

if certain other events occur. It is also possible that a transaction undertaken by the Fund will be a reportable transaction for Investors. Substantial penalties may be imposed on taxpayers who fail to comply with these laws.

In addition, other tax laws impose substantial excise taxes and additional reporting requirements and penalties on certain tax-exempt Investors (and, in some cases, the managers of tax-exempt Investors) that are, directly or in some cases indirectly, parties to certain types of reportable transactions.

Certain U.S. state and local income tax considerations

The foregoing discussion does not address the U.S. state and local tax consequences of an investment in the Fund. Investors may be subject to U.S. state and local taxation, and tax return filing requirements, in the jurisdictions of the Fund's activities or investments, particularly in the case of investments in Operating Partnerships. Investors may not receive the relevant tax information prior to when their tax return reporting obligations become due and may need to file for extensions. Investors are urged to consult their own tax advisers regarding U.S. state and local tax matters.

Certain UK tax considerations

The following is a discussion of certain UK taxation considerations relating to an investment in the Fund and does not purport to address all of the UK taxation considerations that may be applicable to any particular Investor. It is based on laws, regulations and other authorities in effect as of the date of this Memorandum, all of which are subject to change, possibly with retroactive effect. The UK taxation of partnerships and partners is extremely complex, involving, among other things, significant issues as to the character, timing of realization and sourcing of gains and losses. Investors should not construe the contents of this Memorandum as tax advice, and each Investor is urged to conduct its own due diligence, and consult with its professional advisers, with respect to the tax consequences of its investment in the Fund.

Taxation of the fund. The Fund will be established as an English limited partnership to make private equity and equity related investments. The Fund has been structured and is intended to be operated so that it is treated as an investment partnership and not as carrying on a trade for UK tax purposes. These characteristics are important to the UK tax treatment of the Investors and the Fund. If the Fund conducts business such that it ceases to be one of making investments (or if any transaction were to be characterized as a trading rather than as an investment transaction), the tax treatment outlined here would not necessarily apply.

The Fund should be treated for UK tax purposes as a partnership and the following summary is based on that assumption. HM Revenue & Customs will not treat the Fund as a separate taxable entity for UK income and capital gains tax purposes. Instead, the income and capital gains or losses of the Fund will be treated as those of the Investors as and when they arise. For this purpose, HM Revenue & Customs generally regards each Investor as owning a fractional share of each of the Fund's underlying assets in a way which reflects the Investor's profit-sharing ratio. Where a Fund Secondary Investment or GP-led Secondary Investment is itself treated as tax transparent for UK tax purposes (as in the case of a partnership), HM Revenue & Customs will generally look through that investment to its underlying assets.

Each Investor will be solely responsible for paying the tax due on its own share of the Fund's income and gains. Investors will be required to include their share of such income and gains in their own tax returns. The Fund may be required to complete and file a partnership return to aid the assessment of the Investors. Any Investor may be required to provide such information as may reasonably be required to facilitate the assessment to income tax or corporation tax of any Investor liable to be so assessed.

Investors who are not resident in the UK and who hold their Interest as part of a trade (e.g., financial traders, such as banks), may be treated as carrying on that part of that trade in the UK through a UK representative, which can be assessed to UK tax on the profits of such Investor. In those circumstances, the General Partner will be entitled to retain an amount equal to the Investor's liability to UK corporation tax or income tax and to submit such amounts to HM Revenue & Customs.

It is likely that the Fund will be required to lodge an annual partnership tax return with HM Revenue & Customs although no tax should be payable by the Fund itself on any income or gain reported in such tax return. In order to lodge a tax