Listing on the Luxembourg Stock Exchange

The General Partner does not intend to apply for the listing of the Shares of the Sub-Fund on the Luxembourg Stock Exchange or any other stock exchange.

12. Availability of the Net Asset Value and of Other Information

The Net Asset Value per Share of each Class will be available at the registered office of the General Partner and/or with the Administrative Agent.

The private placement memorandum of the Target Fund will be made available to the Company.

The audited annual report and the unaudited quarterly reports of the Target Fund, including a number of items specified in the private placement memorandum of the Target Fund, will be made available to the Company.

13. Duration and exit strategy of the Sub-Fund

The Sub-Fund is established for a limited duration of four (4) years as from the Closing, with four (4) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Target Fund, at its sole discretion. In fact, the exit strategy of the Sub-Fund is linked to the duration of the Target Fund, which is ten (10) years from its initial closing date (16 October 2006) with three (3) consecutive extensions of one (1) year each, subject to the terms and conditions of the limited partnership agreement of the Target Fund.

During all the investment process, potential exit routes and target exit horizon will be linked to those of the Target Fund. The maturity of each investment is continually monitored and assessed by comparing actual development against the business plan. The timing and conditions of any exit in the Target Fund are discussed in a timely manner, in advance of such exit, with the Management Team of the Target Fund.

Notwithstanding the foregoing, if the Target Fund during the life of the Sub-Fund does not qualify anymore as a private equity fund in accordance with the 2004 Law, then the General Partner shall make the necessary in order for the Sub-Fund to dispose of its investments in the Target Fund.

I. TB-4 SUB-FUND

1. Investment Objective and Strategy

The TB-4 Sub-Fund (the "**Sub-Fund**") is solely aimed at committing capital up to fifty millions US Dollars (USD 50,000,000.-), to be invested in "TowerBrook Investors IV (OS) L.P." (the "**Target Fund**").

1.1. The Target Fund

The Target Fund is a private equity fund which has been formed as an Alberta limited partnership pursuant to the Partnership Act (Alberta), as amended from time to time, whose general partner is "TowerBrook Investors GP IV (Alberta), L.P.", an Alberta limited partnership, or any successor general partner (the "**Target Fund General Partner**").

TowerBrook Capital Partners Special IV, L.P., a Delaware limited partnership (the "**Target Fund Manager**") will provide portfolio management and administrative services to the Target Fund, including investigating, analyzing, structuring and negotiating potential investments, monitoring the performance of the portfolio companies and advising the Target Fund as to disposition opportunities.

TowerBrook Capital Partners L.P., a Delaware limited partnership, ("**TowerBrook**"), acting as investment adviser registered with the U.S. Securities and Exchange Commission, is establishing the TowerBrook Investors IV (Onshore), L.P., a Cayman Islands exempted limited partnership, and certain parallel funds (all represent the Fund IV, the Target Fund being one of those parallel funds) to continue the disciplined private equity investment strategy that TowerBrook has deployed successfully with the preceding funds.

1.2. Investment Objective and Strategy of the Target Fund

The Target Fund is established to realize significant long-term capital appreciation by making control-oriented private equity investments in middle-market companies, in partnership with highly capable management teams, principally on a proprietary basis and often in situations characterized by complexity.

The Target Fund will target investments located primarily in Europe and North America, which will primarily take the form of leveraged buy-outs, leveraged build-ups and distressed situations:

- **Leveraged Buyouts and Build-Ups/Growth investments**:

TowerBrook pursues leveraged buyouts of fundamentally strong businesses in complex situations as well as acquisitions of family-owned businesses and collaborates with corporate sellers to identify divestiture candidates that are not appropriate for auction.

TowerBrook is adept at identifying fragmented industries with favorable economic fundamentals and long- term growth potential where companies can be acquired at attractive valuations. TowerBrook seeks to partner with talented management teams that have proven records of acquiring operating and integrating companies to expand portfolio company operations through acquisitions and internal growth. TowerBrook believes that such companies can capitalize on

cost-saving opportunities and eventually scale economies to effect significant improvements in operating performance.

- **Distressed situations:**

TowerBrook regards "distress" as a tactical opportunity to buy a solid business at an attractive valuation and targets fundamentally sound companies that are suffering from financial distress or a capital markets dislocation. These are generally difficult highly complex and/or contrarian value investment opportunities. All potential targets must have sound business fundamentals, a compelling valuation and substantial upside opportunity.

Furthermore, TowerBrook has experience in and is capable of investing in distressed debt in cases where a route to equity control can be seen. Should default rates increase in the coming years, TowerBrook believes it will be well placed to benefit from the increased availability of otherwise solid businesses that face problems arising from over-leveraged balance sheets.

TowerBrook's investment strategy is based on two (2) fundamental principles:

(a) Focused proprietary sourcing of investment opportunities:

- TowerBrook seeks to avoid competitive auctions by sourcing investment opportunities on a proprietary basis through its network of long-standing relationships and through targeting special situations that attract few or no competitors due to the complex or contrarian nature of the investment opportunity.

- TowerBrook will pursue situations characterized by complexity, whether structural, operational or management related. TowerBrook will also pursue situations in which a seller is looking to exit effectively without the management disruption caused by a widely marketed sale process.

- TowerBrook believes that a thorough understanding of the operational aspects of an asset as well as its macro-economic environment is critical to making informed investment decisions. The TowerBrook team will leverage off highly seasoned executives with substancial operational experience and has also developped through prior investments substancial knowledge of a number of industries in which they will proactively look for new opportunities.

- When analyzing new opportunities, TowerBrook is rigorous in maintaining price discipline and looks wherever possible to structure downside protection into new investments. TowerBrook seeks to only impose the level of debt it considers prudent for a new acquisition.

(b) A proactive value-added approach to overseeing portfolio companies:

- TowerBrook believes the management teams of its portfolio companies are a key asset of any investment. Due diligence is focused on identifying superior performers, with a view to giving added responsibility to strong managers or restructuring the portfolio company management team where appropriate. In its efforts to add value to a company's strategy and operations, TowerBrook believes that its impact can be greatly increased through the involvement of experienced operational professionals.

- TowerBrook looks to add value to its portfolio companies post-acquisition by collaborating with the management teams of those companies to actively apply the operational improvements identified as part of the due diligence process and summarized

in a "200-day Plan" which focuses on the key operating areas in which value is to be created, directing the companies towards those areas with strong potential for growth, margin improvement or more effective returns on capital.

- A core TowerBrook competence is the improvement of the financial reporting systems of the companies acquired. TowerBrook often focuses on acquisition targets that are undermanaged, immature or require the integration of multiple systems as the company grows. These types of investments benefit greatly from the introduction of insightful reporting requirements which help identifying areas of underperformance more efficiently.

- Throughout the lifetime of all of its investments, TowerBrook continually looks to improve returns by optimizing the portfolio company's capital structure. This strategy is particularly important in the light of TowerBrook's conservative approach to leverage at acquisition.

The Target Fund will be subject to the following main investment limitations, as more fully described in the Target Fund's amended and restated agreement of limited partnership (the "**LPA**"):

- The Target Fund will not invest more than twenty percent (20%) of its aggregate commitments in any single portfolio company without the consent of the advisory board.

- Aggregate outstanding bridge financings will not exceed thirty percent (30%) of the aggregate commitments without the consent of the advisory board.

- The Target Fund will not invest more than ten percent (10%) of its aggregate commitments in securities traded on an established United States or non-U.S. securities exchange, reported through an over-the-counter trading system or otherwise traded over-the-counter ("**Public Securities**") provided that investments in Public Securities that were not publicly traded at the time of acquisition, were acquired with the expectation of acquiring control or significant influence over the portfolio company or were acquired in a privately negotiated transaction shall not be considered Public Securities.

- The Target Fund will not invest in individual real estate assets or synthetic securities, hedges, commodities, options, futures (including currency futures), or other derivatives (other than currency and interest rate derivatives related directly or indirectly to an investment in a portfolio company).

- The Target Fund will not invest more than fifteen percent (15%) of its aggregate commitments in companies domiciled or headquartered outside of North America or Europe without the consent of the advisory board. A company domiciled or headquartered outside North America or Europe, having directly or through its subsidiaries, substantial operations, business or customers in North America and/or Europe shall be deemed to be domiciled or headquartered in North America or Europe.

1.3. <u>The Target Fund General Partner and the management of the Target Fund</u>

The Target Fund General Partner will make all investment decisions on behalf of the Target Fund.

Subject to the provisions of the LPA, the management, control, operation and policy of the Target Fund shall be vested exclusively in the Target Fund General Partner, which shall have the

power by itself (or through its duly appointed agents) and shall be authorized and empowered on behalf and in the name of the Target Fund to carry out any and all of the objects and purposes of the Target Fund and to perform all acts (including the payment of Target Fund obligations) and enter into and perform all contracts and other undertakings that it may in its discretion deem necessary or advisable or incidental thereto.

The Target Fund Manager will be appointed to provide portfolio management and administrative services to the Target Fund.

1.4. Successful Track Record

On a consolidated basis, across all of its funds under management, TowerBrook indicates that it has generated a gross internal rate of return ("**IRR**") and gross multiple of capital ("**MoM**") on realized investments of fifty four point three percent (54.3%) and 3.1x, respectively. On all TowerBrook investments, including those that are realized and unrealized, the gross IRR and gross MoM are forty seven point two percent (47.2%) and 2.0x, respectively, and the net IRR and net MoM are twenty nine point six percent (29.6%) and 1.6x, respectively. TowerBrook ranks tied for second in the 2011 Preqin Private Equity Performance Monitor "Top 10 Funds for Consistent Outperformance", which considered key metrics for five thousand six hundred (5,600) vehicles accounting for seventy percent (70%) of all private equity vehicles raised historically by value.

In evaluating the historical investment performance of TowerBrook Investors, L.P. (the "**Fund I**"), TowerBrook Investors II, L.P (together with its parallel funds, the "**Fund II**") and TowerBrook Investors III, L.P. (together with its parallel funds, the "**Fund III**") from inception through 30 June 2012, TowerBrook considers the following to be particularly significant:.

(a) Fund III

- Fund III has invested one thousand six hundred and seventy seven million US Dollars (USD 1,677,000,000.-) in eleven (11) portfolio companies and eight distressed credits.

- Fund III's realized investments have an aggregate cost basis of one hundred and ninety three million US Dollars (USD 193,000,000.-) and have generated total value of four hundred and twelve million US Dollars (USD 412,000,000.-) yielding a gross IRR of fifty eight point four percent (58.4%) and a 2.1x gross MoM.

- Of Fund III's ten unrealized portfolio companies as of 30 June 2012, seven are valued above cost and the remainder is valued at cost or at cost plus or minus the value of foreign exchange hedge.

- Fund III investments (realized and unrealized) have generated a gross IRR of thirty seven point seven percent (37.7%) and a gross MoM of 1.6x with a net IRR of eighteen point six percent (18.6%) and a net MoM of 1.3x.

- From inception to 30 June 2012 Fund III has returned seven hundred and fifty four million US Dollars (USD 754,000,000.-) to its investors or approximately forty five percent (45%) of gross capital deployed to date.

(b) Fund II

- Fund II has invested one thousand sixty five million US Dollars (1,065,000,000.-) in eleven (11) portfolio companies and five distressed, including amounts invested by affiliated co- investors.

- Fund II's realized investments have an aggregate cost basis of four hundred and sixty two million US Dollars (USD 462,000,000.-) and have generated total value of one thousand eighty three million US Dollars (USD 1,083,000,000.-) yielding a gross IRR of twenty seven point nine percent (27.9%) and a 2.3x gross MoM.

- Of Fund II's six (6) unrealized portfolio companies as of 30 June 2012, five (5) are valued above cost.

- Fund II investments (realized and unrealized) have generated a gross IRR of sixteen point two percent (16.2%) and a gross MoM of 1.8x with a net IRR of ten point two percent (10.2%) and a net MoM of 1.4x.

- From inception to 30 June 2012 Fund II has returned nine hundred and ninety seven million US Dollars (USD 997,000,000.-) to its investors or approximately ninety four percent (94%) of gross capital deployed to date.

(c) Fund I

- Fund I has invested seven hundred and sixty one million US Dollars (USD 761,000,000.-) in sixteen (16) portfolio companies, including amounts invested by affiliated co-investors.

- Fund I's fifteen (15) realized investments have an aggregate cost basis of six hundred and ninety million US Dollars (USD 690,000,000.-) and have generated a total value of two thousand six hundred and six million US Dollars (USD 2,606,000,000.-) yielding a gross IRR of fifty six point four percent (56.4%) and a 3.8x gross MoM.

- Fund I investments (realized and unrealized) have generated as of 30 June 2012 a gross IRR of fifty four point eight percent (54.8%) and a gross MoM of 3.4x with a net IRR of forty one point one percent (41.1%) and a net MoM of 2.8x.

- From inception to 30 June 2012 Fund I has returned one thousand nine hundred and fifty nine million US Dollars (USD 1,959,000,000.-) to its investors, or approximately two hundred and fifty seven percent (257%) of gross capital deployed to date.

1.5. Distinctive Market Focus

TowerBrook looks to continuously monitor the manner through which it creates value in its portfolio companies.

(a) **Focus on growth**: the profitability improvement highlighted above can be further segregated into margin improvements versus top line revenue growth. TowerBrook's focus on purchasing high growth businesses is exemplified through the vast majority of profitability improvement (>80%) coming through top line growth.

(b) **Ability to achieve attractive exit multiples versus those achieved at entry**: the TowerBrook strategy of auction avoidance means that it is frequently pushed out of the market during times of excessive merger and acquisition activity, with such activity levels often being seen at the top of the market, allowing it to focus its efforts more on portfolio optimization and exits. Conversely, in more difficult macro-economic environments (as implied by more subdued equity market performance), TowerBrook seeks to put significant capital to work, both through its ability to invest in distressed assets, as well as through more assets generally coming to market outside of auction processes. TowerBrook has effectively managed to invest capital during times of reduced valuations, while using the opportunity of more robust market conditions to exit its investments and return capital to its investors.

1.6. Focused Strategy

TowerBrook is a generalist in terms of industry focus, with adherence to its disciplined strategy being the most important factor when evaluating an asset's suitability for acquisition. However, the TowerBrook team has naturally built up a knowledge base and a broad network of relationships with management teams and industry participants within the sectors in which historic acquisition activity has taken place (such as healthcare, financial services, retail, luxury, consumer goods, telecommunications, media, chemicals, and building products) and therefore looks to draw on its experience where possible when sourcing new acquisitions and managing portfolio companies.

As well as TowerBrook's cumulative experience in these industries, TowerBrook also believes them to have favourable economic fundamentals and long-term growth potential where it can acquire fundamentally strong businesses at attractive valuations.

TowerBrook emphasized historically on securing a proprietary deal flow, targeting complex transactions, closely collaborating with industry experts and continually focusing on its investment post-closing. Maintenance of this strategy in an often auction-led environment has been, and TowerBrook believes will continue to be, a key element of its strong performance. TowerBrook believes this strategy differentiates it from its peers, and that it is a sustainable one in any environment.

1.7. Investment Management, Committees and Investment Process, Exit Strategy

(a) Investment Management

TowerBrook team consists of forty (40) investment professionals, including nineteen (19) managing directors, based in London, New York and San Francisco. Each team member plays an active role both in TowerBrook's investment activities and in monitoring TowerBrook's portfolio companies.

(b) Committees and Investment Process

The General Partner shall establish an Investment Committee that will have exclusive decision making authority with regards to the acquisition and disposition of investments and which shall be composed of senior executives of TowerBrook.

- **Investment Committee:** the Investment Committee is responsible for all investment decisions, including all acquisitions, dispositions and refinancing of the Target Fund. The

Investment Committee looks to further increase the efficiency of TowerBrook's investment approach and to remain disciplined in controlling costs. As such, preliminary Investment Committee meetings are held prior to the submission of any formal offer, with a view to eliminating at an early stage those acquisitions that do not fit within Target Fund Manager's strategy. For those investments that receive preliminary approval, the Investment Committee identifies key macro and micro questions to be answered early in the process before incurring full due diligence costs.

- **Portfolio Committee:** the Portfolio Committee is responsible for TowerBrook's focus on the operational improvement and strategic direction of its portfolio companies as well as continually monitoring their development and improvement. The Portfolio Committee meets monthly to review the portfolio companies with their respective deal teams. The aim of each meeting is to discuss the operating strategies of the portfolio companies.
  In order to formalize and impose greater discipline on the portfolio monitoring process, the Portfolio Committee has developed a detailed portfolio company database which has been designed to standardize the format and outputs of each portfolio company's monthly reporting. As such, it improves transparency and simplifies the Portfolio Committee analysis, while focusing the deal teams on the key value drivers and operating metrics of their companies.

- **Other Committees:** in order to better manage a number of critical areas of the firm's operations, TowerBrook has put in place additional committees whose purpose is to ensure more effective management of the firm and greater functional clarity.

(c) Exit Strategy

Starting from the first preliminary Investment Committee meeting TowerBrook assesses as part of its evaluation process the most likely exit route for each potential investment. All forms of exit are actively considered throughout the life of an investment, which is expected to be held between three (3) to six (6) years, and the type of exit chosen will eventually depend on the nature of the underlying assets and the conditions of the financial market at any given time.

Prior to committing capital to a portfolio company, TowerBrook identifies the likely exits options including sales to strategic or financial buyers, public equity offerings and/or recapitalizations. As a matter of practice, TowerBrook does not rely on any single path for achieving liquidity.

It is in TowerBrook belief that though the viability of each of the above exit routes may change over time with market conditions, they will continue to be the most relevant and achievable means of exiting investments in the future.

TowerBrook will continue to consider all of these options for each investment, and therefore believes there should be no long-term difficulty in securing exits at attractive valuations.

2. <u>Borrowing Policy/Leverage</u>

The Sub-Fund may leverage its assets by way of borrowing up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund. Borrowings may be utilized for investment purpose as well as to bridge financing and expense disbursements when liquid funds are not readily available. Investments of the Sub-Fund are expected to include portfolio investment schemes whose capital structures may include additional significant leverage.

3. Share Classes

3.1. Carried Interest Shares

No Carried Interest Shares shall be issued within the Sub-Fund, upon the launching thereof.

3.2. Investors Shares

At present, there is only one Class of Investors Shares available for subscription in the Sub-Fund, namely A Shares, denominated in US Dollars (USD).

4. Reference Currency and NAV Calculation

The Reference Currency of the Sub-Fund shall be the US Dollar (USD).

The Valuation Day of the Sub-Fund shall be the last business day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion.

5. Capital Funding

The Sub-Fund is aimed at raising up to fifty million US Dollars (USD 50,000,000.-).

5.1. Commitments during the Initial Offering Period

Investors are permitted to commit to subscribe for A Shares in the Sub-Fund from 20 December 2012 until the earliest of either (i) 31 March 2014 or (ii) on or about the last closing of the Target Fund as determined in the private placement memorandum thereof.

Investors, the commitments of which are accepted on the First Closing (the "**Initial Investors**"), shall be required, to pay up to five percent (5%) of their respective committed amounts no later than ninety (90) Business Days following the notification of the First Closing to Initial Investors, following which A Shares are to be issued **fully paid-up**, at a subscription price of one hundred US Dollars (USD 100.-) each.

5.2. Commitments after the Initial Offering Period

After the First Closing, commitments for A Shares will be accepted from Initial Investors and other investors at such Closings ("**Subsequent Closings**") as determined by the General Partner during a period terminating on the Last Closing. The Last Closing shall be on 31 March 2014, unless extended by the General Partner. Dates of Subsequent Closings will be communicated to the Investors by a ten (10) Business Days' prior notice.

The General Partner may decide, at its discretion, to postpone the date of any Closing (including the First Closing and the Last Closing); in such case, the Investors will be informed of the amended date of the Closing and the date on which the corresponding part of their commitment has to be paid with a five (5) Business Days' prior notice.

Investors the commitments of which are accepted at any Subsequent Closing will be required to pay no later than ten (10) Business Days following the notification of such Subsequent Closing the same percentage of their commitments as has already been drawn down from Initial Investors. A Shares subscribed in relation to Subsequent Closings will be issued **fully paid-up** at a subscription price of one hundred US Dollars (USD 100.-) per Share.

Such subscription price will be increased by an amount corresponding to an interest to the benefit of the Sub-Fund (the "**Actualization Interest**"). The Actualization Interest will be calculated in each case by applying an interest rate equal to five percent (5%) per annum, from the date of the First Closing and, as the case may be, of each subsequent draw down to the date of the corresponding Subsequent Closing. The Actualization Interest shall be calculated based on the actual number of days elapsed.

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the subscription price for A Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Shares on the relevant Subsequent Closing; in which case all such A Shares issued on the same Closing shall constitute a separate series. In this case, no Actualization Interest will be due.

5.3. Drawdown Dates

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner during the Commitment Period. Such drawdowns may only take place provided their amount is not less than two and a half percent (2.5%) of each Investor's commitment. The General Partner will give each Investor a seven (7) days' prior notice for each draw down.

A Shares issued in relation to each drawdown made after the First Closing shall be issued **fully paid-up** at a subscription price equal, at the General Partner's discretion, either (i) to one hundred US Dollars (USD 100.-) plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Shares on such drawdown date. If Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The subscription price of A Shares issued after the First Closing must be paid on the relevant drawdown date.

5.4. Commitment Period

The Commitment Period will extend from the First Closing until the Last Closing.

6. Minimum Commitment

Commitments may only be accepted from Eligible Investors, in a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-). Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept commitments in lesser amounts.

7. Redemptions and Conversions

A Shareholder may not, of its own initiative, require the Company to redeem its A Shares, or to convert them into any other Class issued in any of the Sub-Funds.

8. Management Fees, Remuneration of the AIFM, Advisory Fees and other costs

8.1. Management Fees

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee, paid quarterly in advance by the Sub-Fund to the General Partner. Such management fee shall equal zero point fifty five percent (0.55%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value plus (ii) the unfunded portion of the aggregate subscribed capital of the Sub-Fund as of the end of the preceding quarter.

The management fee will accrue as of the First Closing and will be calculated by reference to the aggregate subscribed capital of the Sub-Fund until the Last Closing. Accordingly, adjustments to management fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

It should be noted that calculation of the fees on the basis of the aggregate subscribed capital of the Sub-Fund may entail the payment of fees in respect of subscription monies which have not yet been drawn down.

8.2. Remuneration of the AIFM

Any remuneration payable to the AIFM will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

8.3. Investment Advisory Fees

Any fees payable to the Investment Advisor will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund, such fees shall be deducted from the AIFM's service fees.

8.4. Other Expenses

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund.

The Sub-Fund shall also bear its general operating expenses (the "**Operating Expenses**"), which shall also include the fees and disbursements of the Depositary, Administrative Agent, paying agent, Registrar and Transfer Agent, domiciliary agent, and all other out-of-pocket administration expenses and any taxes, fees or other governmental charges levied against the Company attributed or attributable to this Sub-Fund. Such Operating Expenses shall not exceed zero point forty five percent (0.45%) per annum based on the aggregate commitments made in the Sub-Fund.

The Sub-Fund shall bear all expenses related to its creation, up to an amount equaling one percent (1%) of the aggregate commitments made to the benefit of the Sub-Fund; any charges and expenses beyond such amount will be borne by Crédit Agricole (Suisse) S.A.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

9. Distributions

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Shares, the redemption price will be equal to the last Net Asset Value per relevant Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from Target Fund's distributions after the deduction of the appropriate Target Fund Management Fee, Target Fund Advisory Fee and Operating Expenses (including legal reserves for contingent liabilities).

The Target Fund may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions as defined in and in the cases provided for in the constitutive/issuing documents of the Target Fund. In such cases the Shareholders may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund.

10. Specific Risk Considerations

In regard to the risks associated with investments in the Sub-Fund, the following risks, among all the risks linked to the Target Fund and mentionned in its private placement memorandum, may be of importance to the Investors:

- **No assurance of returns**

The Target Fund General Partner cannot provide assurance that it will be able to choose, make and/or realize investments in any particular company or portfolio of companies. There is no assurance that the Target Fund will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the types of companies and transactions described herein. There can be no assurance that the Target Fund's investment objectives will be achieved or that there will be any return of capital. Therefore, an investor should only invest in the Target Fund if the investor can withstand a total loss of its investment.

In considering the prior performance information of other investment funds managed by the Target Fund Manager, prospective investors should bear in mind that past performance is not indicative of future results, and there can be no assurance that the Target Fund will be able to implement its investment strategy or investment approach, achieve comparable results, that any target results will be met or that it will be able to avoid losses.

- **Dependence on key personnel**

The success of the Target Fund will be highly dependent on the expertise and performance of the managing directors of the Target Fund. There can be no assurance that the managing directors (key persons) will continue to be associated with the Target Fund General Partner, the Target Fund Manager or any of their affiliates throughout the life of the Target Fund, as they are under no contractual obligation to remain with the Target Fund General Partner, the Target Fund Manager or any of their affiliates for all or any portion of the term of the Target Fund. The loss of the services of one or more of these individuals could have an adverse effect on the performance of the Target Fund. In addition, in the event that the members of the investment committee cannot agree on decisions affecting the Target Fund, the capital investment profile of the Target Fund may be adversely affected.

- **No right to control the Target Fund's operations**

Limited partners of the Target Fund will have no opportunity to control the day-to-day operations of the Target Fund, including investment and disposition decisions. In order to safeguard their limited liability from the liabilities and obligations of the Target Fund, limited partners of the Target Fund must rely entirely on the Target Fund General Partner and the Target Fund Manager to conduct and manage the affairs of the Target Fund.

- **Unspecified investments**

The Target Fund may be unable to find a sufficient number of attractive opportunities to meet its investment objectives. The success of the Target Fund will depend on the ability of the Target Fund General Partner and the Target Fund Manager to identify suitable investments, to negotiate and arrange the closing of appropriate transactions and to arrange the timely disposition of such investments. Furthermore, the Target Fund may not be able to invest a significant portion of its commitments during its commitment period.

- **General nature of the Target Fund's investments**

A substantial portion of the Target Fund's investments will be in equity or equity-related investments that by their nature involve business, financial, market and legal risks. While such investments offer the opportunity for significant capital gains, they also involve a high degree of risk that may result in substantial losses. There can be no assurance that the Target Fund will correctly evaluate the nature and magnitude of the various factors that could affect the value of such investments. Prices of the investments may be volatile and a variety of other factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Target Fund's activities. As a result, the Target Fund's performance over a particular period may not necessarily be indicative of the results that may be expected in future periods.

The Target Fund's investments may involve turnaround or underperforming companies or companies identified by the Target Fund Manager as being in need of additional capital. The financial condition of such companies may be weak or their balance sheets highly leveraged and any investment in them may involve a high degree of risk.

- **Contingent liability on disposition of investments**

Most of the Target Fund's investments will involve private securities. In connection with an investment in private securities, the Target Fund may assume, or acquire, a portfolio company subject to contingent liabilities. These liabilities may be material and may include liabilities associated with pending litigation, regulatory investigations or environmental actions, among other things. To the extent these liabilities are realized, they may materially and adversely affect the value of a portfolio company. In addition, if the Target Fund has assumed or guaranteed these liabilities, the obligation would be payable from the assets of the Target Fund, including the unfunded commitments of limited partners of the Target Fund. In connection with the disposition of an investment in private securities, the Target Fund may be required to make representations about the business and financial affairs of the company typical of those made in connection with the sale of a business. The Target Fund also may be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate. These arrangements may result in contingent liabilities that ultimately yield funding obligations that must be satisfied by the limited partners of the Target Fund to the extent of their commitments.

- **Middle-market companies**

A significant component of the Target Fund's investment objectives is to invest in middle-market companies. The Target Fund's focus on “middle market companies” will generally include companies for which transaction values range from one hundred and fifty million US Dollars (USD 150,000,000.-) to one thousand millions US Dollars (USD 1,000,000,000.-). Although investments in middle-market companies may present greater opportunities for growth, such investments may also entail larger risks than are customarily associated with investments in larger companies. Middle-market companies may have more limited product lines, markets and financial resources and may be dependent on a smaller management group. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, the relative illiquidity of private equity investments generally makes it difficult for the Target Fund to react quickly to negative economic or political developments.

- **Investments in distressed securities and restructurings**

The Target Fund may invest in debt obligations, securities and assets that are inefficiently priced as a result of business, financial, market or legal uncertainties. There can be no assurance that the Target Fund General Partner or the Target Fund Manager will correctly evaluate the nature and magnitude of the various factors that could affect the value of the Target Fund's investments.

In particular, the Target Fund may make investments in restructurings that involve portfolio companies that are experiencing or are expected to experience severe financial difficulties. These financial difficulties may never be overcome and may cause such portfolio company to become subject to bankruptcy proceedings. Such investments could, in certain circumstances, subject the Target Fund to certain additional potential liabilities that may exceed the value of The Target Fund's original investment therein.

- **Leverage**

The Target Fund will typically, if relevant, leverage its investments with debt financing at the portfolio company level. Utilization of leverage will result in fees, expenses and interest costs to the Target Fund. Although the use of leverage may enhance returns and increase the number of

investments that can be made, it may also substantially increase the risk of loss. Although the Target Fund Manager will seek to use leverage in a manner it believes is appropriate under the circumstances, the leveraged capital structure of such portfolio company investments will increase the exposure of the portfolio companies to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the portfolio company or its industry which may impair such portfolio companies' ability to finance their future operations and capital needs and result in restrictive financial and operating covenants. As a result, such portfolio companies' flexibility to respond to changing business and economic conditions may be limited. If, for any of these reasons, a portfolio company is unable to generate sufficient cash flow to meet principal and/or interest payments on its indebtedness or similar payments or obligations, the value of the Target Fund's investment in such portfolio company could be significantly reduced or even eliminated.

- **Hedging policies/risks**

The Target Fund may hedge some or all of its portfolio exposure to currency exchange rate fluctuations. Hedging against a decline in currency exchange rates does not eliminate fluctuations in the values of related portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus seeking to moderate the decline in the portfolio position's value. Such hedging transactions also limit the opportunity for gain if relevant currency exchange rates should increase. In the event of an imperfect correlation between hedging transactions and related portfolio positions, the desired protection may not be obtained, and the Target Fund may be exposed to risk of loss. In addition, it is not possible to hedge fully or perfectly against all foreign exchange risk, and hedging entails its own costs. The Target Fund General Partner may determine in its sole discretion not to hedge against certain foreign exchange risks.

- **Highly competitive market for investment opportunities**

There can be no assurance that there will be a sufficient number of suitable investment opportunities to enable the Target Fund to invest all of its Commitments in opportunities that satisfy the Target Fund's investment objectives, or that such investment opportunities will lead to completed investments by the Target Fund. The process of identifying attractive investment opportunities is difficult and involves a high degree of uncertainty. The Target Fund will compete for investment opportunities with many other investors, some of which will have greater resources than the Target Fund. Furthermore, the availability of investment opportunities generally will be subject to market conditions as well as, in some cases, the prevailing regulatory or political climate.

In addition, it is possible that competition for appropriate investment opportunities may increase, thus reducing the number of opportunities available to the Target Fund and adversely affecting the terms upon which investments can be made.

- **Portfolio concentration**

Although without the consent of the Target Fund advisory board may not invest more than 20% of aggregate commitments of the Target Fund in a single portfolio company, diversification is not a requirement of the Target Fund. The Target Fund's portfolio may include a small number of large positions. If the Target Fund's investments are concentrated in a few issuers or industries, any adverse change in one or more of such issuers or industries could have a material adverse effect on the Target Fund's investments. Therefore, while any potential portfolio concentration may enhance total returns to partners of the Target Fund, if any large position has a material loss returns to Partners may be lower than if they had invested in a diversified portfolio.

- **Investments longer than term**

The Target Fund may invest in investments which may not be advantageously disposed of prior to the date that the Target Fund will be dissolved, either by expiration of the Target Fund's term or otherwise. Although the Target Fund General Partner expects that investments will be either disposed of prior to dissolution or suitable for in-kind distribution at dissolution, the Target Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

- **Uncertainty of financial projections**

The Target Fund Manager will generally establish the capital structure of portfolio companies on the basis of financial projections for such portfolio companies. Projected operating results will normally be based primarily on management judgments and those of the Target Fund Manager team. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of other unforeseen events could impair the ability of a portfolio company to realize projected values. General economic conditions, which are not predictable, can also have a material adverse impact on the reliability of such projections.

- **Expedited transactions**

Investment analyses and decisions by the Target Fund General Partner may be undertaken on an expedited basis in order for the Target Fund to take advantage of available investment opportunities. In such cases, the information available to the Target Fund General Partner at the time of an investment decision may be limited and the Target Fund General Partner may not have access to the detailed information necessary for a full evaluation of the investment opportunity. Further, the Target Fund may conduct its due diligence activities in a very brief period and may assume the risks of obtaining certain consents or waivers under contractual obligations. While the Target Fund General Partner expects to negotiate purchase price adjustments, termination rights and other protections, such rights may not be available or, if available, the Target Fund General Partner may elect not to exercise them.

- **Financial fraud**

Instances of fraud and other deceptive practices committed by senior management or owners of portfolio companies in which the Target Fund invests may undermine the Target Fund Manager's due diligence efforts with respect to such companies and, if such fraud is discovered, materially negatively affect the valuation of the Target Fund's investments. In addition, when discovered, financial fraud may contribute to overall market volatility that can negatively impact the Target Fund's investment program.

- **Provision of managerial assistance and control; Board participation**

The Target Fund typically will designate directors (and non-executive chairmen) to serve on the boards of directors of the Target Fund's portfolio companies. The designation of directors and other measures contemplated could expose the assets of the Target Fund to claims by a portfolio company, its security holders and its creditors. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability which the limited liability characteristic of business operations usually ignores. If these liabilities were to occur, the

Target Fund could suffer losses in its investments. While the Target Fund Manager intends to manage the Target Fund in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

Although such board positions in certain circumstances may be important to the Target Fund's investment strategy and may enhance the Target Fund General Partner's and the Target Fund Manager's ability to manage investments, they may also have the effect of impairing the Target Fund General Partner's ability to sell the related securities when, and upon the terms, it may otherwise desire and may subject the Target Fund General Partner, the Target Fund Manager and the Target Fund to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. In general, the Target Fund will indemnify the Target Fund General Partner and the Target Fund Manager from such claims.

- **Legal and regulatory risks**

Legal and regulatory changes could occur during the term of the Target Fund that may adversely affect the Target Fund, its portfolio companies or partners of the Target Fund. For example, the Target Fund expects to make investments in a number of different industries, some of which are or may become subject to regulation by one or more U.S. federal or international agencies and by various agencies of the countries, states, localities and counties in which they operate. New and existing regulations, changing regulatory schemes and the burdens of regulatory compliance all may have a material negative impact on the performance of portfolio companies that operate in these industries. Neither the Target Fund General Partner nor the Target Fund Manager can predict whether new legislation or regulation governing those industries will be enacted by legislative bodies or governmental agencies, nor can either of them predict what effect such legislation or regulation might have. There can be no assurance that new legislation or regulation, including changes to existing laws and regulations, will not have a material negative impact on the Target Fund's investment performance.

- **Alternative Investment Fund Managers Directive**

The EU Alternative Investment Fund Managers Directive ("**AIFMD**") comes into force on 22 July 2013. The AIFMD regulates the activities of private fund managers undertaking fund management activities or marketing fund interests to investors within the EU.

If the Target Fund is marketed to EU-based investors from 22 July 2013: (i) the Target Fund will be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which will likely result in the Target Fund incurring additional costs and expenses; and (ii) the AIFMD will also restrict certain activities of the Target Fund in relation to EU portfolio companies including, in some circumstances, The Target Fund's ability to recapitalize, refinance or potentially restructure an EU portfolio company within the first two (2) years of ownership.

- **Potential conflicts of interest**

The Target Fund General Partner, the Target Fund Manager and their respective directors, partners, members, shareholders, officers, employees and agents may be subject to certain conflicts of interest.

- **Target Fund Carried Interest; Other Fees**

The existence of the carried interest may create an incentive for the Target Fund General Partner to approve and cause The Target Fund to make riskier or more speculative investments than it

would otherwise make in the absence of such performance-based compensation, however, the presence of the Target Fund General Partner clawback and the carried interest distribution escrow should tend to reduce this incentive.

The Target Fund Manager may receive certain fees from investments in connection with the purchase, monitoring or disposition of investments or in connection with unconsummated transactions (e.g., transaction, consulting, management, investment banking, advisory, closing, topping, break-up and other similar fees). Although an amount equal to one hundred percent (100%) of net break-up fees and one hundred percent (100%) of net transaction fees paid to the Target Fund Manager will reduce the Target Fund Management Fee payable by the limited partners of the Target Fund, limited partners of the Target Fund will not receive the benefit of any fees paid to an affiliate of the Target Fund General Partner that is a registered broker dealer.

- **Diverse Investors**

The limited partners of the Target Fund are expected to include diverse investors that may have conflicting tax and other interests with respect to their investments in the Target Fund. The conflicting interests of individual limited partners of the Target Fund may relate to or arise from, among other things, the nature of the Target Fund's investments, the structuring or the acquisition of investments and the timing of disposition of the Target Fund's investments. As a consequence, conflicts of interest may arise in connection with decisions made by the Target Fund General Partner or the Target Fund Manager, including with respect to the nature or structuring of investments, that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for the Target Fund, the Target Fund General Partner and the Target Fund Manager will consider the investment and tax objectives of the Target Fund and the partners of the Target Fund as a whole and not the investment, tax or other objectives of any limited partner of the Target Fund individually.

11. Listing on the Luxembourg Stock Exchange

The General Partner does not intend to apply for the listing of the Shares of the Sub-Fund on the Luxembourg Stock Exchange or any other stock exchange.

12. Availability of the Net Asset Value and of Other Information

The Net Asset Value per Share of each Class will be available at the registered office of the General Partner and/or with the Administrative Agent.

The placement memorandum of the Target Fund will be made available to the Company.

The audited annual report and the unaudited quarterly reports of the Target Fund, including a number of items specified in the placement memorandum of the Target Fund, will be made available to the Company.

13. Duration and exit strategy of the Sub-Fund

The Sub-Fund is established for a limited duration of ten (10) years as from the Last Closing, with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Target Fund, at its sole discretion. In

fact, the exit strategy of the Sub-Fund is linked to the duration of the Target Fund, which is ten (10) years as from the later of (i) the commencement date and (ii) the final closing date with two (2) consecutive extensions of one (1) year each, subject to earlier termination in accordance with the terms and conditions of the LPA.

During all the investment process, potential exit routes and a target exit horizon will be linked to those of the Target Fund. The maturity of each investment is continually monitored and assessed by comparing actual development against the business plan. The timing and conditions of any exit in the Target Fund are discussed in a timely manner, in advance of such exit, with the management team of the Target Fund.

Notwithstanding the foregoing, if the Target Fund during the life of the Sub-Fund does not qualify anymore as a private equity fund in accordance with the 2004 Law, then the General Partner shall make the necessary in order for the Sub-Fund to dispose of its investments in the Target Fund.

J. AP V SECONDARY SUB-FUND

1. Investment Objective and Strategy

The AP V Secondary Sub-Fund (the "**Sub-Fund**") is solely aimed at committing capital up to forty millions US Dollars (USD 40,000,000.-), to be invested in "AlpInvest Secondaries Fund (Onshore) V L.P." (the "**Target Fund**").

1.1. The Target Fund

The Target Fund is a secondary private equity fund which has been formed as a Delaware limited partnership pursuant to the provisions of title 6, chapter 17 of the Delaware Code, as amended from time to time, whose managing general partner is "AlpInvest Secondaries V GP, LLC", a Delaware limited liability company, and any substitute, successor or additional managing general partner of the Target Fund (the "**Target Fund General Partner**").

The Target Fund, together with "AlpInvest Secondaries Fund (Offshore) V, L.P." a Cayman Islands exempted limited partnership and "AlpInvest Secondaries Fund (Offshore Feeder) V, L.P." also a Cayman Islands exempted limited partnership are currently the pooled investment vehicles that comprise the fund known as "AlpInvest Secondaries Fund V".

The Target Fund is sponsored and organized by "AlpInvest Partners B.V.", a Dutch limited liabilities company (together with its affiliates "**AlpInvest**") as the successor fund to four (4) secondary funds ("**Fund I**", "**Fund II**", "**Fund III**" and "**Fund IV**") accross which AlpInvest committed six billion Euros (EUR 6,000,000,000.-) to secondary investments from 2002 through June 30, 2012.

1.2. Investment Objective and Strategy of the Target Fund

The purposes of the Target Fund are to identify, acquire, hold, manage and dispose of investments, including secondary investments, in accordance with the terms and conditions of the amended and restated agreement of Limited Partnership of the Target Fund (the "**LPA").**

The Target Fund is established to generate superior risk-adjusted returns for its investors by investing, through privately negotiated transactions in the secondary market, in :

- **portfolios of private equity assets**, mainly consisting of leveraged buyout, growth capital and special opportunity fund interests, meaning pooled investment vehicles or investments having similar characteristics to pooled investment vehicles, as determined by the Target Fund General Partner;

- **portfolios of direct private equity investments**, being equity or debt investments in operating companies or other business organisations.

The Target Fund is seeking aggregate commitments from investors of five hundred million US Dollars (USD 500,000,000.-), with a seven hundred and fifty million US Dollars (USD 750,000,000.-) hard cap. The Target Fund will invest pro rata and pari passu to other investors committing through their AlpInvest managed accounts. In aggregate, total commitments to secondaries by all AlpInvest funds and accounts for the years 2012, 2013 and 2014 will be capped at three point five billion Euros (EUR 3,500,000,000.-).

AlpInvest, with this fifth generation of secondary fund, anticipates to pursue, subject to market conditions, the following strategy:

- **Building up a balanced portfolio composed of**:

  - About two third (2/3) of the capital invested in what AlpInvest believes are "straight purchases" of high quality limited partnership interests creating a strong building block in the Target Fund's portfolio;

  - About one third (1/3) in what AlpInvest believes could be higher risk transactions, such as spin-outs, stapled transactions, structured transactions and secondary directs. Any risks potentially associated with such transactions are generally mitigated by focusing on the most attractive assets, managed by high quality general partners and by applying higher target returns;

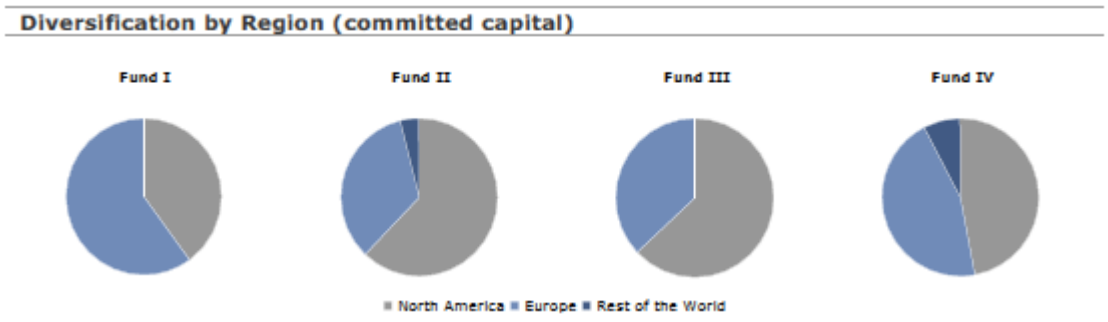
- **Creating diversification at multiple levels**:

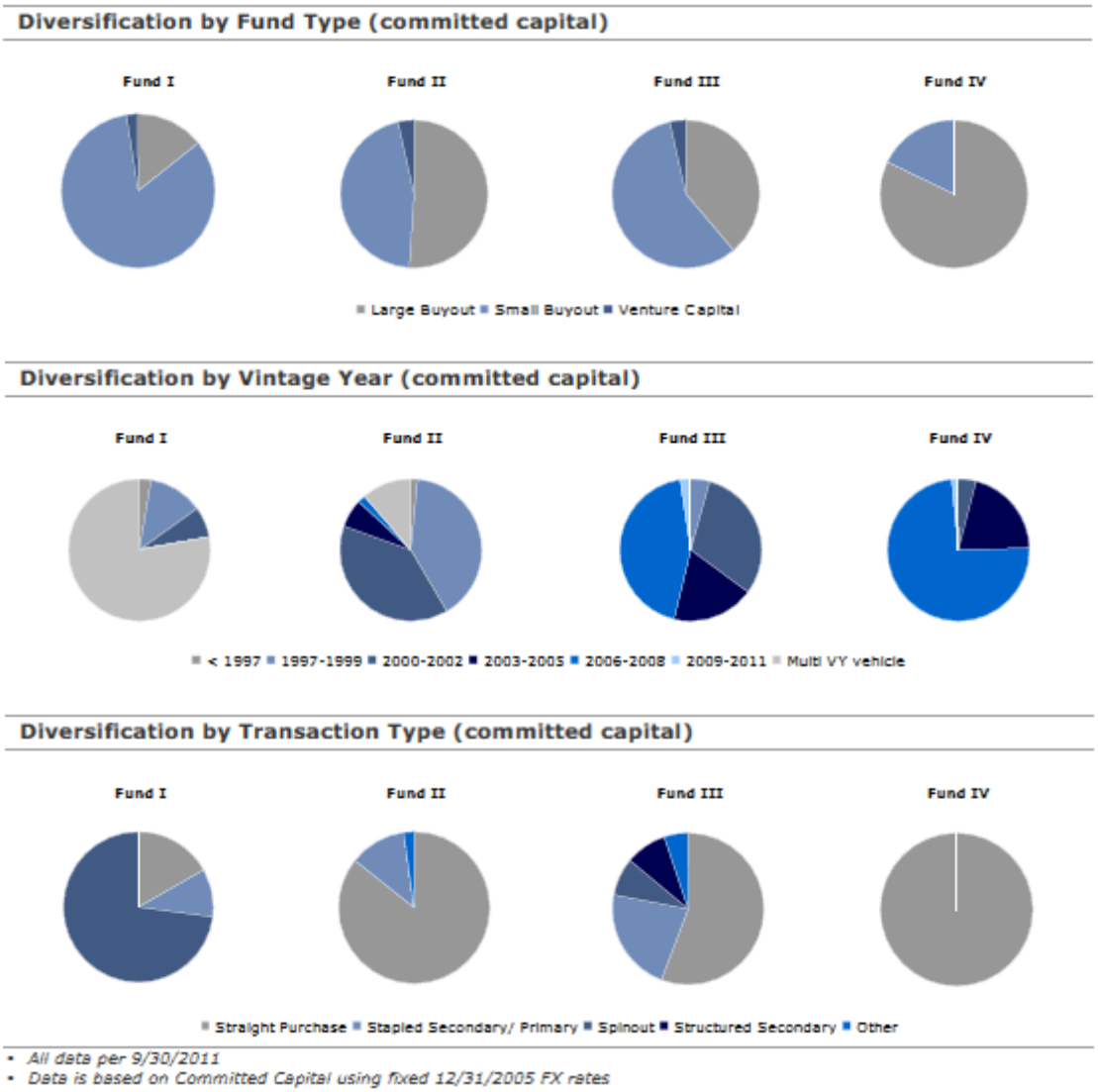
  - **Geographies**: although the Target Fund will make global investments, AlpInvest do not expect more than thirty percent (30%) of capital to be committed outside North America and Western Europe. Historically, Fund I, Fund II, Fund III and Fund IV invested approximately forty five percent (45%) of their capital in North America, forty five percent (45%) in Europe and ten percent (10%) in the rest of the world;

  - **Funded/Unfunded exposure:** the typical profile for a portfolio transaction is about two third (2/3) funded and one third (1/3) unfunded;

  - **Size:** assuming aggregate capital commitments of three point five billion Euros (EUR 3,500,000,000.-), AlpInvest expects to close on an annual basis eight (8) to twelve (12) secondary transactions or a total of twenty-four (24) to thirty-six (36) transactions over the course of the investment period.

The following tables provide a detailed overview of the portfolio composition of Fund I, Fund II, Fund III and Fund IV:





Source: AlpInvest Secondaries Fund V Private Placement Memorandum

- **Taking advantage of market dislocations in order to buy most attractive assets on a risk-adjusted basis**:

  - **Defensive**: overweighting straight purchases when risks are high while creating optimal diversification at transaction level (i.e. larger number of underlying assets);

  - **Offensive/neutral**: adding "alpha" via spin-outs, stapled and structured transactions while maintaining focus on achieving sufficient diversification and higher returns, when the outlook for the economic environment is more stable.

The Target Fund will be subject to the following main investment restrictions, as more fully described in the LPA:

- The Target Fund will not commit, without the prior approval of the advisory committee, more than twenty percent (20%) of its aggregate capital subscriptions to funds managed by the Carlyle Group (AlpInvest is sixty percent (60%) held by the Carlyle Group);

- The Target Fund will not commit, without the prior approval of the advisory committee, more than twenty percent (20%) of its aggregate capital subscriptions to any one investee fund or direct investment;

- The Target Fund will not invest, without the prior approval of the advisory committee, more than thirty percent (30%) of its aggregate capital subscriptions in any one transaction, taking into account purchase price plus unfunded obligations;

- The Target Fund will not make, without the prior approval of the advisory committee, any commitment to an investee fund at original issue other than as part of a secondary investment;

- The Target Fund will not invest, without the prior approval of the advisory committee, more than ten percent (10%) of its aggregate capital subscriptions in secondary investments whose primary activities are the development and/or exploitation of real estate, as reasonably determined by the Target Fund General Partner at the time each secondary investment is completed, based on the historical performance of each such secondary investment and its affiliates, the strategy, business and/or investment focus of each such secondary investment, or other factors as determined by the Target Fund General Partner and/or the advisers in their reasonable discretion.

AlpInvest's unparalleled experience, unique scale and its rigorous investment approach create strong competitive advantages when it comes to the key success factors in the area of secondary investing:

- **Broad access**: first and foremost, it allows AlpInvest to develop closer relationships with its general partners. AlpInvest can engage with general partners on a number of levels, from the advisory board down to the level of deal professionals. By leveraging the scale of the integrated AlpInvest platform and its global network, the AlpInvest secondary investment team is in continuous dialogue with over one hundred and fifty (150) sellers, more than two hundred and forty (240) general partners, and over thirty (30) intermediaries as part of a pro-active and targeted sourcing approach. This strategy has allowed AlpInvest to source over one hundred and forty five (145) secondary transactions per annum in the period 2008 – 2010;

- **Information advantages**: AlpInvest believes it has significant information advantages, resulting from the scale of its platform as well as its integrated investment approach, providing the AlpInvest secondary investment team with access to information on funds, portfolios and their underlying assets in a more detailed and timely manner than many of its peers. The involvement through the primary funds, secondary and co-investment teams deepens and broadens AlpInvest's relationship with its general partners, resulting from frequent interaction at many different levels and in relation to many types of transactions. This information forms the basis of a detailed bottom-up due diligence which generally covers over ninety percent (90%) of all underlying value drivers in each transaction, allowing the investment team to develop an up to date and informed view on the underlying assets and their return potential;

- **Strong selection skills**: AlpInvest's information advantages allow it to better assess the risk/reward profiles of many of the investment opportunities, resulting in more informed investment decision making. It allows the secondary investment team to develop a detailed view on the quality of the general partner, which is important to (i) assess value creation going forward, and (ii) derive a balanced view on the expected returns in relation to unfunded positions in secondary transactions;

- **Pro-active portfolio management**: AlpInvest's primary fund investments team is represented on fund advisory boards in over eighty percent (80%) of funds it committed to. This allows to get better insights on general partner and fund-related issues and to proactively engage with general partners when necessary.

1.3. The Target Fund General Partner and the management of the Target Fund

Subject to the provisions of the LPA, the management, operation and policy of the Target Fund shall be vested exclusively in the Target Fund General Partner, which shall have the power by itself and shall be authorized and empowered on behalf and in the name of the Target Fund to carry out any and all of the objects and purposes of the Target Fund and to perform all acts and enter into and perform all contracts and other undertakings and engage in all activities and transactions which it may deem necessary, desirable, advisable or incidental thereto.

The Target Fund Manager appointed AlpInvest and "AlpInvest Partners, Inc.", a corporation organized under the laws of New York, as Investment Advisers to provide portfolio management, monitoring and operating services to the Target Fund.

AlpInvest will provide advisory services and other services to the Target Fund, including investigating, analyzing, structuring and negotiating potential investments, monitoring the performance of the portfolio companies and advising the Target Fund as to disposition opportunities.

1.4. Successful Track Record

AlpInvest has a strong ten (10)-year track record in global secondary private equity investing. From 2002 through June 30, 2012, AlpInvest has committed six billion Euros (EUR 6,000,000,000.-) to secondary investments across Fund I, Fund II, Fund III and Fund IV which cover sixty-nine (69) transactions consisting of over three hundred and eighty (380) partnership interests managed by approximately two hundred (200) general partners.

AlpInvest has consistently produced strong investment performance across economic cycles and has achieved an aggregated gross internal rate of return ("**IRR**") of twenty-two point seven percent (22.7%) and a net IRR of eighteen point three percent (18.3%) across Fund I, Fund II, Fund III and Fund IV as of June 30, 2012 providing a gross multiple of money ("**MoM**") of 1.44x on drawn capital, a net MoM on drawn capital of 1.35x and a net cash-on-cash return on drawn commitments ("**DPI**") of seventy-eight percent (78%) since inception.

In evaluating the historical investment performance of Fund I, Fund II, Fund III and Fund IV from inception through 30 June 2012, AlpInvest considers the following to be particularly significant:

- **Fund I (2002 vintage)**[1]

Fund I has delivered a gross IRR of fifty-five point eight percent (55.8%) and a net IRR of fourty-eight point four percent (48.4%), a gross and net MoM of 1.88x and 1.73x respectively and one hundred and sixty four percent (164%) of net cash drawn down has been returned to Fund I as of June 30, 2012. Fund I is almost fully realized.

[1] Figures presented in section "Fund I, Fund II, Fund III, and Fund IV" derive from the private placement memorandum of the Target Fund.

- **Fund II (2003 vintage)**

Fund II has delivered a gross IRR of twenty-seven point nine percent (27.9%) and a net IRR of twenty-three point nine percent (23.9%), a gross and net MoM of 1.77x and 1.62x respectively and one hundred and fourty percent (140%) of net cash drawn down has been returned to Fund II as of June 30, 2012. Fund II is in full realization mode.

- **Fund III (2006 vintage)**

Fund III has delivered a gross IRR of nine point six percent (9.6%) and a net IRR of seven point nine percent (7.9%), a gross and net MoM of 1.30x and 1.25x respectively and sixty-two percent (62%) of net cash drawn down has already been returned to the fund as of June 30, 2012. Fund III is fully committed. Its investment period was extended to 2009, as it had approximately ten percent (10%) of capital available at the end of 2008. As such, Fund III is still relatively immature and the returns at this stage are only an early indication of the eventual outcome.

- **Fund IV (2010 vintage)**

Fund IV has delivered a gross IRR of twenty-six point eight percent (26.8%) and a net IRR of twenty-one point eight percent (21.8%), a gross and net MoM of 1.27x and 1.22x respectively. Thirty-two percent (32%) of net cash drawn down has been returned to Fund IV as of June 30, 2012. The Fund IV's investment period ended in November 2011. The last investment was formally approved in November 2011 with a final close during the first quarter 2012.

AlpInvest believes that the cash realization profiles of its prior secondary funds across economic and market cycles have provided its investors with highly attractive private equity returns in combination with a reduced risk profile. In addition, AlpInvest's focus on realizing strong cash-on-cash returns has been demonstrated across Fund I, Fund II, Fund III and Fund IV, with seventy-eight percent (78%) of capital invested since inception already distributed to investors as of June 30, 2012 (on a net basis).

1.5. Distinctive Market Focus[2]

The Target Fund seeks to achieve attractive private equity returns with a reduced risk profile through purchases of portfolios of private equity assets from existing investors.

Secondary investments exhibit several attractive features that differentiate them from other private equity assets, including the potential for timely deployment and earlier return of capital, asset visibility (not a blind pool) and diversification and from time to time the opportunity to acquire assets at a discount to their perceived market value especially during market dislocations. AlpInvest believes that these attractive characteristics have the potential to reduce the risks typically associated with private equity fund investing, while historically providing attractive risk-adjusted returns.

The secondaries market has experienced significant secular growth over the last ten years with a compounded annual growth rate in excess of twenty percent (20%). This is primarily fuelled by (i) the growth of the private equity asset class as a whole of about ten percent (10%) per annum, (ii) increased desire for liquidity in a historically illiquid asset class and (iii) the general acceptance of secondaries as a tool for portfolio management.

[2] Figures presented in this section derive from the private placement memorandum of the Target Fund which source is in particular UBS and AlpInvest estimates.

The secondaries market has grown from three point six billion US Dollars (USD 3,600,000,000.-) in 2002 to approximately twenty billion US Dollars (USD 20,000,000,000.-) in 2010. At times, significant "systemic shocks" have led to a further increase in the number of sellers in the secondaries market. In 2002 – 2003, following the "dot-com bubble", many financial institutions divested non-core assets resulting in above average growth of the secondaries market. A similar pattern has emerged in 2010-2011, where the secondaries market reached twenty to twenty-five billion US Dollars (USD 20 - 25,000,000,000.-) in annual transaction volume, resulting mainly from the sale of non-core assets post the financial crisis.

AlpInvest believes the 2012 – 2014 period will provide a similarly attractive secondaries investment opportunity as banks and insurance companies are facing increasing regulations (Volcker Rule, Basel III and Solvency II) limiting their ability to commit to private equity from their already stretched balance sheets. AlpInvest therefore projects sustained high levels of secondary activity at between US$20-25 billion per annum over 2012 – 2014.

AlpInvest proactively approaches potential sellers in the secondaries market, and are specifically focusing today on banks, insurance companies, pension funds and investors seeking to rebalance their private equity exposure.

AlpInvest believes that this background creates a very attractive market dynamic to invest in the secondaries private equity market. Today, AlpInvest has identified over six billion Euros (EUR 6,000,000,000.-) of potential secondary transaction opportunities in its pipeline which fit its investment strategy.

1.6. Focused Strategy

AlpInvest's secondary investment strategy is differentiated in three (3) different ways:

(a) **Best buyer of highest quality assets:** AlpInvest focuses on acquiring positions in funds where the underlying portfolio companies have clear value creation opportunities and identifiable exit potential. AlpInvest believes these to be the better quality assets, which in general will generate stronger cash-on-cash returns. More often than not, these funds tend to be managed by AlpInvest relationship general partners, with whom it invests through AlpInvest's primary funds program;

(b) **Partner of choice**: AlpInvest will focus on transactions where it can achieve the partner of choice position with the seller or the general partner(s) in a transaction:

- ***For sellers***: the AlpInvest investment team is highly experienced and has a strong reputation in the secondaries market. This is the result of the AlpInvest focus on providing maximum transaction certainty to sellers through (i) transparent and consistent pricing, and (ii) efficiency and certainty in transferring assets. The latter is supported by their strong general partner relationships;

- ***For general partners***: AlpInvest's significant scale and the reputation of its primary fund program provide access and a perspective on general partners that cannot easily be matched by competitors. This is very helpful in obtaining fund and portfolio company information during the transaction process. In addition, AlpInvest's ability to make commitments to successor funds raised by the general partner makes the AlpInvest a more attractive replacement limited partner than pure-play secondary funds. This is further enhanced by AlpInvest's status as a blue chip "reference investor" in the primary funds market;

(c) **Focus on diversification and attractive risk-adjusted returns**: the Target Fund will focus on creating asset diversification in each transaction. Furthermore, AlpInvest aims at constructing a diversified portfolio for the Target Fund across multiple metrics, such as geography, industries, managers and vintages. AlpInvest believes that by focusing on quality assets and general partners, the Target Fund will be able to deliver strong and early cash flows. Conservative base case projections and realistic exit assumptions in line with the market environment are core elements of its approach.

1.7. Investment Management, Investment Process and Exit Strategy

(a) Investment Management

AlpInvest's dedicated twenty-two (22) person secondaries team (the "**Secondary Investment Team**") jointly has over fifty-eight (58) years of secondaries and eighty-two (82) years of private equity experience in general.

The Secondary Investment Team leverages the global AlpInvest platform to source, execute and monitor secondary transactions. AlpInvest has dedicated primary funds and co-investment teams providing the Secondary Investment Team with (i) broad access to over two hundred and forty (240) general partner relationships, (ii) deep insights into underlying portfolio performance, (iii) views on the quality of managers and the ability to assess potential returns on remaining unfunded commitments, (iv) strong selection skills to better assess the risk/reward profile of individual transactions and (v) the ability to proactively manage the portfolio amongst others through advisory board positions at over eighty percent (80%) of the firm's primary fund investments.

AlpInvest has a strong track record in purchasing private equity portfolios and structuring complex private equity transactions. It has completed amongst others two of the largest secondary private equity portfolio transactions to date and is equally experienced in executing more complex transactions, such as direct private equity portfolios, spin-outs, stapled secondaries, portfolio securitizations and structured joint ventures.

(b) Investment Process

Over the past ten (10) years, AlpInvest has followed a structured and diligent investment process for secondary transactions, including (i) a proactive global sourcing strategy, (ii) an in-depth bottomup due diligence approach, (iii) expertise in closing transactions and transferring interests efficiently and (iv) a strong focus on post-investment portfolio management and monitoring.

The actual investment process can be broken down into six stages: (i) sourcing, (ii) screening and deal selection, (iii) due diligence, (iv) investment approval, (v) bid strategy and negotiations and (vi) portfolio management / monitoring.

(c) Exit Strategy

The exit strategy of the Target Fund is primarily linked to the exits from each underlying portfolio investments of the underlying funds. As the Target Fund will typically invest in mature limited partnerships, the holding period of underlying portfolio investments (*i.e.* underlying companies) shall be limited in average between two (2) to five (5) years. Given the fact that (i) the commitment period of the Target Fund is limited to three (3) years, subject to a one (1)-year extension and to the terms and conditions of its limited partnership agreement, and (ii) the term of the Target Fund is ten (10) years from the initial commencement date, subject to three (3) consecutive one-year extensions, subject to the terms and conditions of its limited partnership

agreement, underlying assets should be liquidated before expiration of the legal term of the Target Fund.

In any case, potential exit routes of underlying assets of the Target Fund also include a sale to a third party on the secondary market to ensure the liquidation of portfolio investments before the expiration of the term of the Target Fund.

2. Borrowing Policy/Leverage

The Sub-Fund may leverage its assets by way of borrowing up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund. Borrowings may be utilized for investment purpose as well as to bridge financing and expense disbursements when liquid funds are not readily available. Investments of the Sub-Fund are expected to include portfolio investment schemes whose capital structures may include additional significant leverage.

3. Share Classes

3.1. Carried Interest Shares

No Carried Interest Shares shall be issued within the Sub-Fund, upon the launching thereof.

3.2. Investors Shares

At present, there is only one Class of Investors Shares available for subscription in the Sub-Fund, namely A Shares, denominated in US Dollars (USD).

4. Reference Currency and NAV Calculation

The Reference Currency of the Sub-Fund shall be the US Dollar (USD).

The Valuation Day of the Sub-Fund shall be the last business day of each calendar quarter, or such other date(s) that the Target Fund General Partner may determine, in its absolute discretion.

5. Capital Funding

The Sub-Fund is aimed at raising up to forty million US Dollars (USD 40,000,000.-).

5.1. Commitments during the Initial Offering Period

Investors are permitted to commit to subscribe for A Shares in the Sub-Fund from 18 March 2013 until the earliest of either (i) 31 March 2014 or (ii) on or about the last closing of the Target Fund as determined in the private placement memorandum thereof.

Investors, the commitments of which are accepted on the First Closing (the "**Initial Investors**"), shall be required, to pay up to five percent (5%) of their respective committed amounts no later than ninety (90) Business Days following the notification of the First Closing to Initial Investors, following which A Shares are to be issued **fully paid-up**, at a subscription price of one hundred

US Dollars (USD 100.-) each.

5.2. Commitments after the Initial Offering Period

After the First Closing, commitments for A Shares will be accepted from Initial Investors and other investors at such Closings ("**Subsequent Closings**") as determined by the General Partner during a period terminating on the Last Closing. The Last Closing shall be on 31 March 2014, unless extended by the General Partner. Dates of Subsequent Closings will be communicated to the Investors by a ten (10) Business Days' prior notice.

The General Partner may decide, at its discretion, to postpone the date of any Closing (including the First Closing and the Last Closing); in such case, the Investors will be informed of the amended date of the Closing and the date on which the corresponding part of their commitment has to be paid with a five (5) Business Days' prior notice.

Investors the commitments of which are accepted at any Subsequent Closing will be required to pay no later than ten (10) Business Days following the notification of such Subsequent Closing the same percentage of their commitments as has already been drawn down from Initial Investors. A Shares subscribed in relation to Subsequent Closings will be issued **fully paid-up** at a subscription price of one hundred US Dollars (USD 100.-) per Share.

Such subscription price will be increased by an amount corresponding to an interest to the benefit of the Sub-Fund (the "**Actualization Interest**"). The Actualization Interest will be calculated in each case by applying an interest rate equal to five percent (5%) per annum, from the date of the First Closing and, as the case may be, of each subsequent draw down to the date of the corresponding Subsequent Closing. The Actualization Interest shall be calculated based on the actual number of days elapsed.

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the subscription price for A Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Shares on the relevant Subsequent Closing; in which case all such A Shares issued on the same Closing shall constitute a separate series. In this case, no Actualization Interest will be due.

5.3. Drawdown Dates

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the commitments made by the Investors shall be drawn down in successive instalments, as determined by the General Partner during the Commitment Period. Such draw downs may only take place provided their amount is not less than two and a half percent (2.5%) of each Investor's commitment. The General Partner will give each Investor a seven (7) days' prior notice for each draw down.

A Shares issued in relation to each drawdown made after the First Closing shall be issued **fully paid-up** at a subscription price equal, at the General Partner's discretion, either (i) to one hundred US Dollars (USD 100.-) plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Shares on such drawdown date. If Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The subscription price of A Shares issued after the First Closing must be paid on the relevant drawdown date.

5.4. Commitment Period

The Commitment Period will extend from the First Closing until the Last Closing.

6. Minimum Commitment

Commitments may only be accepted from Eligible Investors, in a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-). Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept commitments in lesser amounts.

7. Redemptions and Conversions

A Shareholder may not, of its own initiative, require the Company to redeem its A Shares, or to convert them into any other Class issued in any of the Sub-Funds.

8. Management Fees, remuneration of the AIFM, Advisory Fees and other costs

8.1. Management Fees

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee, paid quarterly in advance by the Sub-Fund to the General Partner. Such management fee shall equal zero point sixty percent (0.60%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value plus (ii) the unfunded portion of the aggregate subscribed capital of the Sub-Fund as of the end of the preceding quarter.

The management fee will accrue as of the First Closing and will be calculated by reference to the aggregate subscribed capital of the Sub-Fund until the Last Closing. Accordingly, adjustments to management fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

It should be noted that calculation of the fees on the basis of the aggregate subscribed capital of the Sub-Fund may entail the payment of fees in respect of subscription monies which have not yet been drawn down.

8.2. Remuneration of the AIFM

Any remuneration payable to the AIFM will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

8.3. Investment Advisory Fees

Any fees payable to the Investment Advisor will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

8.4. Other Expenses

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund.

The Sub-Fund shall also bear its general operating expenses (the "**Operating Expenses**"), which shall also include the fees and disbursements of the Depositary, Administrative Agent, paying agent, Registrar and Transfer Agent, domiciliary agent, and all other out-of-pocket administration expenses and any taxes, fees or other governmental charges levied against the Company attributed or attributable to this Sub-Fund. Such Operating Expenses shall not exceed zero point forty five percent (0.45%) per annum based on the aggregate commitments made in the Sub-Fund.

The Sub-Fund shall bear all expenses related to its creation, up to an amount equaling one percent (1%) of the aggregate commitments made to the benefit of the Sub-Fund; any charges and expenses beyond such amount will be borne by Crédit Agricole (Suisse) S.A.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

9. Distributions

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Shares, the redemption price will be equal to the last Net Asset Value per relevant Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from Target Fund's distributions after the deduction of the appropriate Target Fund management fee, Target Fund advisory fee and Operating Expenses (including legal reserves for contingent liabilities).

The Target Fund may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions as defined in and in the cases provided for in the constitutive/issuing documents of the Target Fund. In such cases the Shareholders may be requested to fully or

partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund.

10. Specific Risk Considerations

In regard to the risks associated with investments in the Sub-Fund, the following risks, among all the risks linked to the Target Fund and mentionned in its private placement memorandum, may be of importance to the Investors:

- **Competition for secondary investments**

The activity of identifying, completing and realizing upon attractive secondary investments is highly competitive and involves a high degree of uncertainty. The Target Fund will be competing for secondary investments with other private equity investors having similar investment objectives. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of investment opportunities available to the Target Fund and adversely affecting the terms upon which investments can be made. There can be no assurance that the Target Fund will be able to identify, complete and realize upon investments that satisfy its investment objective, or that it will be able to invest fully its committed capital.

- **Secondary investment risk**

The Target Fund may acquire secondary investments from existing investors in such secondary investments, but also in certain cases from the issuers of such interests or other third parties. In many cases, the economic, financial and other information available to and utilized by the adviser and the AlpInvest secondary investment team in selecting and structuring secondary investments may be incomplete or unreliable. The overall performance of the Target Fund may depend in part on the accuracy of the information available to the adviser and the AlpInvest secondary investment team, the acquisition price paid by the Target Fund for the secondary investments and the structure of such acquisitions and the Target Fund's ultimate exposure to any assumed liabilities.

The adviser may have the opportunity to acquire, for the account of the Target Fund, a portfolio of secondary investments from a seller on an "all or nothing" basis. Certain of the secondary investments in the portfolio may be less attractive than others, and certain of the sponsors of such secondary investments may be more familiar to the Target Fund than others, or may be more experienced or highly regarded than others. In such cases, it may not be possible for the Target Fund to carve out from such purchases those investments which the adviser considers (for commercial, tax, legal or other reasons) less attractive.

The purchase of a secondary Investment may be structured in the form of a swap or other derivative transaction. Such arrangements may involve the Target Fund taking on greater risk with an expected greater return or reducing their risk with corresponding reduction in the rate of return. Such arrangements also subject the Target Fund to the risk that the counterparty will not meet its obligations. If structured as such, the tax consequences of an investment in the Target Fund may be different than otherwise described herein, including, for example, the amount, timing and character of distributions by the Target Fund.

- **Portfolio company risk**

The portfolio companies in which the Target Fund invests either directly or indirectly through an underlying fund, may involve a high degree of business and financial risk. Portfolio Companies may be in early stages of development, may have operating losses or significant variations in

operating results and may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence. Portfolio Companies may also include companies that are experiencing or are expected to experience financial difficulties, which may never be overcome.

Many of the Portfolio Companies may be highly leveraged, which may impair their ability to finance their future operations and capital needs, and may result in restrictive financial and operating covenants. As a result, such companies' flexibility to respond to changing business and economic conditions and to business opportunities may be limited. In addition, in the event that such companies do not perform as anticipated or incur unanticipated liabilities, high leverage will magnify the adverse effect on the value of the companies' equity and could result in substantial diminution in, or the total loss of, equity investments in such companies.

- **Illiquidity of secondary investments**

Contractual limitations will typically restrict the Target Fund's ability to transfer secondary investments without the consent of the applicable managers of those entities. The securities or other financial instruments or obligations of portfolio companies may, at any given time, be very thinly traded, have no public market, or be restricted as to their transferability under the laws of the applicable jurisdiction. In some cases, a secondary Investment may also be prohibited by contract from selling securities of portfolio companies or other assets for a period of time or otherwise be restricted from disposing of such securities or other assets. In other cases, the underlying investments of an underlying fund may require a substantial amount of time to liquidate. Consequently, there is a significant risk that underlying funds and portfolio companies will be unable to realize their respective investment objectives by sale or other disposition of their securities or other assets at attractive prices, or will otherwise be unable to complete any exit strategy. These risks can be further increased by changes in the financial condition or business prospects of the secondary investments, changes in national or international economic conditions, and changes in laws, regulations, fiscal policies or political conditions of countries in which portfolio companies are located or in which they conduct their business.

- **Risk of loss, illiquidity of the interests**

The Target Fund is intended for long-term investment by limited partners who can accept the risks associated with making highly speculative, primarily illiquid investments in privately negotiated transactions. The possibility of partial or total loss of capital of the Target Fund exists, and prospective limited partners should not subscribe unless they can readily bear the consequences of such loss. Illiquidity may result from the absence of an established market for secondary investments, as well as from legal or contractual restrictions on the resale of secondary investments by the Target Fund or on the resale of portfolio companies by underlying funds. Even if the Target Fund's secondary investments prove successful, they are unlikely to produce a realized return to limited partners for a period of years. Limited partners may not sell, transfer, exchange, assign, pledge, hypothecate or otherwise dispose of their interests (or any portion thereof), nor (except under limited circumstances as set forth in the partnership agreement) may they withdraw from the Target Fund, without the consent of the Target Fund General Partner, which consent may be withheld in the Target Fund General Partner's sole discretion.

It is possible that distributions may be made in kind. There can be no assurance that any Limited Partner would be able to dispose of such assets or that the value of such assets determined by the Target Fund General Partner for purposes of determination of distributions and the calculation of the Target Fund General Partner's carried interest will ultimately be realized. The disposition of any such assets by limited partners will likely require them to incur costs and expenses.

- **Leverage**

To the extent the Target Fund borrows money or otherwise leverages its investments, the favorable and unfavorable effects of price movements in the Target Fund's secondary investments will be magnified. Leverage is also a risk for secondary investments. Certain of the underlying funds and the portfolio companies may have significant borrowings and/or other leverage. The leveraged capital structures of such underlying funds and portfolio companies will increase their (and thus the Target Fund's) exposure to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the condition of the affected companies or their industries.

- **Non-controlling interest**

The Target Fund generally will not have the right to participate in the day-to-day management, control or operations of the secondary investments, nor will it have the right to remove the managers thereof. The Target Fund also will not necessarily have the opportunity to evaluate the relevant economic, financial and other information which the underlying funds utilize in selecting, structuring, monitoring and disposing of their portfolio companies. The success of the Target Fund will be substantially dependent upon the capabilities and performance of the managers of the underlying funds and portfolio companies.

- **Valuation of secondary investments**

There is no established market for secondary private equity partnership interests or for the privately-held portfolio companies of private equity sponsors, and there may not be any comparable companies for which public market valuations exist. As a result, the valuation of the Target Fund's secondary investments will be difficult, may be based on imperfect information and is subject to inherent uncertainties. Valuations of the secondary investments will be determined by the Target Fund General Partner in its discretion and will be final and conclusive as to all the limited partners.

- **Legal risk, litigation and regulatory action**

The adviser AlpInvest is part of a larger firm with multiple business lines active in several jurisdictions that are governed by a multitude of legal systems and regulatory regimes, some of which are new and evolving. The Target Fund, the Target Fund General Partner, the adviser and their affiliates are subject to a number of unusual risks, including changing laws and regulations, developing interpretations of such laws and regulations, and increased scrutiny by regulators and law enforcement authorities. Some of this evolution may be directed at the private fund industry in general or certain segments of the industry, and may result in scrutiny or claims against the Target Fund, the Target Fund General Partner, the adviser or their affiliates directly for actions taken or not taken by the Target Fund, the Target Fund General Partner or the adviser. These risks and their potential consequences are often difficult or impossible to predict, avoid or mitigate in advance, and might make some Secondary Investments unavailable to the Target Fund. The effect on the Target Fund, the Target Fund General Partner, the adviser or any affiliate of any such legal risk, litigation or regulatory action could be substantial and adverse.

- **Hedging**

The Target Fund and the underlying funds and portfolio companies in which the Target Fund invests may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices and currency exchange rates. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while the Target

Fund may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, or currency exchange rates may result in a poorer overall performance for the Target Fund than if it or the underlying funds and portfolio companies in which the Target Fund invests had not entered into such hedging transactions.

- **Multiple levels of expenses**

Limited partners will pay the fees, expenses and carried interest of the Target Fund and will indirectly bear the fees, expenses and carried interest (if any) of the secondary investments. This will result in greater expense to the limited partners than if such fees, expenses and carried interest were not charged by both the Target Fund and the secondary investments.

- **Risks relating to disposition of portfolio companies**

In connection with the disposition of a portfolio company, the Target Fund or an underlying fund may be required to make representations about the business and financial affairs of such portfolio company typical of those made in connection with the sale of any business. The Target Fund may also be required to indemnify the purchasers of such portfolio company to the extent that any such representations or warranties turn out to be inaccurate or misleading. These arrangements may result in liabilities for the Target Fund directly or indirectly through the underlying fund, depending upon recontribution obligations owed to the underlying fund.

- **No operating history**

The Target Fund is newly formed and has no operating history upon which potential investors can evaluate its likely performance. The historical results of secondary investments managed by the adviser, or of private equity investment funds managed by the sponsors of the secondary investments, are not guarantees or predictions of the results that the Target Fund will achieve.

- **Potential conflicts of interest**

Limited partners should be aware that there may be occasions when the Target Fund General Partner or its affiliates (including the adviser) may encounter potential conflicts of interest in connection with the Target Fund. By acquiring an interest in the Target Fund, each Limited partner will be deemed to have acknowledged the existence of any such actual or potential conflicts of interest and to have waived any claim with respect to any liability arising from the existence of any such conflict of interest. The following discussion enumerates certain potential conflicts of interest which should be carefully evaluated before making an investment in the Target Fund.

AlpInvest is affiliated with The Carlyle Group ("Carlyle"), a leading global alternative asset manager, which on July 1, 2011 acquired a sixty percent (60%) interest in AlpInvest.

- **Allocation of Investment Opportunities**

The adviser will be presented with investment opportunities that fall within the investment objectives of the Target Fund and other AlpInvest clients. In such circumstances, the adviser will allocate such opportunities among the Target Fund and such other AlpInvest clients pro rata based on relative capital available for investment, in a fair and equitable manner. As such, it is contemplated that the Target Fund will invest in all secondary investment opportunities based on a predetermined allocation framework alongside other AlpInvest clients.

- **Allocation of Personnel**

The AlpInvest secondary investment team will devote such time as the adviser determines is reasonably necessary to conduct the business and affairs of the Target Fund in an appropriate manner. However, the AlpInvest secondary investment team personnel may work on other projects, including those for AlpInvest's other clients and investment vehicles discussed herein and as otherwise permitted by the Partnership Agreement.

- **Successors to the Target Fund**

In addition, the adviser may form successors to the Target Fund. The allocation of investment opportunities between such successors and the Target Fund, and between such successors and any other accounts and investment vehicles managed by AlpInvest, may present similar conflicts. The investment allocation policies relating to the Target Fund may be changed without the consent of or without notice to the limited partners.

- **Secondary investments in Carlyle funds**

The Target Fund may purchase interests in investment funds for which Carlyle serves as the promoter, general partner and/or investment manager whether from such Carlyle fund, from Carlyle, from a client of Carlyle or from another party, however the Target Fund will not commit more than 20% of the aggregate Commitments to funds managed by The Carlyle Group without prior approval from the LP Advisory Board. If the Target Fund purchases an investment from such Carlyle fund, Carlyle or a client of Carlyle, conflicts of interest may arise, and there can be no assurance that the interests of the Target Fund would not be subordinated to those of the other parties. The Target Fund will not, however, invest in a Carlyle fund if the adviser believes that the proposed investment presents a conflict of interest that cannot be appropriately resolved. If the Target Fund invests in a Carlyle fund, limited partners will pay the fees, expenses and carried interest of the Target Fund and will also indirectly pay the fees, expenses and carried interest, if any, of such Carlyle fund. If the Target Fund was an investor in a Carlyle fund, a conflict may arise between the interests of the Target Fund and those of the Carlyle fund. There can be no assurance that the interests of the Target Fund would not be subordinated to those of the Carlyle fund or to other interests of Carlyle. In addition, if the Target Fund purchases an investment from a client of Carlyle, conflicts of interest may arise due to Carlyle's relationship with such client, and there can be no assurance that the interests of the Target Fund would not be subordinated to those of such client.

- **Resolution of certain conflicts of interest**

Conflicts of interest described herein and such other conflicts of interest that may arise from time to time will be resolved in the sole discretion of the adviser or the Target Fund General Partner, depending on the particular circumstance, assuming the adviser or the Target Fund General Partner, as the case may be, is in a position to resolve such conflicts. Conflicts may also be resolved by Carlyle, in which case the adviser or Target Fund General Partner may have limited or no ability to resolve or influence the resolution of such conflicts. There can be no assurance that any actual or potential conflict of interest will not result in a less favorable outcome for the Target Fund than if such conflict of interest did not exist.

- **Carried interest**

The existence of the Target Fund General Partner's carried interest may create an incentive for the Target Fund General Partner to make riskier or more speculative investments on behalf of the Target Fund than would be the case in the absence of this arrangement.

- **Diverse investor group**

The limited partners may have conflicting investment, tax and other interests with respect to their investments in the Target Fund. The conflicting interests of individual limited partners may relate or arise from, among other things, the nature of investments made by the Target Fund and the structuring or the acquisition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by the Target Fund General Partner or the adviser, including with respect to the nature or structuring of investments, that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In addition, the Target Fund may make secondary investments which may have a negative impact on related investments made by the investors in the Target Fund in separate transactions. In selecting and structuring investments appropriate for the Target Fund, the Target Fund General Partner will consider the investment and tax objectives of the Target Fund and its limited partners as a whole, not the investment, tax or other objectives of any limited partner individually.

11. Listing on the Luxembourg Stock Exchange

The General Partner does not intend to apply for the listing of the Shares of the Sub-Fund on the Luxembourg Stock Exchange or any other stock exchange.

12. Availability of the Net Asset Value and of Other Information

The Net Asset Value per Share of each Class will be available at the registered office of the General Partner and/or with the Administrative Agent.

The placement memorandum of the Target Fund will be made available to the Company.

The audited annual report and the unaudited quarterly reports of the Target Fund, including a number of items specified in the placement memorandum of the Target Fund, will be made available to the Company.

13. Duration and exit strategy of the Sub-Fund

The Sub-Fund is established for a limited duration of ten (10) years as from the Last Closing, with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Target Fund, at its sole discretion. In fact, the exit strategy of the Sub-Fund is linked to the duration of the Target Fund, which is ten (10) years as from the later of (i) the commencement date and (ii) the final closing date with three (3) consecutive extensions of one (1) year each, subject to earlier termination in accordance with the terms and conditions of the LPA.

During all the investment process, potential exit routes and a target exit horizon will be linked to those of the Target Fund. The maturity of each investment is continually monitored and assessed by comparing actual development against the business plan. The timing and conditions of any exit in the Target Fund are discussed in a timely manner, in advance of such exit, with the management team of the Target Fund.

Notwithstanding the foregoing, if the Target Fund during the life of the Sub-Fund does not qualify anymore as a private equity fund in accordance with the 2004 Law, then the General

Partner shall make the necessary in order for the Sub-Fund to dispose of its investments in the Target Fund.

K. CAPVIS IV SUB-FUND

1. Investment Objective and Strategy

The Capvis IV Sub-Fund (the "**Sub-Fund**") is solely aimed at committing capital up to thirty million Euros (EUR 30,000,000.-), to be invested in "Capvis Equity IV L.P." (the "**Target Fund**").

1.1. The Target Fund

The Target Fund is a private equity fund which has been established as a limited partnership in the Island of Jersey and is classified as an "expert fund" pursuant to the Limited Partnerships (Jersey) Law 1994, whose general partner is "Capvis General Partner IV Limited", a Jersey private limited company registered under article 9 of the Financial Services (Jersey) Law 1998 (the "**Target Fund General Partner**").

The Target Fund is advised and organized by "Capvis Equity Partners AG", a Swiss company ("**Capvis**") as the successor fund to five (5) private equity portfolios ("**SBC**[3]"), ("**SBC EP**[1]"), Capvis Equity L.P., Capvis Equity CV, Capvis 1999 L.P. and Capvis 2000 L.P. ("**Capvis I**"), Capvis Equity II L.P. ("**Capvis II**"), and Capvis III L.P. and Capvis III Limmat L.P. ("**Capvis III**") accross which Capvis has advised and completed 43 transactions with a deal value of more than three billion Euros (EUR 3,000,000,000.-) since 1990.

1.2. Investment Objective and Strategy of the Target Fund

The purposes of the Target Fund are to identify, acquire, hold, manage and dispose of equity and equity related investments in accordance with the terms and conditions of the Limited Partnership Agreement of the Target Fund (the "**LPA").**

Capvis is seeking aggregate commitments from investors of six hundred million Euros (EUR 600,000,000.-) for the Target Fund. Capvis with this sixth investment portfolio anticipates to pursue its proven successful investment strategy.

The Target Fund will invest in mid-market companies mainly in Switzerland, Germany and Austria (together the "**DACH region**"), typically with enterprise values of one hundred to two hundred and fifty million Euros (EUR 100,000,000.- to 250,000,000.-). Ownership stakes will be substantial, with equity tickets of fifty to seventy five million Euros (EUR 50,000,000.- to 75,000,000.-). Capvis will consider smaller deals where there is an attractive growth potential, as well as larger deals where appropriate co-investors are available. Corporate spin-offs and family-owned businesses will serve as the main sources of transactions and the Target Fund will focus on mid-size management buyouts and buyins and late stage expansion capital opportunities. The Target Fund will also seek to invest in market leading companies operating in a variety of sectors.

Capvis will continue to deploy its value creation-oriented approach to investing in mid-sized companies, aiming to drive growth, improve operations and increase margins. To achieve these

[3] "SBC" was invested on behalf of Swiss Bank Corporation as advised by SBC Equity Partners from 1990 – 1994 whereas "SBC EP" was invested on behalf of and advised by SBC Equity Partners from 1995 – 1998.

goals, Capvis aims to build high-performance management teams, supported and enabled by strong boards of directors. As in previous funds, a majority of investments made by the Target Fund are expected to originate from either family-owned companies or larger corporates, often negotiated on an exclusive basis.

The Target Fund will be subject to the following main investment restrictions, as more fully described in Schedule 1 of the LPA:

- The Target Fund may not invest more than twenty percent (20%) of the total commitments in companies which are not managed from or do not undertake major activities within the DACH Region without the consent of the Target Fund's investor advisory board.

- The Target Fund will not invest more than fifteen percent (15%) of the total commitments in any one investee company (i.e. a company in which the Target Fund has invested, directly or indirectly and howsoever such investment has been made) or any of such investee company associates but may add up to a further five percent (5%) by way of follow-on investment. These limits may be exceeded (but not so as to exceed twenty percent (20%) and then only in respect of one investee company at any particular time) in relation to bridging investments where the Target Fund acquires or underwrites investments with a view to syndicating or refinancing part of the investment and the Target Fund General Partner reasonably believes that can be accomplished within eighteen (18) months from the date of acquisition.

- Without the approval of the Target Fund's investor advisory board, the Target Fund General Partner will not cause or permit the Target Fund to make direct investments in publicly traded companies, not including for purposes of this limitation:

    - any shares in publicly traded companies received as consideration upon a sale or exchange of an investment;
    - shares of an investment which becomes publicly listed while being held by the Target Fund;
    - investments made in publicly traded companies with the intention of acquiring majority control and/or delisting the company.

- The Target Fund will not invest in any entity for the purpose of financing any acquisition of a publicly quoted company if such acquisition is opposed (at the time of the proposed investment) by a majority of the members of the board of directors or other governing body of the target company unless either (a) the Target Fund General Partner has secured the support for the acquisition from holders of a significant proportion of the voting shares in the target company or (b) the Target Fund's investor advisory board has given its approval.

1.3. <u>The Target Fund General Partner and the management of the Target Fund</u>

Subject to the provisions of the LPA, the Target Fund General Partner shall undertake, and have exclusive responsibility for, the management and control of the affairs and activities of the Target Fund and the application of the assets of the Target Fund to the acquisition of investments and shall otherwise have full power and authority to do all things necessary or conducive to the attainment of the purposes of the Target Fund.

The Target Fund General Partner appointed Capvis Equity Partners AG as investment adviser of the Target Fund whose functions include (i) searching out, identifying, evaluating and recommending to the Target Fund General Partner suitable investments; and (ii) to advise the Target Fund General Partner on the merits, structure and financing of any acquisition or disposal

of investments and to assist the Target Fund General Partner in negotiating and arranging each such acquisition or disposal by the Target Fund.

The Capvis team, originally established in 1990 at SBC's Equity Banking Division, has been strengthened over the years through the addition of professionals with a wide range of relevant and complementary experience including professionals with experience in private equity investment, corporate finance, asset management, business consulting, accounting and operational management. The Capvis team of sixteen (16) professionals includes eight (8) Partners who have worked together for an average of twelve (12) years.

1.4. Successful Track Record[4]

Capvis has proven that its investment strategy can consistently deliver attractive returns to its investors. From its inception in 1990, Capvis has achieved strong results over several economic cycles, including during the global financial crisis in 2008. Since 2009, Capvis has divested six (6) investments resulting in distributions of more than six hundred million Euros (EUR 600,000,000.-) to investors.

As of 31 December 2012, Capvis completed fourty-three (43) transactions with a deal value of more than three billion Euros (EUR 3,000,000,000.-) and thirty-five (35) exits providing a gross multiple of money ("**MoM**") of 2.7x on drawn capital and achieving a gross internal rate of return ("**IRR**") of thirty three percent (33%).

In evaluating the historical investment performance of Capvis' five (5) investment portfolios from inception through 31 December 2012, Capvis considers the following to be particularly significant:

- **SBC and SBC EP (1990 and 1995 vintages)**

  - Portfolios with nineteen (19) investments;
  - Fully divested;
  - Delivered a gross IRR of thirty three point six percent (33.6%) and a gross MoM of 3.2x;

- **Capvis I (1999 vintage)**

  - Portfolio fully invested by March 2004 in eight (8) investments with a total cost of two hundred and fifty four point eight million Swiss Francs (CHF 254,800,000.-);
  - Fully divested and liquidated within ten (10) years of inception;
  - Delivered proceeds of five hundred seventy five point two million Swiss Francs (CHF 575,200,000.-) for a gross IRR of seventeen point five percent (17.5%) and a gross MoM of 2.3x;

- **Capvis II (2004 vintage)**

  - Portfolio fully invested in ten (10) investments with a total cost of three hundred and twenty five point six million Euros (EUR 325,600,000.-);
  - Seven (7) divestments delivering a gross IRR of twenty point eight percent (22.8%) and a gross MoM of 2.4x;
  - Total valuation as of 31 December 2012 is six hundred and thirty four point nine million Euros (EUR 634,900,000.-);

[4] Figures presented in this section derive from the private placement memorandum of the Target Fund.

- **Capvis III (2008 vintage)**

  - Portfolio invested as of 31 December 2012 at sixty three percent (63%) in six (6) investments for a total commitment of three hundred and eighty million Euros (EUR 380,000,000.-);
  - One (1) divestment delivering a gross IRR of thirty three percent (33%) and a gross MoM of 3.1x;
  - Total valuation as of 31 December 2012 is five hundred and seventy one point four million Euros (EUR 571,400,000.-).

1.5. Distinctive Market Focus

The Target Fund will consider opportunities across the DACH region but with a particular focus on Switzerland and Germany. Capvis views the DACH region as economically healthy and robust, making it an attractive environment for Capvis' mid-market private equity strategy for the following key reasons:

- Strong and stable macro environment;
- Continued healthy domestic demand;
- Available bank financing for corporates and private equity transactions;
- Large number of small and medium enterprises, many of them family-owned businesses;
- Large, global enterprises, constantly changing and adapting their organisations in order to maintain their competitive edge;
- High density of export-oriented medium-sized enterprises, often leading in their niche;
- Companies with strong exposure to Asian and other emerging markets, benefitting from demand for high-tech industrial products ("Made in Germany", "Made in Switzerland");
- Switzerland and Germany maintain a positive trade balance with China.

Capvis believes that German speaking Europe will remain a highly attractive investment region for the foreseeable future. Domestically, the DACH region is expected to remain wealthy and resilient, with low unemployment and healthy demand. The region benefits from a strong export orientation with demand for DACH products across the world. There is a good flow of mid-market private equity investment candidates due to the high number of small and medium enterprises and a continuous supply of divested business units from larger industrial companies. In addition, the target markets retain a good level of liquidity with financing available from both local and international banks. This should allow Capvis to transact with confidence in the DACH region.

1.6. Focused Strategy

Capvis has a clear focus on two specific groups of companies: Regional Champions and Global Niche Market Leaders. These categories play to the strengths of the DACH region. Regional Champions benefit from robust domestic demand, while Global Niche Market Leaders export high-tech industrial goods and benefit from "Made in Germany", "Made in Switzerland" labels. Capvis has successfully sourced, developed and exited both types of investments in the past and will maintain a clear focus on these areas for the Target Fund.

- **Regional Champions:**

Regional Champions are companies that dominate their local markets and are well positioned to benefit from the strong and resilient economies that exist in the DACH region. These companies

are often family-owned, have powerful brands and possess a strong distribution network. This combination helps protect market leadership and pricing power.

For portfolio companies within this investment theme, Capvis will focus on efficiency, market consolidation and professionalisation of management with the goal of further developing leading positions within their respective markets. Capvis has particular skills to help companies achieve these objectives. For example, family-owned businesses often require significant support in strengthening management teams in order to successfully transition to a post-family-owned corporate structure. Capvis is well experienced in driving the development of these companies through strengthening management teams, focusing on internal improvement programmes, and expanding product ranges. Add-on acquisitions are regularly used, for example, to increase market share or improve efficiency. The route to exit for Regional Champions is typically through international trade buyers seeking access to the DACH region.

- **Global Niche Market Leaders with exposure to emerging markets**:

Global Niche Market Leaders are among the top three firms within their niche market and also have significant exposure to emerging markets. Capvis' second investment theme focuses on leading companies ("hidden champions") in Global Niche Markets. Within these markets, it is possible for a medium-sized company to attain a strong position on a global scale. These companies often have technology-driven products which are of the highest quality and precision and are difficult to replicate. Further key requirements are strong brand names, good pricing power and well established and defendable market positions.

Capvis seeks to increase the companies' global footprints by entering new markets and expanding its global presence. Capvis' Shanghai office provides valuable advice and support, helping portfolio companies with their Asian strategies and introducing potential customers and partners. Operations are optimised and the management team professionalised. Exits are typically to trade buyers, generally larger businesses seeking access to the niche markets served by the portfolio company.

1.7. Investment Management, Investment Process and Exit Strategy

(a) Investment Management and Investment Process

Capvis has developed a team structure to efficiently execute during the acquisition phase and to drive value post acquisition. The team structure aims to leverage specialist knowhow throughout the investment process, while simultaneously strengthening oversight and control. At the heart of this structure is the deal partner, who will drive and manage the portfolio company over the full cycle from sourcing to exit. The deal team will be supported by a dedicated project team, depending on the size and complexity of the transaction comprising two (2) to three (3) investment professionals and by the portfolio development specialists. The portfolio development specialists provide particular knowledge and insights across the areas of operational improvement programmes, funding and bank financing, China/Asian aspects and equity syndication. Together, the deal partner and the portfolio development specialists shepherd each transaction from sourcing to deal execution, value creation and finally to exit.

The portfolio development specialists also provide monitoring and control functions in the area of bank financing and overall investment performance. Capvis believes that this approach will allow optimal leverage of specialist knowhow in key areas and, at the same time, ensures continued control, oversight and governance.

(b) Exit Strategy

In its evaluation of investment opportunities, Capvis always has the exit in mind and will only make an investment if a credible exit plan has been identified. As part of the appraisal and investment process, the likely timing and method of exit are considered in order to maximize value. The defined plan for the investment reflects the likely exit scenarios and the company is prepared accordingly for the envisaged exit route. All forms of exit are considered, including trade sale, IPO or divestment to a private equity investor.

2. Borrowing Policy/Leverage

The Sub-Fund may leverage its assets by way of borrowing up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund. Borrowings may be utilized for investment purpose as well as to bridge financing and expense disbursements when liquid funds are not readily available. Investments of the Sub-Fund are expected to include portfolio investment schemes whose capital structures may include additional significant leverage.

3. Share Classes

3.1. Carried Interest Shares

No Carried Interest Shares shall be issued within the Sub-Fund, upon the launching thereof.

3.2. Investors Shares

At present, there is only one Class of Investors Shares available for subscription in the Sub-Fund, namely A Shares, denominated in EUR (€).

4. Reference Currency and NAV Calculation

The Reference Currency of the Sub-Fund shall be the EUR (€).

The Valuation Day of the Sub-Fund shall be the last business day of each calendar quarter, or such other date(s) that the Target Fund General Partner may determine, in its absolute discretion.

5. Capital Funding

The Sub-Fund is aimed at raising up to thirty million Euros (EUR 30,000,000.-).

5.1. Commitments during the Initial Offering Period

Investors are permitted to commit to subscribe for A Shares in the Sub-Fund from 10 June 2013 until the earliest of either (i) 31 March 2014 or (ii) on or about the last closing of the Target Fund as determined in the private placement memorandum thereof.

Investors, the commitments of which are accepted on the First Closing (the "**Initial Investors**"), shall be required, to pay up to five percent (5%) of their respective committed amounts no later

than ninety (90) Business Days following the notification of the First Closing to Initial Investors, following which A Shares are to be issued **fully paid-up**, at a subscription price of one hundred Euros (EUR 100.-) each.

5.2. Commitments after the Initial Offering Period

After the First Closing, commitments for A Shares will be accepted from Initial Investors and other investors at such Closings ("**Subsequent Closings**") as determined by the General Partner during a period terminating on the Last Closing. The Last Closing shall be on 31 March 2014, unless extended by the General Partner. Dates of Subsequent Closings will be communicated to the Investors by a ten (10) Business Days' prior notice.

The General Partner may decide, at its discretion, to postpone the date of any Closing (including the First Closing and the Last Closing); in such case, the Investors will be informed of the amended date of the Closing and the date on which the corresponding part of their commitment has to be paid with a five (5) Business Days' prior notice.

Investors the commitments of which are accepted at any Subsequent Closing will be required to pay no later than ten (10) Business Days following the notification of such Subsequent Closing the same percentage of their commitments as has already been drawn down from Initial Investors. A Shares subscribed in relation to Subsequent Closings will be issued **fully paid-up** at a subscription price of one hundred Euros (EUR 100.-) per Share.

Such subscription price will be increased by an amount corresponding to an interest to the benefit of the Sub-Fund (the "**Actualization Interest**"). The Actualization Interest will be calculated in each case by applying an interest rate equal to five percent (5%) per annum, from the date of the First Closing and, as the case may be, of each subsequent draw down to the date of the corresponding Subsequent Closing. The Actualization Interest shall be calculated based on the actual number of days elapsed.

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the subscription price for A Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Shares on the relevant Subsequent Closing; in which case all such A Shares issued on the same Closing shall constitute a separate series. In this case, no Actualization Interest will be due.

5.3. Drawdown Dates

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the commitments made by the Investors shall be drawn down in successive instalments, as determined by the General Partner during the Commitment Period. Such draw downs may only take place provided their amount is not less than two and a half percent (2.5%) of each Investor's commitment. The General Partner will give each Investor a seven (7) days' prior notice for each draw down.

A Shares issued in relation to each drawdown made after the First Closing shall be issued **fully paid-up** at a subscription price equal, at the General Partner's discretion, either (i) to one hundred Euros (EUR 100.-) plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Shares on such drawdown date. If Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The subscription price of A Shares issued after the First Closing must be paid on the relevant drawdown date.

5.4. Commitment Period

The Commitment Period will extend from the First Closing until the Last Closing.

6. Minimum Commitment

Commitments may only be accepted from Eligible Investors, in a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-). Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept commitments in lesser amounts.

7. Redemptions and Conversions

A Shareholder may not, of its own initiative, require the Company to redeem its A Shares, or to convert them into any other Class issued in any of the Sub-Funds.

8. Management Fees, Remuneration of the AIFM, Advisory Fees and other costs

8.1. Management Fees

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee, paid quarterly in advance by the Sub-Fund to the General Partner. Such management fee shall equal zero point sixty percent (0.60%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value plus (ii) the unfunded portion of the aggregate subscribed capital of the Sub-Fund as of the end of the preceding quarter.

The management fee will accrue as of the First Closing and will be calculated by reference to the aggregate subscribed capital of the Sub-Fund until the Last Closing. Accordingly, adjustments to management fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

It should be noted that calculation of the fees on the basis of the aggregate subscribed capital of the Sub-Fund may entail the payment of fees in respect of subscription monies which have not yet been drawn down.

8.2. Remuneration of the AIFM

Any remuneration payable to the AIFM will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

8.3. Investment Advisory Fees

Any fees payable to the Investment Advisor will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

8.4. Other Expenses

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund.

The Sub-Fund shall also bear its general operating expenses (the "**Operating Expenses**"), which shall also include the fees and disbursements of the Depositary, Administrative Agent, paying agent, Registrar and Transfer Agent, domiciliary agent, and all other out-of-pocket administration expenses and any taxes, fees or other governmental charges levied against the Company attributed or attributable to this Sub-Fund. Such Operating Expenses shall not exceed zero point forty five percent (0.45%) per annum based on the aggregate commitments made in the Sub-Fund.

The Sub-Fund shall bear all expenses related to its creation, up to an amount equaling one percent (1%) of the aggregate commitments made to the benefit of the Sub-Fund; any charges and expenses beyond such amount will be borne by Crédit Agricole (Suisse) S.A.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

9. Distributions

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Shares, the redemption price will be equal to the last Net Asset Value per relevant Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from Target Fund's distributions after the deduction of the appropriate Target Fund management fee, Target Fund advisory fee and Operating Expenses (including legal reserves for contingent liabilities).

The Target Fund may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions as defined in and in the cases provided for in the constitutive/issuing documents of the Target Fund. In such cases the Shareholders may be requested to fully or

partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund.

10. Specific Risk Considerations

In regard to the risks associated with investments in the Sub-Fund, the following risks, among all the risks linked to the Target Fund and mentionned in its private placement memorandum, may be of importance to the Investors:

- **Nature of investment**

An investment in the Target Fund requires a long-term commitment, with no certainty of return. There will most likely be little or no near-term cash flow available to the limited partners. The Target Fund's investments will generally (a) be highly illiquid, (b) not be listed on any recognised investment or securities exchange, and (c) not be registered under the U.S. Securities Act of 1933, as amended or any other applicable securities laws. There can be no assurance that the Target Fund will be able to realise such investments in a timely manner. Consequently, the disposal of such investments may require a lengthy time period or may result in distributions in kind to the limited partners.

- **Competitive nature the Target Fund's business**

The business of the Target Fund is highly competitive. Although Capvis has been successful in identifying suitable investments in the past, the Target Fund General Partner will be competing for investment against other groups, including direct investment firms, merchant banks and industrial groups, and Capvis and the Target Fund General Partner may be unable to identify a sufficient number of attractive investment opportunities for the Target Fund to meet its investment objectives. Other investors may make competing offers for investment opportunities that are identified and, even after an agreement in principle has been reached with the board of directors or owners of an acquisition target, consummating the transaction is subject to many uncertainties, only some of which are foreseeable or within the control of the Target Fund General Partner.

- **Dependance on key personnel**

The success of the Target Fund depends in substantial part on the skill and expertise of the Capvis team. There can be no assurance that they will continue to be associated with the Target Fund General Partner throughout the life of the Target Fund. The loss of key personnel could have a material adverse effect on the Target Fund.

- **No right to control the Target Fund's operations**

Limited partners will have no opportunity to control the day-to-day operations of the Target Fund, including investment and disposition decisions. In order to safeguard their limited liability for the liabilities and obligations of the Target Fund, limited partners must rely entirely on the Target Fund General Partner to conduct and manage the affairs of the Target Fund.

- **Risks upon disposal of investments**

In connection with the disposal of an investment in a portfolio company, the Target Fund may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business, or may be

responsible for the contents of disclosure documents under applicable securities laws. The Target Fund may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the partners.

- **Risk of minority positions**

If, as part of its overall investment strategy, the Target Fund elects at any time to hold a minority position in one or more portfolio companies, it may not be able to exercise control over such companies.

- **General economic conditions**

General economic conditions may affect the Target Fund activities. Interest rates, general levels of economic activity, the price of securities and participation by other investors in the financial markets may affect the value and number of investments made by the Target Fund or considered for prospective investment.

- **Investments in troubled and leveraged companies**

The Target Fund may invest in securities of highly leveraged companies and, under certain circumstances, securities of financially troubled companies. While these investments are likely to be particularly risky, they also may offer the potential for correspondingly high returns. Under certain circumstances, payments to the Target Fund and distributions by the Target Fund to the investors may be reclaimed if any such payment is later determined to have been a preferential payment.

- **Middle market companies**

Investments in middle market companies such as those that the Target Fund intends to invest in, while often presenting greater opportunities for growth, may also entail larger risks than are customarily associated with investments in large companies. Medium-sized companies may have more limited product lines, markets and financial resources, and may be dependent on a smaller management group. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of interests in smaller, private companies, which may make realisations of gains more difficult, by requiring sales to other private investors.
In addition, the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in small- and medium-sized companies, could make it difficult for the Target Fund to react quickly to negative economic or political developments.

- **Regulatory change**

The regulation of alternative investment funds and their managers and advisers is the subject of regulatory change in the European Union and the United States. Whilst such proposals may increase investor protection, they may also increase the regulatory burden and costs to be borne by the Target Fund. There is no certainty as to the impact such regulatory changes may have on the Target Fund and Capvis. The Target Fund General Partner and Capvis will keep such regulatory changes under review and make such changes to their procedures as they consider necessary or appropriate.

- **Liability of limited partners**

The Target Fund has been organised as a Jersey limited partnership. In accordance with the Limited Partnerships (Jersey) Law of 1994, the liability of each limited partner will be limited to the amount committed to the Target Fund, provided that such limited partner does not participate in the management of the Target Fund. There are circumstances in which a limited partner may be liable to repay certain distributions received from the Target Fund.

- **Reliance on management of portfolio companies**

While it is the intention of the Target Fund General Partner to invest in companies with proven operating management in place or to secure such management, there can be no assurance that such management will operate successfully. Although the Target Fund General Partner will monitor the performance of each investment, the Target Fund will rely upon management to operate the portfolio companies on a day-to-day basis.

- **Distributions in kind**

Although under normal circumstances the Target Fund intends to make distributions in cash, it is possible that upon liquidation of the Target Fund, distributions may be made in kind and could consist of securities for which there is no readily available public market or securities of entities unable to meet required interest or other payments.

- **Currency risk**

Some investments may be in currencies other than the Euro and, therefore, their value may vary with the relevant exchange rate. Commitments in the Target Fund will be denominated in Euros and, therefore, will be subject to any fluctuation in the rate of exchange between the Euro and the functional currency of each investor. The Target Fund will not hedge its assets or liabilities in respect of currency movements.

- **Euro disruption risk**

The Euro currency may be vulnerable to disruption which could potentially include the Euro ceasing to exist as the recognised single currency of all or some of the participating member states.

- **Risk factors relating to conflicts of interest**

Investors should be aware that there will be situations where the Target Fund General Partner, Capvis and their respective affiliates may encounter potential conflicts of interest in connection with the Target Fund investment activities. The following discussion details certain potential conflicts of interest which should be carefully considered before making an investment in the Target Fund:

- *Other duties*: Capvis has continuing duties with regard to the monitoring and disposal of the investments of Capvis II and Capvis III, which may give rise to potential conflicts of interest;
- *Conflict among certain limited partners:* a potential conflict exists with respect to investment decisions within the Target Fund to the extent that limited partners have divergent economic, tax and other interests, for example, by reference to whether they are taxable or tax-exempt;
- *Directors of the Target Fund General Partner:* the directors of the Target Fund General Partner all serve as directors of the general partners of Capvis II and Capvis III and other

companies and may be subject to conflicts of interest between their duties to the Target Fund General Partner and other such companies.

11. Listing on the Luxembourg Stock Exchange

The General Partner does not intend to apply for the listing of the Shares of the Sub-Fund on the Luxembourg Stock Exchange or any other stock exchange.

12. Availability of the Net Asset Value and of Other Information

The Net Asset Value per Share of each Class will be available at the registered office of the General Partner and/or with the Administrative Agent.

The placement memorandum of the Target Fund will be made available to the Company.

The audited annual report and the unaudited quarterly reports of the Target Fund, including a number of items specified in the placement memorandum of the Target Fund, will be made available to the Company.

13. Duration and exit strategy of the Sub-Fund

The Sub-Fund is established for a limited duration of ten (10) years as from the Last Closing, with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Target Fund, at its sole discretion. In fact, the exit strategy of the Sub-Fund is linked to the duration of the Target Fund, which is ten (10) years as from the effective date (i.e. the date when the commitment period of Capvis III terminates, not being later than 31 March 2014), subject to extension for up to two (2) additional one (1) year periods, subject to earlier termination in accordance with the terms and conditions of the LPA.

During all the investment process, potential exit routes and a target exit horizon will be linked to those of the Target Fund. The maturity of each investment is continually monitored and assessed by comparing actual development against the business plan. The timing and conditions of any exit in the Target Fund are discussed in a timely manner, in advance of such exit, with the management team of the Target Fund.

Notwithstanding the foregoing, if the Target Fund during the life of the Sub-Fund does not qualify anymore as a private equity fund in accordance with the 2004 Law, then the General Partner shall make the necessary in order for the Sub-Fund to dispose of its investments in the Target Fund.

L. LKII SUB-FUND

1. Investment Objective and Strategy

The LKII Sub-Fund (the "**Sub-Fund**") is solely aimed at committing capital up to fourty million US Dollars (USD 40,000,000.-), to be invested in "L Capital Asia 2 Sing L.P." (the "**Target Fund**").

1.1. The Target Fund

The Target Fund is a private equity fund to be formed as a limited partnership under the Limited Partnerships Act (Cap. 163B) of Singapore, whose general partner is "L Capital Asia 2 Sing GP Pte Ltd", a Singapore private company with limited liability (the "**Target Fund General Partner**").

The Target Fund will comprise a two-tier structure. Investors will be offered limited partners interests in the Target Fund which will invest all, or substantially all, of its assets in equity and/or debt interests of "L Capital Asia 2 Pte Ltd", a Singapore private limited liability company (the "**Target Fund Company**"). It is intended that the Target Fund will not engage in any business except holding the Target Fund Company interests and activity incidental thereto. The Target Fund Company will make investments using the proceeds from the issuance of the Target Fund Company interests to the Target Fund. References herein to the "**Target Fund**" shall refer to the Target Fund and the Target Fund Company.

The Target Fund will be managed and/or advised by entities affiliated with L Capital Singapore Pte Ltd (collectively "**L Capital Asia**"). L Capital Asia is sponsored by LVMH Moët Hennessy Louis Vuitton S.A. ("**LVMH**") and its private holding company, Groupe Arnault. Focused on the luxury sector, the Paris-based global conglomarate owns a well-diversified portfolio of more than sixty (60) leading international brands (including Louis Vuitton, Dior, Bulgari, Tag Heuer, Sephora, etc.).

LVMH saw in 2001 the opportunity to benefit from their experience and expertise in brands development to be active on the private equity market. Through a sponsorship model, LVMH has been investing and managing third party capital in private equity investments since 2001. Today LVMH is the sponsor of three (3) independently operated teams, namely L Capital Europe, L Real Estate and L Capital Asia. Founded in 2009, L Capital Asia raised six hundred and thirty five million US Dollars (USD 635,000,000.-) and made ten (10) investments to date in Asia.

1.2. Investment Objective and Strategy of the Target Fund

The purposes of the Target Fund are to identify, acquire, hold, manage and dispose of investments in accordance with the terms and conditions of the Limited Partnership Agreement of the Target Fund (the "**LPA").**

L Capital Asia is seeking aggregate commitments from investors of eight hundred million US Dollars (USD 800,000,000.-) for the Target Fund.

The Target Fund will invest in various types of businesses that are beneficiaries of discretionary consumer spending in the Asian markets. The Target Fund will focus on investment opportunities primarily in Greater China, Southeast Asia and India, as well as, on a more

opportunistic basis, businesses in developed Asia (e.g., Australia, South Korea and Japan), particularly where such businesses may benefit from expansion into developing Asia. Target businesses will typically have enterprise values between one hundred million and one billion US Dollars (USD 100,000,000.- and USD 1,000,000,000.-), and the size of the equity investment into each portfolio company would typically range from twenty to one hundred milliom US Dollars (USD 20,000,000.- to USD 100,000,000.-), a continuation of the strategy of the predecessor fund, L Capital Asia, LLC ("**Fund I**") .

L Capital Asia seeks to underwrite each investment to minimum return expectations of achieving a 2.5x gross multiple of money ("**MoM**") over a three (3) to five (5) year holding period, and these investments will typically exhibit all or most of the following characteristics:

- Lifestyle brands and/or specialised retail with a proven business model in a high growth sector;
- Strong business fundamentals, with the portfolio company being amongst the top three players within its market segment, or having the credentials to achieve that position within a relatively short time span;
- Established track record of high and sustainable growth, or clear potential for such future growth;
- Sustainable profitability with margins that are above the industry average, or clear potential to achieve such margins in the near future;
- Reliable and experienced management team that operates by strong ethics and has a proven capability to run profitable businesses;
- Sufficient capitalisation post-investment, with a strong financial position to facilitate the next phase of growth; and
- Excellent corporate governance, otherwise L Capital Asia should have the flexibility to bring in a pre-identified management team to ensure effective delivery of the business plan.

In continuation of a key feature of L Capital Asia's investment strategy since inception, the Target Fund will invest in businesses that target middle and upper-middle market consumers in developping Asia, which L Capital Asia refers to as the "Aspirational, Affordable, Alternative" (or "**AAA**") market segment.

As such, the Target Fund will be able to directly leverage its strategic relationship with LVMH getting thus a support across the entire investment process from proprietary deal origination and industry-specific due diligence to post-investment operational value-add to portfolio companies, which L Capital Asia believes can lead to achieving exit premiums.

The Target Fund will be subject to the following main investment restrictions, as more fully described in Article 6.4 of the LPA:

- The Target Fund will not invest, without the approval of L Capital Asia's advisory committee, more than twenty percent (20%) of the total commitments in the securities of any single portfolio company (including guarantees of such portfolio company's obligations and bridge financings, as such term is defined in the LPA);
- The Target Fund will not, except if specific conditions provided for in the LPA are met reinvest the net cash proceeds received from the sale of portfolio company securities in portfolio company securities.

1.3. The Target Fund General Partner and the management of the Target Fund

Subject to the provisions of the LPA, the management of the Target Fund shall be vested exclusively in the Target Fund General Partner (acting directly or through its duly appointed agents), and the Target Fund General Partner shall have full control over the business, assets, conduct and affairs of the Target Fund. The Target Fund General Partner shall have the power on behalf and in the name of the Target Fund to carry out any and all of the objectives and purposes of the Target Fund and to perform all acts and enter into and perform all contracts and other undertakings that the Target Fund General Partner, in its sole discretion, deems necessary or advisable or incidental thereto, including the power to acquire and dispose of any investment.

The Target Fund General Partner appointed L Capital Singapore Pte Ltd as investment adviser of the Target Fund whose functions include the advice as to investment opportunities for the Target Fund and disposition of investments, and services such as investigating and structuring potential Target Fund investments and exit opportunities and monitoring the performance of the Target Fund's portfolio companies.

L Capital Asia is independently managed from LVMH and from its other private equity businesses L Capital Europe and L Capital Real Estate but all derive synergies from sharing best practices, market knowledge, and particular investment opportunities. L Capital Asia, founded in 2009, has now an established team of thirty-four (34) experienced professionals based in Singapore, Shanghai and Mumbai. L Capital Asia unique relationship with LVMH positions it to successfully execute its private equity consumer focused growth strategy in Asia. LVMH and L Capital Asia are mutually beneficial, though network expansion and complimentary sources of information.

1.4. Successful Track Record[5]

Since establishement in 2009, L Capital Asia has built through Fund I a well-diversified portfolio of ten (10) investments across its primary target markets of Greater China, Southeast Asia and India. These investments fall into the core sub-sectors of consumer product brands, fashion, selective retail and distribution, lifestyle food and beverages, and media and entertainment.

Despite its relative immaturity, as of 31 December 2012, Fund I has achieved across its realised and partially realised portfolio a gross MoM of 2.7x on invested capital and a gross internal rate of return ("**IRR**") of sixty point three percent (60.3%). Fund I already completed two (2) realisations:

- First partial realisation in June 2011 of a company acquired in September 2010 which already delivered a gross MoM of 2.0x and a gross IRR of ninety eight percent (98.0%);
- Second realisation in May 2012 of a company acquired in September 2009 which delivered a gross MoM of 3.0x and a gross IRR of forty eight point five percent (48.5%).

L Capital Asia's unique ability to add value post investment has already translated into operational growth at the portfolio company level.

[5] Figures presented in this section derive from the private placement memorandum of the Target Fund dated March 2013.

1.5. Distinctive Market Focus

Through its unique knowledge and expertise, L Capital Asia believes that it is well placed to capitalise on emerging Asia's rapid consumer-sector growth dynamics. The region's favourable macroeconomic conditions, growing middle class, and compelling consumption patterns present an attractive investment opportunity.

- **Macro-economic environment**

The sheer size and robust growth of emerging Asia fosters some of the most compelling investment opportunities in the world. Comprising over 3.8 billion people in 2011, Asia is now home to over fifty five percent (55%) of the world's population and represents the largest consumer market globally[6]. The Asian economies are now shifting from dependence on production for export to a greater focus on domestic consumption. Economists predict Asia's growth to continue, with 2012 to 2016 real GDP forecast to grow at eight point one percent (8.1%) in Greater China, eight point four percent (8.4%) in India, and five point two percent (5.2%) in Southeast Asia[6];

- **Growing Middle Class**

Growth in personal wealth across emerging Asia has increased the spending power and size of the middle class. The Organisation for Economic Co-operation and Development expects the size of the global middle class to increase from one billion eight hundred million in 2011 (1,800,000,000) to three billion two hundred million (3,200,000,000) by 2020, with approximately eighty-five percent (85%) of this expansion coming from Asia. The fast migration of people from rural areas to cities is an important factor contributing to middle class growth in developing Asia. Working urban residents have more access to consumer products and services and continued urbanisation has substantially enlarged the customer base for businesses in relevant sectors.

- **Consumption driven by increasing affluence**

Urbanisation and a burgeoning middle class have driven private consumption in Asia. The growing wealth of the Asian consumer has created significant demand for high-end and "masstige" consumer products (i.e., products that fall between luxury/prestige and mass market), this being L Capital Asia's target consumer segment. In 2011, the worldwide high-end goods market reached two hundred and forty eight billion US Dollars (USD 248,000,000,000.-), a thirteen percent (13%) increase from the previous year and largely attributable to growth in Asia[7].

Private equity in Asia has quickly emerged as a viable source of funding, particularly in emerging Asia where public equity and debt capital markets are not as deep as those in more developed regions.

Strong deal flow and the attractiveness of making middle-market growth equity investments is evidenced by the more than doubling of the number of deals under one hundred million US Dollars (USD 100,000,000.-) from 2010 to 2011[8]. Private equity investment should continue to develop as a vital and effective way of accessing Asia's middle market. L Capital Asia believes its strategy of targeting consumer-sector businesses operating in the segment between luxury and

[6] Source : Private placement memorandum of the Target Fund dated March 2013 / Global Insight, March 2012

[7] Source: Private placement memorandum of the Target Fund dated March 2013 / Raymond James Euro Equities, May 2012

[8] Source: Private placement memorandum of the Target Fund dated March 2013 / McKinsey & Company, May 2012

mass market hones in on a sweet spot that can benefit the most from value creation through brand building and operational expertise. It also allows for the development of sufficient business scale to ultimately enable attractive exits. In addition, the large and still growing Asia consumer industry and its various target sub-sectors permits L Capital Asia to carefully select investment opportunities amongst the numerous potential transactions it reviews annually. Through the discipline and patience, the team can efficiently capitalise on both its and LVMH's consumer-sector knowledge and expertise to create long-term value for businesses in this fast-developing market.

1.6. Focused Strategy

L Capital Asia will leverage its exclusive and strategic relationship with LVMH to execute a consumer sector-focused investment strategy, investing specifically in the AAA market segment. Such businesses have products and services positioned between luxury and mass market, and the demand for AAA brands is expected to benefit strongly from burgeoning growth of the middle class, an important demographic trend in Asia.

Investments in businesses in the AAA segment are distinct from, yet complimentary to, LVMH's business operations within the luxury segment. L Capital Asia derives clear benefits from LVMH at every stage of the investment process from deal sourcing and due diligence to post-investment value-add, drawing on specific sector knowledge and networks to execute a unique, highly informed and operationally focused investment strategy. In summary, LVMH provides help to L Capital Asia across the entire investment process.

In contrast to both traditional luxury brands and mass market consumer products, L Capital Asia believes AAA brands possess a number of attractive characteristics which include:

- **Broad Customer Base:** AAA brands share key characteristics with luxury products (such as good quality and fashionable design), but target a wider customer base. AAA products and services are within the reach of middle class consumers, particularly younger professionals, many of whom prefer some level of individualised products and services.

- **High Profitability:** L Capital Asia also believes that AAA items typically have qualities (such as product design) that make them unique from their mass market counterparts, and that fulfil actual consumer-driven requirements. All these support premium pricing without a corresponding increase in the cost of production, thus resulting in higher margins as compared to mass market products.

- **Resilient Demand:** L Capital Asia believes that AAA brands are more resilient than luxury brands during periods of economic slow-down, as consumers of traditional luxury products are increasingly comfortable trading down to AAA products and brands in times when their purchasing power is compromised.

Working in partnership with management and drawing upon the global resources and expertise of LVMH, L Capital Asia seeks to support and accelerate the development of AAA brands and distribution platforms such that they will become highly sought after and will ultimately command a strategic premium at the time of exit.

1.7. Investment Management, Investment Process and Exit Strategy of the Target Fund

(a) Investment Management and Process

Since its inception, L Capital Asia has instituted a standardised, rigorous due diligence process in order to screen the large number of investment opportunities that the team collectively originates. The due diligence process draws upon both the collective investment team and operations team experience and knowledge, as well as the expertise and resources that LVMH can provide.

Since 2009, L Capital Asia has steadily built a highly experienced team that is well positioned to tap into LVMH's sector knowledge and expertise whilst executing L Capital Asia's investment strategy. The team, now comprising thirty-four (34) full-time employees including twenty-four (24) dedicated investment and operations-focused professionals, has significant local presence across Asia with offices in Singapore, Shanghai and Mumbai.

All major decisions of the Target Fund, including both investment and divestment, are made by L Capital Asia's investment committee (the "**Investment Committee**"). Once all due diligence has been completed, and the structure of the transaction has been determined, a final Investment Committee meeting is scheduled in order to decide on whether the Target Fund will ultimately invest in the prospective portfolio company.

Decisions are determined by a majority vote, although in practice all investment and divestment decisions need to receive the strong support of all Investment Committee members. Where disagreements arise, further work is undertaken by the transaction team to provide comfort to, and therefore receive approval from, the entire Investment Committee.

L Capital Asia believes that many of the issues or complications that may arise during due diligence can potentially be managed or mitigated through careful planning and structuring, once the investment team thoroughly understands the business in question and the landscape in which it operates. However, under no circumstances would the Investment Committee approve an investment in a business that has problems in any of the following critical areas:

- **Management team**: prior to investing, L Capital Asia must be ascertain that there is an experienced and reliable management team either already in place or pre-identified;
- **Corporate governance**: L Capital Asia will only invest where it is comfortable that standard corporate governance protections are in place, or where L Capital Asia has tools to implement adequate standards of corporate governance;
- **Valuation**: the Target Fund will only invest where it is able to negotiate an appropriate entry price and structure.

(b) Exit Strategy

L Capital Asia will typically plan to exit investments within three (3) to five (5) years of the initial investment date. L Capital Asia believes that given its focus on the AAA segment, coupled with its unique value creation strategy, there are multiple avenues available for it to exit its existing portfolio investments. Such exit avenues include (i) an initial public offering, (ii) the sale of the underlying business to strategic trade buyers, (iii) the sale of shares back to the promoter, other existing shareholders, and/or the market, and (iv) equity recapitalizations.

2. Borrowing Policy/Leverage

The Sub-Fund may leverage its assets by way of borrowing up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund. Borrowings may be utilized for

investment purpose as well as to bridge financing and expense disbursements when liquid funds are not readily available. Investments of the Sub-Fund are expected to include portfolio investment schemes whose capital structures may include additional significant leverage.

3. Share Classes

3.1. Carried Interest Shares

No Carried Interest Shares shall be issued within the Sub-Fund, upon the launching thereof.

3.2. Investors Shares

At present, there is only one Class of Investors Shares available for subscription in the Sub-Fund, namely A Shares, denominated in US Dollars (USD).

4. Reference Currency and NAV Calculation

The Reference Currency of the Sub-Fund shall be the US Dollars (USD).

The Valuation Day of the Sub-Fund shall be the last business day of each calendar quarter, or such other date(s) that the Target Fund General Partner may determine, in its absolute discretion.

5. Capital Funding

The Sub-Fund is aimed at raising up to forty million US Dollars (USD 40,000,000.-).

5.1. Commitments during the Initial Offering Period

Investors are permitted to commit to subscribe for A Shares in the Sub-Fund from 12 July 2013 until the earliest of either (i) 31 March 2014 or (ii) on or about the last closing of the Target Fund as determined in the private placement memorandum thereof.

Investors, the commitments of which are accepted on the First Closing (the "**Initial Investors**"), shall be required, to pay up to five percent (5%) of their respective committed amounts no later than ninety (90) Business Days following the notification of the First Closing to Initial Investors, following which A Shares are to be issued **fully paid-up**, at a subscription price of one hundred US Dollars (USD 100.-) each.

5.2. Commitments after the Initial Offering Period

After the First Closing, commitments for A Shares will be accepted from Initial Investors and other investors at such Closings ("**Subsequent Closings**") as determined by the General Partner during a period terminating on the Last Closing. The Last Closing shall be on 31 March 2014, unless extended by the General Partner. Dates of Subsequent Closings will be communicated to the Investors by a ten (10) Business Days' prior notice.

The General Partner may decide, at its discretion, to postpone the date of any Closing (including the First Closing and the Last Closing); in such case, the Investors will be informed of the amended date of the Closing and the date on which the corresponding part of their commitment has to be paid with a five (5) Business Days' prior notice.

Investors the commitments of which are accepted at any Subsequent Closing will be required to pay no later than ten (10) Business Days following the notification of such Subsequent Closing the same percentage of their commitments as has already been drawn down from Initial Investors. A Shares subscribed in relation to Subsequent Closings will be issued **fully paid-up** at a subscription price of one hundred US Dollars (USD 100.-) per Share.

Such subscription price will be increased by an amount corresponding to an interest to the benefit of the Sub-Fund (the "**Actualization Interest**"). The Actualization Interest will be calculated in each case by applying an interest rate equal to five percent (5%) per annum, from the date of the First Closing and, as the case may be, of each subsequent draw down to the date of the corresponding Subsequent Closing. The Actualization Interest shall be calculated based on the actual number of days elapsed.

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the subscription price for A Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Shares on the relevant Subsequent Closing; in which case all such A Shares issued on the same Closing shall constitute a separate series. In this case, no Actualization Interest will be due.

5.3. Drawdown Dates

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the commitments made by the Investors shall be drawn down in successive instalments, as determined by the General Partner during the Commitment Period. Such draw downs may only take place provided their amount is not less than two and a half percent (2.5%) of each Investor's commitment. The General Partner will give each Investor a seven (7) days' prior notice for each draw down.

A Shares issued in relation to each drawdown made after the First Closing shall be issued **fully paid-up** at a subscription price equal, at the General Partner's discretion, either (i) to one hundred US Dollars (USD 100.-) plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Shares on such drawdown date. If Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The subscription price of A Shares issued after the First Closing must be paid on the relevant drawdown date.

5.4. Commitment Period

The Commitment Period will extend from the First Closing until the Last Closing.

6. Minimum Commitment

Commitments may only be accepted from Eligible Investors, in a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-). Such minimum

commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept commitments in lesser amounts.

7. Redemptions and Conversions

A Shareholder may not, of its own initiative, require the Company to redeem its A Shares, or to convert them into any other Class issued in any of the Sub-Funds.

8. Management Fees, Remuneration of the AIFM, Advisory Fees and other costs

8.1. Management Fees

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee, paid quarterly in advance by the Sub-Fund to the General Partner. Such management fee shall equal zero point sixty percent (0.60%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value plus (ii) the unfunded portion of the aggregate subscribed capital of the Sub-Fund as of the end of the preceding quarter.

The management fee will accrue as of the First Closing and will be calculated by reference to the aggregate subscribed capital of the Sub-Fund until the Last Closing. Accordingly, adjustments to management fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

It should be noted that calculation of the fees on the basis of the aggregate subscribed capital of the Sub-Fund may entail the payment of fees in respect of subscription monies which have not yet been drawn down.

8.2. Remuneration of the AIFM

Any remuneration payable to the AIFM will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

8.3. Investment Advisory Fees

Any fees payable to the Investment Advisor will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

8.4. Other Expenses

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to

the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund.

The Sub-Fund shall also bear its general operating expenses (the "**Operating Expenses**"), which shall also include the fees and disbursements of the Depositary, Administrative Agent, paying agent, Registrar and Transfer Agent, domiciliary agent, and all other out-of-pocket administration expenses and any taxes, fees or other governmental charges levied against the Company attributed or attributable to this Sub-Fund. Such Operating Expenses shall not exceed zero point forty five percent (0.45%) per annum based on the aggregate commitments made in the Sub-Fund.

The Sub-Fund shall bear all expenses related to its creation, up to an amount equaling one percent (1%) of the aggregate commitments made to the benefit of the Sub-Fund; any charges and expenses beyond such amount will be borne by Crédit Agricole (Suisse) S.A.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

9. Distributions

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Shares, the redemption price will be equal to the last Net Asset Value per relevant Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from Target Fund's distributions after the deduction of the appropriate Target Fund management fee, Target Fund advisory fee and Operating Expenses (including legal reserves for contingent liabilities).

The Target Fund may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions as defined in and in the cases provided for in the constitutive/issuing documents of the Target Fund. In such cases the Shareholders may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund.

10. Specific Risk Considerations

In regard to the risks associated with investments in the Sub-Fund, the following risks, among all the risks linked to the Target Fund and mentionned in its private placement memorandum, may be of importance to the Investors:

- **Business Risks**

The Target Fund's investment portfolio will consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such

investments involve a high degree of business and financial risk that can result in substantial losses.

- **Future and Past Performance**

The performance of L Capital Asia's prior investments is not necessarily indicative of the Target Fund's future results. While L Capital Asia intends for the Target Fund to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

- **Reliance on the Target Fund General Partner and portfolio company management**

The Target Fund has no operating history and will be dependent on the Target Fund General Partner. Control over the operation of the Target Fund will be vested with L Capital Asia, and the Target Fund's future profitability will depend largely upon the business and investment acumen of the individuals associated with L Capital Asia. Although L Capital Asia will monitor the performance of each Target Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate such portfolio company on a day-to-day basis. Although the Target Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the Target Fund's objectives.

- **Need for Follow-On Investments**

Following its initial investment in a given portfolio company, the Target Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company. There is no assurance that the Target Fund will make follow-on investments or that the Target Fund will have sufficient funds to make all or any of such investments. Any decision by the Target Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment. Additionally, such failure to make such investments may result in a lost opportunity for the Target Fund to increase its participation in a successful portfolio company or the dilution of the Target Fund's ownership in a portfolio company if a third party invests in such portfolio company.

- **Non-controlling Investments**

The Target Fund may hold meaningful minority stakes in privately held companies. In addition, during the process of exiting investments, the Target Fund at times may hold minority equity stakes of any size such as might occur if portfolio holdings are taken public. As is the case with minority holdings in general, such minority stakes that the Target Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes.

- **Emerging Markets**

It is anticipated that the Target Fund may invest a substantial amount of its assets in developing regions and emerging markets, particularly those in Asia. Investing in companies domiciled or operating in such markets and region involves considerations and possible risks not typically involved in companies domiciled or operating in more established regulated markets or regions. Such markets or region may be disproportionately affected by a global economic downturn.

(a) *General Risks of Emerging Markets.* Investing in companies or assets based in or economically dependent upon the prospects of emerging markets such as Greater China, India and Southeast Asia involves certain risks and special considerations not typically associated with investing in other more developed economies. Such risks may include (i) the risk of nationalisation or expropriation of assets or confiscatory taxation; (ii) high degree of dependence on exports (including commodities exports) and the corresponding importance of international trade and commodities prices; (iii) currency exchange rate fluctuations; (iv) potentially higher rates of inflation (including hyper- inflation); (v) controls on foreign investment and limitations on repatriation of invested capital and the ability to exchange local currencies for other currencies; (vi) a higher degree of governmental planning, involvement and control over the economies; (vii) governmental decisions to discontinue support for economic reform programs and imposition of centrally planned economies; (viii) less liquid and more volatile securities markets; (ix) poor standardisation of accounting, auditing and financial reporting approaches; (x) difficulties in enforcing contractual obligations; (xi) social or health issues; and (xii) social and civil unrest, including terrorist attacks and other acts of violence or war.

(b) *Legal Systems.* Many of the laws and regulations relating to private equity and related investment activity in developing countries in Asia are either not well established or at an early stage of development. Such laws and regulations and the applicable legal framework can be vague, contradictory, not comprehensive and subject to varying interpretation or high level of governmental discretion. Accordingly, there can be no assurance that the Target Fund will be able to achieve effective enforcement of its rights by way of legal proceedings and full compliance with such laws may be impractical.

(c) *Taxation.* Tax laws and regulations relating to private equity funds and private equity investments in developing Asian countries can be vague, contradictory, not comprehensive and subject to varying interpretation. The Target Fund and/or its portfolio investments may be adversely affected if relevant local tax authorities disagree with the Target Fund's tax positions.

(d) *Corruption.* Corruption often remains a significant problem in emerging markets and its effects seriously constrain the development of local economies, erode stability and trust and its macro economic and social costs are immense. Corruption could cause the Target Fund's investments to be adversely affected including through loss of rights to assets or profits or operational difficulties.

(e) *Local intermediaries.* Transactions may be undertaken through local brokers, banks or other organisations, and the Target Fund will be subject to the risk of default, insolvency or fraud of such organisations. The collection, transfer, and deposit of bearer securities and cash may expose the Target Fund to a variety of risks including theft, loss and destruction.

(f) *Illiquid securities markets.* Securities markets in emerging economies are typically less liquid, more volatile and less subject to governmental supervision than the securities markets of developed economies. Investments in securities listed in such markets could be affected by factors not present in regulated environments, including a lack of uniform accounting, auditing, disclosure and financial reporting standards.

(g) *Information; Accounting standards.* The quantity and quality of generally available business information in emerging markets may be below international standards. In addition, accounting, auditing and financial reporting standards, practices and disclosure requirements imposed on companies incorporated in developing countries are generally

less stringent than those applicable in more developed countries. This may inhibit the gathering of accurate or material information and hinder effective due diligence in respect of potential investments.

(h) *Currency Fluctuations.* Fluctuations in the value of Asian currencies such as the Chinese Renminbi may materially and adversely affect the Target Fund's ability to invest in the region and/or adversely affect the Target Fund's portfolio companies. Currencies of emerging markets are often subject to government intervention, restrictions on repatriation and similar restrictions, which may exacerbate the risk of unexpected fluctuations.

- **Investments in Asia**

Although the Target Fund will be seeking investment opportunities throughout Asia, the Target Fund General Partner intends to make Greater China, India and Southeast Asia a core focus of its investment activities. The Target Fund could therefore be adversely affected by social instability, changes in government administrations and policies, or economic, political, legal, or regulatory developments, or any other factors affecting Greater China, India and Southeast Asia that are not within the Target Fund General Partner's control. The following is a discussion of instances where the Target Fund could be adversely affected.

- Dependence on regional economies;
- Impact of large industrialising economies;
- Political instability;
- Terrorist incidents;
- Credit ratings;
- Governmental licenses;
- Competition for investments;
- Labour laws;
- Seismic zone;
- Epidemics.

- **Consumer Related Industries**

Consumer related industries are typically very competitive, and are characterised by a crowded field of competitors. Although there may not be high barriers to entry, long-term market success is subject to a number of factors, many of which lie outside the control of the Target Fund and the Target Fund's portfolio companies. Consumer spending may be disproportionately affected by adverse economic conditions, and consumer spending patterns in the emerging economies in which the Target Fund intends to invest may be difficult to predict. In addition, such portfolio companies may face competition from a number of other, more established market participants, including global companies with much greater financial, marketing, and other resources. Portfolio companies may ultimately be unsuccessful in gaining significant market position or an anticipated market opportunity may not develop as expected. In either case, the Target Fund's investment results may be affected in a materially adverse manner.

11. Listing on the Luxembourg Stock Exchange

The General Partner does not intend to apply for the listing of the Shares of the Sub-Fund on the Luxembourg Stock Exchange or any other stock exchange.

12. Availability of the Net Asset Value and of Other Information

The Net Asset Value per Share of each Class will be available at the registered office of the General Partner and/or with the Administrative Agent.

The private placement memorandum of the Target Fund will be made available to the Company.

The audited annual report and the unaudited quarterly reports of the Target Fund, including a number of items specified in the private placement memorandum of the Target Fund, will be made available to the Company.

13. Duration and exit strategy of the Sub-Fund

The Sub-Fund is established for a limited duration of ten (10) years as from the Last Closing, with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Target Fund, at its sole discretion. In fact, the exit strategy of the Sub-Fund is linked to the duration of the Target Fund, which is ten (10) years as from the final closing date subject to extension for up to two (2) additional one (1) year periods, subject to earlier termination in accordance with the terms and conditions of the LPA.

During all the investment process, potential exit routes and a target exit horizon will be linked to those of the Target Fund. The maturity of each investment is continually monitored and assessed by comparing actual development against the business plan. The timing and conditions of any exit in the Target Fund are discussed in a timely manner, in advance of such exit, with the management team of the Target Fund.

Notwithstanding the foregoing, if the Target Fund during the life of the Sub-Fund does not qualify anymore as a private equity fund in accordance with the 2004 Law, then the General Partner shall make the necessary in order for the Sub-Fund to dispose of its investments in the Target Fund.

M. SW1 SUB-FUND

1. Investment Objective and Strategy

The SW1 Sub-Fund (the "**Sub-Fund**") is solely aimed at committing capital up to thirty million euros (EUR 30,000,000.-), to be invested in "SwanCap Opportunities Fund, SCS - SIF" (the "**Target Fund**").

1.1. The Target Fund

The Target Fund is a luxembourg limited partnership (*société en commandite simple*) – specialized investment fund (*fonds d'investissement spécialisé*), having its registered office at 5, rue Heienhaff, L-1736 Senningerberg, Luxembourg, established as an umbrella structure with multi-compartments. The Target Fund has been formed by SwanCap GP, S.à.r.l. acting as founding general partner, a Luxembourg private limited liability company (*société à responsabilité limitée)*, having its registered office at 5, rue Heienhaff, L-1736 Senningerberg, Luxembourg, with a share capital of twelve thousand five hundred euros (EUR 12,500.-) and registered with the Luxembourg Trade and Companies' Register under number B 179.410 (the "**Target Fund General Partner**") and by SwanCap FLP S.C.S., a luxembourg limited partnership (*société en commandite simple*), having its registered office at 5, rue Heienhaff, L-1736 Senningerberg, Luxembourg, as founding limited partner.

The Target Fund is managed by SwanCap Investment Management S.A. a public limited company (*société anonyme*) under Luxembourg law, incorporated on 18 July 2013 with a share capital of one hundred twenty five thousand euros (EUR 125,000.-), registered with the Luxembourg Trade and Companies' Register under number B 179.407 (the "**Target Fund Manager**"), which is authorised as Alternative Investment Fund Manager (AIFM) in accordance with the Luxembourg law of 10 July 2013 relating to alternative investment fund managers, as amended (the "**2013 AIFM Law**"). The Target Fund Manager is advised by Luxembourg Investment Solutions S.A. (the "**Lux Advisor**") based on the sub-advice of SwanCap Partners GmbH (the "**Advisor**"; the teams of the Target Fund Manager and of the Advisor collectively the "**Swan Investment Team**".

The Target Fund provides an opportunity to invest in a large, globally diversified portfolio of private equity investments mainly sourced from UniCredit (which is reducing its private equity exposure because of regulatory changes in banking globally) through a newly established alternative platform. The Target Fund is intended to be the first among several steps in developing a robust, alternative asset platform independently managed and advised by the Swan Investment Team.

1.2. Investment Objective and Strategy of the Target Fund

The purposes of the Target Fund are to identify, acquire, hold, manage and dispose of private equity investments in accordance with the terms and conditions of the Limited Partnership Agreement of the Target Fund (the "**LPA").**

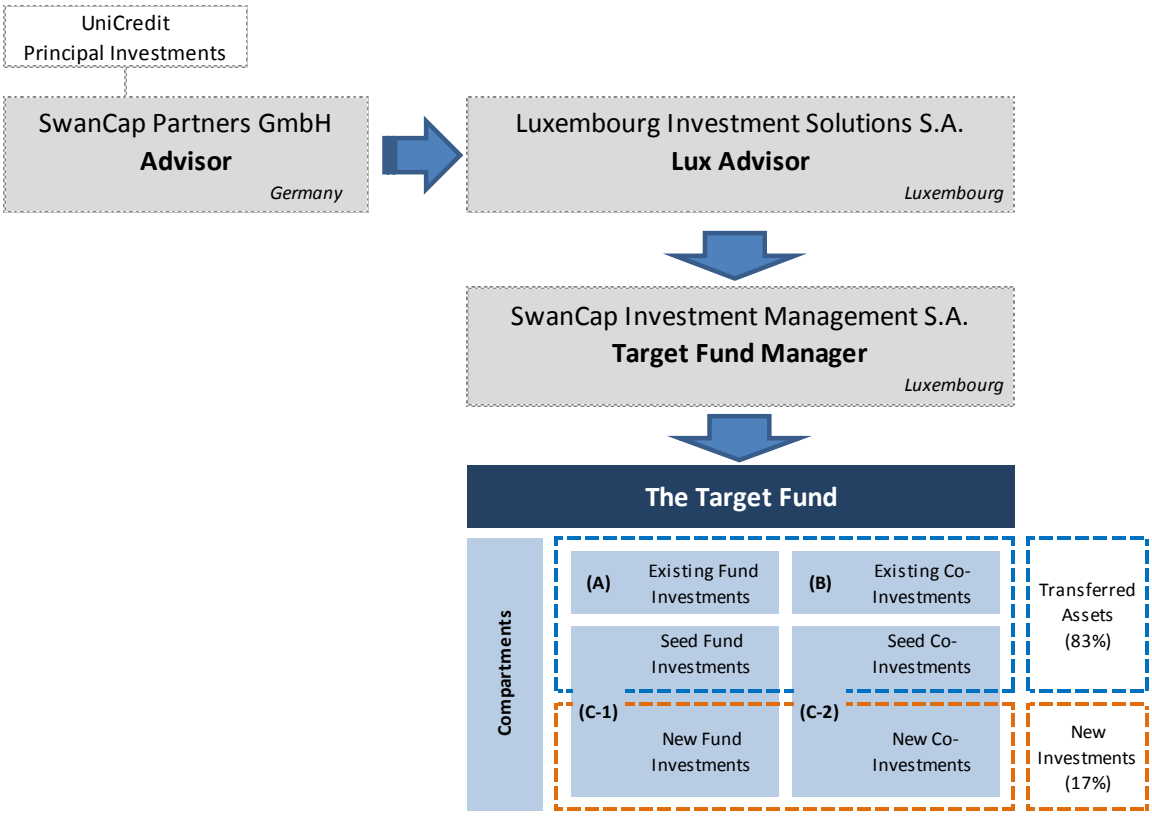
The Swan Investment Team is seeking aggregate commitments from investors of nine hundred million euros (EUR 900,000,000.-) for the Target Fund.

The Target Fund offers an opportunity to participate in a well-diversified private equity portfolio across top tier funds and related co-investments. The Target Fund will consist of four (4) compartments (the "**Compartments**", each a "**Compartment**") reflecting the four (4) following different pools of assets:

- Compartment A: Thirty-seven (37) existing private equity fund interests (the "**Existing Fund Investments**");
- Compartment B: Eleven (11) existing direct private equity investments (the "**Existing Co-Investments**");
- Compartment C-1: Incremental capital to be deployed by the Swan Investment Team into new private equity fund interests (the "**New Fund Investments**") as well as six (6) warehoused private equity fund interests (the "**Seed Fund Investments**"); and
- Compartment C-2: New co-investments in companies alongside private equity funds (the "**New Co-Investments**") and one (1) warehoused private equity co-investments (the "**Seed Co-Investment**").

Together the Existing Fund Investments and the Existing Co-Investments comprise the "**Existing Investments**". Together the Existing Investments, the Seed Fund Investments and the Seed Co-Investments comprise the "**Transferred Assets**" being acquired from UniCredit. Together the New Fund Investments and the New Co-Investments comprise the "**New Investments**". The Transferred Assets together with the New Investments comprise the "**Target Fund Portfolio**".

For the avoidance of doubt, the subscription to each Compartment will be made on a strict prorata basis and each investor in the Target Fund and the Compartments will be required to subscribe to a certain percentage of the total commitments of the Compartments.
Below is an explanatory diagram of the Target Fund structure:



- **"Transferred Assets" – eighty-three percent (83%) of total exposure of the Target Fund**

The Transferred Assets, with a total exposure of eight hundred and fifty-three million euros (EUR 853,000,000.-) as of 31 December 2012, comprise (i) fourty-four (44) private equity fund interests (being the Existing Fund Investments and the Seed Fund Investments) and (ii) thirteen (13) direct investments (being the Existing Co-Investments and the Seed Co-Investments). The total exposure is made up of (i) a Net Asset Value of six hundred and thirty million euros (EUR 630,000,000.-), (ii) remaining unfunded commitments of one hundred and twenty-one million euros (EUR 121,000,000.-) to the Existing Investments and (iii) remaining unfunded commitments or acquisition cost of one hundred and two million euros (EUR 102,000,000.-) to the Seed Fund Investments and the Seed Co-Investments.

The Transferred Assets portfolio:

- is **globally diversified**: including Europe, North America and Asia;

- is **industry diversified**: the underlying companies represent a wide range of industries without a large concentration to any one sector; and

- consists of **sixteen (16) General Partners** that are established managers with solid track records:
  - Apollo
  - Carlyle Asia
  - Carlyle Europe
  - Carlyle US
  - Charterhouse
  - CVC Asia
  - CVC Europe
  - EQT
  - KKR Europe
  - KKR US
  - Lion
  - PAI
  - Permira
  - TH Lee
  - Trilantic
  - Cinven

- currently comprises more than **three hundred and fifty (350) companies** on a look-through basis;

- is **diversified across vintages** ranging from 2001 until 2013;

- includes **Seed Fund Investments and Seed Co-Investments**, i.e. warehoused investments, which have either been recently committed to or are in the process of being approved by the Swan Investment Team. To date these include one hundred and two million euros (EUR 102,000,000.-) committed or invested. The **Seed Fund Investments** will consist of interests in certain private equity funds to which the Swan Investment Team, through UniCredit, has subscribed an interest between 1 October 2012 and the first closing of the Compartment C-1. The **Seed Co-Investments** will consist of investments in certain portfolio companies in which the Swan Investment Team, through UniCredit or UniCredit entities, has invested between 1 October 2012 and the first closing of the Compartment C-2.

The Transferred Assets are currently held by certain UniCredit entities and are set out in Appendix 2 of the Compartments A and B agreements and in Appendix 3 of the Compartments C-1 and C-2 agreements.

The Target Fund, through the relevant Compartment, will purchase the Existing Investments from UniCredit with a discount of approximately eleven percent (11%) on the respective Net Asset Values as at 31 March 2013. The net purchase price to be paid is based on a fixed purchase price as of 31 December 2012 adjusted with interim cash flows occuring between 31 December 2012 and the closing date of the transfer of the Existing Investments.

UniCredit and the Swan Investment Team have selected AlpInvest Partners B.V. (the "**Price Maker**") to value independently the purchased investments and to set up the terms of the transaction. The Price Maker, that is a leading private equity investment manager and one of the leading investors in the private equity secondary market, conducted a thorough due diligence review on the assets and analysed the return profile of the overall transaction including the new investments.

- **"New Fund Investments" and "New Co-Investment" - seventeen percent (17%) of total exposure of the Target Fund**

The Swan Investment Team is in active dialogue with high quality general partners in Europe and in the US in order to select private equity funds and opportunities to invest in companies alongside these general partners. The Swan Investment Team proactively tracks the funds that are currently or are expected to be in the market and also benefits from being a long term and consistent co-investor with transparent, efficient execution.

The prospective list of these general partners is set out in Appendix 2 of the Compartments C-1 and C-2 agreements.

The Target Fund and the Compartments will be subject to the following main investment restrictions:

- the Compartment A shall only invest in the Existing Fund Investments;

- the Compartment B shall only invest in the Existing Co-Investment Investments;

- the Compartment C-1, unless with the consent of at least three (3) members of the investor advisory board, shall not:

    - invest less than 5 million euros (EUR 5,000,000.-) or more than twenty-five million euros (EUR 25,000,000.-) in any single private equity fund (including for the avoidance of doubt, the Seed Fund Investments);
    - invest more than thirty percent (30%) of the total aggregate capital commitments of the Compartment C-1 and Compartment C-2 in funds managed or advised by the same general partner/manager and in co-investments alongside such funds (for the avoidance of doubt, the Seed Investments shall be taken into account when determining the above threshold);
    - after the final closing subscribe to primary investments in private equity fund and acquire secondary investments in private equity funds in an aggregate investment amount exceeding sixty-five million euros (EUR 65,000,000.-), whereas investment amount means the sum of unfunded capital commitments and purchase prices (for the avoidance of doubt, the Seed Investments shall be taken into account when determining the above threshold);
    - acquire interests, other than the Seed Investments, from UniCredit; or
    - make, execute or otherwise enter into conflicting investments

- the Compartment C-2, unless with the consent of at least three (3) members of the investor advisory board, shall not:

    - invest less than 5 million euros (EUR 5,000,000.-) or more than twenty-five million euros (EUR 25,000,000.-) in any single co-investment (including for the avoidance of doubt, the Seed Co-Investments);

- invest more than thirty percent (30%) of the total aggregate capital commitments of the Compartment C-2 and Compartment C-1 in funds managed or advised by the same general partner/manager and in co-investments alongside such funds (for the avoidance of doubt, the Seed Investments shall be taken into account when determining the above threshold);
- acquire interests, other than the Seed Investments, from UniCredit;
- invest in securities in portfolio companies listed at a stock exchange on the date the Compartment C-2's initial investment unless for the purpose of taking such portfolio company private;
- make, execute or otherwise enter into conflicting investments; or
- directly invest in real estate.

1.3. The Target Fund General Partner and the management of the Target Fund

The Target Fund General Partner appointed the Target Fund Manager for administering the Target Fund and managing its investments. Some team members of the Target Fund Manager are and/or will be former employees of UniCredit. It being understood that the Swan Investment Team is currently organised in the principal investments division of Unicredit and is headquartered in Munich, Germany.

The Target Fund Manager will be advised by the Lux Advisor, a stock corporation incorporated and regulated as a management company under Chapter 15 of the Luxembourg law of 17 December 2010 on undertakings for collective investment, as amended. The Lux Advisor will provide the Target Fund Manager with advisory services such as recommendations on the investment portfolio of each Compartment, assistance in the supervision of the investment portfolio and assistance with respect to reporting. The Lux Advisor has appointed as its sub-advisor the Advisor, a company headquartered in Munich, Germany. The Advisor's investment team was formerly employed with UniCredit.

The Target Fund Manager and the Advisor will not be controlled by UniCredit, but UniCredit will hold a minority stake in the Advisor.

The Target Fund Manager is responsible for the management, the administration and the investment objectives of the Target Fund as well as the investment objectives and investment policy of each Compartment and the management of the investments including sourcing, analyzing, structuring, monitoring and exiting of investments. The Target Fund Manager is furthermore responsible for ensuring compliance of the Target Fund with the 2013 AIFM Law and is vested with the broadest powers to perform all acts of administration and disposition of the Target Fund's assets, respectively each Compartment's assets.

1.4. Successful Track Record

UniCredit decided to create an independently managed alternative asset platform based on the skill, experience and insight generated within its principal investment department over the past twelve (12) years. The Target Fund is intended to be the first among several steps in developing such an asset platform.

UniCredit's principal investment department originates back to 2000 when the core of the current Swan Investment Team started to invest in private equity funds and related co-investments as part of the German entity of UniCredit (UniCredit Bank AG formerly known as

HypoVereinsbank or HVB, headquartered in Munich)[9]. Over the past twelve (12) years, the team has grown across the UniCredit's footprint with offices in Munich, Milan, London and New York, and has become the dedicated unit within the enlarged UniCredit group responsible for all private equity investments, direct and indirect, in Western Europe, Emerging Europe and North America. To date the Swan Investment Team has invested and/or managed approximately four billion euros (EUR 4,000,000,000.-) of investments with current assets under management of two point one billion euros (EUR 2,100,000,000.-).

Such investments have included:

- **Funds**:
  - largely global buyout private equity funds;
  - strong net returns[10] over a twelve (12) years track record:
    - current portfolio = multiple of money ("**MoM**") of 1.5x and gross internal rate of return ("**IRR**") of 13%;
    - mature portfolio = MoM of 1.8x and IRR of 17%.

- **Co-investments / Directs**:
  - growth-oriented equity and strategic minorities for leading corporates with European and US focus;
  - total capital invested (59 transactions)[11]: zero point eight billion euros (EUR 800,000,000.-);
  - strong net returns[12] over a twelve (12) years track record:
    - total portfolio = MoM of 1.6x and IRR of 20%;
    - full exits = MoM of 1.9x and IRR of 39%.

1.5. Focused Strategy

The investment strategy with regards to Compartments C-1 and C-2 of the Target Fund is to deploy capital into transactions which (i) present an attractive investment return on a standalone basis, (ii) provide suitable diversification to the existing investments in the Target Fund (be it geographic, sector or vintage), and (iii) are complementary to the existing composition and underlying type of investments in the Target Fund (largely buyout, private equity investments).

The intention will be to maximize opportunities currently in the market and aim for a sensible but efficient deployment of fresh capital into New Fund Investments or New Co-Investments over the coming two or three years.

In order to maintain current diversification in the Target Fund, various investment restrictions have been created for the fresh capital, including:

- no more than sixty percent (60%) designated for New Fund Investments, including Seed Investments;
- no more than forty percent (40%) designated for New Co-Investments, including Seed Investments;

[9] Certain members of the current UniCredit principal investment department may not be transferred to the Target Fund Manager or the Advisor.

[10] Represents return for the core funds portfolio through 31 December 2012; mature portfolio represents returns for 2000 – 2005 vintage funds.

[11] Includes twenty-eight (28) exited co-investments

[12] Current portfolio returns represent returns through 31 December 2012; Total portfolio comprises both existing portfolio and fully exited co-investments.

- no more than twenty-five million euros (EUR 25,000,000-.) in a single New Fund Investment or Co-Investment; and
- no more than thirty percent (30%) to any one underlying general partner.

Currently, the Existing Investments are largely divided between European and US investments. The Swan Investment Team anticipates maintaining such diversification, however should more opportunities be generated from the extensive network, in their core European markets, the Swan Investment Team will assess these opportunities accordingly.

1.6. Investment Management, Investment Process and Exit Strategy of the Target Fund

(a) Investment Management and Process

The Swan Investment Team will substantially take the form of the current UniCredit principal investment department which has grown over the past twelve (12) years and now include a team of twenty-six (26) professionals across offices in Munich (headquarters), Milan, London and New York.

For both fund and co-investment opportunities, the Swan Investment Team benefits from being a long term and consistent investor representative recognized as a reliable partner with efficient execution transparency throughout the process. The Swan Investment Team maintains an on-going log of potential investments opportunities which are, each, discussed to understand its impact on portfolio construction, risk/return characteristics, timeline and likelihood of success. Each investment opportunity, after proper finalisation of due diligence, is presented for discussion and approval to an advisory recommendation committee (the "**ARC**") at the level of the Advisor.

Based on the Advisor's ARC advice, the Lux Advisor will recommend investment opportunities to the Target Fund Manager which will perform the necessary portfolio and risk management inquiries. The Target Fund Manager's board of directors will then make the final investment decision in its absolute discretion.

The Lux Advisor is also entitled to provide assistance in the supervision of the Target Fund investment portfolio and assistance with respect to reporting. The overall portfolio is reviewed regularly and any developments and changes in valuation are discussed and agreed. Investments are closely tracked to the underlying general partner marks and written down or up accordingly.

(b) Exit Strategy

In their evaluation of investment opportunities, the Swan Investment Team always has the exit in mind and will only make an investment if a credible exit plan has been identified. As part of the appraisal and investment process, the likely timing and method of exit are considered in order to maximize value. All forms of exit are considered, including trade sale, initial public offering or divestment to a private equity investor. The exit strategy of the Target Fund is also linked to the exits from each underlying portfolio investments. As the Target Fund will typically invest in early stage as well as in mature limited partnerships, the holding period of underlying portfolio investments (*i.e.* underlying companies) shall vary in average between two (2) to seven (7) years. In any case, potential exit routes of underlying assets of the Target Fund also include a sale to a third party on the secondary market to ensure the liquidation of portfolio investments before the expiration of the term of the Target Fund.

2. Borrowing Policy/Leverage

The Sub-Fund may leverage its assets by way of borrowing up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund. Borrowings may be utilized for investment purpose as well as to bridge financing and expense disbursements when liquid funds are not readily available. Investments of the Sub-Fund are expected to include portfolio investment schemes whose capital structures may include additional significant leverage.

3. Share Classes

3.1. Carried Interest Shares

No Carried Interest Shares shall be issued within the Sub-Fund, upon the launching thereof.

3.2. Investors Shares

At present, there is only one Class of Investors Shares available for subscription in the Sub-Fund, namely A Shares, denominated in Euros (EUR).

4. Reference Currency and NAV Calculation

The Reference Currency of the Sub-Fund shall be the Euro (EUR).

The Valuation Day of the Sub-Fund shall be the last business day of each calendar quarter, or such other date(s) that the Target Fund General Partner may determine, in its absolute discretion.

5. Capital Funding

The Sub-Fund is aimed at raising up to thirty million Euros (EUR 30,000,000.-).

5.1. Commitments during the Initial Offering Period

Investors are permitted to commit to subscribe for A Shares in the Sub-Fund from 9 December 2013 until the earliest of either (i) 30 June 2014 or (ii) on or about the last closing of the Target Fund as determined in the private placement memorandum thereof.

Investors, the commitments of which are accepted on the First Closing (the "**Initial Investors**"), shall be required, to pay up to seventy-five percent (75%) of their respective committed amounts no later than ninety (90) Business Days following the notification of the First Closing to Initial Investors, following which A Shares are to be issued **fully paid-up**, at a subscription price of one hundred Euros (EUR 100.-) each.

5.2. Commitments after the Initial Offering Period

After the First Closing, commitments for A Shares will be accepted from Initial Investors and other investors at such Closings ("**Subsequent Closings**") as determined by the General Partner during a period terminating on the Last Closing. The Last Closing shall be on 30 June 2014,

unless extended by the General Partner. Dates of Subsequent Closings will be communicated to the Investors by a ten (10) Business Days' prior notice.

The General Partner may decide, at its discretion, to postpone the date of any Closing (including the First Closing and the Last Closing); in such case, the Investors will be informed of the amended date of the Closing and the date on which the corresponding part of their commitment has to be paid with a five (5) Business Days' prior notice.

Investors the commitments of which are accepted at any Subsequent Closing will be required to pay no later than ten (10) Business Days following the notification of such Subsequent Closing the same percentage of their commitments as has already been drawn down from Initial Investors. A Shares subscribed in relation to Subsequent Closings will be issued **fully paid-up** at a subscription price of one hundred Euros (EUR 100.-) per Share.

Such subscription price will be increased by an amount corresponding to an interest to the benefit of the Sub-Fund (the "**Actualization Interest**"). The Actualization Interest will be calculated in each case by applying an interest rate equal to two percent (2%) per annum, from the date of the First Closing and, as the case may be, of each subsequent draw down to the date of the corresponding Subsequent Closing. The Actualization Interest shall be calculated based on the actual number of days elapsed.

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the subscription price for A Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Shares on the relevant Subsequent Closing; in which case all such A Shares issued on the same Closing shall constitute a separate series. In this case, no Actualization Interest will be due.

5.3. Drawdown Dates

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the commitments made by the Investors shall be drawn down in successive instalments, as determined by the General Partner during the Commitment Period. Such drawdowns may only take place provided their amount is not less than two and a half percent (2.5%) of each Investor's commitment. The General Partner will give each Investor a seven (7) days' prior notice for each drawdown.

A Shares issued in relation to each drawdown made after the First Closing shall be issued **fully paid-up** at a subscription price equal, at the General Partner's discretion, either (i) to one hundred Euros (EUR 100.-) plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Shares on such drawdown date. If Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The subscription price of A Shares issued after the First Closing must be paid on the relevant drawdown date.

5.4. Commitment Period

The Commitment Period will extend from the First Closing until the Last Closing.

6. Minimum Commitment

Commitments may only be accepted from Eligible Investors, in a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-). Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept commitments in lesser amounts.

7. Redemptions and Conversions

A Shareholder may not, of its own initiative, require the Company to redeem its A Shares, or to convert them into any other Class issued in any of the Sub-Funds.

8. Management Fees, Remuneration of the AIFM, Advisory Fees and other costs

8.1. Management Fees

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee, paid quarterly in advance by the Sub-Fund to the General Partner. Such management fee shall equal zero point sixty percent (0.60%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value plus (ii) the unfunded portion of the aggregate subscribed capital of the Sub-Fund as of the end of the preceding quarter.

The management fee will accrue as of the First Closing and will be calculated by reference to the aggregate subscribed capital of the Sub-Fund until the Last Closing. Accordingly, adjustments to management fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

It should be noted that calculation of the fees on the basis of the aggregate subscribed capital of the Sub-Fund may entail the payment of fees in respect of subscription monies which have not yet been drawn down.

8.2. Remuneration of the AIFM

Any remuneration payable to the AIFM will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

8.3. Investment Advisory Fees

Any fees payable to the Investment Advisor will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund, such fees shall be deducted from the AIFM's service fees.

8.4. Other Expenses

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund.

The Sub-Fund shall also bear its general operating expenses (the "**Operating Expenses**"), which shall also include the fees and disbursements of the Depositary, Administrative Agent, paying agent, Registrar and Transfer Agent, domiciliary agent, and all other out-of-pocket administration expenses and any taxes, fees or other governmental charges levied against the Company attributed or attributable to this Sub-Fund. Such Operating Expenses shall not exceed zero point forty five percent (0.45%) per annum based on the aggregate commitments made in the Sub-Fund.

The Sub-Fund shall bear all expenses related to its creation, up to an amount equaling one percent (1%) of the aggregate commitments made to the benefit of the Sub-Fund; any charges and expenses beyond such amount will be borne by Crédit Agricole (Suisse) S.A.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

9. Distributions

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Shares, the redemption price will be equal to the last Net Asset Value per relevant Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from Target Fund's distributions after the deduction of the appropriate Target Fund management fee, Target Fund advisory fee and Operating Expenses (including legal reserves for contingent liabilities).

The Target Fund may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions as defined in and in the cases provided for in the constitutive/issuing documents of the Target Fund. In such cases the Shareholders may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund.

10. Specific Risk Considerations

In regard to the risks associated with investments in the Sub-Fund, the following risks, among all the risks linked to the Target Fund and mentionned in its private placement memorandum, may be of importance to the Investors:

- **General business risks**

An investment in the Target Fund requires a long-term commitment and no assurance can be given that the Target Fund will succeed in meeting its investment objective or that there will be any return on capital. The value of an investment in the Target Fund can go down as well as up. Past performance is not a guarantee of future results. Investments such as an investment in the Target Fund and like many other types of long-term investments, have historically expericienced significant fluctuations in value. Specific market conditions and cycles may result in occasional or permanent reductions in the value of the interests in the Target Fund. An investor should only invest in the Target Fund as part of an overall investment strategy and only if the investor is able to withstand a total loss of its investment.

- **Foreign investments**

The Target Fund will make investments in a number of different foreign countries, some of which may prove to be politically unstable. With any investment in a foreign country, there are risks of adverse political, legal and tax developments, including nationalization, confiscation without fair compensation, or war. Although the Target Fund will have risks in the applicable foreign countries analyzed before making such investments, no assurance can be given that a political or economic climate, or particular legal or regulatory risks, might not adversely affect an investment by the Target Fund.

- **Liquidity of investments**

Although the Target Fund may, on occasion, acquire securities that trade publicly or that are issued by companies that have another class of securities that trade publicly, it is unlikely that there will be a public market for many of the investments held by the Target Fund. The types of investments held by the Target Fund may be such that they require a substantial length of time to liquidate.

- **Risks upon disposition of investments**

In connection with the disposition of an investment in a portfolio company, the Target Fund may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities laws. The Target Fund may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inacurrate or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the investors to the extent of their unfunded capital commitments and distributions received from the Target Fund. The Target Fund agreement will contain provisions to the effect that if there is any such claim in respect of a portfolio company, it will be funded by the investors to the extent that they have received distributions from the Target Fund.

- **Reliance on investment advisors / managers of the Target Fund**

The Target Fund's success may, where applicable, depend largely on the services of the investment advisor(s) and the investment manager(s), their officers, employees and agents, and, in part, on the continuing ability of Advisor and the other investment advisor(s) and/or the investment manager(s), if any, to hire and retain knowledgeable personnel. There can be no assurance that the Target Fund Manager, the Advisor or the investment advisor(s) and the investment manager(s) will be able to implement successfully the strategies that the Compartments intend to pursue.

Prospective investors should note that the Target Fund, the Target Fund General Partner, the Advisor, and their respective affiliates including their respective directors, officers, partners and employees may be subject to various conflicts of interest in their relationship with the Target Fund. Subject to the restrictions of the LPA and the Compartment agreements, the Target Fund Manager, the Advisor and their affiliates may advise, manage or operate other investment vehicles in addition to the Target Fund with respect to investments similar to those sought by the Target Fund. In such cases co-investment opportunities shall be proposed to the Target Fund in a manner permitted by the constituent documents of such entities and based on a good faith determination by the Target Fund Manager.

- **Lack of diversification**

The Target Fund will seek to invest in targets which create a portfolio of assets that are diversified by geographic location, manager, investment strategy and time horizon in order to achieve a high level or risk diversification. However, subject to the investment limitations, investments may be weighted to certain investment types and in certain geographic markets and there can be no guarantees as to the diversification of the relevant targets' assets. Events that impact a specific investment may have an impact on the relevant target's performance.

- **Multiple levels of expenses**

The Target Fund and the underlying private equity funds in which it invests impose management and/or administrative costs, expenses and performance allocations. This will result in greater expense to the investors than if such costs, expenses and allocations were not charged by the Target Fund and investors were able to invest directly in the underlying private equity funds in which the Target Fund invests or the portfolio companies of those underlying funds.

- **Valuation and reporting**

The Target Fund Manager will be entitled to rely on the information and valuation data provided by independent valuers and/or by the private equity funds in which the Target Fund holds an investment (directly or indirectly through their relevant general partner or manager) which data may not always be provided in a timely manner and which may contain valuation errors. In such case, the Target Fund Manager may use the immediately prior net asset value calculated on a valuation day adjusted to take into account its reasonable estimate of accruals of assets (income and capital) and liabilities, should the information from independent valuers or private equity funds, respectively, be delivered late or be obviously incomplete or inaccurate. As a result, such indicative net asset value may not be accurate and may be revised on a subsequent valuation day.

- **Taxation**

An investment in the Target Fund involves a number of complex tax considerations. Changes in tax legislation in any of the countries in which the Target Fund will have investments, or changes

in tax treaties negotiated by those countries, could adversely affect the returns from the Target Fund to its investors. No assurance can be given on the actual level of taxation suffered by the Target Fund. Investors should consult their own tax advisors on the tax implications for them of investing, holding and disposing of Interests and receiving distributions in respect of interests in the Target Fund.

- **Changes in applicable law**

The Target Fund must comply with various legal requirements, including requirements imposed by the securities laws and corporate laws in various jurisdictions, including Luxembourg. Should any of those laws change, the legal requirements to which the Target Fund and the investors may be subject could differ materially from current requirements.

- **Lack of operating history**

Although the Swan Investment Team have had extensive experience investing in private equity funds and co-investment, the Target Fund and the Target Fund Manager are newly formed entities with no operating history upon which to evaluate the likely performance of the Target Fund. The success of any investment depends upon the individual circumstances in which it was made.

11. Listing on the Luxembourg Stock Exchange

The General Partner does not intend to apply for the listing of the Shares of the Sub-Fund on the Luxembourg Stock Exchange or any other stock exchange.

12. Availability of the Net Asset Value and of Other Information

The Net Asset Value per Share of each Class will be available at the registered office of the General Partner and/or with the Administrative Agent.

The private placement memorandum of the Target Fund will be made available to the Company.

The audited annual report and the unaudited quarterly reports of the Target Fund, including a number of items specified in the private placement memorandum of the Target Fund, will be made available to the Company.

13. Duration and exit strategy of the Sub-Fund

The Sub-Fund is established for a limited duration of twelve (12) years as from the Last Closing, with three (3) consecutive extensions of three (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Target Fund, at its sole discretion. In fact, the exit strategy of the Sub-Fund is linked to the duration of the Target Fund, which is twelve (12) years as from the final closing date of the Target Fund subject to extension for up to three (3) additional one (1) year periods, subject to earlier termination in accordance with the terms and conditions of the LPA.

During all the investment process, potential exit routes and a target exit horizon will be linked to those of the Target Fund. The maturity of each investment is continually monitored and assessed by comparing actual development against the business plan. The timing and conditions of any

exit in the Target Fund are discussed in a timely manner, in advance of such exit, with the management team of the Target Fund.

Notwithstanding the foregoing, if the Target Fund during the life of the Sub-Fund does not qualify anymore as a private equity fund in accordance with the 2004 Law, then the General Partner shall make the necessary in order for the Sub-Fund to dispose of its investments in the Target Fund.

N. BCF XI SUB-FUND

1. Investment Objective and Strategy

The BCF XI Sub-Fund (the "**Sub-Fund**") is solely aimed at committing capital up to thirty million US Dollars (USD 30,000,000.-), to be invested in "Bain Capital Fund XI, L.P." (the "**Target Fund**").

1.1. The Target Fund

The Target Fund is a private equity fund established as a Cayman Islands exempted limited partnership under the Exempted Limited Partnership Law (2012 Revision) of the Cayman Islands, as amended from time to time, whose general partner is "Bain Capital Partners XI, L.P.", a Cayman Islands exempted limited partnership (the "**Target Fund General Partner**").

The Target Fund will be managed by Bain Capital Partners, LLC, a Delaware limited liability company (the "**Target Fund Manager**") which is fully owned by Bain Capital, LLC ("**Bain Capital**").

Bain Capital is an independent private equity firm formed in 1984 using a differentiated investment model designed to tackle attractive but complex investment opportunities which enabled them to invest in approximately two hundred and fifty (250) companies across a variety of transaction types, industries and geographies. Bain Capital's team of two hundred and fifty five (255) private equity professionals as of 1 June 2013 is among the largest in the industry and is led by fourty-four (44) managing directors.

The Target Fund will be the successor fund to ten (10) funds from 1984 until 2013.

1.2. Investment Objective and Strategy of the Target Fund

The purposes of the Target Fund are to make investments in common stock and other interests in business organizations, domestic or foreign, including, but not limited to, businesses the securities of which have no established market and may be restricted with respect to transfer (the "**Investments**"), with the principal objective of appreciation of capital invested in accordance with the terms and conditions of the amended and restated Agreement of Exempted Limited Partnership of the Target Fund (the "**LPA**").

Bain Capital is seeking aggregate commitments from investors of six billion US Dollars (USD 6,000,000,000.-) for the Target Fund.

The Target Fund will primarily target equity investments in the range of two hundred million (USD 200,000,000.-) to five hundred million US Dollars (USD 500,000,000.-), with the ability to pursue smaller or larger transactions generally up to one billion US Dollars (USD 1,000,000,000.-) with other sources of capital. The Target Fund will target investments in companies headquartered in North America, with additional international exposure from certain investments made in conjunction with the Asian and European focused funds.

Bain Capital's approach is to invest across industries and stages. The previous private equity funds of Bain Capital generally had a mix of traditional buy-out, growth capital, turnaround and

operationally transformative investments. Bain Capital generally favors companies that have a strong and defensible competitive position in their industries and typically invests in companies in various states of financial well-being. They calibrate the valuations and financial structures of their transactions to the operating challenges, risks, and rewards they undertake. Bain Capital is also particularly well-positioned to acquire companies that are characterized by complexity, either from a diligence and/or operational perspective, where they believe their deep capabilities represent a competitive advantage over their more financial-oriented peers. Additionally, Bain Capital generally favors situations that have geographic complexity, where they believe having investment professionals within their integrated private equity effort on the ground in the US, Europe and Asia represents an important competitive advantage.

Without the approval of the advisory board of the Target Fund (the "**Target Fund Advisory Board**"), no investment may in particular be made by the Target Fund in any one entity in an aggregate amount of more than fifteen percent (15%) of its aggregate subscribed capital of the Target Fund (or twenty-five percent (25%) of the aggregate subscribed capital of the Target Fund if at least the excess over of fifteen percent (15%) of subscribed capital is an investment intented to be made on a "bridge" or temporary basis to facilitate consummation of a transaction) (cf. Article XV, paragraph 15.2.(e) of the LPA).

1.3. The Target Fund General Partner and the management of the Target Fund

Subject to the requirement that certain matters be approved by the Target Fund Advisory Board in accordance with the LPA, the management, operation and policy of the Target Fund shall be vested exclusively in the Target Fund General Partner which shall have the power by itself and shall be authorised and empowered on behalf and in the name of the Target Fund to carry out any and all of the powers, objectives and purposes of the Target Fund and to perform all acts and enter into and perform all contracts and other undertakings and engage in all activities and transactions which it may in its sole discretion deem necessary or advisable or incidental thereto.

The Target Fund General Partner and the Target Fund Manager enterred into an investment and advisory agreement whereby the Target Fund Manager will perform in particular the following services:

- furnish advice regarding investments of the type contemplated by the LPA, evaluate prospective investment opportunities of such type and make recommendations regarding the purchase of securities;
- structure and negociate investments on behalf of the Target Fund;
- monitor investments of the Target Fund and make recommendations regading the disposition of securities;
- perform the day-to-day investment and administrative operations of the Target Fund and supervise the management of the Target Fund's business and affairs, including management of its investments, distributions to the investors and provision of information to the latter, subject always to the direction and control of the Target Fund General Partner.

1.4. Successful Track Record

Bain Capital has consistently, across its ten (10) funds, delivered top returns which all have been in the top-half of private equity benchmarks and which demonstrate Bain Capital's ability to generate value over the course of ownership as presented in the table below:

Fund	Vintage	% of cost realised	Net MoM[13]	Net IRR[14]
Fund I	1984	100%	4.8x	60.8%
Fund II	1987	100%	6.4x	37.6%
Fund III	1989	100%	3.1x	32.5%
Fund IV	1993	100%	3.8x	66.1%
Fund V	1995	100%	2.6x	49.4%
Fund VI	1998	97%	1.8x	13.9%
Fund VII	2000	90%	2.0x	20.5%
Fund VIII	2004	53%	1.8x	12.1%
Fund IX	2006	29%	1.5x	7.5%
Fund X	2008	10%	Still investing	

Source: Private Placement Memorandum of the Target Fund dated June 2013
Performance is as of 31 March 2013

1.5. Distinctive Market Focus

Bain Capital's focus to employ a differentiated investment model designed to tackle attractive but complex investment opportunities has evolved since inception in 1984 even though such core model remains unchanged: applying a strategic mindset to identify high potential businesses and working closely with management teams to help these businesses grow. Over the past twenty-nine (29) years, Bain Capital has built a set of capabilities that support this approach to investing. These key capabilities include:

- **Large, experienced team with industry vertical expertise**

Bain Capital's team of two hundred and fifty-five (255) private equity professionals as of 1 June 2013 is among the largest in the industry and is led by forty-four (44) managing directors. The size of Bain Capital's private equity team compares favourably to the teams of their peers. Bain Capital's organizational scale enables specialisation and expertise and brings significant advantages to their private equity activities. First, their organization's scale allows the examination of a large range of potential investments in order to make selective investment decisions, choosing companies that provide attractive return profiles and benefit from Bain Capital's unique capabilities.

Second, large diligence teams allow Bain Capital to perform broader and deeper analysis on a target company to develop fundamental insights about the business: unique opportunities for value creation and identification of risks to be addressed. Large teams also provide the capacity to diligence and execute complicated transactions such as corporate carve-outs. These are resource-intensive opportunities that firms with smaller teams cannot pursue as effectively.

Finally, Bain Capital's scale allows senior investment professionals to focus on specific industry verticals. As a result, Bain Capital has sizeable teams of sector-dedicated professionals with deep expertise, pattern recognition and time-honed judgment within their particular area of focus. Their investment team is organised into the following industry verticals: Consumer/Retail/Dining, Technology/Media/Telecom, Industrials/Energy, Business/Financial Services and Healthcare. Concentrating on a specific industry vertical provides these teams with the focus and bandwidth to proactively cultivate investment opportunities, often long before they become formalised auctions. Having industry vertical expertise also boosts credibility with

[13] Gross implied multiplied of money
[14] Internal rate of return

sellers and management teams of potential acquisitions. Bain Capital also believes that their extensive track record in each of these industry verticals gives sellers confidence and can give them an edge in sales processes where the economics of bids are similar.

- **In-house diligence teams focused on generating distinctive business insights**

Based on their collective experience of approximately two hundred and fifty (250) investments, Bain Capital makes asset selection decisions by assessing the strategic and operating opportunities of the target business and industry. They combine a top-down perspective of the company's potential with a specific, bottom-up plan to achieve that potential. They estimate that approximately ninety percent (90%) of their equity returns has been driven by operating performance (revenue growth and margin improvement), versus only approximately ten percent (10%) from financial levers (multiple expansion and deleveraging), based on twenty-nine (29) investments made since 2000 that have been realised or are public.

Their emphasis on strategic and operating insights is the result of, among other factors, their consulting and operating backgrounds. Having these experiences provides a distinctive lens when evaluating potential investment opportunities, and also enables the investment team to transition seamlessly and repeatedly from a "diligence" role to a "support" role once the acquisition is completed.

- **Capacity to help portfolio companies achieve transformational change**

Since their founding in 1984, Bain Capital has believed that active and long-term engagement alongside management teams can drive meaningful change at companies, create long-term value, and generate strong investment returns. Over the past twenty-nine (29) years, they have continued to improve their approach and enhance the value they bring to companies. In 1995, Bain Capital became one of the first private equity firms to dedicate professionals to providing hands-on strategic and operating support to portfolio companies' post-acquisition; as of 1 June 2013, they have seventy-one (71) such professionals globally.

At the outset of every investment, Bain Capital works closely with management to develop a value-creation plan, or strategic blueprint. The process to create this plan is a collaborative effort between Bain Capital and the companies' management teams, geared to generate mutual understanding and clarity of objectives. Aligning economics of the management team improves the likelihood of achieving these objectives. During the blueprint process, a wide range of potential levers are examined to maximize value: strategy, growth and innovation, cost and efficiency, leadership and organization, among others. Ultimately, this blueprint focuses the company on a select number of initiatives designed to achieve its potential and drive the success of the investment.

Once the blueprint is complete, Bain Capital works with the management team to execute this plan, adapting its role to whatever is necessary in the situation. Their professionals can be involved in several ways during ownership. As a gauge for the scale of Bain Capital's involvement with the companies, in 2012 Bain Capital professionals spent nearly two hundred and fifty thousand (250,000) hours working directly with portfolio companies, over forty percent (40%) of total investment team time. This active partnership model has generated outstanding performance in a wide range of circumstances.

- **Broad footprint with global integration**

Bain Capital's private equity organisation has a presence across the globe with nine (9) offices on three (3) continents. Importantly, they have grown into each of these markets organically, not through acquisition, with a strong emphasis on having a unified approach and culture. This

consistency results from an insistence that all hires meet Bain Capital's global standard of excellence and an active rotational and inter-office transfer program. In addition, carry for Bain Capital investment professionals is structured to encourage global and fund-level cooperation among their team. Finally, Bain Capital's employee co-investment program provides economic incentives for global cooperation and integration. These ensure that Bain Capital employees around the world share the goal of producing exceptional returns for all investments. Bain Capital's global integration allows leveraging the collective experience and judgment to bring the best to each potential investment. Teams are staffed to provide both industry vertical expertise and local market knowledge, which is particularly valuable in less developed private equity environments, but is also important for developed market companies looking toward geographic expansion.

1.6. Focused Strategy

Bain Capital focuses on investments that are a particularly good fit for their strengths and capabilities. As a result, Bain Capital believes their funds contain a unique set of companies and are a complementary component of their limited partners' portfolio of private equity funds. Bain Capital's investments tend to have one or more of the following characteristics:

- carve-outs and operational transformations;
- cross-border transactions requiring global expertise;
- differential views of businesses supported by in-house diligence;
- complicated business structures where having a large, experienced team is a significant advantage.

1.7. Investment Management, Investment Process and Exit Strategy of the Target Fund

(a) Investment Management and Process

Bain Capital's global private equity board, which is comprised of partners of Bain Capital, directs the investment strategy and decision-making process, with specific accountability for each investment within the regions and industry groups according to the specific requirements of the particular investment.

The investment committee process at Bain Capital invites the participation and contributions of all managing directors to review diligence materials and recommendations of deal teams. Final decisions for a commitment by the Target Fund will require the recommendation of the managing director from the region originating the deal plus several managing directors specifically appointed for each deal.

(b) Exit Strategy

The investment committee also conducts a formal process for exiting investments, which helps realising the full value of each company. As part of this process, are formally evaluated past and projected potential business performance, various exit options and timing, and the range of incremental equity returns in the future. In several instances, Bain Capital has retained small ownership stakes if they believe the return profile is attractive and they can continue to influence the outcome.

Exit opportunities generally come through initial public offerings ("**IPO**") (which are important exit options for many of the investments), sales to strategic buyers and sales to other financial sponsors (from 2000 through June 2013 Bain Capital has had thirty-one (31) exits/partial exits via IPO or sale of public shares and forty-three (43) through mergers and acquisitions ("**M&A**") or sale to financial sponsors). Bain Capital strives to realise existing value in the company and to generate strong post-IPO performance, which benefits the investors and helps build public confidence in the stock performance for future IPOs of Bain Capital owned companies.

2. Borrowing Policy/Leverage

The Sub-Fund may leverage its assets by way of borrowing up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund. Borrowings may be utilized for investment purpose as well as to bridge financing and expense disbursements when liquid funds are not readily available. Investments of the Sub-Fund are expected to include portfolio investment schemes whose capital structures may include additional significant leverage.

3. Share Classes

3.1. Carried Interest Shares

No Carried Interest Shares shall be issued within the Sub-Fund, upon the launching thereof.

3.2. Investors Shares

At present, there is only one Class of Investors Shares available for subscription in the Sub-Fund, namely A Shares, denominated in US Dollars (USD).

4. Reference Currency and NAV Calculation

The Reference Currency of the Sub-Fund shall be the US Dollars (USD).

The Valuation Day of the Sub-Fund shall be the last business day of each calendar quarter, or such other date(s) that the Target Fund General Partner may determine, in its absolute discretion.

5. Capital Funding

The Sub-Fund is aimed at raising up to thirty million US Dollars (USD 30,000,000.-).

5.1. Commitments during the Initial Offering Period

Investors are permitted to commit to subscribe for A Shares in the Sub-Fund from 9 December 2013 until the latest of either (i) on or about the last closing of the Target Fund as determined in the private placement memorandum thereof or 30 June 2014.

Investors, the commitments of which are accepted on the First Closing (the "**Initial Investors**"), shall be required, to pay up to five percent (5%) of their respective committed amounts no later than ninety (90) Business Days following the notification of the First Closing to Initial Investors,

following which A Shares are to be issued **fully paid-up**, at a subscription price of one hundred US Dollars (USD 100.-) each.

5.2. Commitments after the Initial Offering Period

After the First Closing, commitments for A Shares will be accepted from Initial Investors and other investors at such Closings ("**Subsequent Closings**") as determined by the General Partner during a period terminating on the Last Closing. The Last Closing shall be on 30 June 2014, unless extended by the General Partner. Dates of Subsequent Closings will be communicated to the Investors by a ten (10) Business Days' prior notice.

The General Partner may decide, at its discretion, to postpone the date of any Closing (including the First Closing and the Last Closing); in such case, the Investors will be informed of the amended date of the Closing and the date on which the corresponding part of their commitment has to be paid with a five (5) Business Days' prior notice.

Investors the commitments of which are accepted at any Subsequent Closing will be required to pay no later than ten (10) Business Days following the notification of such Subsequent Closing the same percentage of their commitments as has already been drawn down from Initial Investors. A Shares subscribed in relation to Subsequent Closings will be issued **fully paid-up** at a subscription price of one hundred US Dollars (USD 100.-) per Share.

Such subscription price will be increased by an amount corresponding to an interest to the benefit of the Sub-Fund (the "**Actualization Interest**"). The Actualization Interest will be calculated in each case by applying an interest rate equal to five percent (5%) per annum, from the date of the First Closing and, as the case may be, of each subsequent drawdown to the date of the corresponding Subsequent Closing. The Actualization Interest shall be calculated based on the actual number of days elapsed.

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the subscription price for A Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Shares on the relevant Subsequent Closing; in which case all such A Shares issued on the same Closing shall constitute a separate series. In this case, no Actualization Interest will be due.

5.3. Drawdown Dates

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the commitments made by the Investors shall be drawn down in successive instalments, as determined by the General Partner during the Commitment Period. Such drawdowns may only take place provided their amount is not less than one percent (1%) of each Investor's commitment. The General Partner will give each Investor a seven (7) days' prior notice for each drawdown.

A Shares issued in relation to each drawdown made after the First Closing shall be issued **fully paid-up** at a subscription price equal, at the General Partner's discretion, either (i) to one hundred US Dollars (USD 100.-) plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Shares on such drawdown date. If Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The subscription price of A Shares issued after the First Closing must be paid on the relevant drawdown date.

5.4. Commitment Period

The Commitment Period will extend from the First Closing until the Last Closing.

6. Minimum Commitment

Commitments may only be accepted from Eligible Investors, in a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-). Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept commitments in lesser amounts.

7. Redemptions and Conversions

A Shareholder may not, of its own initiative, require the Company to redeem its A Shares, or to convert them into any other Class issued in any of the Sub-Funds.

8. Management Fees, Remuneration of the AIFM, Advisory Fees and other costs

8.1. Management Fees

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee, paid quarterly in advance by the Sub-Fund to the General Partner. Such management fee shall equal zero point sixty percent (0.60%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value plus (ii) the unfunded portion of the aggregate subscribed capital of the Sub-Fund as of the end of the preceding quarter.

The management fee will accrue as of the First Closing and will be calculated by reference to the aggregate subscribed capital of the Sub-Fund until the Last Closing. Accordingly, adjustments to management fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

It should be noted that calculation of the fees on the basis of the aggregate subscribed capital of the Sub-Fund may entail the payment of fees in respect of subscription monies which have not yet been drawn down.

8.2. Remuneration of the AIFM

Any remuneration payable to the AIFM will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

8.3. Investment Advisory Fees

Any fees payable to the Investment Advisor will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

8.4. Other Expenses

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund.

The Sub-Fund shall also bear its general operating expenses (the "**Operating Expenses**"), which shall also include the fees and disbursements of the Depositary, Administrative Agent, paying agent, Registrar and Transfer Agent, domiciliary agent, and all other out-of-pocket administration expenses and any taxes, fees or other governmental charges levied against the Company attributed or attributable to this Sub-Fund. Such Operating Expenses shall not exceed zero point forty five percent (0.45%) per annum based on the aggregate commitments made in the Sub-Fund.

The Sub-Fund shall bear all expenses related to its creation, up to an amount equaling one percent (1%) of the aggregate commitments made to the benefit of the Sub-Fund; any charges and expenses beyond such amount will be borne by Crédit Agricole (Suisse) S.A.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

9. Distributions

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Shares, the redemption price will be equal to the last Net Asset Value per relevant Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from Target Fund's distributions after the deduction of the appropriate Target Fund management fee, Target Fund advisory fee and Operating Expenses (including legal reserves for contingent liabilities).

The Target Fund may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions as defined in and in the cases provided for in the constitutive/issuing documents of the Target Fund. In such cases the Shareholders may be requested to fully or

partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund.

10. Specific Risk Considerations

In regard to the risks associated with investments in the Sub-Fund, the following risks, among all the risks linked to the Target Fund and mentionned in its private placement memorandum, may be of importance to the Investors:

- **Unspecified investments**

The Target Fund will begin operations upon closing, has no operating history and may not have identified any particular investment. Although Bain Capital's prior funds have an excellent record, the performance of these funds cannot be relied upon as an indication of the Target Fund's success. An investor in the limited partnership interests must rely upon the ability of the Target Fund General Partner and the Target Fund Manager in identifying, structuring, and implementing investments consistent with the Target Fund's investment objective and policies.

- **Time required to maturity of investment ; illiquidity of investments**

It is anticipated there will be a significant period of time (up to five (5) years or more) before the Target Fund has completed its investments in portfolio companies. Such investments may typically take from three (3) to seven (7) years from the date of initial investment to reach a state of maturity when realization of the investment can be achieved. Transaction structures and realization of investment theses typically will not provide for liquidity of the Target Fund's investment prior to that time. In light of the foregoing, it is likely that no significant return from the disposition of the Target Fund's investments will occur until no less than three (3) and possibly more than ten (10) years from the date of closing of the Target Fund.

The Target Fund's investments may consist of securities that are subject to restrictions on sale by the Target Fund under U.S. securities laws. Generally, the Target Fund will not be able to sell these securities publicly in the U.S. without the expense, time and other burdens required to register the securities under the Securities Act of 1933, as amended (the "Securities Act"), or will be able to sell the securities only under Rule 144 or other rules under the Securities Act that permit only limited sales under specified conditions. When restricted securities are sold to the public, the Target Fund may be deemed a controlling person, or possibly an "underwriter,"with respect thereto for the purpose of the Securities Act and be subject to liability as such under the Securities Act. The sale of investments may be subject to restrictions imposed by the applicable securities laws of non-U.S. jurisdictions in the case of portfolio companies that are not U.S. companies.

In addition, practical limitations may inhibit the Target Fund's ability to liquidate certain of its investments in the portfolio companies when the issuer is privately held and the Target Fund owns a relatively large percentage of the issuer's equity securities. Sales may also be limited by market conditions, which may be unfavorable for sales of securities of particular issuers or issuers in particular industries. The limitations on liquidity of the Target Fund's investments could prevent a successful sale thereof, result in delay of any sale, or reduce the amount of proceeds that might otherwise be realized.

- **Taxation in local jurisdictions**

The Target Fund or the investors may be subject to income or other tax in jurisdictions in which the Target Fund invests. Moreover, withholding tax or branch tax may be imposed on earnings of

the Target Fund from investments in such jurisdictions. In addition, local tax incurred in such jurisdictions by the Target Fund or vehicles through which it invests may not be creditable to or deductible by the investors in their respective jurisdictions, including the United States. Finally, tax laws, regulations, tax treaties, as well as judicial and administrative interpretations thereof, may change, possibly with retroactive effect, in such a manner as to adversely impact a portfolio company's, the Target Fund's or an investors's tax treatment. In particular, the laws in some countries governing the tax treatment of foreign investment are evolving, and in some cases are being amended to increase the tax burdens imposed on private equity funds. Such developments could severely reduce the value of the Target Fund's investments, restrict the Target Fund's ability to realize income and capital gain on an efficient basis and/or eliminate the Target Fund's ability to make any investments in certain countries and certain of these developments may have a disproportionate effect on certain investors depending on their tax status. In addition, investments or operations by the Target Fund or its affiliates in certain countries could require the Target Fund or the investors to file tax returns, residency certifications or other information with the tax authorities in such countries.

- **Legal and regulatory risks**

Legal, tax and regulatory changes could occur during the term of the Target Fund that may adversely affect the Target Fund. The regulatory environment for private investment funds is evolving, and changes in the regulation of private investment funds may adversely affect the value of investments held by the Target Fund and the ability of the Target Fund to obtain the leverage it might otherwise obtain or to pursue its trading strategies. New laws or revised regulations imposed by the U.S. Securities and Exchange Commission, other governmental regulatory authorities, self-regulatory organizations or industry bodies that supervise the financial markets that could adversely affect the Target Fund may be adopted in the future. The Target Fund may also be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by these regulatory authorities or self-regulatory organizations.

- **No market for limited partnership interests**

Pursuant to the LPA, a limited partnership interest is not generally transferable and voluntary withdrawal of an investor is not allowed. In addition, transfer of the limited partnership interests may be affected by restrictions on resales imposed by U.S. federal and state securities laws, non-U.S. laws and restrictions on transfers imposed as a result of U.S. federal income tax laws. Therefore, an investment in the Target Fund should be considered illiquid.

- **Management of the Target Fund**

Investors have no right or power to take part in the management of the Target Fund. Investors will not receive the detailed financial information issued by portfolio companies which is available to the Target Fund General Partner and the Target Fund Manager. Accordingly, no person should purchase limited partnership interests unless such person is willing to entrust all aspects of the management of the Target Fund to the Target Fund General Partner and the Target Fund Manager.

- **Reliance on management**

Decisions with respect to the management of the Target Fund will be made by the Target Fund General Partner with the advice of the Target Fund Manager. The success of the Target Fund will depend on the ability of the Target General Partner and the Target Fund Manager to identify and consummate suitable investments, to improve the operating performance of portfolio companies and to dispose of investments of the Target Fund at a profit. The loss of the services of one or

more of the members of the professional staff of the Target Fund Manager or of the partners of the Target Fund General Partner could have an adverse impact on the Target Fund's ability to realize its investment objective. In addition, it is expected that all of the officers and employees responsible for managing the Target Fund will continue to have responsibilities with respect to other funds and accounts managed by the Target Fund Manager. Thus, such persons will have demands made on their time for the investment, monitoring, exit strategy and other functions of other funds and accounts.

11. Listing on the Luxembourg Stock Exchange

The General Partner does not intend to apply for the listing of the Shares of the Sub-Fund on the Luxembourg Stock Exchange or any other stock exchange.

12. Availability of the Net Asset Value and of Other Information

The Net Asset Value per Share of each Class will be available at the registered office of the General Partner and/or with the Administrative Agent.

The private placement memorandum of the Target Fund will be made available to the Company.

The audited annual report and the unaudited quarterly reports of the Target Fund, including a number of items specified in the private placement memorandum of the Target Fund, will be made available to the Company.

13. Duration and exit strategy of the Sub-Fund

The Sub-Fund is established for a limited duration of ten (10) years as from the Last Closing, with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Target Fund, at its sole discretion. In fact, the exit strategy of the Sub-Fund is linked to the duration of the Target Fund, which is ten (10) years as from 31 December 2013 subject to extension for up to three (3) additional one (1) year periods, subject to earlier termination in accordance with the terms and conditions of the LPA.

During all the investment process, potential exit routes and a target exit horizon will be linked to those of the Target Fund. The maturity of each investment is continually monitored and assessed by comparing actual development against the business plan. The timing and conditions of any exit in the Target Fund are discussed in a timely manner, in advance of such exit, with the management team of the Target Fund.

Notwithstanding the foregoing, if the Target Fund during the life of the Sub-Fund does not qualify anymore as a private equity fund in accordance with the 2004 Law, then the General Partner shall make the necessary in order for the Sub-Fund to dispose of its investments in the Target Fund.

O. NAF VII SUB-FUND

1. Investment Objective and Strategy

The NAF VII Sub-Fund (the "**Sub-Fund**") is solely aimed at committing capital up to thirty million US Dollars (USD 30,000,000.-), to be invested in "Navis Asia Fund VII, L.P." (the "**Target Fund**").

1.1. The Target Fund

The Target Fund is a private equity fund registered as a Cayman Islands exempted limited partnership under the Exempted Limited Partnership Law (2012 Revision), whose general partner is "Navis Asia Fund VII G.P., Ltd", a Cayman Islands exempted limited liability company (the "**Target Fund General Partner**") which, in its turn, is controlled by Navis Capital Partners Limited ("**Navis**").

The Target Fund will be managed by Navis Asia VII Management Company, Ltd., a Cayman Islands exempted limited liability company (the "**Target Fund Manager**").

Navis is a private equity firm formed in 1998 and manages over three billion US Dollars (USD 3,000,000,000.-) of capital commitments. Navis has one of the largest teams of private equity professionals in Asia (approximately eighty-five (85) individuals, including fifty-seven (57) investment professionals) across seven (7) offices throughout the region in Malaysia, Singapore, Thailand, Hong Kong, China, Australia and India.

The Target Fund will be the successor fund to five (5) funds across which Navis completed fifty-six (56) controlling growth private equity investments from 1999 until 2013.

1.2. Investment Objective and Strategy of the Target Fund

The purposes of the Target Fund are to identify, acquire, hold, manage and dispose of investments in accordance with the terms and conditions of the Limited Partnership Agreement of the Target Fund (the "**LPA**").

Navis is seeking aggregate commitments from investors of one point three billion US Dollars (USD 1,300,000,000.-) for the Target Fund and will target equity and equity-related investments in the Asia Pacific region with a predominant focus on Southeast Asia (including Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam) as well as Hong Kong/China and Australia.

Navis intends to pursue its successful core investment strategy and will target established mid-market companies requiring equity commitments typically between fifty million US Dollars (USD 50,000,000.-) and one hundred million US Dollars (USD 100,000,000.-), and in selected cases up to one hundred and fifty million US Dollars (USD 150,000,000.-). Navis expects the Target Fund to complete between fourteen (14) and eighteen (18) investments over the life of the Target Fund, in order to provide portfolio diversification while enabling sufficient management attention to be paid to individual investments.

Navis will invest in companies where it can be the sole financial investor, seeking **majority ownership positions** in buyouts, capital expansion transactions or recapitalizations. It is Navis'

preferred investment strategy for the Target Fund to own majority equity stakes of each investee company, and Navis intends to make the great majority of the Target Fund's investments in this way.

Navis' primary focus is on acquiring leaders or near-leaders in their respective sectors. Attributes of industry leadership that are sought by Navis include: high relative scale and market share, low relative cost position, strong brand perception, process and technological excellence, high product or service quality, excellent management, high standards of corporate governance, and financial transparency. Industries that are attractive to Navis include: consumer goods and retail, light industrial manufacturing and business and professional services, among others. In general, Navis seeks to avoid industry segments where the levers of value creation are not substantially under the discretionary control of the company management. Such industries include those that are highly dependent on technological development, government regulations, unproven business models and commodity price cycles.

As with prior funds, Navis will **target the Asia Pacific region**, with a primary focus on Southeast Asia but will also target Hong Kong/China and Australia. Australia is an important market for Navis and it expects to allocate between ten and twenty percent (10-20%) of the Target Fund to Australian investments, as it has done in its prior funds. Navis believes that it has a particular competitive advantage in expanding domestic Australian companies into Asia, and has demonstrated success in achieving this with previous investments. Navis also considers Hong Kong/China to be a somewhat opportunistic market from a primary investment perspective. While Navis does not feel compelled to allocate a specific proportion of the Target Fund towards primary investments in that region, it will actively monitor the market for potential investments that meet Navis' investment criteria. China is more generally associated with minority transactions where it is more difficult to attain control, and as a result there are fewer opportunities for Navis in China than in its core markets.

The Target Fund will be subject to the following main investment restrictions, as more fully described in Article 4.2 of the LPA:

(a) Without the consent of a majority of voting members of the limited partner advisory committee of the Target Fund, the Target Fund shall not:

- except as otherwise provided for in the LPA, make any investment that would result in an aggregate amount in an investment in one portfolio company in excess of the lesser of one hundred and fifty million US Dollars (USD 150,000,000.-) and fifteen percent (15%) of aggregate capital commitments;
- borrow money or provide guarantees in an aggregate principal amount outstanding at any time in excess of the lesser of fifteen percent (15%) of capital commitments or aggregate remaining capital commitments, except that the Target Fund may borrow on a temporary basis in anticipation of receipt of drawdowns;
- invest in equity or equity-linked securities that are publicly traded on a recognized market at the time of such investment, unless such investment has been privately negotiated and does not result in the Target Fund holding at the time of such investment more than ten percent (10%) of aggregate capital commitments or such investment is part of a process designed to lead to a general or partial offer to acquire effective or full control of a portfolio company and does not result in the Target Fund holding at the time of such investment more than twenty-five percent (25%) of aggregate capital commitments in investments;
- invest more than fourty percent (40%) of aggregate capital commitments in portfolio investments during any fiscal year of the Target Fund which shall end on 31 December of each year;

- make a portfolio investment in any other pooled multiple-investment vehicle that provides for a payment by the Target Fund of a management fee or carried interest or other incentive or performance-based fee, provided that nothing shall prevent employees or directors of or other service providers to a portfolio company from receiving any interest in any portfolio company;
- purchase or sell real estate assets, provided that the restriction on investment in real estate assets shall not include investment in operations or businesses for which real estate is a material component and/or asset base, including without limitation, restaurants, retail properties, hospitals, department stores and similar businesses that arguably exploit real estate, but which are not customarily thought of as real estate businesses because of their focus on other business activities and/or because they develop real estate that they intend to occupy;
- make an investment in a portfolio company in which a previous Navis fund is already holding an investment unless such investment is part of a co-investment strategy by the Target Fund within the terms of the LPA;
- make a portfolio investment in any person for whom a substantial part of its business and operations is speculative oil and gas exploration; or
- make an investment in a portfolio company that does not have substantial operations in the Asia Pacific Region.

(b) Without the unanimous consent of its limited partner advisory committee, the Target Fund shall not make any investment unless the Target Fund General Partner determines that such investment is not "hostile" as such term is then commonly understood in the investment community.

1.3. <u>The Target Fund General Partner and the management of the Target Fund</u>

The management, control and operation of and the determination of policy with respect to the Target Fund and its investment and other activities shall be vested exclusively in the **Target Fund General Partner** (acting directly or through its duly appointed agents), which is authorised and empowered, subject to the provisions of the LPA, to carry out any and all of the purposes of the Target Fund and to perform all acts and enter into and perform all contracts and other undertakings that it may in its sole discretion deem necessary, advisable, convenient or incidental thereto.

The **Target Fund Manager** is appointed to provide portfolio management and administrative services to the Target Fund. The Target Fund Manager shall manage the operations of the Target Fund and shall have discretionary authority with respect to investments of the Target Fund, including the authority to investigate, analyse, structure and negotiate potential investments and to evaluate, monitor, exercise voting rights, advise as to disposition opportunities and take other appropriate action with respect to investments on behalf of the Target Fund, provided that the management and the conduct of the activities of the Target Fund shall remain the ultimate responsibility of the Target Fund General Partner and all decisions relating to the selection and disposition of the Target Fund's investments shall be made exclusively by the Target Fund General Partner in accordance with the provisions of the LPA.

1.4. Successful Track Record[15]

Navis has completed fifty-six (56) controlling growth private equity investments since inception including thirty-two (32) in Southeast Asia, five (5) in Hong Kong/China, eleven (11) in Australia and eight (8) in India.

Navis Asia Fund, L.P. ("**Navis I/II**") closed in 1999 and was fully invested with investments totaling fifty-four million US Dollars (USD 54,000,000.-) of cost as of 31 March 2013. The portfolio is fully realized and achieved a 4.0x multiple on money ("**MoM**") and a gross internal rate of return ("**IRR**") of thirty-nine percent (39%).

Navis Asia Fund III, L.P. and a parallel fund (collectively, "**Navis III**") closed in 2003 and was fully invested with investments totaling seventy-five million US Dollars (USD 75,000,000.-) of cost as of 31 March 2013. The portfolio has generated one hundred and fourty-four million US Dollars (USD 144,000,000.-) of cash proceeds and unrealized value, achieving a 2.0x MoM and a gross IRR of twenty percent (20%) across its realized investments.

Navis Asia Fund IV, L.P. and a parallel fund (collectively, "**Navis IV**"), held its final close in June 2005 with total capital commitments of three hundred and fifteen million US Dollars (USD 315,000,000.-). As of 31 March 2013, Navis IV was fully invested with investments totaling two hundred and ninety two million US Dollars (USD 292,000,000.-) of cost. The portfolio has generated five hundred and fourty-five million US Dollars (USD 545,000,000.-) of cash proceeds and unrealized value, achieving a 2.4x MoM and a gross IRR of twenty-two percent (22%) across its realized investments.

Navis Asia Fund V, L.P. and a parallel fund (collectively, "**Navis V**") closed in early 2007 with total capital commitments of one point zero five billion US Dollars (USD 1,050,000,000.-). As of 31 March 2013, Navis V had made investments totaling nine hundred and ninety-five million US Dollars (USD 995,000,000.-) of cost and has generated one point nine billion US Dollars (USD 1,900,000,000.-) of cash proceeds and unrealized value, achieving a 2.7x MoM and a gross IRR of thirty-seven percent (37%) across its realized investments.

Navis Asia Fund VI, L.P. and a parallel fund (collectively, "**Navis VI**") closed in 2009 with total capital commitments of one point two billion US Dollars (USD 1,200,000,000.-). As of 31 March 2013, Navis VI had made eight (8) investments.

1.5. Distinctive Market Focus

Navis believes its investment approach offers a relatively lower risk proposition than other private equity firms in Asia through its:

- focus on acquisitions with minimal reliance on acquisition finance;
- low loss ratios (since inception only one percent (1%) of invested capital across the Navis Asia Funds has been invested into companies that have been written off);
- experience of investing across multiple business cycles over fifteen (15) years;
- consistent investment strategy focused on control acquisitions of well-established businesses; and
- focus on trade exits rather than reliance on the public markets.

In addition, Navis believes the following combination of factors makes the Target Fund a unique investment proposition:

[15] Figures presented in this section derive from the preliminary private placement memorandum of the Target Fund.

- **Experience and dedicated focus on Southeast Asia**

Navis is one of the largest and longest-standing private equity groups in Asia and it believes that many of its target geographies are relatively immature and underserved private equity markets, leaving Navis with little competition in its preferred equity investment strategy.

- **Distinctive focus on control growth buyouts**

Navis' primary focus is on driving the growth of its investee companies through simultaneous initiatives of cross-border follow-on acquisitions and 'deep dive' strategic and organizational strengthening. Navis has selectively invested in companies in the region where it can develop synergies across its portfolio, or drive geographic expansion through its pan-Asian local network. As a control investor, Navis initiates and controls major decisions and becomes the main strategic partner for each company's management team.

- **Proven record of creating strategic value**

To date, the majority of Navis' realized returns have been derived from EBITDA growth achieved organically, as well as through the execution of roll-out and follow-on acquisition strategies. The revenue and Earnings before Interest, Taxes, Depreciation, and Amortization ("**EBITDA**") performance has been in industries which are relatively well-established and is the result of carefully targeted acquisitions and cross-border growth activity, supply chain and marketing initiatives as well as strategic and financial advice provided by Navis. An additional component of Navis' value creation comes from organizational strengthening, whereby companies with gaps in their organization, systems, governance, health and safety procedures, regulatory and accounting compliance are systematically enhanced so that, by the time of Navis' exit, formerly imperfect companies (by the standards of potential multinational strategic acquirers) can accurately be described as world class in their organizational qualities.

- **Demonstrated ability to acquire and develop market leaders**

Navis targets established mid-market companies with leadership or near-leadership positions in their respective industry segments, typically with a strong brand or leading market share position. These companies often have strong, profitable foundations, but typically lack certain key attributes required to transition the company successfully to the next level of size, sophistication and geographic scope. Navis looks to professionalize these companies and to build scale by providing financial and intellectual capital as well as enhancing control through management, governance and systems improvements.

- **Substantial, proprietary deal flow through local networks**

Through its systematic and rigorous approach to deal origination, Navis has reviewed over two thousand (2,000) opportunities in the Asian mid-market since inception, many on a proprietary basis. Leveraging its local teams, which comprise highly-experienced professionals, Navis has developed a substantial relationship network covering businesses, financial institutions and governments, thereby reducing the need to source potential investments via highly competitive processes. Navis' relationship with its local Asian investors has materially enhanced its access to deal flow and being seen as a preferred provider of both capital and management capabilities.

1.6. Focused Strategy

Navis has had the same core investment strategy since its inception.

The Target Fund intends to continue to:

- target equity and equity-related investments in the Asia Pacific region and specifically mid-market companies requiring equity commitments between fifty million US Dollars (USD 50,000,000.-) and one hundred million US Dollars (USD 100,000,000.-), and in selected cases up to one hundred and fifty million US Dollars (USD 150,000,000.-); and

- invest in companies (with primary focus on acquiring leaders or near-leaders in their respective attractive sectors) where it can be the sole financial investor, seeking majority ownership positions (see paragraph 1.2 above).

Besides, Navis believes that the Southeast Asia region provides attractive opportunities for private equity investments. Asia (excluding Japan) has outperformed the US and Europe almost continuously for thirty-five (35) years in terms of gross domestic product (GDP) growth according to the International Monetary Fund (IMF), and this has especially been the case since the global financial crisis. The positive financial climate in such region, its economic growth, current stability and successful political transitions as well as improved corporate governance and competitive environment will support long-term growth and value creation dynamics. The increased economic integration of the Southeast Asia region will produce both investment opportunities and general stimulus to economic growth. While cautious about the course of global economic and political events as well as their potential impact on the region's economies, Navis is confident that the Southeast Asia region offers a relatively positive environment in which to invest, characterized by strong economic growth rates that exceed the global average, currency stability, low interest rates and adequate liquidity, with a backdrop of relative political and social stability, as well as limited competition in Navis' targeted focus areas.

1.7. Investment Management, Investment Process and Exit Strategy of the Target Fund

(a) Investment Management and Process

Through their extensive experience of residing, consulting and investing in Asia, Navis' senior professionals have developed an intimate understanding of the Southeast Asian markets as well as an extensive network of contacts. Navis uses its skills, market knowledge and business connections to source companies that fit its investment requirements. Navis proactively identifies sectors and companies that it believes may fit the Target Fund's investment criteria, approaching companies directly and engaging intermediaries to facilitate introductions.

Once a potential investment has been sourced, the investment is reviewed by an investment manager/analyst and submitted at the monthly investment committee of the Target Fund ("**Target Fund Investment Committee**") meeting. If the potential investment is deemed interesting, the Target Fund Investment Committee allocates resources to the project and the investment evaluation process begins. This process includes deep industry and competitive analysis, intensive company due diligence, which typically requires several months of work per investment, and extensive discussion at six (6) to eight (8) Target Fund Investment Committee meetings.

The Target Fund Investment Committee comprises thirteen (13) Navis partners. Typically the Target Fund Investment Committee also invites other members of the Navis team to attend or

present papers on specific opportunities or research topics. The Target Fund Investment Committee is a dynamic forum where matters are debated actively and due diligence and other information is challenged and analyzed. It meets as a full group on a scheduled weekly and monthly basis, and specific sub-committees also meet regularly depending on the topics to be discussed and stage of an investment process.

The Target Fund Investment Committee makes its decisions typically by consensus, although formally the affirmative votes of each of the three (3) founders of Navis are required before an investment can be approved.

(b) Exit Strategy

Navis will, as a general principle, determine a clear set of exit options before committing to any investment. Navis' goal is to exit when value enhancement opportunities under its ownership have been substantially exhausted. It is Navis' approach to plan exits on the basis of a trade sale alone. Navis will not typically base its exit strategy on public equity markets. Navis expects to exit to strategic industry investors, without ruling out the possibility that other attractive exit routes may subsequently present themselves as opportunities.

Typically, a planned exit will be sought once the principal strategic and operational changes identified prior to investment has been made. Navis considers which actions will enhance the asset's attractiveness when reviewed by a potential strategic acquirer. Particular initiatives which Navis deploys include: ensuring appropriate reporting standards in respect of the quality and consistency of financial information, developing corporate governance to the standard required by typical listing requirements and ensuring that each company has a standard of management that will support a successful exit.

2. Borrowing Policy/Leverage

The Sub-Fund may leverage its assets by way of borrowing up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund. Borrowings may be utilized for investment purpose as well as to bridge financing and expense disbursements when liquid funds are not readily available. Investments of the Sub-Fund are expected to include portfolio investment schemes whose capital structures may include additional significant leverage.

3. Share Classes

3.1. Carried Interest Shares

No Carried Interest Shares shall be issued within the Sub-Fund, upon the launching thereof.

3.2. Investors Shares

At present, there is only one Class of Investors Shares available for subscription in the Sub-Fund, namely A Shares, denominated in US Dollars (USD).

4. Reference Currency and NAV Calculation

The Reference Currency of the Sub-Fund shall be the US Dollars (USD).

The Valuation Day of the Sub-Fund shall be the last business day of each calendar quarter, or such other date(s) that the Target Fund General Partner may determine, in its absolute discretion.

5. Capital Funding

The Sub-Fund is aimed at raising up to thirty million US Dollars (USD 30,000,000.-).

5.1. Commitments during the Initial Offering Period

Investors are permitted to commit to subscribe for A Shares in the Sub-Fund from 19 December 2013 until the earliest of either (i) 30 June 2014 or (ii) on or about the last closing of the Target Fund as determined in the private placement memorandum thereof.

Investors, the commitments of which are accepted on the First Closing (the "**Initial Investors**"), shall be required, to pay up to five percent (5%) of their respective committed amounts no later than ninety (90) Business Days following the notification of the First Closing to Initial Investors, following which A Shares are to be issued **fully paid-up**, at a subscription price of one hundred US Dollars (USD 100.-) each.

5.2. Commitments after the Initial Offering Period

After the First Closing, commitments for A Shares will be accepted from Initial Investors and other investors at such Closings ("**Subsequent Closings**") as determined by the General Partner during a period terminating on the Last Closing. The Last Closing shall be on 30 June 2014, unless extended by the General Partner. Dates of Subsequent Closings will be communicated to the Investors by a ten (10) Business Days' prior notice.

The General Partner may decide, at its discretion, to postpone the date of any Closing (including the First Closing and the Last Closing); in such case, the Investors will be informed of the amended date of the Closing and the date on which the corresponding part of their commitment has to be paid with a five (5) Business Days' prior notice.

Investors the commitments of which are accepted at any Subsequent Closing will be required to pay no later than ten (10) Business Days following the notification of such Subsequent Closing the same percentage of their commitments as has already been drawn down from Initial Investors. A Shares subscribed in relation to Subsequent Closings will be issued **fully paid-up** at a subscription price of one hundred US Dollars (USD 100.-) per Share.

Such subscription price will be increased by an amount corresponding to an interest to the benefit of the Sub-Fund (the "**Actualization Interest**"). The Actualization Interest will be calculated in each case by applying an interest rate equal to five percent (5%) per annum, from the date of the First Closing and, as the case may be, of each subsequent draw down to the date of the corresponding Subsequent Closing. The Actualization Interest shall be calculated based on the actual number of days elapsed.

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change

the subscription price for A Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Shares on the relevant Subsequent Closing; in which case all such A Shares issued on the same Closing shall constitute a separate series. In this case, no Actualization Interest will be due.

5.3. Drawdown Dates

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the commitments made by the Investors shall be drawn down in successive instalments, as determined by the General Partner during the Commitment Period. Such drawdowns may only take place provided their amount is not less than one percent (1%) of each Investor's commitment. The General Partner will give each Investor a seven (7) days' prior notice for each drawdown.

A Shares issued in relation to each drawdown made after the First Closing shall be issued **fully paid-up** at a subscription price equal, at the General Partner's discretion, either (i) to one hundred US Dollars (USD 100.-) plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Shares on such drawdown date. If Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The subscription price of A Shares issued after the First Closing must be paid on the relevant drawdown date.

5.4. Commitment Period

The Commitment Period will extend from the First Closing until the Last Closing.

6. Minimum Commitment

Commitments may only be accepted from Eligible Investors, in a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-). Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept commitments in lesser amounts.

7. Redemptions and Conversions

A Shareholder may not, of its own initiative, require the Company to redeem its A Shares, or to convert them into any other Class issued in any of the Sub-Funds.

8. Management Fees, Remuneration of the AIFM, Advisory Fees and other costs

8.1. Management Fees

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee, paid quarterly in advance by the Sub-Fund to the General Partner. Such management fee shall equal zero point sixty percent (0.60%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value

plus (ii) the unfunded portion of the aggregate subscribed capital of the Sub-Fund as of the end of the preceding quarter.

The management fee will accrue as of the First Closing and will be calculated by reference to the aggregate subscribed capital of the Sub-Fund until the Last Closing. Accordingly, adjustments to management fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

It should be noted that calculation of the fees on the basis of the aggregate subscribed capital of the Sub-Fund may entail the payment of fees in respect of subscription monies which have not yet been drawn down.

8.2. Remuneration of the AIFM

Any remuneration payable to the AIFM will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

8.3. Investment Advisory Fees

Any fees payable to the Investment Advisor will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

8.4. Other Expenses

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund.

The Sub-Fund shall also bear its general operating expenses (the "**Operating Expenses**"), which shall also include the fees and disbursements of the Depositary, Administrative Agent, paying agent, Registrar and Transfer Agent, domiciliary agent, and all other out-of-pocket administration expenses and any taxes, fees or other governmental charges levied against the Company attributed or attributable to this Sub-Fund. Such Operating Expenses shall not exceed zero point forty five percent (0.45%) per annum based on the aggregate commitments made in the Sub-Fund.

The Sub-Fund shall bear all expenses related to its creation, up to an amount equaling one percent (1%) of the aggregate commitments made to the benefit of the Sub-Fund; any charges and expenses beyond such amount will be borne by Crédit Agricole (Suisse) S.A.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

9. Distributions

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Shares, the redemption price will be equal to the last Net Asset Value per relevant Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from Target Fund's distributions after the deduction of the appropriate Target Fund management fee, Target Fund advisory fee and Operating Expenses (including legal reserves for contingent liabilities).

The Target Fund may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions as defined in and in the cases provided for in the constitutive/issuing documents of the Target Fund. In such cases the Shareholders may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund.

10. Specific Risk Considerations

In regard to the risks associated with investments in the Sub-Fund, the following risks, among all the risks linked to the Target Fund and mentionned in its private placement memorandum, may be of importance to the Investors:

- **Asian regional economic and political risks**

The value of the Target Fund's assets may be directly affected by changes in government policies, taxation, restrictions on foreign investment and on foreign currency convertibility and repatriation, and other developments in the legal, regulatory and political climate which may occur without advance notice. Governments of many Asian countries have exercised and continue to exercise substantial influence over many aspects of the private sector. Accordingly, government actions in the future could have a significant effect on economic conditions in such countries, which could affect private sector companies and the prices and yields of securities in the Target Fund's portfolio. Expropriation, confiscatory taxation, nationalization, political, economic or social instability or other developments could adversely affect the assets of the Target Fund held in particular Asian countries. Moreover, such factors may make investment by the Target Fund in certain Asian countries inappropriate, resulting in investments by the Target Fund being concentrated in a limited number of Asian countries.

Tax laws and practices in certain jurisdictions in Asia are at an early stage of development and are not as clearly established as in Western nations. The taxation systems in certain jurisdictions in Asia, in particular, may be subject to varying interpretations, frequent changes and inconsistent enforcement at the federal, regional and local levels. In certain jurisdictions in Asia, the domestic tax burden may be high and the discretion of local authorities to create new forms of taxation may result in a proliferation of taxes.

- **Currency risks**

The underlying investments and the returns from them will be denominated in a range of currencies while distributions will be made in US Dollars. These risks are especially significant for investments in certain of the Asian countries in which the Target Fund expects to invest, since these countries have experienced substantial devaluations compared to the US Dollar over the past ten (10) years and further devaluations may occur in the future.

- **Economic and financial instability**

Certain of the countries in Asia and other regions in which the Target Fund expects to invest have recently experienced considerable social and political instability, currency volatility and depreciation, high interest rates, stock market volatility and declining asset values, which have contributed to net foreign capital outflows, increased number of insolvencies and a decline in business and consumer spending. While the Target Fund Manager believes that this has created significant investment opportunities that could produce attractive returns, there can be no assurance that the current economic and financial difficulties in these countries will not continue or worsen, or spread to other countries in which the Target Fund expects to invest, and thereby adversely affect the value of the Target Fund's investments or make it more difficult for the Target Fund to locate appropriate investment opportunities.

- **Long-term investments**

Although investments by the Target Fund may occasionally generate current income, the return of capital and the realization of gains, if any, from an investment of the Target Fund will generally occur only upon the partial or complete disposition of such investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the investment is made.

- **Illiquity of investments**

The Target Fund may invest in companies, the securities of which may never be publicly traded. These investments may be difficult to value and to sell or otherwise liquidate, and the risk of investing in such companies is generally much greater than the risk of investing in publicly traded companies. Companies whose securities are not publicly traded are not subject to the same disclosure and other investor protection requirements that are generally applicable to companies with publicly traded securities. To the extent that there is no liquid trading market for these investments, the Target Fund may be unable to liquidate these investments or may be unable to do so at a profit. Furthermore, there can be no assurances that private purchasers for the Target Fund's investments will be found. In addition, in certain circumstances governmental or regulatory approvals may be required for the Target Fund to dispose of an investment or the Target Fund may be prohibited by contract or for legal or regulatory reasons from selling an investment for a period of time.

- **No market for interests, restrictions on transfer**

There is no public market for the interests in the Target Fund and none is expected to develop. A limited partner will not be permitted to assign, sell, exchange or transfer any of its interests, rights or obligations with respect to its interest without the prior written consent of the Target Fund General Partner, which consent may be given or withheld in the sole and absolute discretion of the Target Fund General Partner. Limited partners must be prepared to bear the risks of holding their interest for an extended period of time. Furthermore, no such assignee, purchaser or transferee may be admitted as a substitute limited partner without the consent of the

Target Fund General Partner, which consent may be given or withheld in its sole and absolute discretion.

- **Legal, tax and regulatory risks**

Legal, tax and regulatory changes could occur during the term of the Target Fund that may adversely affect the Target Fund, its investee companies or limited partners. For example, from time to time, the market for private equity transactions has been adversely affected by a decrease in the availability of senior and subordinated financing for transactions, in part in response to regulatory pressures on providers of financing to reduce or eliminate their exposure to such transactions. Moreover, the Target Fund will invest in a number of different taxing jurisdictions, any of which may change their tax laws, possibly with retroactive effect.

- **Availability of suitable investment opportunities**

Although the Target Fund Manager is confident that it will be able to identify and make sufficient suitable investments, there can be no assurance that the Target Fund will be able to locate and complete investments which satisfy the Target Fund's rate of return objectives or that the Target Fund will be able to invest fully its total capital commitments.

11. Listing on the Luxembourg Stock Exchange

The General Partner does not intend to apply for the listing of the Shares of the Sub-Fund on the Luxembourg Stock Exchange or any other stock exchange.

12. Availability of the Net Asset Value and of Other Information

The Net Asset Value per Share of each Class will be available at the registered office of the General Partner and/or with the Administrative Agent.

The private placement memorandum of the Target Fund will be made available to the Company.

The audited annual report and the unaudited quarterly reports of the Target Fund, including a number of items specified in the private placement memorandum of the Target Fund, will be made available to the Company.

13. Duration and exit strategy of the Sub-Fund

The Sub-Fund is established for a limited duration of ten (10) years as from the Last Closing, with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Target Fund, at its sole discretion. In fact, the exit strategy of the Sub-Fund is linked to the duration of the Target Fund, which is ten (10) years as from the initial closing date of the Target Fund subject to extension for up to two (2) additional one (1) year periods, subject to earlier termination in accordance with the terms and conditions of the LPA.

During all the investment process, potential exit routes and a target exit horizon will be linked to those of the Target Fund. The maturity of each investment is continually monitored and assessed by comparing actual development against the business plan. The timing and conditions of any

exit in the Target Fund are discussed in a timely manner, in advance of such exit, with the management team of the Target Fund.

Notwithstanding the foregoing, if the Target Fund during the life of the Sub-Fund does not qualify anymore as a private equity fund in accordance with the 2004 Law, then the General Partner shall make the necessary in order for the Sub-Fund to dispose of its investments in the Target Fund.

P. ASF VI SUB-FUND

1. Investment Objective and Strategy

The ASF VI Sub-Fund (the "**Sub-Fund**") is solely aimed at committing capital up to fifty million US Dollars (USD 50,000,000.-), to be invested in "ASF VI L.P." (the "**Target Fund**").

1.1. The Target Fund

The Target Fund is a private equity fund established and registered as a limited partnership in Scotland under the Limited Partnerships Act 1907 with number SL 13647 whose general partner is "ASF VI GP Limited", a Jersey (Channel Islands) limited company (the "**Target Fund General Partner**").

The Target Fund has been organised by ARDIAN Investment Switzerland AG (the "**Sponsor**") and is managed by ARDIAN Investment UK Ltd., an English limited company authorised by the UK Financial Conduct Authority (the "**Target Fund Manager**"). The Target Fund Manager will appoint a pool of advisers and sub-advisers which will notably include ARDIAN US LLC, ARDIAN Germany GmbH, the Sponsor, ARDIAN Italy Srl and ARDIAN Investment Singapore Pte Ltd (altogether the "**Target Fund Advisers**"). The Target Fund General Partner, Target Fund Manager and the Target Fund Advisers are all part of the ARDIAN group of companies ("**ARDIAN**").

ARDIAN, formerly known as AXA Private Equity, was originally founded by Dominique Senequier in 1996, with the objective of creating a global leader in third party private equity asset management. As of 30 September 2013, the Sponsor and its affiliates manage and/or advise thirty-eight billion US Dollars (USD 38,000,000,000.-) of assets for two hundred and ten (210) institutional investors worldwide. ARDIAN began developing its secondary funds expertise in 1998 and since then has successfully invested or committed eight point two billion US Dollars (USD 8,200,000,000.-) in eighty-three (83) secondary transactions. ARDIAN has over three hundred (300) employees across ten (10) offices (New-York, London, Paris, Frankfurt, Milan, Zurich, Singapore, Beijing, Luxembourg and Jersey).

The Target Fund is the successor fund to five (5) previous secondary funds : AXA Secondary Fund I, AXA Secondary Fund II, AXA Secondary Fund III, AXA Secondary Fund IV and AXA Secondary Fund V (altogether the "**Previous Funds**"). The Target Fund Advisers' team dedicated to the secondary market is composed of fourty-five (45) investment professionals. As at 30 September 2013, the Target Fund Advisers' team has ensured a strong performance from each of the Previous Funds.

1.2. Investment Objective and Strategy of the Target Fund

The purpose of the Target Fund is to identify, research, negotiate and make secondary market acquisitions of interests in private equity and venture capital investment funds as well as secondary market acquisitions of portfolios of direct private equity and venture capital investments, monitor the progress of such investments and sell such investments within the following guidelines in accordance with the terms and conditions of the amended and restated limited partnership agreement constituting the Target Fund (the "**LPA**"):

- with respect to secondary market acquisitions of interests in private equity and venture capital investment funds, the Target Fund will focus on acquiring interests which are at least fifty percent (50%) called down (on an aggregate basis if more than one interest is acquired in respect of a particular acquisition); and

- the operating companies in which the Target Fund invests (whether direct investments of the Target Fund or indirect investments held through underlying investment funds) taken as a whole shall be principally located in the European Union and North America.

The principal investment objective of the Target Fund is to provide the investors with a high overall rate of return by means of capital growth.

The Target Fund is seeking aggregate commitments from investors of five point five billion US Dollars (USD 5,500,000,000.-).

The Target Fund will be subject to several investment restrictions as more fully described in article 4.8 of the LPA. The Target Fund shall therefore not invest in any portfolio investment fund sponsored or managed by a corporation or other entity, which is an associate of the Target Fund General Partner and, after the final closing date of the Target Fund, the Target Fund shall also:

- not invest more than thirty-five percent (35%) of its total commitments in one single transaction, provided however that such percentage may be raised to fifty percent (50%) if the part of the transaction exceeding the thirty-five percent (35%) threshold is intended to be syndicated;
- not invest more than twenty percent (20%) of its total commitments in one single investment fund or more than twenty-five percent (25%) of its total commitments in investments funds managed by the same entity or its affiliates;
- not invest more than seven point five percent (7.5%) of its total commitments in the course of one single transaction in one single operating company held as a direct investment by the Target Fund (other than an investment fund);
- not invest more than thirty percent (30%) of its total commitments in secondary market acquisitions of portfolios of direct private equity and venture capital investments;
- not invest more than fifteen percent (15%) of its total commitments in any additional single underlying investment fund, if at any point in time the Target Fund is invested or committed to invest in two (2) underlying investment funds each of which represents more than fifteen percent (15%) of its total commitments;
- not invest more than five percent (5%) of its total commitments in any fund of funds (other than any intermediate vehicle);
- not invest more than ten percent (10%) of its total commitments in mezzanine investment funds;
- not invest more than fifteen percent (15%) of its total commitments in (a) investment funds whose main purpose is to invest in listed securities and (b) listed securities held as a direct investment by the Target Fund;
- not invest more than twelve percent (12%) of its total commitments in (a) infrastructure, energy and real estate investment funds and (b) direct investments in infrastructure, energy and real estate holding companies;
- not invest more than ten percent (10%) of its total commitments in (a) real estate investment funds and (b) direct investments in real estate holding companies.

provided however that the Target Fund Manager may always derogate from the restrictions set out above if it has obtained the prior authorisation of the advisory committee of the Target Fund (the "**Target Fund Advisory Committee**") and of the Target Fund General Partner.

1.3. The Target Fund General Partner and the management of the Target Fund

In accordance with the LPA, the Target Fund General Partner shall have exclusive responsibility for the management and control of the business of the Target Fund and the application of the assets of the Target Fund to portfolio investments or satisfying any other commitment of the Target Fund and shall otherwise have full power and authority to bind the Target Fund and to do all things necessary to carry out the purposes of the Target Fund. The Target Fund General Partner shall ensure that the Target Fund shall be managed in accordance with its investment objectives, strategy, process, criteria and restrictions as described in the LPA.

The Target Fund General Partner, acting on behalf of the Target Fund, and the Target Fund Manager entered into a management agreement whereby the Target Fund Manager will provide and procure portfolio management and risk management services to the Target Fund, including sourcing, investigating, negotiating, implementing and monitoring the portfolio investments and the investment and divestment decisions. The Target Fund Manager will be responsible for all investment and divestment decisions on behalf of the Target Fund and the management of the assets in relation to the Target Fund. In particular, the Target Fund Manager will be responsible for the approval of investment and divestment opportunities and of restructuring or reorganization measures in respect of existing investments.

The Target Fund Manager will be the Alternative Investment Fund Manager of the Target Fund as defined in Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers.

1.4. Successful Track Record

Since inception in 1998, ARDIAN has completed eighty-three (83) secondary transactions via the Previous Funds involving eight point two billion US Dollars (USD 8,200,000,000.-) of invested and committed funds. As of 30 September 2013, the Previous Funds have generated a total net value of approximately nine point five billion US Dollars (USD 9,500,000,000.-) delivering an overall internal rate of return ("**IRR**"), net of fees and expenses and carried interest, of twenty-two point one percent (22.1%).

Details of each Previous Fund's performance are presented in the table below:

Fund	**Vintage**	**Size** *(in million)*	**Net MoM**[16]	**Net IRR**
AXA Secondary Fund I	1999	USD 220	1.92x	39.4%
AXA Secondary Fund II	2001	USD 480	1.61x	22.3%
AXA Secondary Fund III	2004	USD 1,040	1.74x	44.0%
AXA Secondary Fund IV	2006	USD 2,854	1.33x	9.1%
AXA Secondary Fund V	2011	USD 5,085	1.33x	23.9%

Source: Private Placement Memorandum of the Target Fund dated December 2013
Performance is as of 30 September 2013

[16] Multiple of money

1.5. Distinctive Market Focus

The Target Fund intends to build a broadly diversified portfolio of secondary investments, with a focus on high quality private equity assets. The Target Fund will benefit from an investing environment fuelled by the amounts of private equity funds raised from 2000 to 2013, which is driving today's secondary market. Institutional seller growth, due to strategic reallocations and to evolving market regulation, continues to support the expansion of the secondary market, alongside new tactical sellers.

Secondary funds acquire multiple positions in private equity funds that are largely drawn down and mature. ARDIAN believes that these characteristics are the key drivers that give secondary funds a particularly favourable risk/return profile:

- **Not a blind pool**

As secondary funds acquire positions in mature funds, the acquired funds are already largely invested in underlying portfolio companies. This gives the buyer a better detailed view of the portfolio at a point where non-performing assets have typically been largely written-off and performing assets are increasing in value, after reducing their acquisition debt and approaching liquidity events. In any case, buyers have the ability, depending on the level of information provided by sellers, general partners and the buyer's own network, to quantify the unrealized value of the portfolio. Being a large player, ARDIAN, with its significant monitoring capabilities and over eight hundred (800) portfolio fund interests in both its primary and secondary portfolios, has a significant advantage in this valuation exercise. Secondary funds also potentially have attractive pricing compared with the initial limited partners of the acquired funds as assets are very often acquired at a discount to their net asset value.

- **A highly diversified portfolio**

As the Target Fund will acquire multiple portfolios of limited partnership interests, it will provide a diversified portfolio across vintage years, investment strategy, geography, general partners and stage of investment and, as a result, will reduce significantly the risk component of the strategy. The aggregate portfolio of both primary and secondary funds represents over eight hundred (800) funds from 1988 to 2008 vintages representing over ten thousand (10,000) operating companies principally spread across North America and Europe. The Target Fund Advisers' investment team is diligent, on behalf of each of its funds, to build a well balanced portfolio.

- **Discount to NAV**

Acquiring interests at a discount to the stated NAV provides a natural downside protection, and can also boost the overall performance.

- **Mitigation of the J-Curve**

By acquiring mature funds, with significant capital already deployed and with assets potentially revalued, the traditional J-Curve can be reduced or eliminated.

- **Early cash-flows**

As the Target Fund will typically invest in limited partnerships that are already three (3) to eight (8) years into their life cycle, it will start to receive distributions from the acquired interests shortly after purchase. These early distributions are a key driver of the enhanced returns profile of the Target Fund and should provide its investors with regular cash-flows.

1.6. Focused Strategy

ARDIAN intends to pursue for the Target Fund the same successful strategy of investment which was successfully applied in the Previous Funds, and which involves maintaining its position on the secondary segment, leveraging on the synergies of ARDIAN's primary fund commitment activities and emphasizing non-auctioned and more sophisticated value-added transactions. ARDIAN aims at providing through the Target Fund a targeted net IRR of eighteen percent (18%) and a net MoM of 1.6x supported by ARDIAN's expertise in building a diversified portfolio of top quality private equity funds.

The Target Fund will invest in funds where at least fifty percent (50%) of the original commitment has been drawn down (on an aggregate basis where a portfolio of funds is acquired) and will seek to achieve diversification across a variety of funds, financial sponsors, vintage years, investment strategies, industry sectors and geographies. The Target Fund will make global investments, with a focus on those funds investing primarily in Europe and North America. With regard to transaction size targeted, the Target Fund strategy is to focus on non-auction processes starting from five million US Dollars (USD 5,000,000.-).

The Target Fund is expected to benefit from the advantages of investing in private equity and from the following key features related to the current secondary market:

- shortened payback periods as a result of investments being made in mature portfolios;
- diversification across funds, financial sponsors, vintage years, investment strategies, industry sectors and geographies;
- reduced risk as a result of investments being completed in mature partnerships with existing assets, rather than in blind pools; and
- favourable market conditions in terms of volume and quality of opportunities, turning secondary into a reliable portfolio management tool.

1.7. Investment Management, Investment Process and Exit Strategy of the Target Fund

(a) Investment Management and Process

ARDIAN views strict investment processes as vital to generating strong and consistent returns. Based on a streamlined workflow process, rigorous and multistage due diligence is consistently carried out with the strong involvement of managing directors.

Each investment in a secondary transaction is discussed and decided by the Target Fund Manager within an internal "ASF VI Committee", which has been appointed by the Target Fund Manager, and is supported by the Target Fund Advisers' investment team recommendation. The recommendations are not binding for the Target Fund Manager and it may approve or reject the investment recommendation in its absolute discretion.

The Target Fund Advisers' investment team also ensures close monitoring of assets in a top-down and bottom-up approach of the investments. The key to this approach is the proprietary database which has been built specifically to ensure knowledge sharing within the investment team and close monitoring of the market at different levels (transactions, general partners, portfolio companies). This database links transaction and market data collected from ARDIAN's eight hundred (800) private equity fund interests over the past ten (10) years, centralizes it, and provides for accessibility by the entire investment team regardless of the office. It is updated

regularly, at minimum on a quarterly basis, in line with quarterly general partner calls. This broad coverage provides the team with a truly unique and state-of-the-art market overview.

(b) Exit Strategy

The exit strategy of the Target Fund is primarily linked to the exits from each underlying portfolio investment of the underlying funds. As the Target Fund will typically invest in mature limited partnerships that are already three (3) to eight (8) years into their fund life, the holding period of underlying portfolio investments (*i.e.* underlying companies) shall be limited in average between three (3) to six (6) years. Given the fact that (i) the investment period of the Target Fund is limited to five (5) years from the initial closing of the Target Fund, subject to the terms and conditions of the LPA, and (ii) the term of the Target Fund is ten (10) years from the initial closing, subject to three (3) consecutive one-year extensions, subject to the terms and conditions of the LPA, underlying assets should be liquidated before expiration of the legal term of the Target Fund.

In any case, potential exit routes of underlying assets of the Target Fund also include a sale to a third party on the secondary market to ensure the liquidation of portfolio investments before the expiration of the term of the Target Fund.

2. Borrowing Policy/Leverage

The Sub-Fund may leverage its assets by way of borrowing up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund. Borrowings may be utilized for investment purpose as well as to bridge financing and expense disbursements when liquid funds are not readily available. Investments of the Sub-Fund are expected to include portfolio investment schemes whose capital structures may include additional significant leverage.

3. Share Classes

3.1. Carried Interest Shares

No Carried Interest Shares shall be issued within the Sub-Fund, upon the launching thereof.

3.2. Investors Shares

At present, two (2) Classes of Investors Shares, both denominated in US Dollars (USD), are available for subscription in the Sub-Fund, namely:

- A Shares (the "**Class A Shares**"); and
- B Shares (the "**Class B Shares**"),

(altogether the "**Shares**").

The Class B Shares will be reserved to Investors having concluded a specific remuneration agreement with any of the entities of the Crédit Agricole Group.

4. Reference Currency and NAV Calculation

The Reference Currency of the Sub-Fund shall be the US Dollars (USD).

The Valuation Day of the Sub-Fund shall be the last business day of each calendar quarter, or such other date(s) that the Target Fund General Partner may determine, in its absolute discretion.

5. Capital Funding

The Sub-Fund is aimed at raising up to fifty million US Dollars (USD 50,000,000.-).

5.1. Commitments during the Initial Offering Period

Investors are permitted to commit to subscribe for Shares in the Sub-Fund from 27 January 2014 until the latest of either (i) on or about the last closing of the Target Fund as determined in the private placement memorandum thereof or (ii) 30 June 2014.

Investors, the commitments of which are accepted on the First Closing (the "**Initial Investors**"), shall be required, to pay up to five percent (5%) of their respective committed amounts no later than ninety (90) Business Days following the notification of the First Closing to Initial Investors, following which Shares are to be issued **fully paid-up**, at a subscription price of one hundred US Dollars (USD 100.-) each.

5.2. Commitments after the Initial Offering Period

After the First Closing, commitments for Shares will be accepted from Initial Investors and other Investors at such Closings ("**Subsequent Closings**") as determined by the General Partner during a period terminating on the Last Closing. The Last Closing shall be on 30 June 2014, unless extended by the General Partner. Dates of Subsequent Closings will be communicated to the Investors by a ten (10) Business Days' prior notice.

The General Partner may decide, at its discretion, to postpone the date of any Closing (including the First Closing and the Last Closing); in such case, the Investors will be informed of the amended date of the Closing and the date on which the corresponding part of their commitment has to be paid with a five (5) Business Days' prior notice.

Investors the commitments of which are accepted at any Subsequent Closing will be required to pay no later than ten (10) Business Days following the notification of such Subsequent Closing the same percentage of their commitments as has already been drawn down from Initial Investors. Shares subscribed in relation to Subsequent Closings will be issued **fully paid-up** at a subscription price of one hundred US Dollars (USD 100.-) per Share.

Such subscription price will be increased by an amount corresponding to an interest to the benefit of the Sub-Fund (the "**Actualization Interest**"). The Actualization Interest will be calculated in each case by applying an interest rate equal to five percent (5%) per annum, from the date of the First Closing and, as the case may be, of each subsequent drawdown to the date of the corresponding Subsequent Closing. The Actualization Interest shall be calculated based on the actual number of days elapsed.

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change

the subscription price for Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Shares on the relevant Subsequent Closing; in which case all such Shares issued on the same Closing shall constitute a separate series. In this case, no Actualization Interest will be due.

5.3. Drawdown Dates

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the commitments made by the Investors shall be drawn down in successive instalments, as determined by the General Partner during the Commitment Period. Such drawdowns may only take place provided their amount is not less than one percent (1%) of each Investor's commitment. The General Partner will give each Investor a seven (7) days' prior notice for each drawdown.

Shares issued in relation to each drawdown made after the First Closing shall be issued **fully paid-up** at a subscription price equal, at the General Partner's discretion, either (i) to one hundred US Dollars (USD 100.-) plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Shares on such drawdown date. If Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The subscription price of Shares issued after the First Closing must be paid on the relevant drawdown date.

5.4. Commitment Period

The Commitment Period will extend from the First Closing until the Last Closing.

6. Minimum Commitment

Commitments may only be accepted from Eligible Investors, in a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-). Such minimum commitment rules are subject however to the General Partner's right to reject any offer from Investors for any reason or to accept commitments in lesser amounts.

7. Redemptions and Conversions

A Shareholder may not, of its own initiative, require the Company to redeem its Shares, or to convert them into any other Class issued in any of the Sub-Funds.

8. Management Fees, Remuneration of the AIFM, Advisory Fees and other costs

8.1. Management Fees

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee, paid quarterly in advance by the Sub-Fund to the General Partner. Such management fee shall equal:

- with respect to Class A Shares, zero point sixty percent (0.60%) per annum (plus value

added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A Shares plus (ii) the unfunded portion of the aggregate subscribed capital of the Sub-Fund attributable to Class A Shares as of the end of the preceding quarter;

- with respect to Class B Shares, zero percent (0%) per annum.

The management fee will accrue as of the First Closing and will be calculated by reference to the aggregate subscribed capital of the Sub-Fund until the Last Closing. Accordingly, adjustments to management fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

It should be noted that calculation of the fees on the basis of the aggregate subscribed capital of the Sub-Fund may entail the payment of fees in respect of subscription monies which have not yet been drawn down.

8.2. Remuneration of the AIFM

Any remuneration payable to the AIFM will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

8.3. Investment Advisory Fees

Any fees payable to the Investment Advisor will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

8.4. Other Expenses

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund.

The Sub-Fund shall also bear its general operating expenses (the "**Operating Expenses**"), which shall also include the fees and disbursements of the Depositary, Administrative Agent, paying agent, Registrar and Transfer Agent, domiciliary agent, and all other out-of-pocket administration expenses and any taxes, fees or other governmental charges levied against the Company attributed or attributable to this Sub-Fund. Such Operating Expenses shall not exceed zero point forty percent (0.40%) per annum based on the aggregate commitments made in the Sub-Fund.

The Sub-Fund shall bear all expenses related to its creation, up to an amount equaling one percent (1%) of the aggregate commitments made to the benefit of the Sub-Fund; any charges and expenses beyond such amount will be borne by Crédit Agricole (Suisse) S.A.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

9. Distributions

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Shares, the redemption price will be equal to the last Net Asset Value per relevant Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from Target Fund's distributions after the deduction of the appropriate Target Fund management fee, Target Fund advisory fee and Operating Expenses (including legal reserves for contingent liabilities).

The Target Fund may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions as defined in and in the cases provided for in the constitutive/issuing documents of the Target Fund. In such cases the Shareholders may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund.

10. Specific Risk Considerations

In regard to the risks associated with investments in the Sub-Fund, the following risks, among all the risks linked to the Target Fund and mentionned in its private placement memorandum, may be of importance to the Investors:

- **Risks inherent in private equity investment**

The success of the Target Fund's investments in private equity investment funds and portfolio companies is subject to those risks which are inherent in private equity investment. Private equity investments are subject to the risks associated with the underlying businesses, including market conditions, changes in regulatory requirements, reliance on management at the investment fund and portfolio company levels, interest rate and currency fluctuations, general economic conditions, domestic or foreign political developments, capital market conditions and other factors. There can be no assurance that the future performance of the portfolio companies in which the Target Fund and the Target Fund's portfolio investment funds invest will be positive or result in rates of return that are consistent with historical performance. Past performance may not be an indication of future performance. The Target Fund will not be able to participate in the management and control of the portfolio investments and of the companies in which portfolio investments invest.

Leveraged buy-out investments involve risks associated with the substantial indebtedness incurred in connection with such transactions. Accordingly, the profitability of the portfolio companies, as well as appreciation of the investments in such companies, will depend in part upon the ability of these companies to attract capital, which in turn depends on the general economic climate, prevailing interest rates and other factors beyond their control. The viability of highly leveraged portfolio companies is determined by their ability to meet interest payments

arising under their debt obligations. Venture capital investments involve risks associated with investment in companies operating at a loss or with substantial variation in operating results from period to period, companies with the need for substantial additional capital to support expansion or to maintain a competitive position, or companies with significant financial leverage.

An investment in the Target Fund is long term and with no certainty of return. The value of an interest and the distributions in respect of it can fluctuate down as well as up and an investor may get back less than it contributed to the Target Fund or lose its entire investment. In addition, prevailing economic conditions, market conditions, investor sentiment and lender sentiment will all have a substantial impact on the availability of investments, on the value of the Target Fund's investments, and on the opportunities for disposing of investments.

- **Illiquidity of the portfolio investments**

Contractual limitations will typically restrict the Target Fund's ability to transfer the portfolio investments without the consent of the applicable managers of those entities. The securities or other financial instruments or obligations of portfolio companies in which a portfolio investment invests may, at any given time, be very thinly traded, have no public market, or be restricted as to their transferability under the laws of the applicable jurisdiction. In some cases, a portfolio investment may also be prohibited by contract from selling securities of portfolio companies or other assets for a period of time or otherwise be restricted from disposing of such securities or other assets. In other cases, the investments of a portfolio investment may require a substantial amount of time to liquidate. Consequently, there is a significant risk that a portfolio investment will be unable to realize its investment objectives by sale or other disposition of its securities or other assets at attractive prices, or will otherwise be unable to complete any exit strategy with respect to its portfolio companies. These risks can be further increased by changes in the financial condition or business prospects of the portfolio companies, changes in national or international economic conditions, and changes in laws, regulations, fiscal policies or political conditions of countries in which portfolio companies are located or in which they conduct their business.

- **Unpredictability of distributions**

Return of capital and realization of gains, if any, on investments will generally occur only upon the distribution or other disposition by the portfolio investments of portfolio company securities, which may not occur for several years after the portfolio investments' initial investment or the Target Fund's acquisition of such portfolio investments. Such distributions are likely to be unpredictable and may occur earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

- **Availability of investments and competition**

There can be no assurance that the Target Fund Manager will be able to locate and complete attractive investments which satisfy the Target Fund's investment objectives or realize upon their values or that it will be able to invest fully its committed capital. To the extent that any portion of the Target Fund's commitmentse is not invested, the Target Fund's potential for return may be diminished. The Target Fund may incur significant expenses identifying, investigating and attempting to acquire potential assets which are ultimately not consummated, including expenses relating to due diligence, transportation, extended competitive bidding processes, legal expenses and fees for other third-party advisors. Significant abort costs such as these will reduce the Target Fund's returns.

- **Leverage risk**

The portfolio investments, in which the Target Fund will invest, may invest in companies or entities the capital structure of which may have significant leverage. While investments in leveraged companies offer the opportunity for capital appreciation, such investments may also involve a high degree of risk. Although the Target Fund Managers and the Target Fund Advisers believe that the managers of these portfolio investments will seek to use leverage in a manner appropriate under the circumstances, the leveraged capital structure of such investments will increase the exposure of such investments to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of investments and which may impair such investments' ability to finance its future operations and capital needs and result in restrictive financial and operations covenants. These restrictive financial covenants may limit such portfolio investments' flexibility to respond to changing business and economic conditions. The value of such portfolio investment could be reduced.

- **Reliance on the Target Fund Manager and the Target Fund Advisers**

The Target Fund is managed and advised by the Target Fund Manager and the Target Fund Advisers. The investors will not make decisions with respect to the management, disposition or other realisation of any investment, or other decisions regarding the Target Fund's business and affairs and will have no opportunity to control or influence the Target Fund's daily management or operations. The success of the Target Fund is substantially dependent on the Target Fund Manager and the Target Fund Advisers and certain key individuals. Should one or more of these individuals become incapacitated or in some way cease to participate in the management of the Target Fund, its performance could be adversely affected. The investors will also not have the opportunity to evaluate the relevant economic, financial and other information which will be utilised by the Target Fund Manager and the Target Fund Advisers in their selection, structuring, monitoring and disposition of investments.

- **Derivatives risk**

The Target Fund may utilise futures, options, and other derivative contracts and/or instruments provided that such investments or contracts are entered into in order to hedge actual or prospective investments, positions or exposures of the Target Fund, including for hedging purposes of its interest rate and currency exchange exposure. The costs of hedging transactions will be an expense of the Target Fund. It may not be possible to hedge against a currency movement at an attractive price, for example where such movement is widely anticipated. As a result of the Target Fund's hedging policy, the Target Fund Manager may, nevertheless, be required to enter into such transactions on behalf of the Target Fund. These instruments may end up causing the Target Fund to make a lower performance than in the absence of such instruments, in case the covered investment has eventually increased in value due to the covered risk. It may occur that the Target Fund is obliged to unwind its derivatives position at a loss, whereas the underlying covered assets have not yet been disposed of, thus not generating yet the symmetrical gain. The Target Fund may also be exposed to the risk of a counterparty defaulting under a derivative contract and therefore exposed to risk of losses in the event of the bankruptcy of a derivative counterparty. Further, when used for hedging purposes there may be an imperfect correlation between these instruments and the investment or market sectors being hedged. Transactions in over-the-counter derivatives may involve additional risk, as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk.

11. Listing on the Luxembourg Stock Exchange

The General Partner does not intend to apply for the listing of the Shares of the Sub-Fund on the Luxembourg Stock Exchange or any other stock exchange.

12. Availability of the Net Asset Value and of Other Information

The Net Asset Value per Share of each Class will be available at the registered office of the General Partner and/or with the Administrative Agent.

The private placement memorandum of the Target Fund will be made available to the Company.

The audited annual report and the unaudited quarterly reports of the Target Fund, including a number of items specified in the private placement memorandum of the Target Fund, will be made available to the Company.

13. Duration and exit strategy of the Sub-Fund

The Sub-Fund is established for a limited duration of ten (10) years as from the Last Closing, with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Target Fund, at its sole discretion. In fact, the exit strategy of the Sub-Fund is linked to the duration of the Target Fund, which is ten (10) years as from its initial closing date subject to extension for up to three (3) additional one (1) year periods, subject to earlier termination in accordance with the terms and conditions of the LPA.

During all the investment process, potential exit routes and a target exit horizon will be linked to those of the Target Fund. The maturity of each investment is continually monitored and assessed by comparing actual development against the business plan. The timing and conditions of any exit in the Target Fund are discussed in a timely manner, in advance of such exit, with the management team of the Target Fund.

Notwithstanding the foregoing, if the Target Fund during the life of the Sub-Fund does not qualify anymore as a private equity fund in accordance with the 2004 Law, then the General Partner shall make the necessary in order for the Sub-Fund to dispose of its investments in the Target Fund.

Q. EUROPEAN DATACENTERS SUB-FUND

1. Investment Objective and Strategy

The European DataCenters Sub-Fund (the "**Sub-Fund**") is solely aimed at committing capital up to fifteen million Euros (EUR 15'000'000.-), to be invested in "Data Genpar Master Vehicle S.C.S." (the "**Target Company**").

1.1. The Target Company

The Target Company is a Luxembourg common limited partnership (*société en commandite simple* or S.C.S) incorporated on 11 April 2013, having its registered office at 2-4, avenue Marie-Thérèse, L-2132 Luxembourg, Grand Duchy of Luxemboourg, with a share capital of thirty-eight thousand six hundred twenty-six Euros (EUR 38,626.-), registered with the Luxembourg Trade and Companies Register under number B 176585, that has been set up to carry out the investment objective and strategy described below.

The Target Company is managed by Data Genpar S.à r.l., a Luxembourg *société à responsabilité limitée* registered under number B 169.852 with the Luxembourg Trade and Companies Register.

1.2. Investment Objective of the Target Company

The investment objective of the Target Company is to identify, acquire, hold, manage and dispose of investments in risk capital. The Target Company will specifically invest in holding companies in connection with the acquisition and development of European businesses within the data center industry. The Target Company will operate in the European Economic Area and in Switzerland as part of a global investment program of up to five hundred million Euros (EUR 500'000'000.-) to acquire and develop a specialized data centers plateform across Europe over the next three (3) years and thus become one of the leading players within the data center industry.

The Target Company seeks to achieve a 2.0x gross multiple of money ("**MoM**") over a five (5) year holding period.

1.3. Investment Rationale of the Target Company

The data center infrastructure market is a recent and niche market expanding with the development of virtualization, the increase of Internet traffic and the adoption of cloud services which reinforce the demand for external hosting services such as data centers. This market in which the Target Company will operate has the following characteristics:

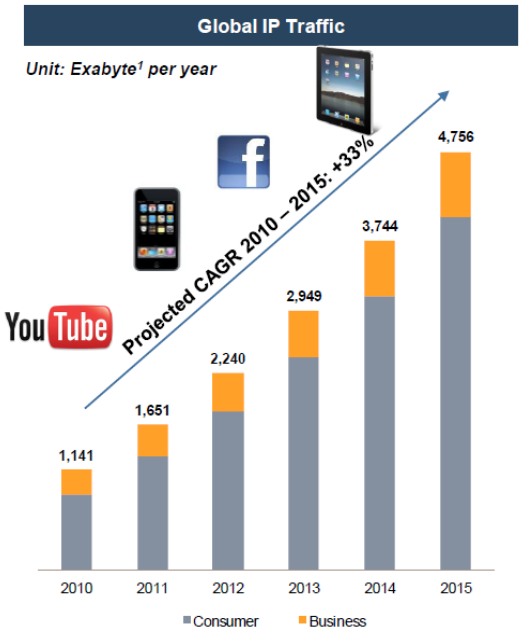
- Strong market fundamentals
  - Data center: a strategic infrastructure at the heart of corporate development;
  - Demand driven by continued growth in Internet traffic;
  - Corporate shift towards outsourcing and virtualization to reduce IT costs;
  - Favorable, sustainable supply / demand imbalance, particularly in Europe.

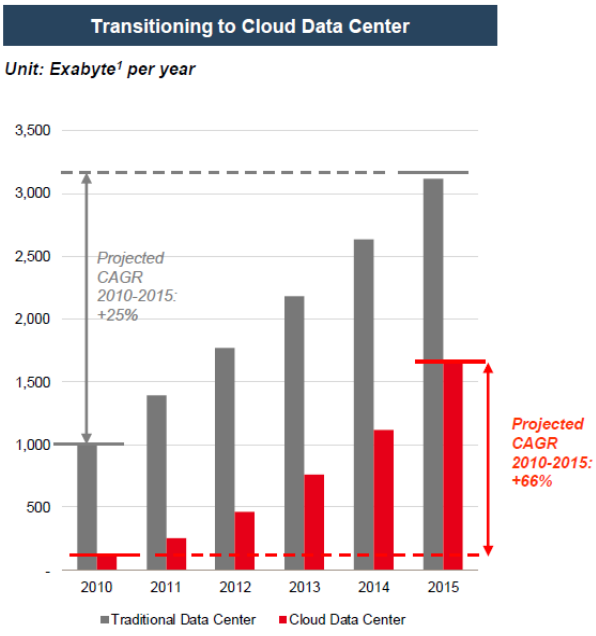
- <u>High barriers to entry</u>
  - Access to energy, with power increasingly becoming the primary limiting factor;
  - Access to land with potential for expansion and free of industrial and environmental risks;
  - Expertise required to design, build and operate data centers;
  - High cost of data center development / access to funding.

- <u>Robust business model</u>
  - Recurring revenues with high visibility, secured by long-term contracts;
  - Low customer churn rate as a result of high switching costs.

- <u>Consolidation opportunities</u>
  - Fragmented market in Europe with no clearly identified leader;
  - Opportunities to increase scale in most geographies.

- <u>Solid performance in turbulent markets</u>
  - Valuation remains strong;
  - Resilient performance in challenging markets;
  - Pure-play exposure to the cloud and anticipated sector consolidation.





Source: Cisco Global Cloud Index Survey 2011
[1]Exabyte is equal to 10^{18} bytes

1.4. <u>Investment strategy of the Target Company</u>

The Target Company is focused on expanding the first existing data center site in France and on acquiring minority or controling stakes in growth-oriented development and expansion stage data center property and operating companies that either hold data centers or operate such data infrastructures.

The Target Company will concentrate on such data center infrastructures having a high quality tenant base and that are located in strategic geographic areas allowing secured business development (e.g. power supply available, premier maintenance oragnization).

The expansion of the existing French site together with the development of the data center platform across major European markets will enhance value and liquidity through diversification and scale.

The key features of a data center are the following:

Business Model

- Facility used to host servers, computer systems and associated components in a centralized location;
- A data center is considered the most feasible solution to meet the growing need among enterprises to allocate and manage resources from a centralized location;
- Data centers are equiped with functions such as state-of-the-art cooling and power distribution systems;
- Data centers offer other benefits such as reducing the operational cost, easing the maintenance burden, and providing efficient management of the organizational data.

Client needs

- Enterprises use data centers to store, manage, and disseminate data among the end-users;
- They have a data center facility of their own or they outsource their requirements through third-party vendors.

Technical Characteristics

- Key technical components are: the utility power supply, cooling systems, backup generators, fiber optic communication connections and security devices. Reliability is accomplished by creating redundancy in all key components;
- Connectivity: network structures are often based on a redundancy scheme to ensure that in case of system, interface or connection failure, data traffic can still be maintained;
- Power supply: reducing energy consumption is crucial in terms of costs and environmental challenges. Availability and continuity are nevertheless ensured by uninterruptible power supply (UPS) and redundancy systems as well as emergency power systems;
- Security: liability risks pertaining to both premises and data such as fire, flood, dust, access shall be prevented by adequate structures, process or IT systems while providing for sufficient future flexibility and scalability;
- Climate control: efficient cooling systems are required since switches and routers are increasingly powerful.

1.5. Investment Methodology of the Target Company

The investments in the Target Company shall be channeled down to the bottom operating companies through the use of a two-sided structure comprised of two (2) Luxembourg companies, namely Data Center S.C.A. and Data Services S.C.A managed by a common general partner Data Genpar S.à r.l. (the "**Target Company General Partner**").

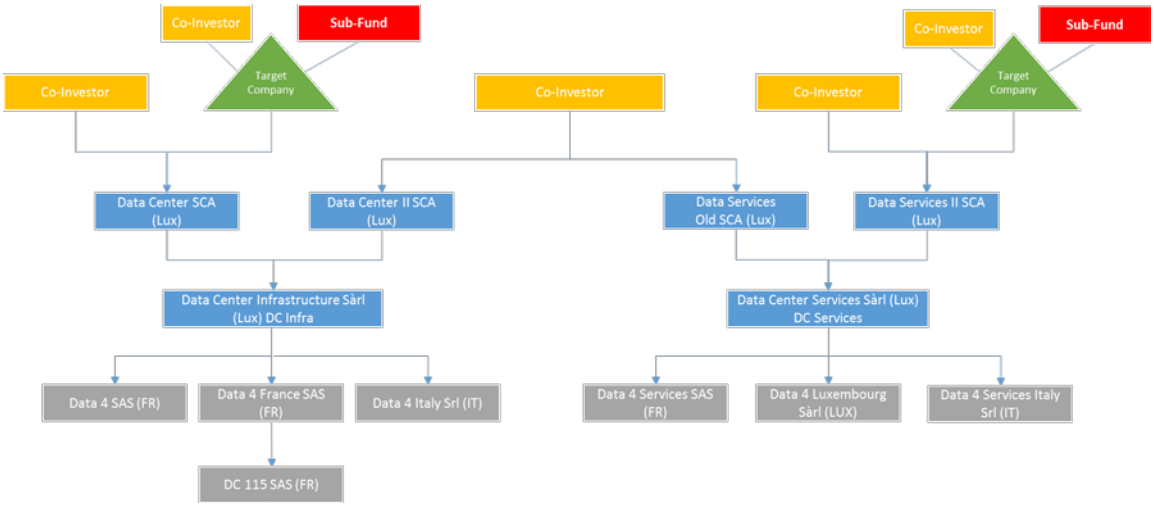
The activities of the Target Company will be segregated between the immovable and movable property assets and the data center operating activity as follows:

- Data Center S.C.A. together with Data Center II S.C.A. will acquire and operate through Data Center Infrastructure S.à.r.l. and special purpose vehicles investing directly or indirectly

into immovable and movable assets, greenfield properties and build data center facilities thereon.

- Data Services S.C.A. together with Data Services II S.C.A. will develop a full range of data center services and will carry out the data center operating activity through dedicated companies held by Data Center Services S.à r.l..

The investment of the Sub-Fund is therefore a risk capital investment as the Target Company will invest in companies of limited size and with a significant risk profile (newly launched data center companies or companies operating in sectors with high growth potential within the data center industry), in order to promote, add value and contribute to the growth of such companies in developing their business activity.



1.6. Exit Strategy

The exit strategy of the Target Company is envisaged through a sale to a strategic buyer, a sale to a financial sponsor or an initial public offering (IPO). The investment program profile coupled with the strong appetite for the data center industry is foreseen to enhance the liquidity. The exit is scheduled to occur as from the year 2017. The targeted return is estimated at a 2.0x MoM on the capital invested.

2. Borrowing Policy/Leverage

The Sub-Fund may leverage its assets by way of borrowing up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund. Borrowings may be utilized for investment purpose as well as to bridge financing and expense disbursements when liquid funds are not readily available. Investments of the Sub-Fund are expected to include portfolio investment schemes whose capital structures may include additional significant leverage.

3. Share Classes

3.1. Carried Interest Shares

No Carried Interest Shares shall be issued within the Sub-Fund, upon the launching thereof.

3.2. Investors Shares

At present, there is only one Class of Investors Shares available for subscription in the Sub-Fund, namely A Shares, denominated in Euro (EUR).

4. Reference Currency and NAV Calculation

The Reference Currency of the Sub-Fund shall be the Euro (EUR).

The Valuation Day of the Sub-Fund shall be the last business day of each calendar quarter, or such other date(s) that the Target Company General Partner may determine, in its absolute discretion.

5. Capital Funding

The Sub-Fund is aimed at raising up to fifteen million Euros (EUR 15'000'000.-).

5.1. Commitments during the Initial Offering Period

Investors are permitted to commit to subscribe for A Shares in the Sub-Fund until 30 September 2014 (the "**Closing**"). For the purpose of this Sub-Fund, there will only be one closing.

Investors, the commitments of which are accepted on the Closing (the "**Investors**"), shall be required, to pay up to fifty percent (50%) of their respective committed amounts no later than ninety (90) Business Days following the notification of the Closing to the Investors, following which A Shares are to be issued **fully paid-up**, at a subscription price of one hundred Euros (EUR 100.-) each.

The General Partner may decide, at its discretion, to postpone the date of the Closing; in such case, the Investors will be informed of the amended date of the Closing and the date on which the corresponding part of their commitment has to be paid.

5.2. Drawdown Dates

After the Closing, once investment need to be funded or fees and expenses have to be paid, additional portions of the commitments made by the Investors shall be drawn down in successive instalments, as determined by the General Partner during the Commitment Period. Such drawdowns may only take place provided their amount is not less than two and a half percent (2.5%) of each Investor's commitment. The General Partner will give each Investor a seven (7) days' prior notice for each drawdown.

A Shares issued in relation to each drawdown made after the Closing shall be issued **fully paid-**

up at a subscription price of one hundred Euros (EUR 100.-).

The subscription price of A Shares issued after the Closing must be paid on the relevant drawdown date.

6. Minimum Commitment

Commitments may only be accepted from Eligible Investors, in a minimum amount of one hundred and twenty-five thousand Euro (EUR 125,000.-). Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept commitments in lesser amounts.

7. Redemptions and Conversions

A Shareholder may not, of its own initiative, require the Company to redeem its A Shares, or to convert them into any other Class issued in any of the Sub-Funds.

8. Management Fees, Remuneration of the AIFM, Advisory Fees and other costs

8.1. Management Fees

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee, paid quarterly in advance by the Sub-Fund to the General Partner. Such management fee shall equal zero point sixty percent (0.60%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value plus (ii) the unfunded portion of the aggregate subscribed capital of the Sub-Fund as of the end of the preceding quarter.

It should be noted that calculation of the fees on the basis of the aggregate subscribed capital of the Sub-Fund may entail the payment of fees in respect of subscription monies which have not yet been drawn down.

8.2. Remuneration of the AIFM

Any remuneration payable to the AIFM will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

8.3. Investment Advisory Fees

Any fees payable to the Investment Advisor will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

8.4. Other Expenses

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund.

The Sub-Fund shall also bear its general operating expenses (the "**Operating Expenses**"), which shall also include the fees and disbursements of the Depositary, Administrative Agent, paying agent, Registrar and Transfer Agent, domiciliary agent, and all other out-of-pocket administration expenses and any taxes, fees or other governmental charges levied against the Company attributed or attributable to this Sub-Fund. Such Operating Expenses shall not exceed zero point forty five percent (0.45%) per annum based on the aggregate commitments made in the Sub-Fund.

The Sub-Fund shall bear all expenses related to its creation, up to an amount equaling one percent (1%) of the aggregate commitments made to the benefit of the Sub-Fund; any charges and expenses beyond such amount will be borne by Crédit Agricole (Suisse) S.A.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

9. Distributions

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Shares, the redemption price will be equal to the last Net Asset Value per relevant Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from Target Company's distributions after the deduction of the appropriate Target Company management fee, Target Company advisory fee and Operating Expenses (including legal reserves for contingent liabilities).

The Target Company may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions as defined in and in the cases provided for in the constitutive/issuing documents of the Target Company. In such cases the Shareholders may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Company.

10. Specific Risk Considerations

In regard to the risks associated with investments in the Sub-Fund, the following risks, among all the risks linked to the Target Company, may be of importance to the Investors:

Risks linked to investment in the data center business

- **Technology Risks**

A change could occur in the way a service or product is delivered rendering the existing technology obsolete. While the risk could be considered low in the infrastructure sector given the massive fixed costs involved in constructing assets and the fact that many infrastructure technologies are well established, any technology change that occurs over the medium term could threaten the profitability of an infrastructure issuer; if such a change were to occur, these assets would have very few alternative uses should they become obsolete.

- **Competition Risks**

Given the attractiveness of the data center market, competition is expected to increase over time. This situation may lead to a reduced number of possible investments and to a reduced profitability in the Portfolio Investment.

Risks linked to investment in the data center infrastructure

- **Through-put Risks**

The revenue of many infrastructure issuers may be impacted by the number of users who purchase the products or services produced by the infrastructure issuers. Any change in the number of users may negatively impact the profitability of the infrastructure issuer.

- **Income of the Infrastructure Issuer Risks**

The income earned by the Target Company from an infrastructure issuer is made primarily of dividends, interest and capital gains which can vary widely over the short and long term. Notably, the infrastructure issuer's income may be affected adversely when prevailing short-term interest rates increase and the infrastructure issuer is utilizing floating rate leverage.

- **Operating Risks**

The long-term profitability of an infrastructure issuer is partly dependent on the efficient operation and maintenance of its infrastructure assets. Should an infrastructure issuer fail to efficiently maintain and operate its assets, the infrastructure issuer's ability to maintain payments of dividends or interest to investors may be impaired. The destruction or loss of an infrastructure asset may have a major impact on the infrastructure issuer. Failure by the infrastructure issuer to carry adequate insurance or to operate the asset appropriately could lead to significant losses.

- **Strategic Assets Risks**

Strategic assets are assets that have a national or regional profile, and may have monopolistic characteristics, especially in the infrastructure sector; the very nature of these assets could generate additional risk not common in other industry sectors. Given the national or regional profile and/or their irreplaceable nature, strategic assets may constitute a higher risk target for political actions.

- **Construction Risks**

Where the Target Company invests in infrastructure assets which involve a significant, though not predominant, part of new construction, it is likely to retain some residual risk that part of the project will not be completed within budget, within the agreed time frame or to the agreed specifications. Such realization of a construction risk is likely to have an adverse impact on the income of the infrastructure issuer, and therefore on the income of the Target Company. During the construction phase the major risks include:

- a delay in the projected completion of the project and a resultant delay in the commencement of cash flow and, potentially, sanctions payable by the infrastructure issuer;
- an increase in the capital needed to complete construction; and
- the insolvency of the head contractor, a major subcontractor and/or a key equipment supplier.

Construction costs may exceed estimates for various reasons, including inaccurate engineering and planning, labour and building material costs in excess of expectations and unanticipated problems with project start-up. Such unexpected cost increases may result in increased debt services costs and insufficient funds to complete construction. Such increases may result in the inability of project owners to meet the higher interest and principal repayments arising from the additional debt requirement. Delays in project completion can result in an increase in total project construction costs through higher capitalized interest charges and additional labour and material expenses and consequently, an increase in debt service costs. It may also affect the scheduled flow of project revenues necessary to cover the scheduled operations phase debt service costs, operations and maintenance expenses and damage payments for late delivery. However, the infrastructure assets in which Target Company will invest and which will involve construction are likely to present lower risks than stand alone construction projects due to the fact that such infrastructure assets will already be partly in operation and generate cash flows. In addition, construction risks are usually substantially transferred through contracts to contractors, or to public authorities and insurance companies.

Risks linked to investment in the Target Company

- **Target Company exit strategies are subject to market uncertainties**

The feasibility and terms of any proposed exit strategy for the Target Company's investments will depend on factors that are not within the control of the Target Company, including fluctuations in market conditions, the status of capital markets and the effect of applicable legislation and political and economic conditions. Consequently, the precise timing of the disposition of an investment and the manner of disposition are impossible to predict, and no assurance can be given that such disposition will be achieved on terms favourable to the Target Company or its investors.

- **Target Company is a newly formed entity**

The Target Company is a newly formed limited partnership by shares with no operating history. There can be no assurance that the Target Company will achieve its investment objective notwithstanding the performance of any of its affiliates in other transactions including, without limitation, arrangements similar in nature to the Target Company. There exists a possibility that an investor of the Target Company could suffer a substantial or total loss as a result of an investment in the shares or the Target Company generally.

Risks linked to investment in data center operating companies

The investments of the Target Company include interests in asset holding entities, operating entities. Such investments involve numerous risks including (but not limited to): (i) risks relating to the employment of the data center operating company's employees and related costs; (ii) risks arising in connection with the business of the data center operating such as liability for the products or services of the data center operating company; (iii) risks arising from the previous management of the data center operating company such as the failure to properly state accounts; and (iv) risks arising in connection with the financing of the data center operating company such as the accelerated obligation to repay external debt. Furthermore, if the Target Company acquires less than 100% of the voting equity of such data center operating companies (such as the case where the Target Company does not obtain the right to control (directly or indirectly) a data center operating company, including, without limitation, a minority control investment), it may not be able to realize its investment objectives.

11. Listing on the Luxembourg Stock Exchange

The General Partner does not intend to apply for the listing of the Shares of the Sub-Fund on the Luxembourg Stock Exchange or any other stock exchange.

12. Availability of the Net Asset Value and of Other Information

The Net Asset Value per Share of each Class will be available at the registered office of the General Partner and/or with the Administrative Agent.

The audited annual report and the unaudited quarterly reports of the Target Company will be made available to the Company.

13. Duration and exit strategy of the Sub-Fund

The Sub-Fund is established for a limited duration of thirty (30) years as from the Closing with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exit at the level of the Target Company, at its sole discretion.

During all the investment process, potential exit routes and a target exit horizon will be linked to those of the Target Company. The maturity of the investment is continually monitored and assessed by comparing actual development against the business plan. The timing and conditions of any exit in the Target Company are discussed in a timely manner, in advance of such exit, with the management team of the Target Company.

Notwithstanding the foregoing, if the Target Company during the life of the Sub-Fund does not qualify anymore as a private equity investment vehicle in accordance with the 2004 Law, then the General Partner shall make the necessary in order for the Sub-Fund to dispose of its investments in the Target Company.

R. COLKART SUB-FUND

1. Investment Objective and Strategy

1.1. The Target Fund and the Target Company

The Colkart Sub-Fund (the "**Sub-Fund**") is solely aimed at investing up to one hundred million Euros (EUR 100'000'000.-), in "Colkart Investment II S.C.S." a real estate private equity fund (the "**Target Fund**").

The Target Fund is a Luxembourg common limited partnership (société en commandite simple – S.C.S.) incorporated on 25 February 2014, having its registered office at 2-4, avenue Marie-Thérèse, L-2132 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg register of commerce and companies under number B 185.073, that has been set up to carry out the investment objective and strategy described below.

The Target Fund is managed by Colony Retail Europe III S.à r.l., a Luxembourg private limited liability company (société à responsabilité limitée - S.à r.l.) having its registered office at 2-4 avenue Marie-Thérèse, L-2132 Luxembourg, registered with the Luxembourg register of commerce and companies under number B 182.004 (the "**Target Fund General Partner**").

The purpose of the Target Fund is to invest 100% of its assets, through dedicated special purpose vehicles, in Carmila SAS, a French limited partnership by shares (société par actions simplifiée – S.A.S), having its registered office at 33, avenue Emile Zola, F-92100 Boulogne Billancourt, registration number 798 904 025 RCS Nanterre (the "**Target Company**").

1.2. Investment Objective of the Target Company

The Target Company is a "value added" and "opportunistic" real estate company whose exclusive purpose is the acquisition and development of under to sub-performing commercial centers. The portfolio of the Target Company will be composed of commercial centers located in small and middle sized cities in France, Spain and Northern Italy (the "**Opportunistic Portfolio**").

The Target Company's objective is to bring added value to the Opportunistic Portfolio notably through refurbishment, improvement and reorganization of the marketing plans in order to restore their profitability.

The Target Fund will be actively involved in the management of the Target Company by appointing one board member at the level of the Target Company and will be involved in all major decisions of the Target Company.

1.3. Investment Strategy of the Target Company

The Investment strategy of the Target Company is to purchase, own and operate one hundred and eighty (180) commercial centers in France, Spain and Northern Italy alongside Carrefour, the world's second largest retailer, and other global institutional investors. The Target Company initial capitalized value will be approximately four billion Euros (EUR 4'000'000'000.-), including one point three billion Euros (EUR 1'300'000'000.-) of equity capital raised from

institutional investors. The diversified portfolio is comprised of well located stores totalling one million one hundred thousand (1'100'000) square meters.

Following the Opportunistic Portfolio acquisition, the Target Company will be focusing on creating value to each individual commercial centers through (i) a renovation program including modernization of frontages, renovation of commercial centers and improvement in commercial attractiveness of each sites for both customers and tenants and (ii) expanding the existing commercial centers to increase leasable space.

In addition to the renovation and expansion programs, the Target Company further intends to acquire additional commercial centers that are not part of the Opportunistic Portfolio.

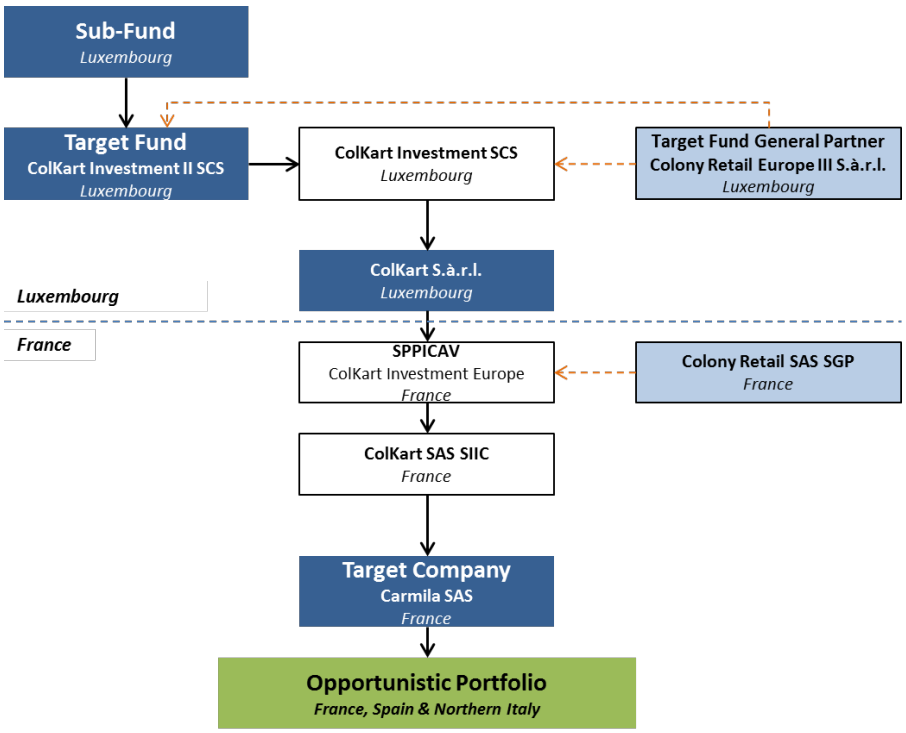
1.4. Investment Rationale of the Target Company

The Opportunistic Portfolio offers an opportunity to acquire existing commercial centers alongside Carrefour, in adjacency to its hypermarkets. The existing commercial centers are offering a wide diversity of tenants, a moderate vacancy rate and a low occupancy costs on which the Target Company will capitalize to allow for positive reversion.

In a reconversion transaction consisting into a repositioning, a redevelopment and a modernization of the Opportunistic Portfolio and with a view to improve the rental base through lease renewals and reletting, the ambition of the Target Company is to support the value creative renovation program to grow substantially the key performances indicators of the Target Company to generate a substantial capital gains to exit while capitalizing and leveraging the existing rental revenue base to generate an annual dividend to investors.

1.5. Investment Methodology of the Sub-Fund

The Sub-Fund will invest in the Target Fund that will, in its turn, invest in the Target Company through special purposes vehicles as further detailed in the structure chart below:



1.6. Exit Strategy of the Target Company

The exit strategy envisaged for the Target Company is an initial public offering (IPO).

2. Borrowing Policy/Leverage

The Sub-Fund may leverage its assets by way of borrowing up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund. Borrowings may be utilized for investment purpose as well as to bridge financing and expense disbursements when liquid funds are not readily available. Investments of the Sub-Fund are expected to include portfolio investment schemes whose capital structures may include additional significant leverage.

3. Share Classes

3.1. Carried Interest Shares

Carried Interest Shares are reserved to the General Partner and shall be issued within the Sub-Fund upon the launching thereof, namely "C Shares" denominated in Euro (EUR), which General Partner may also be referred as "Class C Shareholder".

3.2. Investors Shares

Only one Class of Investors Shares are available for subscription in the Sub-Fund, namely "A Shares", denominated in Euro (EUR), the holder of which A Shares shall be referred as "Class A Shareholder".

4. Reference Currency and NAV Calculation

The Reference Currency of the Sub-Fund shall be the Euro (EUR).

The Valuation Day of the Sub-Fund shall be the last business day of each calendar quarter, or such other date that the Target Company General Partner may determine, in its absolute discretion.

5. Capital Funding

The Sub-Fund is aimed at raising up to one hundred million Euros (EUR 100'000'000.-).

The capital of the Sub-Fund shall vary, without any amendment to the Placement Memorandum, as a result of the Sub-Fund issuing new Shares or redeeming its Shares in accordance with article 6 of the Articles.

5.1. Commitments during the Initial Offering Period

Investors are permitted to commit to subscribe for A Shares and the General Partner is permitted

to commit to subscribe to C Shares in the Sub-Fund from 15 September 2014 until 31 December 2014 (the "**Closing**").

Investors, the commitments of which are accepted on the Closing (the "**Investors**"), shall be required, to pay up to one hundred percent (100%) of their respective committed amounts no later than seven (7) Business Days following the notification of the Closing to the Investors, following which A Shares are to be issued fully paid-up, at a subscription price of one hundred Euros (EUR 100.-) each. The same applies to the General Partner C Shares.

The General Partner may decide, at its discretion, to postpone the date of the Closing; in such case, the Investors will be informed of the amended date of the Closing and the date on which the corresponding part of their commitment has to be paid.

5.2 Drawdown Dates

After the Closing, once investment need to be funded or fees and expenses have to be paid, additional portions of the commitments made by the Investors shall be drawn down in successive instalments, as determined by the General Partner during the Commitment Period. Such drawdowns may only take place provided their amount is not less than two percent (2%) of each Investor's commitment. The General Partner will give each Investor a seven (7) Business Days' prior notice for each drawdown.

A Shares issued in relation to each drawdown made after the Closing shall be issued fully paid-up at a subscription price of one hundred Euros (EUR 100.-).

The subscription price of A Shares issued after the Closing must be paid on the relevant drawdown date.

For the avoidance of doubt, the commitment of the General Partner is limited to the subscription price of the C Shares and no additional portion of its commitment shall be drawn down.

6. Minimum Commitment

Commitments may only be accepted from Eligible Investors, in a minimum amount of one hundred and twenty-five thousand Euro (EUR 125,000.-). Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept commitments in lesser amounts.

7. Redemptions and Conversions

A Shareholder may not, of its own initiative, require the Company to redeem its A Shares, or to convert them into any other Class issued in any of the Sub-Funds.

8. Management Fees, Remuneration of the AIFM, Advisory Fees and other costs

8.1. Management Fees

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee, paid quarterly in advance by the

Sub-Fund to the General Partner. Such management fee shall equal one point thirty five percent (1.35%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value plus (ii) the unfunded Commitment of the Sub-Fund as of the end of the preceding quarter in the limit of the Sub-Fund aggregate commitments.

It should be noted that calculation of the fees on the basis of the aggregate subscribed capital of the Sub-Fund may entail the payment of fees in respect of subscription monies which have not yet been drawn down.

8.2. Remuneration of the AIFM

Any remuneration payable to the AIFM will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

8.3. Investment Advisory Fees

Any fees payable to the Investment Advisor will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

8.4. Other Expenses

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund.

The Sub-Fund shall also bear its general operating expenses (the "**Operating Expenses**"), which shall also include the fees and disbursements of the Depositary, Administrative Agent, paying agent, Registrar and Transfer Agent, domiciliary agent, and all other out-of-pocket administration expenses and any taxes, fees or other governmental charges levied against the Company attributed or attributable to this Sub-Fund. Such Operating Expenses shall not exceed zero point forty percent (0.40%) per annum based on the Aggregate Commitments made in the Sub-Fund.

The Sub-Fund shall bear all expenses related to its creation, up to an amount equalling zero point fifty percent (0.50%) of the Aggregate Commitments made to the benefit of the Sub-Fund; any charges and expenses beyond such amount will be borne by Crédit Agricole (Suisse) S.A.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

9. Distributions

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Shares, the redemption price will be equal to the last Net Asset Value per relevant Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from Target Fund distributions net of expenses related to the Sub-Fund and contingent liabilities, if any.

Distribution of proceeds will be allocated as follows:

(i) Firstly, one hundred per cent (100%) to the Class A Shareholder until the Sub-Fund has distributed the total amounts drawn down on Commitments; and

(ii) Secondly, the Class A Shareholder will receive a ten per cent (10%) annual rate of return, cumulative compounded annually, on the net drawdown Commitments calculated on a 365-day basis (the "**Preferred Return**"). For the avoidance of doubt, the net drawdown Commitments shall equal the amounts draw down on Commitments reduced by distributions made by the Sub-Fund under letter (i); and

(iii) Thirdly, one hundred per cent (100%) to the Class C Shareholder until the Class C Shareholder has received five per cent (5%) of the amounts distributed under letter (i) and (ii) above; and

(iv) Fourthly, ninety-five per cent (95%) to the Class A Shareholders and five per cent (5%) to the Class C Shareholder.

The Target Company may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions as defined in and in the cases provided for in the constitutive/issuing documents of the Target Company. In such cases the Shareholders may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Company.

10. Specific Risk Considerations

In regard to the risks associated with investments in the Sub-Fund, the following risks, among all the risks linked to the Target Company may be of importance to the Investors:

Risks linked to investment in the real estate

- **Generally**

The Sub-Fund's investments will be subject to the risks inherent in the ownership and operation of real estate and real estate-related businesses and assets. These risks include, but are not limited to, those associated with the burdens of ownership of real property, general and local economic conditions, changes in supply of and demand for competing properties in an area (as a result, for instance, of overbuilding), fluctuations in the average occupancy and room rates for hotel properties, the financial resources of tenants, changes in building, environmental and other laws, energy and supply shortages, various uninsured or uninsurable risks, natural disasters, changes in

government regulations (such as rent control), changes in real property tax rates, changes in interest rates and the availability of mortgage funds which may render the sale or refinancing of properties difficult or impracticable, negative developments in the economy that depress travel activity, environmental liabilities, contingent liabilities on disposition of assets, terrorist attacks, war and other factors that are beyond the control of the fund, the fund manager or the investment advisor. There can be no assurance that there will be a ready market for resale of investments because investments will generally not be liquid. Illiquidity may result from the absence of an established market for the investments, as well as legal or contractual restrictions on their resale by the Sub-Fund.

- **Real estate returns**

Real estate historically has experienced significant fluctuations and cycles in value and market conditions may result in reductions in the value of investments. The returns available from investments in real estate depends to a large extent on the amount of income earned and capital appreciation generated by the relevant properties as well as expenses incurred.

- **Environmental risks and potential liabilities**

The Sub-Fund may be exposed to substantial risk of loss arising from investments involving undisclosed or unknown environmental problems, health or occupational safety matters, or inadequate reserves, insurance or insurance proceeds for such matters that have been previously identified.

Under the laws, rules and regulations of various jurisdictions, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances including asbestos, on or in such property. Such laws may impose joint and several liability, which can result in a party being obligated to pay for greater than its interest, or even all, of the liability involved. Such liability may also be imposed without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances and the person bearing liability may incur substantive costs in defending claims of liability. The cost of any required remediation and the owner's liability therefore as to any property are generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner.

The presence of such substances, or the failure to properly remediate contamination from such substances, may adversely affect the owner's ability to sell the real estate or to borrow funds using such property as collateral, which could have an adverse effect on the Target Company's return from such investment. Environmental claims with respect to a specific investment may exceed the value of such investment, and under certain circumstances, subject the other assets of the Target Company to such liabilities. In addition, some environmental laws create a lien on contaminated property in favour of governments or government agencies for costs they may incur in connection with the contamination

The ongoing presence of environmental contamination, pollutants or other hazardous materials on a property (whether known at the time of acquisition or not) could also result in personal injury (and associated liability) to persons on the property and persons removing such materials, future or continuing property damage (which may adversely affect property value) or claims by third parties, including as a result of exposure to such materials through the spread of contaminants.

In addition, the Sub-Fund's operating costs and performance may be adversely affected by compliance obligations under environmental protection statutes, rules and regulations relating to investments of the Target Company, including additional compliance obligations arising from any change to such statutes, rules and regulations. Statutes, rules and regulations may also

restrict development of, and use of, property. Certain clean-up actions brought by European, state, country and local agencies and private parties may also impose obligations in relation to investments and result in additional costs to the Target Company.

- **Litigation at the property level**

The acquisition, ownership and disposition of real properties carry certain specific litigation risks. Litigation may be commenced with respect to a properly acquired by the Target Company or its subsidiaries in relation to activities that took place prior to the Target Company 's acquisition of such property. In addition, at the time of disposition of an individual property, a potential buyer may claim that it should have been afforded the opportunity to purchase the asset or alternatively that such potential buyer should be awarded due diligence expenses incurred or statutory damages for misrepresentation relating to disclosure made, if such buyer is passed over in favour of another as part of the Target Company's efforts to maximize sale proceeds.

Similarly, successful buyers may later sue the Target Company under various damage theories, including those sounding in tort, for losses associated with latent defects or other problems not uncovered in due diligence.

Risks linked to investment in the Target Company

- **Target Company exit strategies are subject to market uncertainties**

The feasibility and terms of any proposed exit strategy for the Target Company's investments will depend on factors that are not within the control of the Target Company, including fluctuations in market conditions, the status of capital markets and the effect of applicable legislation and political and economic conditions. Consequently, the precise timing of the disposition of an investment and the manner of disposition are impossible to predict, and no assurance can be given that such disposition will be achieved on terms favourable to the Target Company or its investors.

- **Target Company is a newly formed entity**

The Target Company is a newly formed limited partnership by shares with no operating history. There can be no assurance that the Target Company will achieve its investment objective notwithstanding the performance of any if its affiliates in other transactions including, without limitation, arrangements similar in nature to the Target Company. There exists a possibility that an investor of the Target Company could suffer a substantial or total loss as a result of an investment in the shares or the Target Company generally.

11. Listing on the Luxembourg Stock Exchange

The General Partner does not intend to apply for the listing of the Shares of the Sub-Fund on the Luxembourg Stock Exchange or any other stock exchange.

12. Availability of the Net Asset Value and of Other Information

The Net Asset Value per Share of each Class will be available at the registered office of the General Partner and/or with the Administrative Agent.

The audited annual report and the unaudited quarterly reports of the Target Company, will be made available to the Company.

13. Duration and exit strategy of the Sub-Fund

The Sub-Fund is established for a limited duration. The term of the Sub-Fund shall be the earliest of:

- ten (10) years as from the Closing; or
- the liquidation of the Target Fund;

with the possibility for the General Partner to decide an earlier or later termination of the Sub-Fund depending on the timing of exit at the level of the Target Company, at its sole discretion.

During all the investment process, potential exit routes and a target exit horizon will be linked to those of the Target Company. The maturity of the investment is continually monitored and assessed by comparing actual development against the business plan. The timing and conditions of any exit in the Target Company are discussed in a timely manner, in advance of such exit, with the management team of the Target Company.

Notwithstanding the foregoing, if the Target Company during the life of the Sub-Fund does not qualify anymore as a private equity fund in accordance with the 2004 Law, then the General Partner shall make the necessary in order for the Sub-Fund to dispose of its investments in the Target Company.

S. KS 4 SUB-FUND

1. Investment Objective and Strategy

The KS4 Sub-Fund (the "**Sub-Fund**") is solely aimed at committing capital up to twenty-five million Euros (EUR 25,000,000.-), to be invested in "Keensight IV, FPCI." (the "**Target Fund**").

1.1. The Target Fund

The Target Fund is a private equity fund qualifying as a "*Fonds Professionnel de Capital Investissement)*" or "FPCI" and governed by articles L.214-159 and seq. of the French Monetary and Financial Code ("*Code Monétaire et Financier*"), whose management company is "Keensight Capital" (the "**Target Fund Management Company**" or "**Keensight**"), a French company approved by the French Financial Markets Authority ("*Autorité des Marchés Financiers"* or "*AMF*") under number GP-08000040.

The Target Fund Management Company is an independent private equity firm formed in 2013, following a spin-off from R Capital Management, the growth capital investment department of Rotschild & Cie. Over the last fifteen (15) years, under the banner of R Capital Management and through three (3) funds, the investment team of the Target Fund Management Company invested in thirty-six (36) companies and completed twenty-six (26) exits. Keensight is composed of six (6) investment professionals as of 31 March 2014.

The Target Fund will be the successor fund to three (3) funds from 1998 to 2013.

1.2. Investment Objective and Strategy of the Target Fund

The purpose of the Target Fund is to invest primarily in shares and other transferable securities, including in the form of shareholder loans, in companies whose securities are not listed on financial instruments market, with the principal objective of appreciation of capital invested in accordance with the terms and conditions of the Target Fund By-Laws (the "**Target Fund By-Laws**"). The Target Fund may also invest within the limit of 10% of its total commitments in companies whose securities are traded on a regulated market with a view to obtaining sufficient control to delist the company by withdrawing its securities from the relevant financial instrument market.

Keensight is seeking aggregate commitments from investors of one hundred and eighty million Euros (EUR 180,000,000.-) for the Target Fund.

The Target Fund will invest in European-based companies with a growth potential with products and services that may have value to customers and will primarily target equity investments in the range of ten million Euros (EUR 10,000,000.-) to twenty-five million Euros (EUR 25,000,000.-), to finance development, organic growth or enable strategic acquisitions with a view to create a diversified portfolio of both majority and influential minority investments. The Target Fund will make target investments in growing companies with a potential for development with established business models and certain technological risks. Keensight's approach is to identify and focus on growth stage companies with a priority given to specific sectors with diversified risks, including information technologies, media, energy, services provider companies and healthcare (the "Target Companies").

Keensight will perform a due diligence to idendtfy the potential developments of the Target Companies.

Even when holding a minority stake, the Target Fund will ensure to have a minimum of one representative in the management body of the Target Companies.

The Target Fund will be actively involved in the management of the Target Companies. The Target Fund will advise and assist the management teams of the Target Companies and put at their disposal their know-how and expertise to achieve their development.

The Target Fund will invest in European small and medium enterprises at least eighty percent (80%) of the amount invested in portfolio companies and in order to diversify risks, the Target Fund will not invest more than fifteen percent (15%) of its total commitments in any single portfolio company. Nevertheless the Target Fund may invest up to twenty percent (20%) of its total commitments in any single portfolio company if the additionnal five percent (5%) corresponds to a bridging investment or a follow-on investment.

The Target Fund will abstain from investing in any other private equity investment fund or other pooled investment vehicle; it being specified that the Target Fund may nonetheless invest (i) up to five percent (5%) of its total commitments and with the approval of its investors'committee (the "**Investors' Committee**"), in other private equity investment funds, in the context of a secondary transaction, and (ii) in money market funds or other short-term negotiable instruments (x) any amounts drawn down pending completion of an investment, (y) any net proceeds from the realisation of an investment pending a distribution of the same to investors, as well as (z) any retained amounts held in accordance with the Target Fund By-Laws.

1.3. <u>The Target Fund Management Company and the management of the Target Fund</u>

Subject to the requirement that certain matters be approved by the Investors' Committee in accordance with the Target Fund By-Laws, the management, operation and policy of the Target Fund shall be vested exclusively in Keensight which shall have the power by itself and shall be authorised and empowered on behalf and in the name of the Target Fund to carry out any and all of the powers, objectives and purposes of the Target Fund and to perform all acts and enter into and perform all contracts and other undertakings and engage in all activities and transactions which it may in its sole discretion deem necessary or advisable or incidental thereto.

Keensight is an independent company fully owned by its three (3) managing partners and managed by a board composed of these three (3) managing partners who meet periodically to review strategic and operational issues linked to its development. This board also discusses the Target Fund's performance and the investment strategy on a regular basis.

An investment committee made of the three (3) managing partners and one partner is gathered any time a new investment is analysed. This committee takes all investment and divestment decisions on a unanimous basis only.

A valuation committee composed of an experienced chairman independent from Keensight, the compliance officer and the chief financial officer, meets every six (6) months to discuss the valuation of each portfolio investment, which are reported in the Target Funds' reports.

The Investors' Committee composed of investors selected amongst the largest investors in the Target Fund is gathered with Keensight's compliance officer and all partners to discuss any relevant subject including potential conflicts of interest. Any decision concerning potential conflicts of interest is made by the Investors' Committee.

1.4. Successful Track Record

Over the last fifteen (15) years, with the first three (3) funds, Keensight has invested in thirty-six (36) companies and completed twenty-six (26) exits yielding as of 30 January 2014 an overall solid fourty-five point nine percent (45.9%) gross internal rate of return ("**IRR**") and a two point six (2.6x) gross multiple on all realised and listed investments.

Fund	Vintage	% of investments realised	Net Multiple	Net IRR
Fund I	1997	100%	2.2x	34.4%
Fund II	2001	88%	1.6x	7%
Fund III	2009	22%	1.4x	14.9%

Source: Keensight Track Record
Performance is as of 31 December 2013

1.5. Focused Strategy

For the past fifteen (15) years, Keensight has been executing a proven investment strategy based on two (2) core principles:

- value creation potential through profitable growth independent of cyclical factors;
- sector specialisation in IT/media, healthcare/wellness and energy, giving Keensight:
    - an outstanding access to proprietary deals;
    - strong assets to help portfolio companies in the execution of their strategy;
    - an edge over potential competitors.

1.5.1. Profitable growth

The Target Fund will focus predominantly on providing growth capital to rapidly growing companies (i.e. potential revenue growth rate higher than fifteen percent (15%)).

1.5.2. Sector specialisation

Keensight believes this growth value creation objective can best be met by continuing to apply a sector specialisation approach representing a clear competitive advantage in the private equity segment they address. Over the years, Keensight has been continuously enriching its sector knowledge which gives it an edge to select attractive segments, identify interesting investment opportunities, analyse the hidden risks behind each deal, and convince entrepreneurs that they can bring real operational added value.

They will thus continue to leverage their proven sector-expertise and hands-on investment approach to originate pro-actively attractive investment opportunities and convince management that Keensight is the best partner to help them grow their business and optimize the exit strategy.

1.5.3. Clear investment criteria in growing European companies

Keensight targets first-class projects suitable for development that are intended to finance organic growth or enable strategic acquisitions, as well as projects to buy out existing shareholders. These Target Companies usually have a high revenue run rate, demonstrate a fast growth and address dynamic markets. They are often at a stage where:

- they identify additional growth opportunities and require capital beyond their existing resources to expand sales and marketing efforts, launch a new product internationally, finance either working capital or capital expenditures, etc. (*organic growth opportunities*) and to finance targeted acquisitions or strengthen financial resources to implement a market consolidation strategy for instance in a fragmented industry (*build-up opportunities*);

- they are part of a larger group and the owner needs to sell for either strategic or financial reasons and/or management wants to spin-off to foster growth and benefit from opportunities allowing possible accelerated value creation (*spin-off and management buy-out opportunities*);

- key shareholders and sometimes the management want to realise some value from their initial investment while participating in further upside with Keensight (*growth owner buy-out opportunities*).

1.6. Investment Management, Investment Process and Exit Strategy of the Target Fund

(a) Investment Management and Process

Keensight has developed both a streamlined process to investing and an organisation that allows it proactivity and fast reactiveness. All investment and divestment decisions are made independently by the investment committee on a unanimous basis. This approach has proven to be very efficient in sourcing and financing the best deals in the market with a high degree of selectivity and a high closing rate.

(b) Exit Strategy

Keensight invests in building long-term relationships, working with each management team to build a more valuable company.

Exit strategy is one of the main areas of added value where Keensight can leverage its own experience in similar situations. Keensight works with the portfolio companies' management to choose the best financial advisor and the best strategy for the exit whether it is a trade sale, an IPO or an LBO. In this phase also, Keensight's network and sector knowledge is extremely useful to optimise the exit valuation.

2. Borrowing Policy/Leverage

The Sub-Fund may leverage its assets by way of borrowing up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund. Borrowings may be utilized for investment purpose as well as to bridge financing and expense disbursements when liquid funds are not readily available. Investments of the Sub-Fund are expected to include portfolio investment schemes whose capital structures may include additional significant leverage.

3. Share Classes

3.1. Carried Interest Shares

No Carried Interest Shares shall be issued within the Sub-Fund, upon the launching thereof.

3.2. Investors Shares

Two (2) Classes of Investors Shares, both denominated in euros (EUR), are available for subscription in the Sub-Fund, namely:

- A Shares (the "**Class A Shares**"); and
- B Shares (the "**Class B Shares**"),

(altogether the "**Investors Shares**").

The Class B Shares will be reserved to Investors having concluded a specific remuneration agreement with any of the entities of the Crédit Agricole Group.

4. Reference Currency and NAV Calculation

The Reference Currency of the Sub-Fund shall be the Euro (EUR).

The Valuation Day of the Sub-Fund shall be the last business day of each calendar quarter, or such other date(s) that the Target Fund Management Company may determine, in its absolute discretion.

5. Capital Funding

The Sub-Fund is aimed at raising up to twenty five million Euros (EUR 25,000,000.-).

5.1. Commitments and drawdowns

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund until the latest of either (i) 31 December 2014 or (ii) on or about the final closing of the Target Fund as determined in the information memorandum thereof.

Investors, the Commitments of which are accepted on the first closing (the "**First Closing**" and the "**Initial Investors**"), shall be required to pay up to five percent (5%) of their respective committed amounts no later than ninety (90) Business Days following the notification of the First Closing to Initial Investors, following which Investors Shares are to be issued fully paid-up corresponding to the funded Commitment.

Such Investors Shares shall be issued fully paid at a price of one hundred Euros (EUR 100.-) each (the "**Subscription Price**").

5.2. Commitments and drawdowns after the First Closing

After the First Closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings ("**Subsequent Closings**" and "**Subsequent Closings Investors**") as determined by the General Partner during a period commencing the day after the date of the First Closing, and terminating on 31 December 2014 unless extended by the General Partner (the "**Last Closing**"). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares

and pay up the relevant portion of their Commitments no later than seven (7) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

(a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in section 8.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the First Closing, at the Subscription Price;

(b) the Subsequent Closing Investor shall pay an additional amount equal to five per cent (5%) per annum, calculated from the date on which the First Closing Investors have contributed and paid in their first subscriptions relating to the First Closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the "**Actualization Interest**").

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

5.3. Drawdown Dates

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive instalments, as determined by the General Partner. Such drawdowns may only take place provided their amount is not less than one percent (1%) of each Investor's Commitment. The General Partner will give each Investor a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the First Closing shall be issued fully paid-up at a subscription price equal, at the General Partner's discretion, either (i) to the Subscription Price plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Investors Shares on such drawdown date. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the First Closing shall be paid within the time limits specified in the relevant drawdown notice.

5.4. Commitment Period

The Commitment Period will extend from the First Closing until the Last Closing.

6. Minimum Commitment

Commitments may only be accepted from Eligible Investors, in a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-). Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept commitments in lesser amounts.

7. Redemptions and Conversions

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

8. Management Fees, Remuneration of the AIFM, Advisory Fees and other costs

8.1. Management Fees

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal:

- with respect to Class A Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A Shares plus (ii) the unfunded portion of the aggregate Commitments of the Sub-Fund attributable to Class A Shares as of the end of the preceding quarter;

- with respect to Class B Shares, zero percent (0%) per annum.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

It should be noted that calculation of the fees on the basis of the aggregate subscribed capital of the Sub-Fund may entail the payment of fees in respect of subscription monies which have not yet been drawn down.

8.2. Remuneration of the AIFM

Any remuneration payable to the AIFM will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

8.3. Investment Advisory Fees

Any fees payable to the Investment Advisor will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

8.4. Other Expenses

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund.

The Sub-Fund shall also bear its general operating expenses (the "**Operating Expenses**"), which shall also include the fees and disbursements of the Depositary, Administrative Agent, paying agent, Registrar and Transfer Agent, domiciliary agent, and all other out-of-pocket administration expenses and any taxes, fees or other governmental charges levied against the Company attributed or attributable to this Sub-Fund. Such Operating Expenses shall not exceed zero point forty thirty percent (0.30%) per annum based on the aggregate commitments made in the Sub-Fund.

The Sub-Fund shall bear all expenses related to its creation, up to an amount equaling zero point fifty percent (0.50%) of the aggregate commitments made to the benefit of the Sub-Fund; any charges and expenses beyond such amount will be borne by Crédit Agricole (Suisse) S.A.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

9. Distributions

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Shares, the redemption price will be equal to the last Net Asset Value per relevant Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from Target Fund's distributions after the deduction of the appropriate Target Fund management fee, Target Fund advisory fee and Operating Expenses (including legal reserves for contingent liabilities).

The Target Fund may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions as defined in and in the cases provided for in the constitutive/issuing documents of the Target Fund. In such cases the Shareholders may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund.

10. Specific Risk Considerations

An investment in the Target Fund involves a significant degree of risk and should be considered solely by Investors having sufficient financial resources to bear that risk (including the partial or total loss of their investment) and who do not have the immediate need to make their investment liquid or to recover their funded commitment.

In regard to the risks associated with investments in the Sub-Fund, the following risks, among all the risks linked to the Target Fund and mentionned in its information memorandum, may be of importance to the Investors:

The following does not, and is not meant to list exhaustively the potential risks of such an investment:

- The value of any investment may go down as well as up;

- Investments in unquoted companies are intrinsically riskier than in quoted companies as the unquoted companies may be smaller, more vulnerable to changes in markets and technology and highly dependent on the skills and commitment of a small management team;

- Investments in unquoted companies may be difficult to realize. At the termination of the Target Fund, such investments may be distributed in specie so that the investors may then become minority shareholders in a number of unquoted companies;

- Shares in the Target Fund are not freely transferable; no market for such shares currently exists, nor is one expected to develop. It may therefore be difficult for an investor to sell its shares or obtain reliable information about their value and the extent of the risks to which it is exposed;

- The Target Fund's assets will originally consist of unquoted securities that do not have any readily available markets and the transfer of which may be subject to restrictions in accordance with applicable regulations. Consequently, there will be no guarantee about the transferability of such securities at any time; should this transfer be carried out, it may possibly be subject to a significant discount;

- Investors should have the financial ability and willingness to accept the risks and lack of liquidity associated with an investment in a fund of the type described herein;

- Shares in the Target Fund are denominated in Euro whereas some investments may be in currencies other than in Euro; therefore, their value may vary with the relevant exchange rate;

- Past performance of similar investments is not necessarily a guide to the future performance of the Target Fund's investments;

- The Target Fund will be managed by the Target Fund Management Company. Investors will not be able to make investment or other decisions on behalf of the Target Fund;

- The success of the Target Fund depends on the ability of the Target Fund Management Company to identify, select and carry out appropriate investments, and then to realise such investments under satisfactory terms and conditions; there is no guarantee that suitable investments will be or can be acquired or that investments will be successful;

- No assurance can be given that the target returns of the Target Fund will be achieved;

- The Target Fund will mainly invest in growth stage companies. The investment sectors on which the Target Fund will focus on a priority basis shall be information technologies, media, medical technologies and energy. Such investments are necessarily subject to risks that are inherent to any investment in growth stage companies operating in such sectors. In addition, such companies usually allocate their resources to the financing of their growth and therefore distribute no or few dividends;

- The reimbursement of the funded commitments and the allocation of any profits will only occur subsequently to the realization of an investment, in whole or in part, by the Target Fund. Although an investment may, as a general rule, be realized at any time, there is no guarantee that the realisation of an investment will occur before the expiration of an unknown number of years following the carrying out of such investment. During such period, the investor does not generally benefit from any returns on its investment;

- Unquoted investments can take several years to mature. As a result, while long-term performance of the Target Fund may be satisfactory, performance in the early years may be poor (especially due to the impact of the management fee, the absence of divestment, etc.).

11. Listing on the Luxembourg Stock Exchange

The General Partner does not intend to apply for the listing of the Shares of the Sub-Fund on the Luxembourg Stock Exchange or any other stock exchange.

12. Availability of the Net Asset Value and of Other Information

The Net Asset Value per Share of each Class will be available at the registered office of the General Partner and/or with the Administrative Agent.

The information memorandum of the Target Fund will be made available to the Company.

The audited annual report and the unaudited quarterly reports of the Target Fund, including a number of items specified in the information memorandum of the Target Fund, will be made available to the Company.

13. Duration and exit strategy of the Sub-Fund

The Sub-Fund is established for a limited duration of ten (10) years as from the Last Closing, with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Target Fund, at its sole discretion. In fact, the exit strategy of the Sub-Fund is linked to the duration of the Target Fund, which is ten (10) years as from 31 December 2014 subject to extension for up to two (2) additional one (1) year periods, subject to earlier termination in accordance with the terms and conditions of the Target Fund By-Laws.

During all the investment process, potential exit routes and a target exit horizon will be linked to those of the Target Fund. The maturity of each investment is continually monitored and assessed by comparing actual development against the business plan. The timing and conditions of any

exit in the Target Fund are discussed in a timely manner, in advance of such exit, with the management team of the Target Fund.

Notwithstanding the foregoing, if the Target Fund during the life of the Sub-Fund does not qualify anymore as a private equity fund in accordance with the 2004 Law, then the General Partner shall make the necessary in order for the Sub-Fund to dispose of its investments in the Target Fund.

T. BAPE VI SUB-FUND

1. Investment Objective and Strategy

The BAPE VI Sub-Fund (the "**Sub-Fund**") is solely aimed at committing capital up to fifty million US Dollars (USD 50,000,000.-), to be invested in "The Baring Asia Private Equity Fund VI, L.P.2" (the "**Target Fund**").

1.1. The Target Fund

The Target Fund is a private equity fund established as a Cayman Islands exempted limited partnership under the Exempted Limited Partnership Law (2014 Revision) of the Cayman Islands, as amended from time to time, whose general partner is "Baring Private Equity Asia GP VI, L.P.", a Cayman Islands exempted limited partnership (the "**Target Fund General Partner**").

The Target Fund General Partner will be advised by Baring Private Equity Asia Group Limited, a Cayman Islands exempted company ("**Baring Private Equity Asia**").

The Target Fund is a "parallel vehicle" of The Baring Asia Private Equity Fund VI, L.P.1" (the "**Primary Fund**") and is set up to accommodate legal, tax, regulatory or other non-economic considerations of certain investors, in particular non-US investors. The Target Fund will generally co-invest with the Primary Fund in each portfolio company on a *pro rata* basis (in proportion to their relative unpaid commitments) and, will generally make and dispose of investments on substantially the same terms, in each case subject to legal, tax, regulatory or other considerations. The terms of the governing documents of the Target Fund are therefore generally substantially similar to the terms of the Primary Fund.

Originally part of Baring Brothers, a two hundred (200) years old merchant bank, Baring Private Equity Asia began it's pan Asian private equity program in 1997 after being acquired by the ING Group. The firm was bought-out by its current management in 2000 and today remains owned by its partners.

Baring Private Equity Asia is one of the largest and most established independent private equity firms in Asia and advises funds with total committed capital of over five billion US Dollars (USD 5,000,000,000.-). The firm runs a pan-Asian investment program, specialising in companies requiring capital for expansion, recapitalization or acquisitions. Baring Private Equity Asia has been investing in Asia since its formation in 1997 and has over one hundred (100) employees located in offices in Hong Kong, Shanghai, Beijing, Mumbai, Singapore, Jakarta and Tokyo. The firm currently has over thirty (30) portfolio companies across Asia.

The Target Fund together with the Primary Fund will be the successor funds to five (5) funds from 1997 until 2014.

1.2. Investment Objective and Strategy of the Target Fund

The purposes of the Target Fund are to make principally privately-negotiated investments based in or with substancial ties to the Asian region in a wide variety of industries and countries, through investments in principally non-public equity and equity-related securities (including common stock, convertible debt and other securities that are expected to have equity-like

returns), in accordance with the terms and conditions of the amended and restated limited partnership agreeement of the Target Fund (the "**LPA**").

Baring Private Equity Asia's core strategy is to make private equity investments through both control and significant minority transactions and to invest in growth at a reasonable price, taking advantage of its broad regional platform. Baring Private Equity Asia typically seeks to invest in companies that have demonstrated consistent earnings growth, and aims to accelerate such growth through hands-on active management that leverages post-investment value creation initiatives. To this end, the team at Baring Private Equity Asia seeks out a broad range of opportunities in established companies that benefit from high entry barriers, and that have a need for equity financing to grow their businesses. Baring Private Equity Asia intends to execute the same core investment strategy for the Target Fund that has been successfully executed in its prior private equity funds.

Baring Private Equity Asia generally targets medium sized companies with enterprise values in the range of one hundred and fifty million US Dollars (USD 150,000,000.-) to eight hundred million US Dollars (USD 800,000,000.-) with a focus on proprietary origination. Baring Private Equity Asia has also demonstrated expertise to execute significantly larger transactions where such investments fall within the broader investment strategy of Baring Private Equity Asia.

Baring Private Equity Asia is seeking aggregate commitments from investors of three billion US Dollars (USD 3,000,000,000.-) for the Target Fund.

Without the approval of the advisory council of the Target Fund:

- the Target Fund will not invest more than fifteen percent (15%) of the aggregated capital commitments in any entity and its affiliates, except for bridge investments described in the LPA;
- the Target Fund will not invest more than fifteen percent (15%) of aggregate capital commitments in securities that were obtained through open market purchases of publicly traded securities, other than (i) securities obtained through open market purchases made in connection with, or with a view to, a contemplated privately negotiated transaction, (ii) publicly traded securities received as consideration upon a sale or exchange of portfolio investments, (iii) securities which become publicly traded while being held by the Target Fund, (iv) investments made in portfolio companies with the intention of de-listing such companies or (v) investments in portfolio companies made with the intention of influencing the management or operations of such company, provided that the right to appoint a director to the board of directors of such company shall be deemed conclusive evidence of such intent;
- the Target Fund will not pursue the acquisition of a business if such acquisition is opposed by a majority of the members of such business's board of directors or similar body, provided that this does not include the acquisition of a business in connection with bankruptcy or similar restructuring;
- the Target Fund will not invest in pooled multiple investment vehicles that provide for the payment of a management fee or carried interest or any other incentive or performance-based fee;
- the Target Fund will not invest directly in real estate assets (other than in operating companies which are engaged in real estate-related activities).

1.3. <u>The Target Fund General Partner and the management of the Target Fund</u>

In accordance with the LPA, the management, control and operation of and the determination of policy with respect to the Target Fund and its investment and other activities shall be vested

exclusively in the Target Fund General Partner (acting directly or through its duly appointed agents or delegates), which is hereby authorised and empowered on behalf and in the name of the Target Fund and in its own name, if necessary or appropriate, to carry out any and all of the purposes of the Target Fund and to perform all acts and enter into and perform all contracts and other undertakings that it may in its sole discretion deem necessary, advisable, convenient or incidental thereto.

The Target Fund General Partner and Baring Private Equity Asia enterred into an investment and advisory agreement whereby Baring Private Equity Asia will render investment advisory and managerial services to the Target Fund General Partner.

1.4. Successful Track Record

Between 1998 and 2001, Baring Private Equity Asia operated both a venture capital and a private equity program, and since 2002, has focused exclusively on private equity investments. Over the course of its seventeen (17)-year history, Baring Private Equity Asia has invested over three point three billion US Dollars (USD 3,300,000,000.-) in sixty-seven (67) private equity investments, thirty-three (33) of which have been fully or partially realised generating a gross internal rate of return ("**IRR**") of twenty-nine point four percent (29.4%) and a three point one (3.1x) gross multiple of invested capital.

The table below summarises the performance of Baring Private Equity Asia's three (3) most recent private equity funds:

Fund	**Vintage**	**Invested Capital** *(USD millions)*	**Gross Multiple**	**Gross IRR**
Fund III	2005	485.1	3.4x	82.3%
Fund IV	2007	1'257.7	1.9x	16.5%
Fund V	2011	1'349.3	1.3x	23.5%
		3'092.1	**1.9x**	**31.5%**

Source: Private Placement Memorandum of the Target Fund
Performance is as of 31 March 2014

1.5. Distinctive Market Focus

Baring Private Equity Asia believes that Asia presents attractive and unique long-term private equity investment opportunities, underpinned by a macroeconomic outlook for the region that remains robust. Despite an extended period of economic uncertainty affecting many developed economies globally, Asia has emerged from the global financial crisis as an increasingly independent and self-sustaining economic zone.

While the region remains poised to reap the benefits of a global economic recovery, intra-Asian trade and corporate mergers and acquisitions ("**M&A**") continue to increase. Furthermore, because the private equity market in Asia is less efficient than in the United States and Europe, experienced investment managers are well placed to capitalise on the continued growth and maturation of the region. Baring Private Equity Asia believes that the following characteristics of the Asian private equity opportunity make it particularly attractive for investors:

- strong macroeconomic conditions characterised by comparatively high gross domestic product ("**GDP**") growth across the region, increasing intra-Asian trade and attractive entry pricing relative to opportunities in other regions of the world;

- rapidly growing middle class with rising consumer purchasing power in emerging Asia, underpinned by sustainable and permanent demographic and economic shifts in the region such as rising incomes and broad urbanization in Asia's largest economies;

- strong private equity deal flow as a result of increasing private equity investment penetration relative to regional GDP and increasing cross-border M&A in the region;

- increasing availability of control transactions stemming from a number of shifting market trends such as the changing attitudes of aging entrepreneurs, an expanding pool of high quality management professionals and the increasing availability of acquisition finance;

- a heterogeneous regional market, where financial markets within Asia move in different cycles, often presents short term dislocations that create opportunities for managers with a regional footprint;

- increasing trade sale exits and secondary sales as a means for experienced managers to generate liquidity in a region that is becoming increasingly a focus for strategic corporate M&A.

1.6. Focused Strategy

Baring Private Equity Asia expects the Target Fund to continue the successful strategy executed by prior funds to invest in growing Asian companies through both control and significant minority transactions. Baring Private Equity Asia typically seeks to invest in mid-cap companies with enterprise values in the range of one hundred and fifty million US Dollars (USD 150,000,000.-) and eight hundred million US Dollars (USD 800,000,000.-) with an emphasis on situations where Baring Private Equity Asia has sourced the investment through a proprietary, non-competitive origination process. Baring Private Equity Asia proactively approaches a broad range of market leading companies that are experiencing strong growth and consequently have a need for equity financing.

Baring Private Equity Asia’s investment philosophy is deeply rooted in the principles of capital preservation. Drawing on sixteen (16) years of experience through several complete economic cycles, they execute their capital preservation strategy through a combination of diversified portfolio construction, margin of safety in pricing, and investment structures that incorporate downside protection.

Five (5) key elements of the investment strategy are summarized as follows:

- pan-Asian, multi-market coverage with a perspective on relative values: Baring Private Equity Asia invests across multiple countries, sectors and investment types, and for each fund seeks to build a diversified portfolio of investments. Baring Private Equity Asia’s regional perspective enables it to evaluate a broad range of investment opportunities and to select those with the most attractive expected risk-adjusted returns at any point in time;

- growth-oriented focus on control and significant minority transactions: since inception, Baring Private Equity Asia has targeted businesses that are well-positioned for strong growth, and is equally comfortable investing in companies through significant minority or control transactions;

- portfolio construction, risk management and capital preservation: Baring Private Equity Asia has a deeply rooted principle of capital preservation and risk management, which begins with diversification at the portfolio level. It also includes "right-sizing" investments, implementing downside protection structures, conducting thorough due diligence, and being involved in post-investment operations;

- proprietary origination outside of auction markets: Baring Private Equity Asia seeks to cultivate investments in non-auction markets where they can leverage its credentials and relationships in originating investment opportunities directly with owners of businesses. Since inception, approximately seventy percent (70%) of Baring Private Equity Asia's investments have been sourced through proprietary methods;

- active post-investment value creation drivers: a central feature of the investment strategy is a "hands-on" approach to post-investment value creation, beginning with identifying potential initiatives during the due diligence process. Baring Private Equity Asia typically focuses on three (3) key categories of "value creation drivers" through which it has demonstrated significant capabilities in enhancing the performance of its portfolio companies: (i) operational improvement, (ii) platform/bolt-on acquisitions, and (iii) cross-border initiatives.

1.7. Investment Management, Investment Process and Exit Strategy of the Target Fund

(a) Investment Management and Process

Baring Private Equity Asia's investment process reflects the experience of a long-standing, highly experienced team that has worked together through multiple economic and investment cycles. As the market in Asia has evolved and expanded, Baring Private Equity Asia has continually sought to improve and institutionalize its investment process in order to implement its investment strategy with consistency and to deliver industry leading results.

Baring Private Equity Asia's multi-faceted and iterative investment process can be broadly divided into three (3) key phases: (i) origination, (ii) due diligence and execution, and (iii) post-investment monitoring and divestment. Together with a well-defined and focused strategy, Baring Private Equity Asia believes that its systematic and disciplined investment process enables it to successfully navigate the dynamic Asian private equity market, and ultimately source and execute high quality investments.

The investment process relies on an investment committee that, thorough review and discussion over the various investments opportunities, votes to recommend the investment to the Target Fund General Partner, to reject the opportunity or to request further clarification, due diligence or changes to the terms of the investment. In addition to reviewing an investment based on its merits on a standalone basis, a key function of the investment committee is to consider the merits of an investment in the context of the Target Fund's overall portfolio construction, noting in particular that Baring Private Equity Asia seeks to construct a well-diversified and balanced portfolio of investments across multiple economies, sectors and investment types. All investment committee recommendations will be presented to the Target Fund General Partner for the final decision to proceed with the investment, reject the opportunity or request further clarification.

(b) Exit Strategy

Baring Private Equity Asia has deep experience in managing exit processes to maximize the value of its portfolio company investments. Baring Private Equity Asia completed nineteen (19) exits via the public markets, both by way of an initial public offering (IPO) or carefully managed

disposals of listed positions, as well as through organised sale processes to strategic and financial buyers. Baring Private Equity Asia works closely with its portfolio companies to prepare them well in advance of final divestment, which is typically built into the investment thesis of a company from the outset. This allows to guide each portfolio company's development towards becoming a highly suitable candidate for a pre-identified exit process (and for some companies, there exist multiple feasible exit routes), be it in terms of readiness for a listing or attractiveness as a trade sale target.

With its liquidity-focused approach, the Baring Private Equity Asia typically seeks to explore multiple options for the divestment of a portfolio company. Similar to the process by which investments are consummated in a market-appropriate manner, Baring Private Equity Asia's divestment process is also sensitive to what exit route yields the best returns within each market, at any given point in the cycle.

2. Borrowing Policy/Leverage

The Sub-Fund may leverage its assets by way of borrowing up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund. Borrowings may be utilized for investment purpose as well as to bridge financing and expense disbursements when liquid funds are not readily available. Investments of the Sub-Fund are expected to include portfolio investment schemes whose capital structures may include additional significant leverage.

3. Share Classes

3.1. Carried Interest Shares

No Carried Interest Shares shall be issued within the Sub-Fund, upon the launching thereof.

3.2. Investors Shares

Four (4) Classes of Investors Shares, all denominated in US Dollars (USD), are available for subscription in the Sub-Fund, namely:

- A Shares (the "**Class A Shares**");
- B Shares (the "**Class B Shares**");
- C Shares (the "**Class C Shares**"); and
- D Shares (the "**Class D Shares**"),

(altogether the "**Investors Shares**").

The Class B Shares, the Class C Shares and the Class D Shares will be reserved to Investors having concluded a specific remuneration agreement with any of the entities of the Crédit Agricole Group.

4. Reference Currency and NAV Calculation

The Reference Currency of the Sub-Fund shall be the US Dollars (USD).

The Valuation Day of the Sub-Fund shall be the last business day of each calendar quarter, or

such other date(s) that the Target Fund General Partner may determine, in its absolute discretion.

5. Capital Funding

The Sub-Fund is aimed at raising up to fifty million US Dollars (USD 50,000,000.-).

5.1. Commitments and drawdowns during the Initial Offering Period

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 27 October 2014 until the latest of either (i) on or about the final closing of the Target Fund as described in the private placement memorandum thereof or (ii) 30 June 2015.

Investors, the Commitments of which are accepted on the First Closing (the "**Initial Investors**"), shall be required, to pay up to ten percent (10%) of their respective committed amounts no later than ninety (90) Business Days following the notification of the First Closing to the Initial Investors, following which Investors Shares are to be issued **fully paid-up**, corresponding to the funded Commitment, at a price of one hundred US Dollars (USD 100.-) each (the "**Subscription Price**").

5.2. Commitments and drawdowns after the Initial Offering Period

After the First Closing, Commitments to subscribe for Investors Shares will be accepted from Initial Investors and other investors at such closings ("**Subsequent Closings**" and "**Subsequent Closing Investors**") as determined by the General Partner during a period commencing the day after the date of the First Closing and terminating on 30 June 2015, unless extended by the General Partner (the "**Last Closing**"). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than seven (7) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

(a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in section 8.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the First Closing, at the Subscription Price;

(b) the Subsequent Closing Investor shall pay an additional amount equal to five per cent (5%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the First Closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the "**Actualization Interest**").

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on

the Net Asset Value of such Investors Shares on the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

5.3. Drawdown Dates

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive instalments, as determined by the General Partner. Such drawdowns may only take place provided their amount is not less than one percent (1%) of each Investor's Commitment. The General Partner will give each Investor a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the First Closing shall be issued **fully paid-up** at a subscription price equal, at the General Partner's discretion, either (i) to the Subscription Price plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Investors Shares on such drawdown date. If Investors Shares are issued at a price based on the Net Asset Value per Investor Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the First Closing shall be paid within the limits specified in the relevant drawdown notice.

5.4. Return of drawdowns

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the First Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

5.5. Commitment Period

The Commitment Period will extend from the First Closing until the Last Closing.

6. Minimum Commitment

Commitments may only be accepted from Eligible Investors, in a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-). Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept commitments in lesser amounts.

7. Redemptions and Conversions

An Investor may not, at its own initiative, require the Company to redeem its Investors Shares, or to convert them into any other Class issued in any of the Sub-Funds.

8. Management Fees, Remuneration of the AIFM, Advisory Fees and other costs

8.1. Management Fees

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. Such Management Fee shall equal:

- with respect to Class A Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A Shares as of the end of the preceding quarter;

- with respect to Class B Shares, zero percent (0%) per annum;

- with respect to Class C Shares, zero point zero six percent (0.06%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class C Shares as of the end of the preceding quarter;

- with respect to Class D Shares, zero point three percent (0.3%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class D Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class D Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

It should be noted that calculation of the fees on the basis of the aggregate subscribed capital of the Sub-Fund may entail the payment of fees in respect of subscription monies which have not yet been drawn down.

8.2. Remuneration of the AIFM

Any remuneration payable to the AIFM will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

8.3. Investment Advisory Fees

Any fees payable to the Investment Advisor will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

8.4. Other Expenses

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund.

The Sub-Fund shall also bear its general operating expenses (the "**Operating Expenses**"), which shall also include the fees and disbursements of the Depositary, Administrative Agent, paying agent, Registrar and Transfer Agent, domiciliary agent, and all other out-of-pocket administration expenses and any taxes, fees or other governmental charges levied against the Company attributed or attributable to this Sub-Fund. Such Operating Expenses shall not exceed zero point four percent (0.4%) per annum based on the aggregate commitments made in the Sub-Fund.

The Sub-Fund shall bear all expenses related to its creation, up to an amount equaling zero point five percent (0.5%) of the aggregate commitments made to the benefit of the Sub-Fund; any charges and expenses beyond such amount will be borne by Crédit Agricole (Suisse) S.A.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

9. Distributions

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Shares, the redemption price will be equal to the last Net Asset Value per relevant Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from Target Fund's distributions after the deduction of the appropriate Target Fund management fee, Target Fund advisory fee and Operating Expenses (including legal reserves for contingent liabilities).

10. Recall

The Target Fund may request the Sub-Fund to fully or partially reimburse the amounts received as distributions as defined in and in the cases provided for in the constitutive/issuing documents of the Target Fund. In such cases the Shareholders may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund.

In particular, the Target Fund may at any time recall distributions made to its Investors, which distributions are subject to recall or reimbursement from or recontribution by the Target Fund to or in connection with any underlying investment and/or its investments, including, relating to

capital invested in bridge investments returned within eighteen (18) months of such investment or capital invested in portfolio companies returned within twenty-four (24) months of such investment; to satisfy any indemnification, reimbursement, contribution or similar obligation of the Target Fund (including, without limitation, any obligation resulting from applicable law); to satisfy any other expense or obligation of the Target Fund; or amounts returned to the limited partners without having been invested.

In such cases the Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund.

11. Specific Risk Considerations

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section intitled "General Risk Consideration" in Part I of this Placement Memorandum. In addition, the following risks, among all the risks linked to the Target Fund and mentionned in its private placement memorandum, may be of importance to the Investors:

- **Nature of investment**

An investment in the Target Fund requires a long-term commitment, with no certainty of return. There most likely will be little or no near-term cash flow available to the limited partners. Many of the Target Fund's investments will be highly illiquid, and there can be no assurance that the Target Fund will be able to realize on such investments in a timely manner. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in kind to the limited partners. Additionally, the Target Fund typically will acquire securities that cannot be sold except pursuant an offering that complies with applicable securities laws. The securities in which the Target Fund will invest generally will be the most junior in what typically will be a complex capital structure, and thus subject to the greatest risk of loss. Certain of the Target Fund's investments may be in businesses with little or no operating history. Certain of the Target Fund's investments may be in businesses with high levels of debt or may be investments in leveraged buyouts; leveraged buyouts by their nature require companies to undertake a high ratio of fixed charges to available income. Leveraged investments are inherently more sensitive to declines in revenues and to increases in expenses. Since the Target Fund may only make a limited number of investments, and since the Target Fund's investments generally will involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to the limited partners. The performance of portfolio investments of other funds advised by Baring Private Equity Asia is not necessarily indicative of the results that will be achieved by the Target Fund.

- **Dependence on key personnel**

The success of the Target Fund depends in substantial part on the skill and expertise of the managing directors and other employees of Baring Private Equity Asia and its affiliates. There can be no assurance that the managing directors or other employees of Baring Private Equity Asia or its affiliates will continue to be employed by Baring Private Equity Asia or such affiliates throughout the life of the Target Fund. The loss of key personnel could have a material adverse effect on the Target Fund.

- **No right to control the Target Fund's operations**

Limited partners will have no opportunity to control the day-to-day operations of the Target Fund, including investment and disposition decisions. In order to safeguard their limited liability for the liabilities and obligations of the Target Fund, limited partners must rely entirely on the

Target Fund General Partner and its affiliates to conduct and manage the affairs of the Target Fund.

- **Difficulty in realizing investments**

The Target Fund may invest in securities, instruments and assets that are not, and are not expected to become, publicly traded. The Target Fund may not be able to sell securities publicly unless the sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In some cases the Target Fund may also be prohibited by contract from selling its investments for a period of time or otherwise be restricted from disposing of its investments. Furthermore, the types of investments made may require a substantial length of time to liquidate or may result in distributions in kind to the partners, after which the partners will still be at risk for the value of the securities and must make their own disposition decisions. Given the nature of the investments contemplated by the Target Fund, there is a significant risk that the Target Fund will be unable to realize its investment objectives by sale or other disposition at attractive prices or will otherwise be unable to complete any exit strategy.

- **No market for limited partnership interests**

Pursuant to the LPA, a limited partnership interest is not generally transferable and voluntary withdrawal of an investor is not allowed. In addition, transfer of the limited partnership interests may be affected by restrictions on resales imposed by U.S. federal and state securities laws, non-U.S. laws and restrictions on transfers imposed as a result of U.S. federal income tax laws. Therefore, an investment in the Target Fund should be considered illiquid.

- **General economic conditions**

General economic conditions may affect the Target Fund's activities. Interest rates, general levels of economic activity, the price of securities and participation by other investors in the financial markets may affect the value and number of investments made by the Target Fund or considered for prospective investment.

- **Middle market companies**

Investments in middle market companies such as those that the Target Fund intends to invest in, while often presenting greater opportunities for growth, may also entail larger risks than are customarily associated with investments in large companies. Medium-sized companies may have more limited product lines, markets and financial resources, and may be dependent on a smaller management group. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of interests in smaller, private companies, which may make realizations of gains more difficult, by requiring sales to other private investors. In addition, the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in small- and medium-sized companies, could make it difficult for the Target Fund to react quickly to negative economic or political developments.

- **Asian economic factors**

The Target Fund's investments in companies operating in the Asian region may involve certain risks not typically associated with investments in the securities of companies in more developed

markets. The economies of certain countries in the Asian region may perform favorably or unfavorably compared with more developed economies in such respects as growth of gross domestic product, rate of inflation, currency appreciation or depreciation, capital reinvestment, resource self-sufficiency and balance of payments. The economies of certain countries in the Asian region are generally heavily dependent upon international trade and, accordingly, may be affected adversely by protective trade barriers and economic conditions in the countries with which they trade. In addition, the economies of certain countries in the Asian region are vulnerable to weaknesses in world prices for their commodity exports. Certain countries in the Asian region have from time to time experienced high rates of inflation, currency fluctuation and extensive external debt.

12. Listing on the Luxembourg Stock Exchange

The General Partner does not intend to apply for the listing of the Shares of the Sub-Fund on the Luxembourg Stock Exchange or any other stock exchange.

13. Availability of the Net Asset Value and of Other Information

The Net Asset Value per Share of each Class will be available at the registered office of the General Partner and/or with the Administrative Agent.

The private placement memorandum of the Target Fund will be made available to the Company.

The audited annual report and the unaudited quarterly reports of the Target Fund, including a number of items specified in the private placement memorandum of the Target Fund, will be made available to the Company.

14. Duration and exit strategy of the Sub-Fund

The Sub-Fund is established for a limited duration of ten (10) years as from the Last Closing, with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Target Fund, at its sole discretion. In fact, the exit strategy of the Sub-Fund is linked to the duration of the Target Fund, which is ten (10) years as from 31 December 2014 subject to extension for up to two (2) additional one (1) year periods, subject to earlier termination in accordance with the terms and conditions of the LPA.

During all the investment process, potential exit routes and a target exit horizon will be linked to those of the Target Fund. The maturity of each investment is continually monitored and assessed by comparing actual development against the business plan. The timing and conditions of any exit in the Target Fund are discussed in a timely manner, in advance of such exit, with the management team of the Target Fund.

Notwithstanding the foregoing, if the Target Fund during the life of the Sub-Fund does not qualify anymore as a private equity fund in accordance with the 2004 Law, then the General Partner shall make the necessary in order for the Sub-Fund to dispose of its investments in the Target Fund.

U. IT 3 SUB-FUND

1. Investment Objective and Strategy

The IT 3 Sub-Fund (the "**Sub-Fund**") is solely aimed at committing capital up to fifty million Euros (EUR 50,000,000.-), to be invested in "21 Investimenti III" (the "**Target Fund**") or any feeder vehicle set up to accommodate legal, tax, regulatory or other non-economic considerations of certain investors such as European investors, and having substantially the same terms and conditions (including the same investment policy) as the Target Fund.

1.1. The Target Fund

The Target Fund is a private equity fund established as a closed-ended investment fund in Italy pursuant to article 15 of the Ministerial Decree dated 24 May 1999 no. 228., and managed by "21 Investimenti SGR S.p.A.", a management company with registered office in Treviso (Italy) duly licensed by the Bank of Italy and registered under no. 177 of the roll kept by the Bank of Italy under article 35 of the legislative decree dated 24 February 1998, no. 58 and its implementing regulations (the "**Target Fund Manager**" or "**21 Investimenti**").

The Target Fund Manager is the Italian locally based management company of 21 Partners S.p.A. ("**21 Partners**"), a leading European mid-market private equity firm. 21 Partners raised one point four billion Euros (EUR 1,400,000,000.-) of commitments managed across its three (3) locally based management companies, i.e. the Target Fund Manager (Italian mid-market), 21 Centrale Partners S.A. (French & Swiss mid-markets) and 21 Concordia Partners Ltd. (Polish mid-market). 21 Partners was founded by Alessandro Benetton in 1992 with the vocation to support the long-term growth and development of mid-market companies leveraging on the industrial and financial expertise, the international scope and the entrepreneurial mindset which had driven the success of Benetton as a leading European industrial group. 21 Partners is a fully independent institutional structure controlled by its managing partners. The 21 Partners' group of more than fifty (50) private equity professionals are based in five (5) offices (Treviso, Milan, Paris, Geneva and Warsaw) providing a direct presence on the ground within local markets.

21 Investimenti is one of the pioneers in the Italian mid-market. The 21 Investimenti team is composed of twenty-two (22) professionals with longstanding experience as well as a broad network of business contacts and the ability to single out opportunities and create value, with full coverage of the private equity value chain. 21 Investimenti managed three (3) successive pools of capital, evolving from direct investments to the management of closed-end funds. The Target Fund will be the successor fund to two (2) previous funds.

1.2. Investment Objective and Strategy of the Target Fund

The purpose of the Target Fund is to pursue the same strategy as its predecessor fund by increasing the value of its assets through the direct or indirect acquisition of non-public equity and equity-related securities (including shares, quotas, convertible bonds, subordinated debt instruments and other securities that are expected to have equity-like returns), in accordance with the terms and conditions of its regolamento di gestione (the "**Governing Rules**"). The Target Fund shall make initial investments in target companies mainly by acquiring the majority or a contractual or other position, through which the Target Fund Manager can materially influence the development and subsequent realization. The investments of the Target Fund will mainly include management buy-outs / management buy-ins and development of capital invested in companies with significant growth potential or creation of value.

21 Investimenti's core strategy is to make private equity investments through the acquisition of ten (10) to twelve (12) control growth buyout investments in leading Italian mid-market companies with enterprise values in the range of fifty million Euros (EUR 50,000,000.-) to two hundred million Euros (EUR 200,000,000.-) which demonstrate significant growth potential in Italy and internationally, proven business models backed by strong brands, competitive advantage, solid market positioning, sound financials and talented entrepreneurial management teams open to change.

21 Investimenti is seeking aggregate commitments from investors of two hunded and fifty million Euros (EUR 250,000,000.-) for the Target Fund.

Nevertheless, the Target Fund shall not invest in:

- instruments listed on a regulated market unless:
  - they have been purchased and/or subscribed for by the Target Fund in the context of an investment prior to listing; or
  - they have been purchased and/or subscribed for by the Target Fund in the context of transactions aimed at acquiring the majority of the voting shares of the company and/or at delisting the relevant instruments; or
  - they have been purchased and/or subscribed for by the Target Fund in other circumstances than listed above provided that the total amount of all the Target Fund's investments in instruments falling within this scope do not exceed twenty percent (20%) of the aggregate commitments in the Target Fund, in accordance with the Governing Rules;
- instruments issued by one and the same issuer or in investee companies controlled or managed by the same entrepreneur exceeding fifteen percent (15%) of the aggregate commitments in the Target Fund, this limit being increased to twenty-five percent (25%), in accordance with the terms and conditions of the Governing Rules; or
- other funds or collective investment schemes; or
- entities the main business of which consists in real estate transactions, except for entities the main business of which consists in the construction, promotion and/or marketing of real estate assets of third parties or in the provision of connected services; or
- entities that invest in the search for and exploitation of natural resources, except for entities the main business of which consists in the marketing of natural resources, or in the production of plants or equipment necessary for the relevant production, mining or transport or in the provision of connected services; or
- entities the main business of which consists in the production, sale or marketing of firearms, artillery and assault weapons that can be used in acts of war or military conflicts, pornography, tobacco or fur; and shall insure that the companies in which it holds a stake at least equal to ten percent (10%) of their capital will not invest in any entities involved in any of such sectors if such sectors represent at least five percent (5%) of the turnover or the net worth of the companies at issue; or
- entities the governance bodies of which actively oppose the Target Fund's investment on the date on which the Target Fund proposes to carry out the transaction; or
- banks, financial brokers, investment undertakings, asset management companies, insurance companies and other entities which operate *vis-à-vis* the public and are subject to the supervision of independent supervisory authorities operating in the financial or insurance sector.

1.3. The Target Fund Manager and the management of the Target Fund

In accordance with the Governing Rules, the Target Fund Manager shall be responsible for all investments and divestments and shall conduct the relevant negotiations, exercise any rights attached to the instruments held by the Target Fund and perform any other management activities in the interest of the investors, in compliance with the Governing Rules and any applicable rules and regulations.

1.4. Successful Track Record

21 Investimenti has a solid track record built up over twenty-two (22) years, covering various economic cycles and changes to Italy's financial landscape. Since 1992, 21 Investimenti has managed three (3) successive pools of capital, evolving from direct investments to the management of closed-end funds. Despite operating across some of the most difficult economic cycles in recent history, 21 Investimenti has always maintained a disciplined and highly selective investment approach. Since 1992, thirty-five (35) investments were completed, of which 23 have been realized to date, generating an overall return multiple of 2.0x and a twenty-two percent (22%) internal rate of return ("**IRR**").

The table below summarises the performance of 21 Investimenti:

Funds	**Vintage**	**Invested Capital** *(EUR millions)*	**% exited investments**	**Return Multiple**	**IRR**
Fund II	2008	215.0	27%	1.4x	20%
Fund I	2002	73.0	75%	1.4x	13%
Pre-Fund[17]	1992	55.0	100%	2.0x	21%

Source: Private placement memorandum of the Target Fund
Performance is as of 31 March 2014

1.5. Distinctive Market Focus

Despite deep-seated macroeconomic challenges, the measures implemented by the Italian government have enabled the country to set milestones towards renewed visibility on growth. Italy maintains strong fundamentals such as sound debt sustainability, high levels of private wealth, and limited exposure to faulty assets on the part of banks. Italy moreover remains one of the leading manufacturing and export powerhouses in Europe and presenting a consistent trade surplus. The country is now focusing on reforms to stimulate growth, starting with job creation and increase in global competitiveness.

Italy boasts a fabric of some six thousand three hundred (6,300) small and medium-sized enterprises ("**SMEs**") in the range of twenty-five million Euros (EUR 25,000,000.-) to one hundred million Euros (EUR 100,000,000.-) in revenues with significant know-how and differentiating factors in a variety of sectors and specialties. Many of these SMEs are family owned, often facing generational change issues, and are therefore increasingly in need of support. This is where industrially driven private equity firms come in. In 21 Investimenti's opinion, they are just what these companies need in order to realize their next stage of growth. In the context of

[17] From 1992 to 2002 (pre-fund period), 21 Investimenti made equity investments in private companies as a financial holding company. During this time, the firm adopted an opportunistic approach, completing investments across a full range of private equity transactions, with financing provided by leading Italian institutions.

a competitive landscape undergoing natural selection, 21 Investimenti more than ever has a pivotal role to play, implementing transformative measures conducive to sustainable value creation and performance for Italian SMEs.

1.6. Focused Strategy

As an established player with proven expertise in the Italian mid-market, 21 Investimenti adopts an active approach to deal sourcing, so as to make the best of the opportunities presented by the Italian mid-market. Considering that the Italian economy is mainly composed of SMEs, that a large majority of them remain family owned, and given the nature of Italy's private equity capital markets, from 21 Investimenti's experience, generally less intermediated and less consolidated than its European counterparts, a proactive approach is all the more necessary in order to have the competitive edge required to accede to a large number of opportunities. 21 Investimenti's approach is based on coupling compelling potential investment opportunities generated by attractive market dynamics with a broad reach in local mid-markets and excellence in execution.

There are certain defining features that 21 Investimenti typically looks for in potential investee companies, within an enterprise value range of fifty million Euros (EUR 50,000,000.-) to two hundred million Euros (EUR 200,000,000.-):

- ***Strong market share***: established companies with a solid existing market positioning, based on a sound business model, well-defined market strategy, winning products / services, key success factors, competitive edge, and a capacity to adapt to fast changing market environments.
- ***Cash flow generative***: enabling solid organic growth and a capacity to deleverage in the context of reasonable debt levels, ensuring that the latter are well adapted to the financial structure of the investee company.
- ***Committed people***: companies where shareholders, management and staff share values, vision, and have an active interest and commitment to the latter's success.
- ***Proven growth potential***: when devising a strategy for growth with respect to an investee company, 21 Investimenti makes use of creativity, also considering what has worked for the company previously. 21 Investimenti does not invest in a company if there is not a clear growth plan in conjunction with a pre-existing growth story having confirmed the company's potential for further expansion.
- ***Attractive brand***: attractive brand image, or the potential to create an attractive brand image, as the ability to appeal to a clearly segmented client base alongside a strong reputation and basis of recognition are key advantages for maintaining a solid market positioning as well as having the credibility to pursue ambitious growth plans domestically and internationally.
- ***Open to change***: change is inherent to the life cycle of a company. In order to move forward and evolve in a positive and constructive manner, a company's management must be open to change and anticipate its next moves in the context of fast moving market and competitive landscapes.

The approach to value creation of 21 Investimenti is based on three (3) complementary core drivers to ensure that a company has the means necessary to achieve its full potential: strategic guidance, acceleration of growth and improvements in efficiency. The 21 Investimenti approach is based on carefully channelled and supported growth. In 21 Investimenti's opinion, mid-market companies require sound structural foundations on which to build. As such, 21 Investimenti brings strategic guidance to portfolio companies to ensure that clear growth objectives are set in terms of where the company wants to go and targeted actions are undertaken in order to reach these objectives.

In parallel, three (3) angles for growth acceleration are exploited: organic, consolidation, and international development. Moreover, 21 Investimenti ensures that companies are efficient enough to reach their growth objectives, working towards excellence in the most relevant internal areas. Such efficiency is a prerequisite for consistency in growth and performance.

1.7. Investment Management, Investment Process and Exit Strategy of the Target Fund

(a) Investment Management and Process

21 Investimenti boasts a disciplined, step-by-step investment process, which guarantees transparency and high levels of selectivity in each of its phases. The set of procedures followed for each investment has been developed and refined over twenty-two (22) years of experience in the mid-market, with documentation and internal reporting templates standardized across the group.

21 Investimenti's investment process can be divided into five (5) key phases: (i) screening and initial assessment, (ii) preliminary review, (iii) due diligence, (iv) investment, and (v) investment performance tracking.

Investment opportunities are selected in the sole interests of the Target Fund investors, ensuring that each potential opportunity is in line with the Target Fund's investment strategy and has sufficient potential for value creation before pursuing further analysis. All findings from the preliminary analysis are reported in a preliminary investment memorandum, which is then used as a basis to decide whether to further pursue analysis and send a letter of intent, or drop the opportunity. Due diligence of the opportunity is conducted with the support of external advisors and leads to a final investment memorandum which includes details of the key aspects of the target company and investment structure, together with a summary of the main terms and conditions of the acquisition and summary of the investment transaction and conclusions from an independent risk manager and compliance officer. This final memorandum is presented to the board of directors of 21 Investimenti for the final decision to proceed with the investment, reject the opportunity or request further clarification.

21 Investimenti maintains constant interaction and close relations with the management teams of the portfolio companies throughout their holding period in order to ensure that interests remain aligned and that actions in terms of growth acceleration and improvements to company efficiency are being implemented effectively and in line with company needs.

(b) Exit Strategy

21 Investimenti systematically analyses potential exit opportunities as part of its due diligence process prior to making an investment. Moreover, exit considerations are an important part of the assessment and valuation process of portfolio companies and are thus regularly evaluated. Prior to proceeding with each investment recommendation, the investment team discusses the timing and likely exit scenarios for the investment under consideration. Investment opportunities which do not present credible exit scenarios are systematically discarded.

Exit decisions typically take into account (i) the range of possible investment returns presented by the exit opportunity, (ii) future prospects of the invested company following the proposed sale, and (iii) likelihood of other future exit opportunities and potential returns. 21 Investimenti's track record shows mainly two (2) exit routes: secondaries and trade sales, with a prevalence of the latter. Indeed, 21 Investimenti has developed the ability to render portfolio companies particularly attractive for buyers within these two (2) exit scenarios.

2. Borrowing Policy/Leverage

The Sub-Fund may leverage its assets by way of borrowing up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund. Borrowings may be utilized for investment purpose as well as to bridge financing and expense disbursements when liquid funds are not readily available. Investments of the Sub-Fund are expected to include portfolio investment schemes whose capital structures may include additional significant leverage.

3. Share Classes

3.1. Carried Interest Shares

No Carried Interest Shares shall be issued within the Sub-Fund, upon the launching thereof.

3.2. Investors Shares

Two (2) Classes of Investors Shares, all denominated in Euros (EUR), are available for subscription in the Sub-Fund, namely:

- A Shares (the "**Class A Shares**"); and
- C Shares (the "**Class C Shares**").

(altogether the "**Investors Shares**").

The Class C Shares will be reserved to Investors having concluded a specific remuneration agreement with any of the entities of the Crédit Agricole Group or being any investment vehicle managed by the Crédit Agricole Group.

4. Reference Currency and NAV Calculation

The Reference Currency of the Sub-Fund shall be the Euro (EUR).

The Valuation Day of the Sub-Fund shall be the last business day of each calendar quarter, or such other date(s) that the Target Fund General Partner may determine, in its absolute discretion.

5. Capital Funding

The Sub-Fund is aimed at raising up to fifty million Euros (EUR 50,000,000.-).

5.1. Commitments and drawdowns during the Initial Offering Period

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 29 December 2014 until the latest of either (i) on or about the final closing of the Target Fund as described in the private placement memorandum thereof and in the Governing Rules or (ii) 31 December 2015.

Investors, the Commitments of which are accepted on the First Closing (the "**Initial Investors**"), shall be required, to pay up to five percent (5%) of their respective committed amounts no later than ninety (90) Business Days following the notification of the First Closing to the Initial Investors, following which Investors Shares are to be issued **fully paid-up**, corresponding to the funded Commitment, at a price of one hundred Euros (EUR 100.-) each (the "**Subscription Price**").

5.2. Commitments and drawdowns after the Initial Offering Period

After the First Closing, Commitments to subscribe for Investors Shares will be accepted from Initial Investors and other investors at such closings ("**Subsequent Closings**" and "**Subsequent Closing Investors**") as determined by the General Partner during a period commencing the day after the date of the First Closing and terminating on 31 December 2016, unless extended by the General Partner (the "**Last Closing**"). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than seven (7) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

(a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in section 8.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the First Closing, at the Subscription Price;

(b) the Subsequent Closing Investor shall pay an additional amount equal to five per cent (5%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the First Closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the "Actualization Interest").

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares on the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

5.3. Drawdown Dates

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive instalments, as determined by the General Partner. Such drawdowns may only take place provided their amount is not less than one percent (1%) of each Investor's Commitment. The General Partner will give each Investor a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the First Closing shall be issued **fully paid-up** at a subscription price equal, at the General Partner's discretion, either (i) to the Subscription Price plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Investors Shares on such drawdown date. If Investors Shares are issued at a price based on the Net Asset Value per Investor Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the First Closing shall be paid within the limits specified in the relevant drawdown notice.

5.4. Return of drawdowns

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the First Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

5.5. Commitment Period

The Commitment Period will extend from the First Closing until the Last Closing.

6. Minimum Commitment

Commitments may only be accepted from Eligible Investors, in a minimum amount of, or equivalent to one hundred and twenty-five thousand Euros (EUR 125,000.-). Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept commitments in lesser amounts.

7. Redemptions and Conversions

An Investor may not, at its own initiative, require the Company to redeem its Investors Shares, or to convert them into any other Class issued in any of the Sub-Funds.

8. Management Fees, Remuneration of the AIFM, Advisory Fees and other costs

8.1. Management Fees

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. Such Management Fee shall equal:

- with respect to Class A Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A Shares as of the end of the preceding quarter;

- with respect to Class C Shares, zero point zero six percent (0.06%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class C Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

It should be noted that calculation of the fees on the basis of the aggregate subscribed capital of the Sub-Fund may entail the payment of fees in respect of subscription monies which have not yet been drawn down.

8.2. Remuneration of the AIFM

Any remuneration payable to the AIFM will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

8.3. Investment Advisory Fees

Any fees payable to the Investment Advisor will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

8.4. Other Expenses

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund.

The Sub-Fund shall also bear its general operating expenses (the "**Operating Expenses**"), which shall also include the fees and disbursements of the Depositary, Administrative Agent, paying agent, Registrar and Transfer Agent, domiciliary agent, and all other out-of-pocket administration expenses and any taxes, fees or other governmental charges levied against the Company attributed or attributable to this Sub-Fund. Such Operating Expenses shall not exceed zero point four percent (0.4%) per annum based on the aggregate commitments made in the Sub-Fund.

The Sub-Fund shall bear all expenses related to its creation, up to an amount equaling zero point five percent (0.5%) of the aggregate commitments made to the benefit of the Sub-Fund; any charges and expenses beyond such amount will be borne by Crédit Agricole (Suisse) S.A.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

9. Distributions

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Shares, the redemption price will be equal to the last Net Asset Value per relevant Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from Target Fund's distributions after the deduction of the appropriate Target Fund management fee, Target Fund advisory fee and Operating Expenses (including legal reserves for contingent liabilities).

10. Recall

The Target Fund may request the Sub-Fund to fully or partially reimburse the amounts received as distributions as defined in and in the cases provided for in the constitutive/issuing documents of the Target Fund. In such cases the Shareholders may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund.

More precisely, 21 Investimenti may ask investors to pay further sums to the Target Fund, within the limits of the distibutions received by them, to finance investment transactions, subject to the conditions and within the limits set out in the private placement memorandum of the Target Fund and in the Governing Rules (in particular, distributed amounts may not be recalled after two (2) years from the respective distribution dates). 21 Investimenti may also require the investors to pay further sums to the Target Fund, within the limits of the distributions received by them, to finance the Target Fund's liabilities, subject to the conditions and within the limits set out in the private placement memorandum of the Target Fund and in the Governing Rules.

In such cases the Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund.

11. Specific Risk Considerations

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section intitled "General Risk Consideration" in Part I of this Placement Memorandum. In addition, the following risks, among all the risks linked to the Target Fund and mentionned in its private placement memorandum, may be of importance to the Investors:

- **Nature of investment**

An investment in the Target Fund requires a long-term commitment, with no certainty of return. There may be little or no near-term cash flow available to investors. Many of the Target Fund's investments will be highly illiquid, and the underlying securities will not be listed on any

recognised investment or securities exchange and will not be registered under the Securities Act or any other applicable securities laws. There can be no assurance that the Target Fund will be able to realise such investments in a timely manner. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in kind to the investors. The securities in which the Target Fund will invest will generally be the most junior in what typically will be a complex capital structure, and thus subject to the greatest risk of loss. Certain of the Target Fund's investments may be in businesses with little or no operating history. Since the Target Fund may only make a limited number of investments, and since the Target Fund's investments generally will involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to investors. The performance of the investment team in the past is not necessarily indicative of the results that will be achieved by the Target Fund.

- **Competitive nature of the Target Fund's business**

The Target Fund will operate in a competitive environment. 21 Investimenti will be competing for investment against other groups, including direct investment firms and merchant banks. Further, an increased number of private equity funds have been formed and additional funds with similar objectives may be formed in the future by other unrelated parties, and 21 Investimenti may be unable to identify a sufficient number of attractive investment opportunities for the Target Fund to meet its investment objectives. Other investors may make competing offers for investment opportunities that are identified, and even after an agreement in principle has been reached with the board of directors or owners of an acquisition target, consummating the transaction is subject to a myriad of uncertainties, only some of which are foreseeable or within the control of 21 Investimenti.

- **Mid-market companies**

The Target Fund will primarily invest in Italian mid-market companies. Investments in mid-market companies, while often presenting greater opportunities for growth, may also entail larger risks than are customarily associated with investments in large companies. Mid-market companies may have more limited product lines, markets and financial resources, and may be dependent on a smaller management group. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there may be a more limited market for the sale of interests in smaller, private companies, which may make realisations of gains more difficult or require sales to other private investors. There can be no assurance that the pace of investments and/or the performance of the companies invested in will be positive or result in rates of return that are consistent with historical performance of 21 Investimenti or with historical performance or market indices in the Italian mid-market sector. The availability of suitable opportunities will depend, in part, upon general market conditions.

- **Dependence on key personnel**

The success of the Target Fund depends in substantial part on the skill and expertise of the members of the investment team, managers, and other employees of 21 Investimenti. There can be no assurance that the members of the investment team or other employees of 21 Investimenti will continue to be associated with 21 Investimenti or its advisers throughout the life of the Target Fund. The loss of key personnel could have a material adverse effect on the Target Fund.

- **Returns to investors**

The return of capital and realisation of gains, if any, on investments will generally occur only upon the realisation by the Target Fund of portfolio investments, which may not occur (if at all) for several years after the Target Fund's initial investments or the Target Fund's acquisition of such portfolio investments. Such distributions are likely to be unpredictable and may occur earlier or later than anticipated by 21 Investimenti. There can be no assurance that the operation of the Target Fund will be profitable, that the Target Fund will be able to avoid losses or that cash from its investments will be available for distribution to investors.

- **Liability of investors**

21 Investimenti may require investors to return distributions made to such investors for the purpose of meeting such investor's pro rata share of the Target Fund's obligations (including any indemnification obligations). Investors may also face acceleration of the payment of their commitments pursuant to drawdown notices in the event of a default by another investor. Pursuant to the constituent documents of the Target Fund, any defaulted contributions by an investor may be funded through additional contributions from non-defaulting investors, and the non-defaulting investors will be obligated to fund such drawdown notices (subject to the maximum aggregate equity commitment of such non-defaulting investors).

- **General economic conditions**

General economic conditions may affect the Target Fund's activities. Interest rates, general levels of economic activity, the price of securities and participation by other investors in the financial markets may affect the value and number of investments made by the Target Fund or considered for prospective investment. For instance, the current disruption in the debt markets has affected the price of, and the ability to make certain investments. Instability in the securities markets may also increase the risks inherent in investments. The ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the public high yield debt market or otherwise. Political and economic instability in Italy, and in any other country in which the investments conduct their business, could adversely affect such investments. In addition, policy changes with regard to taxation, fiscal and monetary policies, repatriation of profits and other economic regulations may occur, any of which could have an adverse effect on private investments.

- **Bankruptcy of portfolio companies**

The Target Fund may make investments in portfolio companies that may experience financial difficulties and become insolvent or file for bankruptcy protection. Various laws in connection with such insolvency proceedings could operate to the detriment of the Target Fund. There is also a risk that a court may subordinate the Target Fund's investment to other creditors or require the Target Fund to return amounts previously paid to it by a portfolio company that became insolvent or files for bankruptcy, a risk that could increase if the Target Fund has management rights in such portfolio company.

- **Realisation of investments**

The Target Fund may invest in investee companies which unexpectedly cannot be realised in an orderly fashion until after the date on which the Target Fund is scheduled to terminate. Although it is the expectation of 21 Investimenti that all investments will be disposed of prior to the end of the Target Fund's term, the Target Fund may have to sell or otherwise dispose of investments on disadvantageous terms as the result of the Target Fund's termination, or distribute such

investments in kind to investors pursuant to the terms and conditions set forth in the by laws of the Governing Rules.

12. Listing on the Luxembourg Stock Exchange

The General Partner does not intend to apply for the listing of the Shares of the Sub-Fund on the Luxembourg Stock Exchange or any other stock exchange.

13. Availability of the Net Asset Value and of Other Information

The Net Asset Value per Share of each Class will be available at the registered office of the General Partner and/or with the Administrative Agent.

The private placement memorandum of the Target Fund will be made available to the Company.

The audited annual report and the unaudited quarterly reports of the Target Fund, including a number of items specified in the private placement memorandum of the Target Fund, will be made available to the Company.

14. Duration and exit strategy of the Sub-Fund

The Sub-Fund is established for a limited duration of ten (10) years as from the Last Closing, with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Target Fund, at its sole discretion. In fact, the exit strategy of the Sub-Fund is linked to the duration of the Target Fund, which is ten (10) years as from the Target Fund's first closing subject to extension for up to two (2) additional one (1) year periods, subject to earlier termination in accordance with the terms and conditions of the Governing Rules.

During all the investment process, potential exit routes and a target exit horizon will be linked to those of the Target Fund. The maturity of each investment is continually monitored and assessed by comparing actual development against the business plan. The timing and conditions of any exit in the Target Fund are discussed in a timely manner, in advance of such exit, with the management team of the Target Fund.

Notwithstanding the foregoing, if the Target Fund during the life of the Sub-Fund does not qualify anymore as a private equity fund in accordance with the 2004 Law, then the General Partner shall make the necessary in order for the Sub-Fund to dispose of its investments in the Target Fund.