PROSPECTUS

VOLTA FINANCE LIMITED

(the "**Company**")

(incorporated in Guernsey on October 31, 2006, under the Companies (Guernsey) Laws, 1994 to 1996 (as amended) with registered number 45747)

Offer of 35 million Ordinary Shares
Offer Price of €10 per Ordinary Share
and Admission to listing on Eurolist by Euronext Amsterdam

Share capital immediately following Admission

Authorised	*Ordinary Shares*	**Issued**(1)
Unlimited	*of no par value*	35,000,003

(1) Assuming the sale of 35 million voting non-convertible ordinary shares in the Offer (the "**Offer Shares**"). The number of Offer Shares can be increased (to up to 50 million Offer Shares) or decreased prior to the settlement date. The actual number of Shares offered in the Offer will be determined after taking into account the conditions and factors described under the section entitled "Part V — The Offer" and will be published in a pricing statement to be published in the Netherlands and filed with the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten* or "**AFM**") and in a press release and an advertisement in the Official Price List and a Dutch newspaper on or about December 12, 2006.

The consent of the Policy Council of the States of Guernsey under the Control of Borrowing (Bailiwick of Guernsey) Ordinances, 1959 to 2003 has been obtained for this issue. It must be specifically understood that, in giving consent, neither the Guernsey Financial Services Commission nor the States Policy Council takes any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

The Company has applied for admission of all of its voting non-convertible ordinary shares (the "**Shares**") (but not its single voting, convertible Class B ordinary share or its non-voting, convertible Class C ordinary shares) for trading on the regulated market of Euronext Amsterdam N.V. ("**Euronext Amsterdam**") and for listing ("**Admission**") on Eurolist by Euronext Amsterdam ("**Eurolist by Euronext Amsterdam**"). This document constitutes a prospectus for purposes of Article 3 of Directive 2003/71/EC of the European Parliament and of the Council (the "**Prospectus Directive**") and has been prepared in accordance with Article 3 of the Dutch Act on the Supervision of the Securities Trade 1995 (*Wet toezicht effectenverkeer 1995* or the "**Dutch Securities Act**"), as amended, and the rules promulgated thereunder (the "**Prospectus Rules**"). This document has been approved by and filed with the AFM. The Company expects that dealings in the Shares on an "as, if and when issued" basis will commence, on or about December 13, 2006 and that official Admission will become effective on December 18, 2006. If the closing and settlement of the Offer (the "**Closing**") do not take place on December 18, 2006 or such later date (if any) as the Company and the Joint Global Coordinators for the Offer may agree (the "**Closing Date**"), the Offer will be withdrawn, all subscriptions for the Offer Shares will be disregarded, any allotments will be deemed not to have been made, any subscription payments made will be returned without interest or compensation and all transactions in the Shares on Euronext Amsterdam will be cancelled. All dealings in Shares on the regulated market of Euronext Amsterdam prior to settlement and delivery are at the sole risk of the parties concerned. The Company does not intend to apply for the Shares to be admitted to listing or trading on any other exchange or trading system.

The Shares have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act") or any state securities laws in the United States or under the securities laws of Australia, Canada or Japan. Subject to certain limited exceptions, the Shares may not be offered or sold within the United States, Australia, Canada or Japan or to any national, resident or citizen of Australia, Canada or Japan or to or for the account of U.S. Persons. The initial purchasers of the Shares in the Offer (the "Initial Purchasers") may arrange for the offer and sale of Shares in the United States or to U.S. Persons only to persons (a) reasonably believed by them to be "qualified institutional buyers" as defined in Rule 144A ("Rule 144A") under the Securities Act, and (b) who are also "qualified purchasers" as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act"), in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A, or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Shares being offered and sold outside the United States are being offered to non-U.S. Persons in reliance on Regulation S under the Securities Act. For this purpose, "non-U.S. Persons" means parties who are not "U.S. Persons" as defined in Regulation S. The Company will not be registered under the Investment Company Act and investors in its securities will not be entitled to the benefits of regulation under that Act. Furthermore, the Company's investment manager is not registered under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act"), and as a result the Company and its investors will not be entitled to the benefits of the requirements applicable to investment advisers that are registered under the Advisers Act. Prospective investors in the Shares are hereby notified that sellers of the Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A or another exemption from the registration requirements of the Securities Act. The Shares are not transferable except in compliance with the restrictions described in "Important Information for Investors". The Shares may not be acquired by investors using assets of any retirement plan or other plan that is subject to part 4 of subtitle B of Title I of ERISA or Section 4975 of the Internal Revenue Code. The Company expects that it, its subsidiaries that are treated as corporations for U.S. federal income tax purposes, and possibly a significant number of the entities in which they invest, will be treated as passive foreign investment companies for U.S. federal income tax purposes. Accordingly, U.S. investors may be subject to adverse U.S. federal income tax consequences in respect of their investment in the Shares. See the sections entitled "Risk Factors" and "Part VII — Tax Considerations — United States Taxation — Passive Foreign Investment Company Rules".

Investment in the Company involves risk and special considerations. Prospective investors in the Offer Shares should read this entire document and, in particular, the section entitled "Risk Factors" on pages 9 to 34, which describes certain risks and special considerations that should be taken into account when considering whether to acquire Shares.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

Citigroup **Goldman Sachs International**

Placement Agents

ING Wholesale Banking **I.S. Plenum** **Wachovia Securities**

The date of this Prospectus is December 4, 2006

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Citigroup Global Markets Limited and Goldman Sachs International are advising the Company and no one else in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Citigroup Global Markets Limited or Goldman Sachs International nor for providing any advice in relation to the Offer, the contents of the Prospectus or any transaction or arrangement referred to herein. Citigroup Global Markets Limited and Wachovia Capital Markets LLC have entered into arrangements with the Investment Manager regarding the acquisition and financing of the Company's initial investment portfolio pending its acquisition by the Company. The Company has entered into forward purchase agreements, conditional upon Closing, with Citigroup Global Markets Limited and Wachovia Capital Markets LLC with regard to investments included in the initial investment portfolio. See "Part I — The Company's Business — Initial Portfolio".

FOR NEW HAMPSHIRE RESIDENTS ONLY: NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

SUMMARY

THIS SUMMARY HIGHLIGHTS CERTAIN ASPECTS OF THE COMPANY'S BUSINESS AND THE OFFER AND SHOULD BE READ AS AN INTRODUCTION TO THIS DOCUMENT. ANY DECISION TO INVEST IN THE OFFER SHARES SHOULD BE BASED ON A CONSIDERATION OF THIS DOCUMENT AS A WHOLE AND THE RISKS AND SPECIAL CONSIDERATIONS ASSOCIATED WITH INVESTING IN THE SHARES SET OUT IN "RISK FACTORS".

Where a claim relating to the information contained in this document is brought before a court of a state within the European Economic Area (an **"EEA State"**), a plaintiff investor might, under the national legislation of the EEA State where the claim is brought, have to bear the costs of translating this document before the legal proceedings are initiated. Civil liability attaches to the persons responsible for this summary, including any translation of the summary, but only if the summary is misleading, inaccurate or inconsistent when read together with other parts of this document.

Please refer to the section titled "Definitions and Glossary" for definitions of capitalised terms used in this summary.

1. The Company

The Company is a newly-established closed-ended limited liability company incorporated in Guernsey under the Companies (Guernsey) Laws.

The Company's investment objectives are to preserve capital and to provide a stable stream of income to its Shareholders through dividends that it expects to distribute on a semi-annual basis. It will seek to attain its investment objectives by pursuing a multi-asset class investment strategy. The strategy will focus on direct and indirect investment in and exposures to a variety of assets selected for the purpose of generating overall stable and predictable cash flows for the Company. Initially, the underlying assets principally targeted for direct and indirect investment (collectively, the **"Primary Underlying Assets"**) will consist of:

- Corporate credits;
- Sovereign and quasi-sovereign debt;
- Residential mortgage loans;
- Commercial mortgage loans;
- Automobile loans;
- Student loans;
- Credit card receivables;
- Leases; and
- Debt and equity interests in infrastructure projects.

The Company's basic approach to investment in these Primary Underlying Assets will be through vehicles and arrangements that essentially provide leveraged exposure to portfolios of Primary Underlying Assets (for example, the kind of risk/reward profile typically associated with the residual interest in a securitisation transaction). In this regard, the Company has instructed AXA Investment Managers Paris (the **"Investment Manager"**), the Company's investment portfolio manager, to pursue the Company's investment strategy by concentrating initially on five principal target asset classes, each of which is supported principally if not entirely by cash flows generated by Primary Underlying Assets **("Primary Target Asset Classes"):**

- Corporate credits;
- CDOs;
- Other asset-backed securities;
- Leveraged loans; and
- Infrastructure assets.

2. Dividend Policy

Subject to having sufficient cash and profits or reserves available, the Company is targeting the payment of a dividend of €0.35 per Share in respect of the period from Admission through July 31, 2007, and an aggregate annual dividend of €0.95 per Share in two instalments in respect of its first full financial year ending on July 31, 2008. These are targeted dividend levels and not forecasts or binding commitments. They are based on certain assumptions and there can be no assurance that they will be realised.

Thereafter, subject to having sufficient cash and profits or reserves available for the purpose, the Company intends to pay out to Shareholders in the form of semi-annual dividends substantially all of its Distribution Income less Incentive Fees payable to the Investment Manager. The Incentive Fees will be calculated on the basis of the Distribution Income of the Company. Distribution Income will based on the Company's reported net income, but with a number of adjustments principally intended to correlate dividend payments more closely to underlying interest income.

Notwithstanding the foregoing, the payment and amount of any dividends will remain within the discretion of the Board (subject, in the case of a final distribution in respect of a fiscal year, to such Shareholder approval as may be required by law).

3. Leverage

The Company's investment strategy involves a high degree of exposure to leveraged investments. At Admission, the Company will have no direct borrowings. It will, however, hold investments with imbedded internal leverage (synthetic or through the residual interests in securitisation structures). Following Closing, subject to the Company's investment guidelines, the Investment Manager will cause the Company to acquire additional internally leveraged investments, and may then in turn leverage them and other investments.

4. The Investment Manager

The Company and the Investment Manager have entered into an Investment Management Agreement, conditional upon Closing. The Investment Manager's appointment under that Agreement may be terminated by the Company without cause on two years' advance written notice (or with less than two years' notice if payment to compensate the Investment Manager is made), but any such notice may only be delivered after the third anniversary of the effective date of the Investment Management Agreement. As a result, absent termination for cause, termination by mutual agreement, the Investment Manager's resignation, automatic termination or (in the case of termination without cause) the payment of compensation, the Investment Manager's term of appointment will be for an effective minimum term of five years. "For cause" is narrowly defined in the Investment Management Agreement, and does not include unsatisfactory investment performance.

Management Fee

Under the Investment Management Agreement, the Investment Manager will be entitled to receive from the Company a management fee at a rate of 1.75 per cent. per annum (plus any applicable value added tax) of the net asset value of the Company (the **"Management Fee"**), calculated for each six-month period ending on July 31 and January 31 of each year on the basis of the Company's net asset valuation as at the end of the preceding period and payable semi-annually in arrear.

Incentive Fee

Under the terms of the Investment Management Agreement, the Investment Manager will be entitled to receive an incentive compensation fee (the **"Incentive Fee"**). The Incentive Fee (if any) will be payable in arrear in respect of each semi-annual period ending July 31 and January 31 of each year (or, in case of the initial period, in respect of the period from the Closing Date through July 31, 2007) (each such period, an **"Incentive Period"**).

The Incentive Fee payable in respect of each Incentive Period will be equal to 25 per cent. of the surplus Distribution Income (if any) for that period above a hurdle rate, subject to a lookback mechanism that takes into account the levels of Distribution Income generated and Incentive Fees paid over the prior three Incentive Periods. The hurdle rate will be set initially at 4 per cent. per semi-annual period and will be subject to adjustment from 2010 onwards to take account of market movements in interest rates.

Subject to certain conditions and limitations, the Investment Manager will receive 50 per cent. of the Incentive Fee payable on any date in the form of new, non-voting Class C ordinary shares of the Company (the **"Class C Shares"**). For a description of the conditions and limitations, please refer to "Part IV — Management and Administration of the Company and the Company's Investment Portfolio — The Investment Manager — Investment Manager's Fees and Expenses — Incentive Fee". The Class C Shares will be convertible into Shares upon certification by the holder that, among other things, they are being sold to a party unaffiliated with the Investment Manager.

Investment Manager Warrants

At the Closing Date, the Investment Manager will be granted the right to acquire an amount of Class C Shares equivalent to 10 per cent. of the number of Shares in issue immediately following the Closing, at an exercise price per Share equal to the Offer Price (the **"Investment Manager Warrants"**). The Investment Manager has advised the Company that it intends to use a substantial portion of the Investment Manager Warrants to incentivise certain of its employees, including those involved in the management of the Company's portfolio or closely related support functions. The Investment Manager Warrants will become exercisable after November 30, 2008. They will cease to be exercisable after December 31, 2016.

Expenses and Indemnities

The Investment Manager will also be entitled to the payment or reimbursement of certain expenses by the Company and indemnification from the Company against certain liabilities.

5. Risk Factors

An investment in the Shares is subject to a number of risks that could materially and adversely affect the Company's business, financial condition or results of operations, certain of which are highlighted below.

The Company's Investments:

- Many of the Company's investments will be subject to risks relating to subordination.
- There are risks relating to defaults or unexpected changes in the timing of cash flows or in recovery rates from the Company's investments.
- Most of the Company's investments will be illiquid.
- There are risks relating to the performance of the servicers or portfolio managers of the underlying asset portfolios.
- In some cases, the Company's investments will be subject to multiple layers of management and other fees.
- There are risks relating to a potential inability to source appropriate investments in which to invest the net proceeds of the Offer and reinvest capital returned on investments.
- There are risks relating to changes in interest rates.
- Hedging transactions may limit gains or result in losses.
- The Company may be subject to liabilities arising out of its investments.
- The Company's investments will be subject to differing laws regarding creditors' rights and the enforceability of security.
- The Company's investment portfolio may be subject to concentration risk, market risk, credit risk and foreign exchange risk.
- There are risks relating to mark-to-market adjustments of portfolio positions.
- The Company may invest in assets under terms that limit the Company's control over those assets.
- The Company is not limited to investing in Primary Target Asset Classes or Primary Underlying Assets.
- There can be no guarantee that the Company will not be paying a higher price for its Initial Portfolio than it might pay if it were to purchase the investments elsewhere.
- There are specific risks relating to each class of investments targeted by the Company.
- The Company will encounter risks related specifically to synthetic investment arrangements.

The Company's Exposure to Leveraging:

- The Company's investment strategy involves a high degree of exposure to the risks of leverage.
- There are risks relating to potential breach of covenants under financing or investment agreements.
- There are risks relating to a potential decline in the value or credit profile of the Company's investments.
- There are risks relating to cross-default provisions of the Company's future financing arrangements.
- Refinancing the Company's borrowings may be difficult and costly.
- The Company will be subject to interest rate risk.

The Investment Manager:

- The Company's investment performance is heavily dependent on the Investment Manager.
- The Investment Manager's other client relationships and business activities may give rise to conflicts of interest.
- There are risks relating to the structure of the Investment Manager's compensation.
- The Investment Manager could earn an incentive fee based on an amount that exceeds the amount of net income earned by the Company for the relevant period under IFRS.
- The Investment Manager may earn an incentive fee for a given period irrespective of whether the Company has earned any net income for IFRS purposes. Furthermore, the Investment Manager is not under an obligation to reimburse the Company for an incentive fee earned in a period where the Company's investments subsequently fail to perform as originally anticipated.
- The Investment Manager faces a potential conflict of interest in establishing or reviewing expected internal rates of return for assets that do not by their terms pay a fixed rate of interest.
- The strategies employed by the Investment Manager may not achieve the Company's investment objectives.
- The Investment Manager may be paid incentive compensation in respect of a period as to which no dividend distribution is made to Shareholders.
- The Investment Management Agreement is subject to a fixed initial term and a long notice period, and may be difficult or costly to terminate.
- The liability of the Investment Manager to the Company in respect of the Investment Manager's performance is limited.
- Legal compliance issues affecting the Investment Manager may adversely affect the Company.
- The compensation of the Investment Manager's personnel contains significant performance-related elements, and poor performance by the Company or other of the Investment Manager 's funds or accounts may make it difficult for the Investment Manager to retain staff.
- The Investment Manager is not registered under the Advisers Act.
- Loss of the services of the Investment Manager could materially hinder the Company's ability to secure financing and pursue its investment programme.

The Company and the Offer:

- The Company is newly formed and there can be no assurance that it will achieve its investment objectives.
- There may not be a liquid market for the Shares and the price of the Shares may fluctuate.
- The Euronext Amsterdam trading market is less liquid than other major stock exchanges, which could affect the price of the Shares.
- If closing of the Offer does not take place on the Closing Date, investors may incur losses or liabilities as a result of the cancellation of transactions on Eurolist by Euronext Amsterdam.
- The Company may be unable to meet its dividend targets.
- The Company may be subject to increases in operating and other expenses.

- There are risks relating to the potential imposition of withholding tax.
- If the Company becomes subject to tax on a net income basis outside Guernsey, the Company's financial condition and prospects could be materially and adversely affected.
- There are risks relating to the potential imposition of withholding or excise taxes in respect of distributions or other payments on the Company's direct and indirect investments.
- The Company may be required to consolidate the assets, liabilities, income and expenses of certain special purpose entities.
- The Company expects that U.S. taxpayers generally would be subject to adverse U.S. tax consequences in respect of their investment in the Shares under the U.S. tax rules applicable to "passive foreign investment companies".
- The interests of the AXA Group Investors as shareholders, including as holder of the Company's Class B Share, may differ from those of other shareholders.
- The Company will not be registered under the U.S. Investment Company Act.
- There are risks relating to ERISA, Section 4975 of the Code and similar federal, state, local or non-U.S. laws.
- There are risks relating to future share issues and the exercise of the Investment Manager Warrants.
- The Company's name may be subject to legal challenges.
- If the Company's place of management were to change or be deemed to have changed, the City Code on Takeovers and Mergers may no longer apply to the Company
- No formal corporate governance code will apply to the Company.
- Changes in laws or regulations, or a failure to comply with any laws or regulations, may adversely affect the Company's business, investments and results of operations.
- The Company is subject to potential conflicts of interest relating to the Initial Purchasers and their affiliates.

6. The Offer

The Offer size is 35 million Shares, to raise, at the Offer price of €10 per Share, net proceeds of approximately €330,750,000 million, after estimated expenses of €19,250,000.

The Offer Shares represent all of the issued ordinary share capital of the Company expected to be issued and outstanding immediately following Closing, other than a single Class B Share.

The Offer size may be increased (up to 50 million Offer Shares) or decreased prior to the Closing Date. The actual number of Shares offered in the Offer will be determined after taking into account the conditions and factors described under "Part V — The Offer" and will be published in a pricing statement to be published in the Netherlands and filed with the AFM and in a press release and an advertisement in the Official Price List and a Dutch newspaper on or about December 12, 2006.

The Company intends to apply during the bookbuilding period for admission of all the Shares to trading on the regulated market of Euronext Amsterdam and listing on Eurolist by Euronext Amsterdam. It is expected that dealings in the Shares on an "as, if and when" basis will commence at 9:00 a.m. Central European time on or about December 13, 2006, and that unconditional listing will become effective on December 18, 2006. If closing of the Offer does not take place on the Closing Date, the Offer will be withdrawn, all subscriptions for the Offer Shares will be disregarded, any allotments made will be deemed not to have been made, any subscription payments made will be returned without interest or compensation and all transactions in the Shares on Euronext Amsterdam will be cancelled. All dealings in Shares on the regulated market of Euronext Amsterdam prior to the Closing are at the sole risk of the parties concerned. Euronext Amsterdam does not accept any responsibility or liability for any loss or damage incurred by any person as a result of the listing and trading on an "as, if and when issued" basis as from the listing date until the Closing Date.

7. Initial Portfolio

The Company expects to acquire, on or about the Closing Date, an initial portfolio of assets assembled under the direction of the Investment Manager in anticipation of the Closing. All the investments in this initial portfolio are within the Primary Target Asset Classes.

The initial portfolio is expected to represent at or about the Closing Date an amount equal to between 30 per cent. and 40 per cent. of the net proceeds of the Offer, assuming for this purpose net proceeds to the Company of €330,750,000 from the Offer.

The Company plans, during an up to nine month ramp-up period following the Closing, to invest the balance of the net proceeds of the Offer so as to attain a fully invested portfolio, although there can be no assurance that this plan will be realised.

8. Use of Proceeds

The Company intends to use the net proceeds of the Offer to (i) pay the purchase price for the initial portfolio (or, in the case of an initial total return swap that is expected to be part of the initial portfolio, to post cash collateral); (ii) to acquire additional investments in the Primary Target Asset Classes and other investments in accordance with the Company's investment guidelines and its plans for the Fully Invested Model Portfolio (iii) to pay and reimburse expenses associated with the planning, organisation, launch and on-going operation of the Company, including certain commissions, fees and expenses of the Initial Purchasers and certain legal, accounting and out-of-pocket expenses of the Investment Manager.

9. Investment by AXA Group Entities

One or more affiliates of AXA S.A., the ultimate parent company of the Investment Manager (the **"AXA Group Investors"**) (excluding for avoidance of doubt any fund managed by the Investment Manager in which a majority of the units are owned by persons other than members of the AXA Group) are expected to acquire in the Offer Shares representing at least 10 per cent. of the Company's initial equity capitalisation at the Closing. The amount of Shares so acquired by the AXA Group Investors, however, will be limited to no more than 15 per cent. of the Company's initial equity capitalisation. To the extent that the number of Offer Shares purchased by (i) AXA Group Investors and (ii) funds managed by the Investment Manager in which a majority of the units are owned by persons other than AXA Group members, taken together, does not exceed 15 per cent. of the total number of Offer Shares, the Initial Purchasers will not charge underwriting fees or commissions with respect to the Offer Shares purchased by such persons.

In addition, an affiliate of AXA S.A. will acquire a single Class B ordinary share of the Company's equity capital (the **"Class B Share"**) at a price of €10. The Class B Share will entitle its holder to elect a single director to the Company's Board of Directors, and the affirmative vote of the holder of the Class B Share will be required to amend the Articles of Association of the Company to remove or modify this special right. The termination of the Investment Management Agreement would not affect the rights of the holder of the Class B Share.

Each of the AXA Group Investors expected to acquire Offer Shares in the Offer has advised the Company and the Initial Purchasers that it has no current intention of disposing of those Offer Shares, but it has made no binding commitments in this regard, and retains the absolute right to dispose of any Offer Shares it may acquire, as and when it deems appropriate.

10. Director Shares

Each Director will receive 30 per cent. of his or her director's fee for any year in the form of newly issued Shares at a per share price equal to the average per share closing price of the Shares on Euronext Amsterdam over the 60 consecutive Euronext Amsterdam trading days preceding the date of issuance.

11. Lock-up Arrangements/Competing Funds

In the Initial Purchase Agreement, the Company has agreed with the Initial Purchasers not to issue any additional Shares for a period of six months from Admission (subject to an exception for Directors' fees in the form of Shares) without the prior consent of the Joint Global Coordinators.

Shares issued to the Directors as part of their Directors' fees, Class C Shares issued to the Investment Manager as part of its Incentive Fee and the Investment Manager Warrants are also subject to transfer restrictions for certain periods following their issuance.

The Investment Manager has agreed with the Initial Purchasers in the Initial Purchase Agreement and with the Company in the Investment Management Agreement that, for so long as it acts as the Company's investment manager, it will not manage or act as principal adviser to another vehicle with listed equity securities that has a multi-asset class structured credit strategy focused on a majority of the Primary Target Asset Classes without the prior approval of a majority of the votes cast at a shareholders' meeting.

RISK FACTORS

An investment in the Shares is suitable only for sophisticated investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses (which may equal the whole amount invested) that may result. The Company offers no assurance that its investment objectives will be achieved. Prospective investors should carefully review and evaluate the descriptions of risk and the other information contained in this document, as well as their own personal circumstances, and consult with their financial and tax advisers before making a decision to invest in the Shares.

Prospective investors should be aware that the value of the Shares may decrease, any dividend income from them may not reach targeted levels or may decline, and investors may not get back their invested capital. In addition, the market price of the Shares from time to time may be less than the underlying value of the Company's net assets. The net asset value of the Company as determined by it from time to time may be at a level higher than the amount that could be realised if the Company were liquidated.

The risks and uncertainties discussed below are those that the Company believes are material, but these risks and uncertainties may not be the only ones that the Company faces. Additional risks and uncertainties, including those that the Company is not aware of or views as immaterial, may also result in decreased revenues, increases expenses or other events that could result in a decline in the value of the Offer Shares.

Unless defined herein, all capitalised terms used in this section are defined in the section entitled "Definitions and Glossary".

Except as otherwise indicated, references to the Company in the discussion below include the Company, its subsidiaries (if any) and any special purpose vehicles that it may form or sponsor to pursue its investment strategy.

Risks Relating Generally to the Company's Investments

Most of the Company's investments will be in subordinated securities and subordinated loans, or will be structured so as to create the risk/return profile of subordinated securities or loans, and so can be particularly susceptible to losses.

The majority of the Company's investments are expected to consist of direct or indirect interests in or economic exposures, actual or synthetic, to limited recourse securities or loans that are contractually, structurally or legally subordinated in right of payment and ranked junior to other obligations. In general, losses experienced by the obligors on their operations or underlying assets will be borne first by the junior-most classes of securities or loans. Some of the Company's investments may also have structural features that divert payments of interest, principal or both to more senior classes of securities or loans secured by or representing ownership in the same pool of assets when the delinquency or loss experience of the pool exceeds certain levels. This may lead to temporary or permanent interruptions in the income stream that the Company anticipates receiving from assets in its investment portfolio, which may lead to the Company having less or no cash or profits available for distribution to Shareholders.

Although holders of subordinated securities and loans generally have the benefit of security (or other priority rights) over such collateral as may be posted to secure the securities or loans, control of the timing and manner of the disposal of such collateral upon a default typically will devolve to the holders of the senior class of securities or loans outstanding. The holders of the more senior classes may be expected to look to their interests when deciding how to proceed with a distressed obligor and disposing of collateral, which may mean that they take actions or direct disposals that protect their return of investment but not that of lower-ranking classes. There can be no assurance that the proceeds of any such sale of collateral will be adequate to repay in full the Company's investments.

Investors in subordinated securities or loans may be subject to intercreditor arrangements under which they do not have the right to call a default or vote on remedies following a default unless more senior securities or loans have been paid in full. As a result, a shortfall in payment to investors in subordinated securities or loans may not in itself result in default being declared on the relevant transaction. Furthermore, because subordinated securities or loans may represent a relatively small percentage of all securities or loans secured by or representing an asset pool, the impact of a relatively small loss on the overall pool may be substantial for the holders of such subordinated securities or loans.

Defaults or unexpected changes in the timing of cash flows or in recovery rates from the Company's investments may have a negative impact on the value of the Company's portfolio and its cash flows.

A default on an investment or an underlying investment will reduce the value of the investment and, consequently, the value of the Company's portfolio. To the extent that actual defaults on any assets in an asset portfolio directly or indirectly invested in by the Company exceed the level of defaults factored by the Investment Manager into the purchase price of the relevant investment, the value of the anticipated return from the investment will be reduced. The more deeply subordinated the tranche of securities in which the Company invests, the greater the risk of loss. While estimated levels of default generally will be taken into account when determining the prices paid for investments and the values at which those investments are carried in the Company's books, any defaults in excess of expectations will have a negative impact on the value of the Company's investment portfolio, will reduce the cash flows that the Company expects to receive from its investments and could adversely affect the Company's ability to pay dividends.

A wide range of factors could adversely affect the ability of the issuers and borrowers in which the Company directly and indirectly invests to make interest or other payments. These factors include adverse changes in the financial condition of the issuers or borrowers, any underlying obligors, or the industries or regions in which they operate; exposure to counterparty risks; systemic risk in the financial system and settlement; changes in law and taxation; a downturn in general economic conditions, changes in governmental regulations or other policies and natural disasters, terrorism, social unrest and civil disturbances.

Other factors may cause payment streams from the Company's investments to vary in timing and amount from the Company's expectations. In a declining interest rate environment, for example, borrowers may refinance outstanding fixed-rate indebtedness at lower rates, causing the accelerated return of principal at a time when attractive reinvestment opportunities may be limited. Mortgage-backed securities in particular tend to be subject to the ability of underlying borrowers to repay loans secured by income-producing or residential properties. In other environments, borrowers may slow the rate of discretionary prepayments, leading to departures from cash flow projections if the relevant changes were not anticipated.

Many of the Company's investments will be illiquid, which can adversely affect valuations and realisations.

The markets for many of the Company's proposed investments, including residual income positions, are illiquid. Accordingly, many of the Company's investments will be illiquid. In periods of market uncertainty or distress, the markets for the Company's investments may become increasingly illiquid or even cease to function effectively for a period of time. In addition, investments that the Company may purchase in privately negotiated (also called **"over the counter"** or **"OTC"**) transactions may not be registered under relevant securities laws or otherwise may not be freely tradable, rendering them less liquid than other investments. Tax or other attributes of securities or loans in which the Company invests may make them attractive to only a limited range of investors. There may also be contractual or other restrictions on transfers of the Company's investments. As a result of these and other factors, the Company's ability to vary its portfolio in a timely fashion and to receive a fair price in response to changes in economic and other conditions may be limited and the Company may be forced to hold investments for an indefinite period of time or until the maturity or early redemption thereof.

Furthermore, where the Company acquires investments for which there is not a readily available market, the Company's ability to obtain reliable information about the resale value of such investment or risks to which such investment is exposed may be limited. Illiquidity contributes to uncertainty about the values ascribed to investments when net asset value determinations are made, which can cause those determinations to vary from amounts that could be realised if the Company were to seek to liquidate its investments.

Although the Company and its agents will be able to refer to reported over-the-counter trading prices and bid/offer prices from brokers when valuing its more liquid investments, such as widely held investment grade debt, for other investments (such as residual interests in CDOs and other asset-backed securities) the Company's pricing sources will many times need to rely on financial pricing models based on assumptions concerning a number of variables, some of which involve subjective judgments and may not be uniform. For example, the valuation of residual income positions will generally turn upon returns (which may be internal rate of return or discount rates as well as expected cash flow returns) that the investments are expected to generate, and there is no standardised approach in the market to making those valuations. With asset-backed securities in general, assessments of the nature of the investments and the relevant collateral, security position, risk profile, historical default rates, and the originator or investment manager will factor into the pricing models. In the event that conditions in the market deviate materially from historical norms, the pricing models may prove to be defective. For residual interests in CDOs and other asset-backed securities, the Company's source of on-going pricing data will often be the arrangers of the relevant transactions, and such arrangers may have incentives to over- or under-price positions. The illiquidity of the markets for many of the Company's investments increases the risks that the Investment Manager will misjudge the price for assets when the Company enters into portfolio transactions and that other valuation errors will occur.

The performance of many of the Company's investments may depend to a significant extent upon the performance of the servicers or portfolio managers of underlying asset portfolios.

The Company will not control the portfolios of assets that may underlie many of its investments and will rely on the servicers and portfolio managers of various investment vehicles to service and manage their portfolios effectively. The Company may have little or no ability to influence or control the performance of the servicer or portfolio manager of an investment. Particularly in the case of residual income positions, the actions of the servicer or portfolio manager, including its ability to identify and act on issues affecting the underlying portfolio assets on a timely basis, may affect the Company's return on its investments, in some cases significantly. In addition, the concentration of a significant number of the Company's investments with one servicer or investment manager could affect the Company adversely in the event that the servicer or investment manager fails to fulfil its function effectively or at all. In the event of fraud by any entity through or in which the Company invests or by other parties involved with the entity, such as servicers, portfolio managers or cash managers, the Company may suffer a partial or total loss of the amounts invested through or in that entity. Risks relating to the lack of control over underlying portfolio assets will also exist with regard to synthetic investments.

In some cases, the Company's investments will be subject to multiple layers of management and other fees.

The Company's assets will be subject to multiple levels of management fees depending on the structure of the acquired assets and identity of and terms applicable to the relevant investment managers of underlying portfolios. The fees paid by the investment vehicles in which the Company invests to their investment managers and other service providers may be determined on a basis different from that used in calculating the fees payable to the Investment Manager pursuant to the Investment Management Agreement or to the Company's other service providers, and may change over time in a manner that adversely affects the Company. The Company generally will have no control over the amount or method of determining such third party management fees. The Management Fees and Incentive Fees payable by the Company to the Investment Manager pursuant to the Investment Management Agreement generally will be subject to a reduction or elimination in respect of investments by the Company in vehicles the portfolio manager of which is the Company's Investment Manager, although exception may be made in some cases with the approval of the Board. In cases where exception is made, the Investment Manager may have the ability to earn incentive fees both at the level of the underlying investment and the level of Company. The Investment Manager will, for example, be permitted to earn incentive fees at two levels with respect to one of the investments in the Initial Portfolio (JAZZ III). See "Part I — The Company's Business — Investment Guidelines — AXA IM Managed Products" and "Part I — The Company's Business — Initial Portfolio — Corporate Credits — JAZZ III". Fees payable to the Investment Manager will not be subject to any such reduction where assets acquired by the Company are interests in vehicles managed by third parties.

The ability of the Company to implement its investment strategies and to achieve targeted returns may be limited by an inability to source appropriate investments in which to invest the net proceeds of the Offer and reinvest capital returned on investments.

The ability of the Company to implement its investment strategies effectively and to achieve targeted returns may be limited by an inability to source appropriate investments in which to invest the net proceeds of the Offer. Until such time as the Company is able to invest or reinvest in suitable investments, its funds may not produce the level of returns targeted by the Company. There can be no assurance that, upon receiving the full or partial repayment of a given investment, the Company will be able to make a further investment with an expected rate of return equal to or greater than that of the investment repaid. If the rate of return of a new investment is less than that of the investment repaid, this could have an adverse impact on the Company's ability to pay attractive dividends and the value of its Shares may be adversely affected.

In addition, the Company may become subject to increased competition in seeking investments. Some of the Company's competitors may have greater resources than the Company or have a greater appetite for risk. Competition for investments may lead to the price of such investments increasing, which may limit the Company's ability to generate attractive returns.

Further, the volume of investment opportunities falling within the Company's investment strategy has grown dramatically in recent years. A diminution in this volume of new investment opportunities or a decrease in the quality of available opportunities going forward, especially if coupled with increased competition for investments, may limit the Company's ability to make appropriate investments, possibly significantly.

Rising interest rates may adversely affect the market value of some of the Company's investments and declining interest rates may affect the return on available reinvestment opportunities.

In the event of a general rise in interest rates, the value of certain investments that may be contained in the Company's investment portfolio may fall, reducing the net asset value of the Company. Declining interest rates may adversely affect the returns on available reinvestment opportunities. Fluctuations in rates may affect interest rate spreads in a manner adverse to the Company. Interest rates are highly sensitive to factors beyond the Company's control, including, among others, governmental monetary and tax policies, and domestic and international economic and political conditions.

Hedging transactions may limit gains or result in losses.

The Company may use derivative transactions to reduce its exposure to interest rate and currency fluctuations. A hedge position may not be effective in eliminating all of the risks inherent in any particular position and there can be no guarantee that suitable instruments for hedging will be available at times when the Company wishes to use them. The Company may realise losses on a hedge position that could adversely affect the Company's ability to pay dividends. A hedge position may also limit the Company's ability to capture gains that it would otherwise attain in the absence of the hedge. The Company will also be exposed to the credit risk of the relevant counterparty with respect to payments to be received under hedging transactions. Failure by a counterparty to make payments due under a hedging transaction could have an adverse impact on the Company's net income and ability to pay dividends.

The Company may be subject to liabilities arising out of its investments.

The Company may dispose of investments in some circumstances and in that context may be required to provide representations and warranties about those investments and to pay damages to the extent that any such representations or warranties prove to be inaccurate. The Company may become involved in disputes or litigation concerning such representations and warranties and may be required to make payments to third parties as a result of such disputes or litigation. Furthermore, the Company may find that it needs to pursue legal remedies against the issuers, underwriters or arrangers of securities and loans held within its portfolio. The Company's future investments in infrastructure projects may also entail litigation risks. If the Company does not have cash available to conduct such litigation or make such payments, it may be required to borrow funds. Any such payments and borrowings to finance those payments could have an adverse impact on the Company's ability to pay dividends. In addition, if the Company is unable to borrow funds to make such payments, it may be forced to sell investments to obtain funds. There can be no assurance that any such sales could be effected on satisfactory terms.

The Company's investments will be subject to differing laws regarding creditors' rights and the enforceability of security.

The Company's investments and any collateral underlying those investments may be subject to various laws for the protection of creditors in the jurisdictions of incorporation of the relevant issuers or borrowers and, if different, the jurisdictions from which they conduct business and in which they hold assets (such as the jurisdiction of the underlying obligors in respect of the securitised assets), which may adversely affect an issuer's or borrower's ability to make payments on the Company's investments. These insolvency considerations will differ depending on the country in which an obligor or its assets are located and may differ depending on the legal status of the obligor. Additionally, the Company, as a creditor, and the vehicles in which the Company invests may experience less favourable treatment under insolvency regimes that differ from those with which investors in the Shares may be familiar, including where the Company seeks to enforce any security it may hold as a creditor.

More specifically, debt securities of European issuers, in particular, may be structurally subordinated to the secured, unsecured and general creditors of the primary operating subsidiary or subsidiaries of the issuer. As a result, debt securities of European issuers generally realise very little recovery in insolvency proceedings because they are structurally subordinated and because of very favourable treatment afforded secured creditors. In addition, the insolvency procedures of many European jurisdictions vary significantly from each other and from the U.S. and such procedures may not be as developed nor as predictable as similar proceedings in other European jurisdictions or in the U.S.

The Company's investment portfolio may be subject to concentration risk.

While the Company and its Investment Manager will regularly monitor the concentration of the Company's portfolio and its exposure to related risk, concentration in any one industry, region or country or with respect to any given servicer or investment manager may arise from time to time. For example, at any given time, certain geographic areas or sectors may provide more attractive investment opportunities than others and, as a result, the Company's portfolio may be concentrated in those countries or regions or specific sectors in those countries or regions. The Company's direct or indirect investment in multiple portfolios of underlying obligations may result in the accumulation of exposures to particular credits or risks due to the recurrence of the same credit or risk in several portfolios. To the extent there is a downturn or other problem in any area where the Company's portfolio has concentration, this could reduce the return the Company receives on its investments and, consequently, could have an adverse impact on the Company's financial condition and its ability to pay dividends.

The Company will be subject to market risk and credit risk.

The Company's exposure to market risk is mainly with regard to movements in the value of its investments, and to the extent that the Company incurs indebtedness, changes in interest rates that either increase its cost of borrowing or, in the event the Company makes any fixed interest investments, may decrease its net interest income. In the event of a general rise in interest rates, the value of certain investments in the Company's portfolio may fall, reducing the net asset value of the Company. Interest rates are highly sensitive to factors beyond the Company's control, including, among other things, governmental monetary and tax policies and domestic and international economic and political conditions. Because the Company may employ leverage extensively, it will be sensitive to changes in credit spreads.

The Company is subject to credit risk in respect to its investments and with regard to its contractual counterparties (such as hedge providers). The Company intends to mitigate credit risk generally by pursuing a multi-asset class investment strategy involving direct and indirect investments in a number of asset classes that naturally tend to involve a diversification of underlying credit risk. The Company generally intends to structure synthetic investment exposures so as to mitigate its credit exposure to its counterparties (for example, by requiring collateralisation or by permitting termination upon the occurrence of credit rating downgrades). The Company will, however, in some instances have meaningful credit exposures to contractual counterparties (for example, with respect to Bank of America N.A. through a collateral cash deposit made by the Company to support the Company's expected Initial Total Return Swap with that bank). There will also remain the risk that adverse credit developments affecting certain asset types, geographic regions, industries, issuers, borrowers or counterparties may have a material adverse effect upon the Company.

The Company will be exposed to foreign exchange risk.

The Company's accounts will be denominated and dividends paid in euro while the Group's investments and liabilities may be made and realised in other currencies. Changes in rates of exchange (particularly with regard to U.S. dollar and British pound vis-a-vis the euro) may have an adverse effect on the value or price of the Company's investments or on the net asset value of the Company. In addition a change in foreign currency exchange rates may adversely affect cash flows or income (when converted in euro) from the Company's non-euro denominated investments, which could in turn adversely affect the Company's ability to pay dividends. Hedging strategies that may be employed by the Company to manage such risks might not be successful.

The Company's reported net income may be volatile due to mark-to-market adjustments of portfolio positions.

The Company's reported net income will be influenced by mark-to-market adjustments in the carrying values of certain of its investments under International Financial Reporting Standards (**"IFRS"**). These adjustments will lead to recognitions of gain or loss for accounting purposes even in situations where no impairment has occurred and the cashflow from affected investments is undisturbed. As a result, the reported earnings of the Company may be volatile from period to period, even if the cashflows generated to support the Company's investment objectives are unaffected.

The Company may invest in assets on terms that limit the Company's control over those assets.

The Company may be a party to a co-investment agreement with co-investors (including funds or accounts managed by the Investment Manager) or an intercreditor agreement that imposes restrictions or obligations on the Company in relation to its interest in an asset that it acquires, including, *inter alia,* in relation to the disposal of such interest, changing the managers of (or where relevant, the general partner or the investment structure for) the asset, its income and capital distribution entitlements and voting rights and/or may entitle its co-investors (or some of them or the relevant manager) to preferential income or capital returns on, or other rights in relation to, their investment in certain circumstances and/or pre-emption rights on the sale of the Company's interest. Any such co-investment or intercreditor agreement may also impose obligations on the Company. For example, the Company may be required under the terms of any co-investment agreement to fund cash shortfalls to prevent a dilution of its interest in the asset. Any of these matters may affect the value of the Company's investment in such assets. In addition, the Company may be jointly and severally liable for costs, taxes or other liabilities with its co-investors or co-creditors and, in the event of their default, the Company may be exposed to liability in excess of its economic interest in such assets or otherwise for more than its share of the matter in question. In the context of infrastructure projects, the Company may offer undertakings to project sponsors, governmental authorities or other transaction participants that restrict its freedom of action in dealing with assets.

The Company is not limited to investing in Primary Target Asset Classes or Primary Underlying Assets.

The Company's investment guidelines permit the Investment Manager to direct the investment of a substantial portion (up to 30 per cent. of Adjusted Gross Assets, as defined below) in investments that are not within Primary Target Asset Classes and that need not be directly or indirectly supported by cash flows from Primary Underlying Assets. Such investments may have characteristics and risks that are different from those otherwise described in this document. Prospective investors in the Shares must be willing and able to bear the risks associated with a grant of broad discretionary investment authority to the Investment Manager in this regard. Further, the Primary Target Asset Classes may change by decision of the Board.

There can be no guarantee that the Company will not be paying a higher price for its Initial Portfolio than it might pay if it were to purchase the investments elsewhere.

There can be no guarantee that the Company will not be paying a higher price for the Initial Portfolio, or individual securities and loans in or underlying it, that it might pay if it were to purchase the Initial Portfolio or any of the individual securities or loans elsewhere. The effective purchase price to the Company for the Initial Portfolio is based directly on the prices at which the obligations in or underlying the Initial Portfolio were acquired by the Warehousing Banks under the direction of the Investment Manager since June 2006. As a consequence, the market purchase price for individual securities and loans in or underlying the Initial Portfolio on the Closing Date may be higher or lower than the prices paid by the Company due to fluctuations in price over time. In addition, the price that will be paid by the Company for the Initial Portfolio may be different from the price that might be agreed upon as a result of negotiations with another seller or sellers, assuming the assets comprising the Initial Portfolio were otherwise available elsewhere. For information concerning certain measures taken by the Board to assess Initial Portfolio transfer price as at a valuation date, please refer to "Part I — The Company's Business — Initial Portfolio — Assessment of Initial Portfolio Transfer Prices". Values of assets that are in the Initial Portfolio as at the valuation date or added thereafter may fluctuate in the advance of the Closing.

There are specific risks relating to each class of investments targeted by the Company.

The Company's multi-asset class investment strategy will entail exposure to a spectrum of risks, including but not limited to credit and liquidity risks, that would be narrower if the Company's investment profile were narrower. The following paragraphs discuss risks associated specifically with certain types of direct and indirect investments the Company will make. They are without limitation on discussions of risks contained elsewhere in this document, and are not comprehensive discussions of all the risks associated with these or other types of investments the Company may make. The Company's investment guidelines permit up to 30 per cent. of the Company's Adjusted Gross Assets to be directed to investments other than investments in Principal Target Asset Classes, and the risks presented by those investments could be quite different from those presented by assets in the Primary Target Asset Classes.

Corporate Credits

Corporate credits include investment grade, sub-investment grade and unrated credits. Corporate credits present the risks of default by obligors, as well as other conventional risks of investment in debt securities. Included within the portfolio or portfolios of investment grade corporate debt in which the Company expects to invest will be some high yield, non-investment grade debt obligations. High yield obligations are generally unsecured and may be subordinated to other obligations of the relevant obligor. The market for high yield obligations, in particular, has experienced periods of volatility and periods of reduced liquidity. The lower rating of high yield obligations reflects a greater possibility that adverse changes in the financial condition of the obligor or in general economic or industry conditions may impair the ability of the obligor to make timely payments of principal or interest. High yield debt obligations historically have experienced greater default rates than investment grade obligations. Investments in high yield debt may be speculative.

CDOs

CDO securities generally are subject to credit, liquidity, currency, interest rate and other risks. The Company will invest primarily in the residual interests of CDOs, but may also invest in some mezzanine and senior CDO debt tranches. The residual interests in CDOs very often take the form of highly subordinated debt having effectively the lowest priority in a CDO's priority of payments waterfall (that is, having the economic attributes of equity, since CDOs typically lack equity classes of economic substance). Substantially all (if not all) of the CDO residual tranches purchased by the Company will be unrated or (if rated) will likely be non-investment grade. All or most of the CDO mezzanine debt tranches purchased by the Company are expected to be non-investment grade. As a holder of CDO residual interests, the Company generally will not have available to it any default remedies against the CDO issuer. CDO residual interests and CDO mezzanine debt tranches almost always represent highly leveraged investments in the CDO's asset pool, which is pledged to support the claims of higher ranking tranches of debt.

CDO securities generally are limited recourse obligations of the related CDO issuer, payable solely from the related CDO collateral or proceeds thereof. Consequently, holders of CDO securities must rely solely on distributions on the related underlying CDO collateral or proceeds thereof for payment in respect thereof. If distributions on the underlying CDO collateral are insufficient to make payments on the CDO securities, no other assets are available for payment of the deficiency, and following realisation of the underlying assets, the obligations of the CDO to pay such deficiency are extinguished. CDO collateral may consist of loans, asset-backed securities, high yield debt securities and other obligations, which often are rated below investment grade (or of equivalent credit quality). High yield debt securities generally are unsecured (and loans may be unsecured) and generally are subordinated to certain other obligations of the issuer thereof. The lower ratings of high yield securities and below investment grade loans reflect a greater possibility that adverse changes in the financial condition of an issuer or in general economic conditions or both may impair the ability of the related issuer or obligor to make payments of principal or interest. Such investments may be speculative. In addition, CDO investments may involve some exposure to the credit risk of an institution selling assets into the CDO as well as the credit risk of the obligors on the underlying portfolio assets.

CDO securities may also be subject to interest rate risk. The collateral pool of a CDO may bear interest at a fixed (floating) rate while the obligations issued by the CDO issuer may bear interest at a floating (fixed) rate. As a result, there could be a floating/fixed rate or basis mismatch between such CDO securities and CDO collateral which bears interest at a fixed rate, and there may be a timing mismatch between the CDO securities and assets that are not fixed rate assets. In addition, the interest rate on floating rate assets may adjust more frequently or less frequently, on different dates and based on different indices than the interest rates on the CDO securities. As a result of such mismatches, an increase or decrease in the level of the floating rate indices could adversely impact the ability to make payments on the CDO securities. Although many CDOs attempt to hedge this interest rate risk, the hedges do not eliminate this risk and the hedges may significantly reduce the distributions on the CDO equity tranches and CDO mezzanine tranches. Similar risks may exist with regard to currency risks, where a CDO has obligations denominated in one currency and underlying collateral denominated in another.

Managed CDO vehicles are exposed to the risk of under or misperformance by their collateral pool managers. Although CDO terms may contain provisions that allow measures to be taken to address certain performance issues with the managers, control over these measures often rests with the higher ranking debt classes, whose interests may diverge from those of the holders of the residual interests.

Asset-Backed Securities

Although the basic elements of all asset-backed securities are similar, individual transactions can differ markedly in both structure and execution. Important determinants of the risks associated with holding asset-backed securities include the characteristics of the underlying collateral (such default rates and recovery rates), relative seniority or subordination of the class of asset-backed securities, the relative allocation of principal and interest payments in the priorities by which such payments are made under the governing documents, how credit losses affect the issuing vehicle and the return to investors, whether collateral represents a fixed set of specific assets or accounts, whether the underlying collateral assets are revolving or closed-end, under what terms (including maturity of the asset-backed instrument) any remaining balance in the accounts may revert to the issuing company and the extent to which the company that is the actual source of the collateral assets is obligated to provide support to the issuing vehicle or to the investors. In addition, certain asset-backed securities (particularly subordinated asset-backed securities) provide that the non-payment of interest in cash on such securities will not constitute an event of default in certain circumstances and the holders of such securities will not have available to them any associated default remedies. Interest not paid in cash will often be capitalised and added to the outstanding principal balance of the related security. Any such deferral will reduce the current yield on such asset-backed securities. The Company may invest in asset-backed securities with many types of underlying assets. The following paragraphs focus in particular in mortgage-backed securities, which form a substantial portion of the asset-backed securities market.

Residential Mortgage-Backed Securities

Residential mortgage-backed securities (**"RMBS"**) are subject to particular risks, including prepayment risks, as they and their underlying mortgage obligations generally do not contain prepayment penalties and a reduction in interest rates generally increases prepayments on RMBS resulting in a reduction in yield to maturity for holders of such securities. Other relevant factors include loan-to-value ratios, borrower credit quality, economic factors (*e.g.,* unemployment, interest rates), geographic location and diversification of properties and deal structure.

Legal risks can arise as a result of the procedures followed in connection with the origination of the mortgage loans or the servicing thereof which may be subject to various federal and state laws (including, without limitation, predatory lending laws), public policies and principles of equity regulating interest rates and other charges, require certain disclosures or licensing of originators, prohibit discriminatory lending practices, regulate the use of consumer credit information and debt collection practices, may limit the servicer's ability to collect all or part of the principal of or interest on a residential mortgage loan and entitle the borrower to a refund of amounts previously paid by it or subject the servicer to damages and sanctions.

At present, a substantial part of the global market for residential mortgage-backed securities consists of U.S. mortgage-backed securities. As a result, U.S. legal considerations relevant to mortgage-backed securities may be of particular relevance to the Company's investments in mortgage-backed securities. Provisions of U.S. federal predatory lending laws, such as the Truth-in-Lending Act (as supplemented by the Home Ownership and Equity Protection Act of 1994) and Regulation Z, and various recently enacted state predatory lending laws provide that a purchaser or assignee of specified types of residential mortgage loans (including an issuer of RMBS) may be held liable for violations by the originator of such mortgage loans. Under such assignee liability provisions, a borrower is generally given the right to assert against a purchaser of its mortgage loan any affirmative claims and defences to payment that such borrower could assert against the originator of the loan or, where applicable, the home improvement contractor that arranged the loan. Liability under such assignee liability provisions could, therefore, result in a disruption of cash flows allocated to the holders of RMBS where either the issuer of such RMBS is liable in damages or is unable to enforce payment by the borrower. In most but not all cases, the amount recoverable against a purchaser or assignee under such assignee liability provisions is limited to amounts previously paid and still owed by the borrower. Moreover, sellers of residential mortgage loans to an issuer of RMBS typically represent that the loans have been originated in accordance with all applicable laws and in the event such representation is breached, the seller typically must repurchase the offending loan. Notwithstanding these protections, an issuer of RMBS may be exposed to an unquantifiable amount of potential assignee liability because, first, the amount of potential assignee liability under certain predatory lending laws is unclear and has yet to be litigated, and, second, in the event a predatory lending law does not prohibit class action lawsuits, it is possible that an issuer of RMBS could be liable in damages for more than the original principal amount of the offending loans held by it and must then seek contribution from other parties, who may no longer exist or have adequate funds available. The rate of interest payable on RMBS directly, indirectly or synthetically held by the Company may be set or effectively capped at the weighted average net coupon of the underlying mortgage loans themselves, often referred to as an "available funds cap". As a result of this cap, the return to the Company on such RMBS is dependent on the relative timing and rate of delinquencies and prepayments of mortgage loans bearing a higher rate of interest. In general, early prepayments will have a greater negative impact on the yield to the Company on such RMBS. The Company is not limited however, to investing in U.S. mortgage-backed securities, and expects to invest in mortgage-backed securities from other jurisdictions, including in particular the United Kingdom.

Commercial Mortgage-Backed Securities

Commercial mortgage-backed securities (**"CMBS"**) are subject to particular risks, including a lack of standardised terms, shorter maturities than residential mortgage loans and payment of all or substantially all of the principal only at maturity rather than regular amortisation of principal. Additional risks may be presented by the type and use of a particular commercial property. Special risks are presented by hospitals, nursing homes, hospitality properties and certain other property types.

Commercial property values and net operating income are subject to volatility, which may result in net operating income becoming insufficient to cover debt service on the related mortgage loan. The repayment of loans secured by income-producing properties is typically dependent upon the successful operation of the related real estate project rather than upon the liquidation value of the underlying real estate. Furthermore, the net operating income from and value of any commercial property is subject to various risks, including changes in general or local economic conditions and/or specific industry segments; declines in real estate values; credit quality of tenants; declines in rental or occupancy rates; increases in interest rates, real estate tax rates and other operating expenses; changes in governmental rules, regulations and fiscal policies; acts of God; terrorist threats and attacks and social unrest and civil disturbances. The exercise of remedies and successful realisation of liquidation proceeds relating to CMBS may be highly dependent on the performance of the servicer or special servicer. There may be a limited number of special servicers available, particularly those that do not have conflicts of interest.

Leveraged Loans

Leveraged loans (senior, second lien and mezzanine) generally are of a type incurred by the obligors thereunder in connection with highly leveraged transactions, often (although not exclusively) to finance internal growth, acquisitions, mergers and/or stock purchases. As a result of the additional debt incurred by the obligor in the course of such a transaction, the obligor's creditworthiness may be at a level below investment grade. Leveraged loans generally provide for restrictive covenants designed to limit the activities of the obligors thereunder in an effort to protect the rights of lenders to receive timely payments of interest on, and repayment of, principal of the loans. Such covenants may include restrictions on dividend payments, specific mandatory minimum financial ratios, limits on total debt and other financial tests. A breach of covenant (after giving effect to any cure period) under a senior loan, second lien loan or mezzanine obligation which is not waived by the lending syndicate normally is an event of acceleration which allows the syndicate to demand immediate repayment in full of the outstanding loan.

In order to induce banks and institutional investors to extend a leveraged loan, a borrower often agrees to provide the lenders with extensive information about its business that is not generally available to the public. Because of the provision of confidential information, the unique and customised nature of many loans and legal restrictions, among other factors, leveraged loans historically have not been as easily purchased or sold as publicly traded securities. The range of investors for such loans has broadened to include money managers, insurance companies, arbitrageurs, bankruptcy investors and mutual funds seeking increased potential total returns and portfolio managers of trusts or special purpose companies issuing collateralised bond and loan obligations. As secondary market trading volumes increase, new loans are frequently adopting more standardised documentation to facilitate loan trading which should improve market liquidity. There can be no assurance, however, that future levels of supply and demand in loan trading will provide the degree of liquidity which currently exists in the market. This means that such assets will be subject to greater disposal risk. The European market for second lien and mezzanine loans is also generally less liquid than that for senior loans, resulting in increased disposal risk for such obligations.

Loans are generally prepayable in whole or in part at any time at the option of the obligor thereof at par plus accrued and unpaid interest thereon. Prepayments on loans may be caused by a variety of factors, which are difficult to predict. Accordingly, there exists a risk that loans purchased at a price greater than par may experience a capital loss as a result of such a prepayment. In addition, principal proceeds received upon such a prepayment are subject to reinvestment risk (that is, that replacement investments will not be as attractive). Any inability of the Company to reinvest payments or other proceeds in investments with comparable interest rates may adversely affect the Company. There can be no assurance that the Company will be able to reinvest proceeds in investments with comparable interest rates or (if it is able to make such reinvestments) as to the length of any delays before such investments are made.

Second lien loans and mezzanine loans are generally subordinated to senior loans and may be subordinated to other obligations of a borrower, and generally involve greater credit and liquidity risk than those associated with investment grade corporate obligations and senior loans. There is little historical data available as to the levels of defaults and/or recoveries that may be experienced on second lien and mezzanine loans. Recoveries on senior loans, second lien and mezzanine loans will also be affected by the different bankruptcy regimes applicable in different European jurisdictions and the enforceability of claims against the obligors thereunder.

Participations in leveraged loans (as opposed to direct investments in loans through assignments or novations) present additional risks. The holder of a participation is exposed to the credit risk of both the borrower and the institution issuing the participation. The holder is not in contractual privity with the borrower, and so generally has no right to enforce compliance by the borrower with the terms of the relevant loan documentation. The issuer of a participation might not itself retain any portion of a participated loan, and so may have limited interest in monitoring the borrower and enforcing the loan terms. The right of a holder of a participation to direct or influence the exercise of voting rights associated with a participated loan effectively may be limited or non-existent.

Infrastructure assets

Investment in infrastructure assets involves certain risks distinct from those generally associated with the Company's other Principal Target Asset Classes. Among the risks specifically associated with investment in infrastructure assets are:

- Industrial Risks
  - Construction risk — including the risks of cost overruns by contractors and subcontractors;
  - Performance risk — there is a risk that the performance of an infrastructure asset will not meet original expectations;
  - Operating risk — including the risks of costs overruns in the operating phase;
- Business risks
  - Volume risk — revenues may be dependent on achieving a certain level of demand or traffic;
  - Price risk — price can be based on a pre-defined regulated formula, on a regular negotiation, or can be market based;
  - Cost indexation mismatch — revenues can be based on a indexed formula that does not correlate to costs; and
  - Changes in the macro- or micro-economic environment.
- Counterparty risks — project cash flows and funding are typically based on the quality and financial strength of the grantor, banks and industrial partners, constructors and operators;
- Force majeure and insurance risks — risks that events may occur that are beyond the control of project participants which may only be partially be insured or not insurable;
- Political and regulatory risks — infrastructure projects tend to affect the public and may draw political interference; changes in regulations may adversely affect the economics of a project;
- Financial risks — the evolution of inflation, interest rates and currency exchange rates may affect a project;
- Conflict of interest risks — participants in a project may have multiple conflicts of interest;
- Concentration risks — infrastructure projects generally will involve a concentration of risk with project companies; at least initially, the infrastructure component (if any) of the Company's investment portfolio will not be diversified;
- Environmental risks — linked to statutes, rules and regulations related to environmental protection;
- Commodities price risks (in particular, increases in energy prices);

- Control position risks — the exercise of control over a project company may involve liability risks, such as the risk that the corporate veil (limited liability) of a project company may be pierced; a lack of control over a project company poses the risk of limited influence over decisions.

Bidding for infrastructure projects can be time-consuming and expensive, and a failure to be selected as a participant (which can happen frequently) will generally involve a complete loss of all the funds invested in bidding preparations, which may be as high as one per cent. of the proposed investment amount, or higher. Insofar as the Investment Manager pursues these projects for the Company and other accounts managed by the Investment Manager, the Company will bear a share of these costs. In addition, participation in infrastructure projects may involve a greater focus on operational (as opposed to financial) matters, with risks such as construction risk, the risk of casualty loss, and other factors more likely to interfere with returns than is the case with a diversified portfolio of interest-bearing obligations.

Further, the strategic team at the Investment Manager that focuses on infrastructure assets was formed more recently than the Investment Manager's other strategic teams, and as a result has less experience in working together. At present, the Investment Manager's infrastructure group manages approximately €1.2 billion for affiliates of the Investment Manager, most of which has been invested in a single French infrastructure project.

The Company will encounter risks related specifically to synthetic investment arrangements.

The Company expects that certain of its financing transactions (including transactions in over-the-counter markets) and a substantial portion of its investment portfolio (including synthetic or pass-through arrangements such as total return swaps) will be represented by or involve synthetic arrangements. The Company anticipates that the initial allocations to leveraged loan and corporate credit exposures in its investment portfolio will be effected through synthetic arrangements. See "Part I — The Company's Business — Initial Portfolio — Leveraged Loans — The Initial Total Return Swap" and "Part I — The Company's Business — Potential Fully Invested Model Portfolio Investment Arrangements — Corporate Credits".

Seeking exposure to reference assets through synthetic arrangements presents risks different from those involved in direct investments in such types of assets. With respect to synthetic securities, the Company will have a contractual relationship only with the synthetic security counterparty, and not the reference entity obligated under the reference obligation. The Company will have no right to enforce compliance by the reference entity with the terms of the reference obligation or any rights of set-off against the reference entity, nor will the Company have any voting or other consensual rights of ownership with respect to the reference obligation. The synthetic security counterparty generally will not be obligated to own any of the reference obligations, or to deliver any such obligations pursuant to the terms of the synthetic security. In the case of physical settlement, the synthetic security counterparty generally may satisfy its delivery obligation by delivering, at its election, either the reference securities or other securities of a specified type. The Company also will not directly benefit from any collateral supporting the reference obligation and will not have the benefit of the remedies that would normally be available to a holder of such reference obligation. In addition, in the event of the insolvency of the synthetic security counterparty, the Company generally will be treated as a general creditor of such counterparty, and will not have any claim of title with respect to the reference obligation. Consequently, the Company will be subject to the credit risk of the synthetic security counterparty, as well as that of the reference entity. As a result of these factors, concentrations of synthetic assets with any one synthetic instrument counterparty will subject the Company to risk with respect to defaults by such synthetic instrument counterparty as well as by the respective reference entities.

Other circumstances may arise (such as the imposition of taxes) that cause the economic correlation between the synthetic or pass-through arrangement and underlying assets to break down. In particular, investment decisions with respect to synthetic instruments (such as "bespoke" synthetic CDOs) are often based directly on pricing models due to the lack of reliable market price reference points, and, as a result, the chances that errors in pricing model assumptions will adversely affect investment returns are greater than with more conventional, broadly traded investments (higher correlation risk).

Synthetic security counterparties generally will have no obligation to keep the Investment Manager or the Company informed as to matters arising in relation to any reference obligation, including whether or not circumstances exist under which there is a possibility of the occurrence of a credit event. Generally, neither the Company nor the Investment Manager will have the right to inspect records of the synthetic security counterparties or the reference entities, and the synthetic security counterparties will be under no obligation to disclose any further information or evidence regarding the existence or terms of any reference obligation or any matters arising in relation thereto or otherwise regarding any reference obligation, any guarantor or any other person, other than the obligation of a synthetic security counterparty to provide publicly available information to the Company of the occurrence of certain specified events. As a general rule, synthetic security counterparties will not have a duty to consider the effect of their actions or failure to take actions on the Company. In situations where the Investment Manager acts as the manager of an actual or notional portfolio of reference obligations linked to a synthetic security, some of these risks may be mitigated to a degree, but the party to whom the Investment Manager answers in these situations may be in formal terms the synthetic security counterparty or a special purpose vehicle, rather than the Company.

Credit derivative products share some of the risk-transfer characteristics found in insurance products. The Company believes that the synthetic instruments it intends to enter into are not insurance contracts and the Company does not plan to obtain any licence pursuant to any insurance law, but there can be no assurance as to how a court or regulator would rule on these matters.

In the circumstances specified in a contract in respect of a synthetic security (for example, losses on the reference portfolio in excess of a specified amount), the Company or the synthetic security counterparty may have the right to terminate the synthetic securities entered into by the synthetic security counterparty and the Company. Such specified circumstances generally will include events of default under such synthetic security, or if certain payments to be made under the synthetic security are subject to the imposition of a withholding tax. As a rule, synthetic securities may be terminated by synthetic security counterparties if, among other things, the Company fails to make a relevant payment under a synthetic security and the Company will be likely to owe a termination payment in such case. The Company also may be required to make a payment to a synthetic security counterparty if the Company terminates a transaction, including in the circumstances where the Company must terminate all transactions under an ISDA Master Agreement upon the occurrence of an event of default. If such a payment is in a sizeable amount, the Company may need to liquidate other assets or to raise funding to meet its payment obligation.

With synthetic arrangements, the Company is subject to credit risk not only in respect of the underlying reference entities, but also in respect of the synthetic asset counterparties with regard to their obligations to make payments to the Company under the synthetic arrangement. With regard to the Company's Initial Total Return Swap, for example, the Company will look to the swap counterparty to pay to the Company the stream of interest income cash flows associated with the reference leveraged loan portfolio. Although the Company's investment guidelines establish some criteria for credit default swaps and similar arrangements that are intended to mitigate counterparty credit risk, the insolvency of a synthetic asset counterparty or a default by a synthetic asset counterparty under one or more synthetic instruments to which the Company is a party could nonetheless under some circumstances adversely affect the ability of the Company to make distributions in respect of the Shares.

Synthetic investments may be highly illiquid. In some instances, synthetic instruments entered into or acquired by the Company may have a limited trading market, if any. The terms of the respective synthetic securities may restrict the Company's ability to terminate or assign such assets in a timely fashion and for a fair price, as well as its ability to take advantage of market opportunities. In addition, in the credit default swap market, it is common for the aggregate notional exposure of the marketplace to be many multiples of the outstanding amount of any particular reference obligation. It is not known how this excess of exposure over supply may affect the liquidity and valuation of credit default swaps if adverse economic developments were to occur in the financial and credit markets generally, or with respect to particular reference obligors or reference obligations. Low liquidity and potential difficulties of valuation in the market for synthetic instruments may limit the Investment Manager's ability to trade and reinvest in synthetic instruments to the extent it considers appropriate.

If the counterparty (or its guarantor, if any) under a synthetic security such as a total return swap no longer satisfies the applicable ratings required by the Company's investment guidelines, a "termination event" may occur under the applicable instrument, unless, within a specified number of days thereafter, the counterparty either transfers its obligations thereunder to a replacement counterparty with the requisite ratings, obtains a guarantee of its obligations by a guarantor with the requisite ratings or (if permitted at the applicable ratings level) posts credit support in the manner required thereunder. There can be no assurance that the counterparty will take any of such actions within the specified time frame, in which case the Company will be subject to credit risk. There may also be no replacement counterparty or guarantor available with the required ratings.

Many of the assets in the Initial Portfolio may be subject to settlement risk for some time following the Closing Date.

The purchase by the Company of many of the assets contained in the Initial Portfolio from the Warehousing Banks will not settle until after the Closing Date for the Offer. As a result, the Company is subject to settlement risk with respect to many of those assets. If one or more of those purchase transactions were to fail to settle, the Company would have to locate alternative investments, and if the terms of those alternative investments were less advantageous to the Company than the terms of its planned investments in the Initial Portfolio, it could have a material adverse effect on the Company's financial condition, results of operations or prospects.

Risks Relating to Leveraged Exposures

The Company's investment strategy involves a high degree of exposure to the risks of leverage.

Prospective investors in the Shares must accept and be able to bear the risk of investment in a highly leveraged investment portfolio.

The use of leverage in an investment portfolio is a speculative investment technique and involves certain risks. As a general matter, the use of leverage tends to multiply the opportunity for gain as well as the risk of loss associated with an investment. The Investment Manager has informed the Company that it believes that the judicious selection of internally leveraged investments and the application of leverage to portfolio investments can have the effect of producing superior risk-adjusted returns. There can be no assurance, however, that a particular leveraging strategy will succeed.

Leverage may be employed by the Company at the level of the Company or at the level of special purpose vehicles owned by the Company, and may be secured against some or all of the assets of the Company or such vehicles. Since the Company's investments typically will be subordinated to more senior claims on underlying assets (which may themselves have leveraged underlying assets), any leveraging arranged by the Company would be in addition to the leverage already inherent in those investments. Therefore, in the event of defaults in the assets underlying investments in the Company's portfolio, the level of losses suffered by the Company would be proportionately higher as a function of the aggregate leverage implicit in each of the Company's investments, and a relatively small increase in the rate of defaults could have a materially detrimental effect on the value and cash flows of the Company.

The Company expects to make significant use of synthetic instruments structured to provide the Company with the economic equivalent of leveraged exposure to portfolios of underlying reference obligations. In the event of losses associated with underlying reference obligations, the Company generally will experience a loss. The losses may be credit losses, trading losses or other types of loss, depending on the terms of the relevant synthetic security.

The Company's investment guidelines impose the leverage limits described in "Part I — The Company's Business — Investment Guidelines — Leverage Limitations," but these limitations apply only to leveraging effected at the levels of Volta Finance Limited and its consolidated subsidiaries (and, in this regard, exclude debt obligations senior to residual income positions of consolidated subsidiaries that are special purpose securitisation vehicles). The limitations do not restrict imbedded leverage in portfolio investments or synthetic arrangements. As a result, the amount of the Company's overall exposure to the risks and benefits of leveraging may be considerably in excess of the levels that may be suggested by these percentage limitations. In its approach to leverage, the Company will be substantially dependent upon the judgment of the Investment Manager in striking an appropriate risk/reward balance. Under certain circumstances, the Investment Manager may determine that a reduction in leverage within the portfolio is appropriate, which may have the result of reducing returns in at least the short term.

If the Company breaches covenants under financing or investment agreements, it could be forced to sell assets or experience other disadvantages

The Company may be party to various loan, repurchase and other financing and investment agreements that contain representations, warranties and covenants of various kinds. The arrangements may also contain financial covenants that could, among other things, require the Company to maintain certain financial ratios. Should the Company breach the covenants contained in any loan, repurchase or other financing agreement, the Company may be required immediately to repay such financings in whole or in part, together with any attendant costs. If the Company does not have sufficient cash resources or other credit facilities available to make such repayments, it may be forced to sell some or all of the assets comprising its investment portfolio. To the extent that the Company's borrowings are secured against all or a portion of its assets, a lender may be able to sell those assets. A breach by the Company of its obligations under synthetic investment arrangements may result in the arrangements becoming unwound in a manner unfavourable to the Company. Moreover, any failure to repay borrowings or, in certain circumstances, other breaches of covenants under the Company's loan or other agreements could result in the Company being contractually required to suspend payment of its dividends.

A decline in the value or credit profile of the Company's investments may result in margin calls being made on the Company.

A decline in the value or credit profile of the investments contained in the Company's investment portfolio may result in the Company's lenders (if any) initiating margin calls. If a lender initiates a margin call the Company may be required to pledge additional collateral to re-establish the ratio of the value of the collateral to the amount of the borrowing. If the Company is unable to satisfy margin calls in relation to its secured borrowings and repurchase agreements, the Company's lenders may foreclose on the Company's collateral. This could, under adverse market conditions, force the sale of securities in the Company's investment portfolio, possibly at reduced prices. There can be no assurance that in those circumstances, the Company or such lender would be able to sell any such assets at their market value.

Cross-default provisions in the Company's future financing arrangements could result in a substantial loss for the Company.

It may be possible that the financing arrangements which the Company may enter in the future into will contain cross-default provisions such that a default under one particular financing arrangement could automatically trigger defaults under other financing arrangements. Such cross-default provisions could therefore magnify the effect of an individual default and if such a provision was exercised this could result in a substantial loss for the Company. Cross-default provisions may also appear in other instruments and arrangements that the Company may enter into (for example, swap agreements).

Refinancing the Company's borrowings may be difficult and costly.

The Company will be required to refinance future borrowings from time to time, such as, for example, where the tenor of its borrowings is shorter than the tenor of the investments financed by those borrowings. A number of factors may make it difficult for the Company to obtain such new financing on attractive terms or even at all. If the Company's borrowings become more expensive relative to the income it receives from its investments, then the Company's profits will be adversely affected. Further, if the Company is not able to obtain new finance at all, then it may suffer a substantial loss as a result of having to dispose of the investments which cannot be refinanced.

Factors which may affect the Company's ability to refinance its borrowings include circumstances beyond the Company's control, such as changes in interest rates, conditions in the banking market and general economic conditions.

The Company will be subject to interest rate risk.

A substantial part of the Company's earnings may be generated from the difference between income received and interest expense plus certain gains arising from the sale of assets. The Company's return on investments and cash available for distribution to Shareholders would be reduced to the extent that its interest expense increases relative to income, such as in the event of a general rise in interest rates, or in the event of losses arising from the sale of assets.

To the extent that the Company incurs floating rate indebtedness, changes in interest rates may increase its cost of borrowing, adversely affecting its profitability and its ability to pay dividends to investors. To the extent that the Company incurs fixed rate indebtedness, the Company will be exposed to changes in interest rates between the date that the relevant financing agreement(s) are entered into and the date when the loans are drawn down (being the date on or about which the fixed rate is set).

While the Company may enter into hedging transactions for the purposes of efficient portfolio management to protect its portfolio from interest rate fluctuations, the Company may bear a level of interest rate risk that could otherwise be hedged when the Investment Manager believes, based on all relevant facts, that bearing such risks is advisable. Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political conditions, and other factors beyond the Company's control.

Risks Relating to the Investment Manager

The Company's investment performance is heavily dependent on the Investment Manager.

The Company's investment performance is heavily dependent on the skills and judgment of the Investment Manager, which has significant discretion in the implementation of the Company's investment programme. In particular, the Company's performance will be dependent on the success of the Investment Manager's investment process (see "Part IV — Management and Administration of the Company and the Company's Investment Portfolio — The Investment Manager"). The Company generally will rely upon the Investment Manager to conduct the Company's investment-related activities in compliance with applicable law, the Company's investment guidelines and the Company's contractual undertakings.

The Investment Manager has the right to resign its appointment and terminate the Investment Management Agreement in accordance with the notice provisions described in "Part IV — Management and Administration of the Company and the Company's Investment Portfolio — Termination of the Appointment of the Investment Management Agreement". If the Investment Manager resigns its appointment, or if the Company finds itself wishing to terminate such appointment, the Company is subject to the risk that no suitable replacement will be found. In addition, the Company believes that its success depends to a significant extent upon the experience of the members of the strategic teams within the Investment Manager's Structured Finance Division (each as described in "Part IV — Management and Administration of the Company and the Company's Investment Portfolio — The Investment Manager"). The continued service of these teams and their members is not guaranteed. The resignation or termination of the Investment Manager, or the departure of one or several members of the strategic teams, may have a material adverse effect on the performance of the Company.

There can be no assurance that the Investment Manager's past performance will be any guide to future performance or results.

The Investment Manager's other client relationships and business activities may give rise to conflicts of interest.

In addition to the Company, the Investment Manager and other members of the AXA Group manage other investment vehicles and accounts, which may lead to conflicts of interest. For example, certain investments appropriate for the Company may also be appropriate for one or more other investment vehicles or accounts managed now or in the future by the Investment Manager. The AXA Group has companies that are themselves investors on a principal basis in many of the investments sought by the Company and has other investment management affiliates (*e.g.*, Alliance Capital) that may themselves compete with the Investment Manager and its clients for investment opportunities. The Investment Manager or its affiliates may decide to allocate a particular investment to another investment vehicle or account (including vehicles or accounts in which its affiliates are investors) rather than to the Company. The Investment Manager and its affiliates may take positions for other clients or for their own accounts that reduce the value of the Company's holdings, or otherwise are at variance with the policies, strategies and interests of the Company. Also, the compensation structures of other investment vehicles managed by the Investment Manager differ from that provided under the Investment Management Agreement with the Company and such differences could incentivise the Investment Manager to allocate certain opportunities to these other investment vehicles.

Additionally, the fact that the Investment Manager manages other vehicles and accounts and engages in other business activities may reduce the time the Investment Manager's strategic teams spend managing the Company's investments. The decision to spend time on activities other than the management of the Company's investments could be influenced by a variety of factors, including the compensation structures of other investment vehicles as compared to that of the Company and the relative performance of the various vehicles.

The Company's understanding is that the Investment Manager does not have written policies or procedures for resolving questions concerning the allocation of opportunities between the Company and other clients, but instead relies on less formal arrangements for handling allocation questions.

The Investment Manager may acquire material non-public confidential information that may restrict the Investment Manager from purchasing securities for itself or its clients (including the Company) or otherwise using such information for the benefits of its clients or itself.

The Investment Manager has agreed with the Initial Purchasers in the Initial Purchase Agreement and with the Company in the Investment Management Agreement that, for so long as it serves as the Company's Investment Manager, it will not manage or act as principal adviser to another vehicle with listed equity securities that has a multi-asset class structured credit strategy focused on a majority of the Primary Target Asset Classes without the prior approval of a majority of the votes cast at a shareholders' meeting. Otherwise, however, the Investment Manager and its affiliates are not restrained from sponsoring or acting as investment mangers or advisers for vehicles with investment objectives and strategies similar to those of the Company. The Investment Manager and its affiliates are not otherwise required to refrain from any business or economic activity.

The Investment Manager may (but is not obligated to) provide for the Company to co-invest alongside the Investment Manager, vehicles or accounts for which the Investment Manager acts as investment manager or affiliates of the Investment Manager on a coordinated and contemporaneous basis. Although the Investment Management Agreement provides that the terms and conditions of such co-investment will be no less advantageous to the Company than those provided to the other co-investors, the Investment Manager or its affiliates may agree to co-investment terms that restrict the Company's flexibility with regard to the timing or terms of the disposition of co-investment assets. Moreover, the Investment Manager and its affiliates are not obligated to afford the Company an opportunity to exercise rights relating to the co-investment assets on a lock-step basis.

The Investment Manager will be authorised to cause the Company to invest in other securitisation vehicles, accounts or arrangements where the Investment Manager is the portfolio manager. Although the Investment Manager is, as a general matter, required under the Investment Management Agreement to reduce the fees charged by the Investment Manager to the Company by the amount of any fees or other remuneration received by the Investment Manager at the level of the investee vehicle to the extent allocable to the Company's proportionate investment in that product (or, alternatively, to seek approval from the Company's Board for other arrangements), the authority of the Investment Manager to direct investments in other vehicles managed by the Investment Manager may nonetheless present the potential for conflicts of interest (for example, in a situation where there may be difficulties in placing a difficult-to-price residual interest in an AXA IM-managed vehicle).

For important additional information relating to the Investment Manager's potential conflicts of interest, please refer to "Part I — The Company's Business — Investment Guidelines — AXA IM Managed Products" and "Part IV — Management and Administration of the Company and the Company's Investment Portfolio — Conflicts of Interest".

The structure of the Investment Manager's compensation may encourage the Investment Manager to cause the Company to take investment positions with higher risks than would otherwise be the case or to overvalue assets.

In addition to its Management Fee, the Investment Manager is entitled under the Investment Management Agreement to receive an Incentive Fee based upon the Company's Distribution Income (each fee as described in "Part IV — Management and Administration of the Company and the Company's Investment Portfolio — Investment Manager's Fees and Expenses"). In evaluating investments and other management strategies, the opportunity to earn an Incentive Fee based on Distribution Income may lead the Investment Manager to place undue emphasis on the maximisation of Distribution Income at the expense of other criteria, such as preservation of capital, in order to achieve a higher Incentive Fee. Investments with higher income yield potential are generally riskier than other investments. The Incentive Fee arrangements do not require any "clawbacks" of amounts previously paid to the Investment Manager if performance deteriorates from period to period.

Because the Investment Manager's Management Fee will be based on the Company's net asset value, the Investment Manager may have an incentive, when reviewing third party valuations of the Company's portfolio or providing valuations of the Company's infrastructure assets, to accept or ascribe valuations that increase the Company's net asset value. The determination of the fair value of at least some of the Company's assets will be based on assumptions and subjective judgments that may or may not cause the values ascribed to correspond to the amounts that could be received upon actual liquidation of the assets. There may arise circumstances in which the Company is not able to obtain on a semi-annual basis third party reviews of or reports on valuations provided by the Investment Manager.

The grant of the Investment Manager Warrants may further incentivise the Investment Manager (or, if they are granted warrants, its employees involved in the management of the Company's portfolio) to cause the

Company to take riskier positions than might otherwise be the case, and to perceive share price appreciation as preferable to the generation of cash flow for current distribution.

The Distribution Income for a given period may be greater than the Company's net income under IFRS, thereby resulting in the Investment Manager earning an incentive fee based on an amount that exceeds the amount of net income earned by the Company for the relevant period under IFRS.

The Company plans to calculate its Distribution Income on a semi-annual basis. The amount of Distribution Income for a given period may be greater than the corresponding amount of net income for that period, as determined under IFRS. Distribution Income is not an IFRS concept. There can be no assurance that, with respect to any relevant period, Distribution Income will be reflective of the IFRS net income of the Company. Distribution Income is a non-GAAP financial measure, and as such will not appear as a line item in the Company's audited financial statements. Because the Incentive Fee payable to the Investment Manager will be calculated based on Distribution Income, there may arise situations in which the Incentive Fee earned by the Investment Manager will be greater with respect to a given period than the incentive compensation the Investment Manager would have earned if such fee were calculated based on net income, as determined under IFRS. Since the Investment Manager's Incentive Fee will be calculated based on Distribution Income, the Investment Manager may have an incentive to maximise the amount of Distribution Income for a given period, as opposed to net income under IFRS. For a description of Distribution Income, please refer to "Part I — The Company's Business — Dividend Policy — Definition".

In addition, to the extent the Investment Manager is called upon to provide valuations used as part of the basis for calculating the measures upon which the Investment Manager's compensation is based (*e.g.*, as with infrastructure assets), the Investment Manager may be faced with a potential conflict of interest.

The Investment Manager may earn an Incentive Fee for a given period, irrespective of whether the Company has earned any net income for IFRS purposes in that period. Furthermore, the Investment Manager is not under an obligation to reimburse the Company for an Incentive Fee earned in a period where the Company's investments subsequently fail to perform as originally anticipated.

Because the Incentive Fee is calculated based on Distribution Income (and not IFRS net income), there may be periods in respect of which the Investment Manager earns an Incentive Fee even if the Company has not earned any net income in respect of those periods. There may also be situations in which the amount of Distribution Income theoretically available for a dividend payment (*i.e.*, Distribution Income for the relevant period minus Incentive Fees) is greater than the amount that the Company is legally permitted to pay, or greater than the amount the Board elects to have the Company pay as a dividend. As a result, it is possible that the Investment Manager could receive an Incentive Fee in respect of a period as to which no dividend is paid to Shareholders. Also, the Investment Manager is under no obligation to reimburse the Company for any previously earned fees (no clawback). Moreover, there is no "high water" mark in the Incentive Fee formula, other than a three semester look-back. See "Part IV — Management and Administration of the Company and the Company's Investment Portfolio — Investment Manager's Fees and Expenses".

The Investment Manager faces a potential conflict of interest in establishing or reviewing expected internal rates of return for assets that do not by their terms pay a fixed rate of interest.

Interest income on the Company's investments will be recognised using the effective interest rate method. The effective interest rate on an investment is that interest rate that exactly discounts the estimated cash flows from the investment to its initial carrying value, which will generally be its purchase price. The Investment Manager will be expected to establish the initial estimated cash flows from the Company's investments and will be involved in periodic reviews of the estimated cash flows.

The amount of the Company's interest income determined on the basis of this method will be included in the Company's Distribution Income. While the Company will use reasonable endeavours to obtain from an independent third party on a semi-annual basis a comparison of how the estimated cash flows from its investments then compare to the estimated cash flows established at the time such investments were acquired (or were last revalued), and while its financial statements will be subject to audit on at least an annual basis, the Investment Manager faces a potential conflict of interest in the initial establishment and subsequent review of estimated cash flows from investments. Because the Investment Manager's Incentive Fees will be determined by reference to Distribution Income, the Investment Manager may be incentivised to estimate cash flows at levels higher than would otherwise be the case. Similarly, the Investment Manager may face potential conflicts of interest when advising the Company with regard to possible adjustments to estimated cash flows when cash flows from investments exceed previous assumptions (because an increase in estimated cash flows can increase interest income and the Company's Distribution Income) and also with regard to the allocation of gains and losses from derivative transactions including currency and other hedging transactions among interest income, impairment losses and other gains and losses (because such allocations may affect the level of interest income and so also affect Distribution Income).

The strategies employed by the Investment Manager may not achieve the Company's investment objectives.

No assurance can be given that the strategies used, or to be used, by the Investment Manager to achieve the Company's investment objectives will be successful under all or any market conditions. The Investment Manager has been instructed to follow the investment guidelines described in "Part I — The Company's Business — Investment Guidelines". Whilst the Board will periodically review the Company's investment objectives, investment guidelines, investment strategies and investments, the Board will not review each proposed transaction. Transactions entered into by the Investment Manager may be difficult or impossible to unwind by the time they are reviewed by the Board.

The Investment Management Agreement is subject to a fixed initial term and a long notice period, and may be difficult or costly to terminate.

The Investment Manager's appointment pursuant to the Investment Management Agreement is intended to be long term. The Investment Management Agreement continues indefinitely until terminated. The Company may terminate the Investment Management Agreement by giving the Investment Manager not less than 24 months' prior notice in writing. However, the Company may not give notice to terminate the Investment Management Agreement prior to the third anniversary of the effective date of the Investment Management Agreement. As a result, the effective initial term of appointment of the Investment Manager may be considered to be five years, absent the occurrence of certain events. The Company will not of its own initiative be able to terminate the appointment of the Investment Manager under the Investment Management Agreement at notice shorter than described above unless there is "cause," which is narrowly defined and described in more detail in "Part XI — Additional Information — The Investment Management Agreement," or there is an automatic termination of the appointment in accordance with the terms of the Investment Management Agreement, or it makes a substantial payment in lieu of the Management Fees and the Incentive Fees that the Investment Manager might have earned. Unsatisfactory investment performance would not of itself constitute an event allowing the Investment Management Agreement to be terminated for cause. Furthermore, AXA Group Investors that are shareholders of the Company may be expected to oppose the termination of the Investment Manager. Additionally, the terms of the Company's financing and other agreements may permit the relevant counterparties (*e.g.,* creditors) to terminate agreements with the Company and accelerate indebtedness if there is a change in the Investment Manager without their agreement. If trading in the Shares is illiquid, holders of the Shares may find it difficult to exit their link to the Investment Manager.

The liability of the Investment Manager to the Company and others in respect of the Investment Manager's performance is contractually limited.

The Investment Management Agreement contains provisions limiting the liability of the Investment Manager and its affiliates (including their respective directors, officers, employees and certain other affiliated parties) to the Company. The English law-governed Investment Management Agreement provides that the Investment Manager shall not be liable to the Company, its Shareholders, its creditors or any other persons for losses of various kinds that arise out of, are in relation to or connected with the entry by the Investment Manager into the Investment Management Agreement or any act or omission in the performance by the Investment Manager of its functions under or in connection with the Investment Management Agreement, or for any decrease in the value of the Company's assets, except for direct losses (excluding consequential and indirect economic losses and loss of turnover, profits or business) incurred by the Company as a result of fraud, wilful misconduct or gross negligence in the performance of its duties under the Investment Management Agreement or as a result of certain material misstatements or omissions in information furnished to the Company by the Investment Manager expressly for inclusion in this Prospectus. Furthermore, the Investment Management Agreement provides that the duties of the Investment Manager are owed solely to the Company, and not to any person other than the Company. In addition, the Investment Management Agreement provides for the Company to indemnify the Investment Manager, its affiliates and their respective shareholders, directors, officers, agents, employees, partners and controlling persons with respect to various losses caused by, or arising out of, or in connection with, the entry into, or the performance by the Investment Manager of its functions pursuant to, the Investment Management Agreement, except to the extent that such losses result from the Investment Manager's own fraud, wilful misconduct or negligence. (For a more detailed description of the relevant provisions and other contractual liability limitations, as well as certain indemnifications provided by the Company to the Investment Manager, please refer to "Part XI — Additional Information — Material Contracts 5.1 Investment Management Agreement").

Accordingly, the rights of the Company to recover against the Investment Manager as a result of its default may be limited and any such recovery by the Company against the Investment Manager may be significantly lower than the loss that the Company has suffered. In addition, the limitations on liability in the Investment Management Agreement may incentivise the Investment Manager to manage the Company's investment portfolio more aggressively than it would in the absence of such limitations.

Legal compliance issues adversely affecting the Investment Manager may adversely affect the Company.

The Investment Manager is authorised and regulated by the *Autorité des marchés financiers*. If the Investment Manager fails to comply with legal and regulatory requirements, or if the Investment Manager or other members of the AXA Group suffer damage to reputation or other difficulties, regardless of whether related to the Company, the Company and the market price of its Shares may be adversely affected.

Changes to laws, regulations or regulatory policies (including changes in interpretation or implementation thereof), or any failure by the Investment Manager or its employees to comply with such laws, regulations or policies could adversely affect the Investment Manager, and thereby could adversely affect the Company and its share price. Although the Company has been informed by the Investment Manager that the Investment Manager has implemented systems and controls requiring employees to comply with these laws, regulations and policies, there can be no assurance that all employees will abide by these and, if any were to fail to do so, that such failure would not have an adverse effect on the Company.

The compensation of the Investment Manager's personnel contains significant performance-related elements, and poor performance by the Company or other of the Investment Manager's funds or accounts may make it difficult for the Investment Manager to retain staff.

In common with most asset managers, the compensation of the Investment Manager's personnel contains significant performance-related elements that are funded by performance-related fees payable to the Investment Manager by its clients for strong performance. Poor performance by any of the Investment Manager's funds or accounts, including the Company, may reduce the amount available to pay performance-related compensation to the Investment Manager's personnel, which may result in those persons obtaining other employment. In that case, unsatisfactory performance of the funds or accounts may be further compounded by Investment Manager staff departures. In addition, as the performance-related compensation of the Investment Manager's personnel will depend on the performance of more than one fund or account and not just the Company, the poor performance of a fund or account other than the Company could adversely affect the Company if it leads to the departure of Investment Manager personnel.

The Investment Manager is not registered under the Advisers Act.

The Investment Manager has informed the Company that it is not registered, and has no present intention to register, under the Advisers Act. As a result, provisions of that Act designed to protect the clients of registered advisers have no application to the Investment Manager.

Loss of the services of the Investment Manager could materially hinder Company's ability to secure financing and pursue its investment programme.

The Company believes that its access to financing and investments is facilitated by the relationships of the Investment Manager with certain lenders and originators. If the Investment Manager were to cease to provide its services to the Company, the Company's ability to pursue its intended financing strategy could be materially hindered. In addition, counterparties to the agreements that the Company and its subsidiaries may enter into in respect of future financings or other financial transactions may only be willing to enter into such agreements if they contain provisions that would require repayment or permit termination if the Investment Manager were to stop providing its services to the Company or otherwise experience a prescribed change. Such repayments or terminations could have a material adverse effect on the Company.

Risks related to the Company and the Offer

The Company is newly formed and there can be no assurance that it will achieve its investment objectives.

The Company was incorporated on October 31, 2006. At the date of this Prospectus, the Company has not commenced operations. Therefore, it is difficult to evaluate the Company's future prospects. There can be no guarantee that the Company's investment objectives will be achieved.

The results of the Company's operations will depend on many factors, including, but not limited to, the availability of opportunities for the acquisition of assets, the level and volatility of interest rates, readily accessible short and long-term funding alternatives, conditions in the financial markets, general economic conditions and the performance of the Investment Manager. The past performance of the Investment Manager with respect to other funds or accounts should not be construed as an indication of the future performance of the Company.

The Company is, at the date of this Prospectus, the only vehicle managed by the Investment Manager that features its proposed multi-asset class structured credit investment strategy, and so differs in fundamental respects from the other funds and accounts managed by the Investment Manager. Differences between the structure, term and investment objectives and policies of the Company and the other funds, including different performance-related fee arrangements, may affect their respective returns. Judgments made by the personnel of the Investment Manager looking after the Company's investments may differ from those made by Investment Manager personnel managing other funds or accounts, and the Investment Manager is not obliged to allocate all opportunities equally or proportionately to the Company and its other clients.

There may not be a liquid market for the Shares and the price of the Shares may fluctuate.

There may not be a liquid market for the Shares and any investment in the Shares should be viewed as a long-term investment. The market price of the Shares may not reflect the value of the underlying investments of the Company (*i.e.*, may trade at a discount to net asset value). The market price may be based on a number of factors, many of which are beyond the Company's control, including demand for the Shares, administrative costs, movements in the foreign exchange markets, variations in market willingness to accept credit risks, changes in the degree of market enthusiasm for the Company's target asset classes, shifts in perceptions of the value and identity of the individual investments held by the Company and/or fluctuations in interest rates and dividend yields. There has been no public trading market for the Shares prior to the Offer. There can be no assurance that an active trading market for the Shares will develop or, if developed, be sustained. If an active trading market is not developed or maintained, the liquidity and trading price of the Shares could be adversely affected. Even if an active trading market develops, the market price for the Shares may fall below the Offer Price. In addition, publicly traded securities from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them. The market price of the Shares may be highly volatile.

The Euronext Amsterdam trading market is less liquid than other major exchanges, which could affect the price of the Shares.

The principal trading market for the Shares is expected to be the regulated market of Euronext Amsterdam, which is less liquid than major markets in the United States and certain other parts of Europe. Because the regulated market of Euronext Amsterdam is less liquid than major markets in the United States and certain other parts of Europe, Shareholders may face difficulty when disposing of their Shares, especially in large blocks, and the risks described in the previous risk factor with respect to the lack of an active and liquid trading market. In addition, a disproportionately large percentage of the market capitalisation and trading volume of the regulated market of Euronext Amsterdam is represented by a small number of listed companies and conglomerates. Fluctuations in the prices of these companies' securities may have a significant effect on the market price for the securities of other listed companies, including the price of the Shares. See "Part VI — Market Information relating to Euronext Amsterdam".

If closing of the Offer does not take place on the Closing Date, investors may incur losses or liabilities as a result of the cancellation of transactions on Eurolist by Euronext.

If closing of the Offer does not take place on the Closing Date, the Offer will be withdrawn, all subscriptions for the Offer Shares will be disregarded, any allotments made will be deemed not to have been made, any subscription payments made will be returned without interest or other compensation and all transactions in the Shares on Euronext Amsterdam will be cancelled. All dealings in the Shares on the regulated market of

Euronext Amsterdam prior to settlement and delivery are at the sole risk of the parties concerned. Neither the Company nor the Initial Purchasers have any obligation to agree to a Closing Date.

Euronext Amsterdam does not accept any responsibility or liability for any loss or damage incurred by any person as a result of the listing and trading on an "as, if and when issued" basis as from the listing date until the Closing Date.

The Company may be unable to meet its dividend targets.

The Company currently intends to pay dividends semi-annually to Shareholders, but it has no obligation to do so and there can be no assurances that the Company will be able to pay dividends in the future. The payment of any dividend, the attainment of dividend stability and the achievement of any dividend increases will depend upon a number of factors, many of which will be beyond the control of the Company. The Company may encounter significant competition in seeking investments, which may cause the Company to accept greater risks, lower anticipated returns on investments or both, than it would prefer, all of which may affect the Company's dividend-paying ability.

All dividends or other distributions will be made at the discretion of the Board and will depend on the Company's earnings, free cash flow, financial condition, legal and regulatory restrictions, the application of and changes in tax laws, and such other factors as the Board may deem relevant from time to time. Of particular relevance to the attainment of the Company's target dividend levels for the periods ending July 31, 2007 and July 31, 2008, is the list of assumptions at "Part II — Certain Assumptions Relating to Target Dividend Statements". There is no guarantee that these assumptions will be fulfilled, the Company's targeted dividends will be paid or dividend stability or growth will be achieved. The Company's ability to achieve its dividend targets is materially dependent upon its ability to assemble on a timely basis a portfolio of suitable investments corresponding to its assumptions.

Dividends will not be paid unless the Company generates sufficient profit from its investment activities or has sufficient distributable reserves. The Company's profits will generally differ from its cash flow in any given period. The cash flows received by the Company on its investments will often be comprised of a combination of return of capital and interest income, for example.

To enhance its flexibility, the Company has adopted a resolution to provide for the cancellation of the amount standing to the credit of the share premium account of the Company following Closing and the crediting of such amount to a distributable reserve in the books of account of the Company. The approval of the court in Guernsey is required to complete the cancellation. The grant of this approval is a matter within the discretion of the court and there can be no assurance that it will be forthcoming. The court will need to be satisfied, in particular, that the creditors of the Company (including contingent creditors) will not be prejudiced by the reduction of the capital of the Company. It is likely that the Company will have certain creditors at the time of the share premium reduction and, accordingly, that it will have to satisfy the court either that such creditors have consented to the reduction of capital or that sufficient measures will be put in place to protect such creditors prior to the court approving the share premium account reduction. Such measures would reduce the amount of cash available to the Company to fund the payment of dividends. If the approval of the court in Guernsey is not given to this process, the Company will only be able to distribute dividends out of existing profits or the proceeds of an issue of further shares which may be limited and it may not be able to pay any dividend that it is targeting in respect of its initial financial period ending July 31, 2007 or all or part of the aggregate dividend that it is targeting in respect of its first full financial year ending July 31, 2008 or to pay a dividend in respect of any future financial year.

The Company's net earnings under IFRS may be volatile due to various non-cash flow-related factors, such as mark-to-market valuation adjustments that affect net income but do not involve an impairment.

As a legal matter, the dividend-paying ability of the Company is determined by reference to its unconsolidated profits and reserves, rather than to its consolidated financial results and position, so reference only to the consolidated financial statements of the Company in assessing its dividend-paying ability may be at times misleading.

The ability of the Company and its subsidiaries to upstream cash and pay dividends may be restricted in the future by credit arrangements.

The Company may be subject to increases in operating and other expenses

The Company's operating and other expenses could increase without a corresponding increase in revenues. Factors which could increase operating and other expenses include:

(a) increases in the rate of inflation and currency fluctuation;

(b) increases in the cost of services provided by third party providers;

(c) unforeseen expenditure which arises as a result of claims arising out of the Company's investment portfolio, losses caused by the malperformance of service providers, or other factors; and

(d) changes in laws, regulations or government policies.

Such increases could have a material adverse effect on the Company's financial position and its ability to make distributions to Shareholders.

If withholding tax were imposed in respect of distributions or other payments on the Shares, the value of the Shares could be materially and adversely affected.

In general, no withholding tax currently is imposed in respect of distributions or other payments on the Shares. There can be no assurance, however, that no withholding tax will be imposed on such payments in the future as a result of any change in any applicable law, treaty or regulation, or the official application or interpretation thereof by the relevant tax authorities, or other causes. The imposition of any such unanticipated withholding tax could materially reduce the value of the Shares.

If the investment activities of the Company unexpectedly cause it to become subject to tax on a net income basis in any country, including France, the United Kingdom or the United States, the Company's financial condition and prospects could be materially and adversely affected.

The Company intends to conduct its affairs so that it will not be treated as a tax resident, or as having a permanent establishment or otherwise being engaged in a trade or business, in any country outside Guernsey. The Company therefore intends that it will not be subject to tax on a net income basis in any country, including Guernsey, where it expects to qualify for an exemption from liability for income tax. There can be no assurance, however, that the net income of the Company will not become subject to income tax in one or more countries, including France, the United Kingdom or the United States, as a result of activities engaged in by the Company or the Investment Manager, adverse developments or changes in law, contrary conclusions by the relevant tax authorities or other causes. Moreover, the tax treatment of many of the Company's anticipated investment activities, including those related to its derivative and highly structured investments, is unclear in several of the countries in which it intends to invest. It is possible that those investment activities could cause the Company to be subject to tax on a net income basis in one or more of those countries, including France, the United Kingdom or the United States. The imposition of any such unanticipated net income taxes could materially reduce the Company's post-tax returns available for distributions on, and consequently the value of, the Shares. The same types of risks may affect special purpose vehicles in which the Company invests that are not subsidiaries of the Company, and the Company's return on its direct and indirect investments in those vehicles.

If unanticipated withholding or excise taxes are imposed in respect of distributions or other payments on the Company's direct and indirect investments, the return on those investments could be materially and adversely affected.

As a general matter, the Company does not intend that withholding or excise tax will be imposed in respect of distributions or payments made on its direct or indirect investments. However, the Company may be subject to withholding tax on certain types of payments, including certain types of periodic payments from U.S. sources. Moreover, there can be no assurance that no unanticipated withholding or excise taxes will be imposed on distributions or payments as a result of adverse developments or changes in any applicable law, treaty or regulation, or the adverse application or administration thereof by the relevant tax authorities, or other causes. In this regard, the tax treatment of many of the Company's anticipated investments, including its derivative and highly structured investments, is unclear in several of the countries in which it intends to invest. The Company may not be entitled to a gross-up in respect of withholding or excise taxes that are imposed in respect of payments made on its direct or indirect investments. The imposition of unanticipated withholding or excise tax could materially reduce the value of the Company's direct and indirect investments.

The Company may be required to consolidate the assets, liabilities, income and expenses of certain special purpose entities.

Accounting guidelines governing the consolidation of special purpose entities require a company to consolidate such special purpose entities where the company holds residual income positions in those entities and has control over them as determined following the guidance contained in Standing Interpretations Committee Interpretation 12 "Consolidation-Special Purchase Entities". On the basis of its accounting policy on consolidation, the Company does not expect to consolidate special purpose entities in which it holds residual income positions but where control is not otherwise indicated. Where control is indicated and the Company consolidates the assets and liabilities of such special purpose entities, the gross assets and liabilities, and the related items of gross income and expense, reflected in the financial statements of the Company may appear materially different as a result of such consolidation. However, such a change should not have any substantive effect on the financial position or the results of the Company itself.

The Company expects that U.S. taxpayers generally would be subject to adverse U.S. tax consequences in respect of their investment in the Shares under U.S. tax rules applicable to "passive foreign investment companies".

The Company expects that it and many of the non-U.S. entities in which it directly or indirectly will invest that are classified as corporations for U.S. federal income tax purposes will be treated as passive foreign investment companies for such purposes for the current taxable year and the foreseeable future. In addition, the Company expects that many of its direct and indirect interests in those lower-tier passive foreign investment companies will be considered equity interests for U.S. federal income tax purposes. Accordingly, U.S. taxpayers may be subject to adverse U.S. federal income tax consequences in respect of their disposition of Shares and their deemed disposition of equity interests in lower-tier passive foreign investment companies. Similar adverse tax consequences may apply to their receipt of certain distributions on the Shares, as well as their deemed receipt of certain distributions on lower-tier equity interests.

Certain mitigating elections, including qualified electing fund elections, may be available to U.S. taxpayers. However, those elections may not be available to U.S. taxpayers in respect of many, or even most, of the lower-tier passive foreign investment companies in which the Company directly or indirectly owns equity interests. Moreover, while those elections generally may help to mitigate certain adverse U.S. federal income tax consequences of owning shares in passive foreign investment companies, they nonetheless may involve significant tax disadvantages. For example, those elections may require U.S. taxpayers to include in income, and pay tax on, income or gains that have not yet been received in cash. Those elections also may not prevent amounts that otherwise might have been subject to taxation at capital gains rates from effectively being transformed into ordinary income.

U.S. taxpayers should consult their own tax advisers regarding the U.S. federal income tax consequences that would apply to them as actual and deemed owners of numerous passive foreign investment companies as a result of their investment in the Shares, including any U.S. federal income tax elections that may be available to help mitigate such consequences. Prospective U.S. investors in the Shares should refer to "Part VII — Tax Considerations — United States Taxation — Passive Foreign Investment Company Rules".

The interests of AXA Group Investors as Shareholders, including as holder of the Company's single Class B Share, may differ from those of other Shareholders.

The Company expects that one or more of the AXA Group Investors will acquire 10 per cent. or more of the Shares in issue upon Closing, and that one of such entities will hold the Company's single Class B ordinary share. The interests of such AXA Group Investors as shareholders may differ from those of other Shareholders because of their affiliation with the Investment Manager. Following the Offer, AXA Group Investors may, through the votes that they are able to exercise at general meetings of the Company, be capable of exercising a degree of influence over the outcome of certain matters to be considered by the Company's Shareholders. The Director appointed by the holder of the Class B Share is not required under the Company's constitutive documents to refrain from voting on matters relating to the Investment Manager. The termination of the appointment of the Investment Manager will not affect the rights of the holder of the Class B Share.

Sales of Shares by investors in the secondary market may depress the market price of the Shares.

The Company is not obtaining lock-up agreements from purchasers of Shares sold in the Offer. Although each of the AXA Group Investors expected to acquire Shares in the Offer has indicated to the Company and the

Initial Purchasers that it has no current intent to sell those Shares, it has made no legally binding commitment in this regard and may sell those Shares when it chooses. Sales of Shares by investors may depress the market price of the Shares, especially if the volumes offered for sale exceed available demand.

The Company will not be registered under the U.S. Investment Company Act.

The Company will not be registered as an investment company in the United States under the Investment Company Act. The Investment Company Act provides certain protections to investors and imposes certain restrictions on registered investment companies, none of which will be applicable to the Company or investors in the Company.

The assets of the Company could be deemed to be "plan assets" subject to the prohibited transactions requirements of ERISA or Section 4975 of the Code, and investments of the Company may have restrictions relating to ERISA or any similar federal, state, local or non-U.S. laws that could result in the forced sale of the Company's assets at less than their fair value.

Under current regulations issued by the U.S. Department of Labor (**"DOL"**), if 25 per cent. or more of the Shares or any other class of equity interest in the Company (the **"Plan Threshold"**), as modified by Section 3(42) of ERISA (excluding Shares and other classes of equity interest held by the Investment Manager, any sub-manager and their affiliates (as defined in 29 C.F.R. Section 2510.3 — 101(f)(3)) or the Directors) are owned, directly or indirectly, by any (i) "employee benefit plan" (as defined in Section 3(3) of ERISA), subject to part 4 of subtitle B of Title I of ERISA, (ii) "plan" (as defined in Section 4975(e)(1) of the Code) subject to Section 4975 of the Code or (iii) entity whose underlying assets could be deemed to include "plan assets" by reason of the investment by an "employee benefit plan" or other "plan" in the entity within the meaning of 29 C.F.R. Section 2510.3-101 (as modified by Section 3(42) of ERISA) or otherwise, including without limitation, as applicable, an insurance company general account (each a **"Benefit Plan Investor"**), the assets of the Company could be deemed to be "plan assets" subject to the constraints of ERISA or Section 4975 of the Code.

Accordingly, no Benefit Plan Investor or any pension or other plan subject to requirements under any federal, state, local or non-U.S. laws substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code (**"Similar Laws"**) may acquire the Shares and each investor and subsequent transferee will be deemed to have represented and warranted by its acquisition of a Share that no portion of the assets used by such purchaser or transferee to acquire or hold the Shares constitute assets of any plan subject to part 4 of subtitle B of Title I of ERISA, Section 4975 of the Code (each, an **"ERISA Plan"**) or any Similar Laws. The Company's Articles of Association provide that any purported acquisition or holding of any Shares in contravention of the restriction described in such representation shall be deemed to be held in trust for the benefit of a charitable beneficiary designated by the Company and the purported holder will acquire no right in such Shares except as deemed trustee for the benefit of such charitable trust. The Shares deemed to be held in such trust may be subject to a transfer or sale to an eligible investor or redemption by the Company, and in any sale, transfer or redemption, the Benefit Plan Investor or plan subject to Similar Laws shall receive the lesser of fair market value on the date of such transfer, sale or redemption and the amount paid for the Shares (or, if the Benefit Plan Investor or plan subject to Similar Laws did not give value for the Shares, the fair market value of the Shares on the date of the purported acquisition of such Shares by such Benefit Plan Investor or plan subject to Similar Laws).

The Company cannot assure prospective investors that such Benefit Plan Investors or plans subject to Similar Laws will never acquire Shares or that, if they do, the ownership of all Benefit Plan Investors will be below the Plan Threshold discussed above or that the Company's assets will not otherwise constitute "plan assets" under ERISA or be subject to Similar Laws. If the Company's assets were deemed to constitute "plan assets" of investing ERISA Plans pursuant to ERISA or were subject to similar requirements under Similar Laws, this could result, among other things, in the possibility that certain transactions that the Company might enter into in the ordinary course of business and operation might be terminated by a counterparty or might constitute non-exempt prohibited transactions under ERISA or the Code or such Similar Laws, resulting in excise taxes or other liabilities under ERISA or the Code or such Similar Laws. In addition, any fiduciary of a Benefit Plan Investor or plan subject to Similar Laws that is responsible for the plan's investment in the Shares could be liable for any ERISA violations or violations of Similar Laws relating to the Company. Prospective investors in the Shares should refer to "Important Information for Investors".

In addition, it is possible that potential investments of the Company may have investment restrictions similar to those discussed above, which may limit the types of investments that the Company may make. In addition, one or more of the Company's investments may impose restrictions relating to ERISA such that if the Company were to be considered a Benefit Plan Investor or using the assets of a Benefit Plan Investor with respect to any such investments, the Company could be required to sell such investment(s) and such forced sale(s) could be for a price(s) that is less than fair value.

Future share issues and the exercise of the Investment Manager Warrants could dilute the interests of existing Shareholders and lower the price of the Shares.

The Company anticipates issuing additional Shares in subsequent public offerings or private placements, although the Company has agreed that it will not issue additional Shares during a period of six months from Admission (subject to an exception for Shares issued to the Directors as part of their fees) unless the Global Coordinators have given their consent. The Company is not required under Guernsey law to offer any such additional Shares to existing Shareholders on a pre-emptive basis. Therefore, existing Shareholders may not be afforded the opportunity to participate in such future share issues, which may dilute the existing Shareholders' interests in the Company. Such future share offerings may be at prices below the then per Share net asset value of the Company. In addition, the issue of additional Shares by the Company, or the possibility of such issue, may cause the market price of the Shares to decline. The Company plans to grant the Investment Manager Warrants to the Investment Manager at Closing, and a portion of the Investment Manager's Incentive Fee as well as a portion of the fees payable to the Directors of the Company will be in the form of ordinary shares of the Company.

The Company's name may be subject to legal challenges.

The Company's name has not been registered by the Company as a trade- or service mark. The use or registration of the Company's name may be vulnerable to challenge in the event that a third party has relevant prior rights in respect of that name and the Company may be liable to pay damages in such circumstances.

If the Company's place of central management and control were to change or be deemed to have changed, the City Code on Takeovers and Mergers may no longer apply to the Company.

The City Code on Takeovers and Mergers (the "**City Code**") applies, *inter alia,* to offers for public companies which have their registered offices in the Channel Islands (which includes Guernsey) and which are considered by the Panel on Takeovers and Mergers (the "**Takeover Panel**") to have their place of central management and control in the Channel Islands. The Company's registered office and place of central management and control is Guernsey. As such the Company is a company to which the City Code applies and its shareholders are accordingly entitled to the protections afforded by the City Code.

Should the Company's place of central management and control alter and be determined by the Takeover Panel to be outside of the United Kingdom, the Channel Islands and the Isle of Man, shareholders would not be afforded the protections of the City Code. In the event that the Company alters its place of central management and control an explanatory announcement will be made.

If the City Code were not to apply to offers for the Company, the shareholders would not be afforded its protections in the event that a person (or persons acting in concert) sought to obtain control of the Company. The absence of these protections could result in minority shareholders, in particular, being disadvantaged in that control of the Company might be obtained without an offer being made to all shareholders on the terms required by the City Code. In addition, Dutch takeover rules apply to the Company. See "Part VI — Market Information relating to Euronext Amsterdam — Takeover Regulation".

The Company's Articles of Association include special provisions regarding the quorum for shareholder meetings

The quorum for general meetings of Shareholders at which "ordinary" business is conducted is two Shareholders present in person or by proxy and entitled to vote. However, the Articles of Association provide that the quorum for general meetings at which any business deemed "special" is to be transacted will initially be Shareholders present in person or by proxy holding not less than 50% of the total voting rights of the Shareholders having the right to attend or vote, subject to reduction if the meeting is inquorate, as described further in paragraph 3.6.5 of "Part XI — Additional Information". In light of these quorum requirements, it may be more difficult for a Shareholder to influence the outcome of a vote of the Shareholders than would be the case in respect of Guernsey companies with articles of association that do not impose such enhanced quorum requirements.

No formal corporate governance code will apply to the Company.

The Dutch corporate governance code only applies to companies incorporated in the Netherlands. There is no formal corporate governance code with which the Company must comply. The Company has adopted a securities dealing code in accordance with applicable Dutch law which will apply to the Directors. In addition, the Directors have decided for the time being to apply voluntarily certain elements of the U.K. Combined Code on Corporate Governance to the Company as if the Company were a U.K. — listed company incorporated in the United Kingdom. See "Part IV — Management and Administration of the Company and the Company's Investment Portfolio — Management and Administration of the Company — Corporate Governance — Voluntary Application of the U.K. Combined Code on Corporate Governance". Moreover, there can be no assurance that the Company will continue to comply with such standards as they currently exist or as they may be revised going forward. Furthermore, no legal sanctions would apply to the Company if it failed to comply with such standards.

Changes in laws or regulations, or a failure to comply with any laws and regulations, may adversely affect the Company's business, investments and results of operations.

The Company and its subsidiaries and affiliates are subject to laws and regulations enacted by national, regional and local governments. In particular, the Company will be required to comply with certain licensing and regulatory requirements that are applicable to a Guernsey investment fund, including laws and regulations supervised by the Guernsey Financial Services Commission, and the Company will be required to comply with certain Dutch legal requirements that are applicable to collective investment schemes established outside of the Netherlands. Additional laws may apply to the private equity funds and portfolio companies in which the Company makes investments. Compliance with, and the monitoring of, applicable laws and regulations may be difficult, time consuming and costly. Those laws and regulations and their interpretation and application may also change from time to time and those changes could have a material adverse effect on the Company's business, investments and results of operations. In addition, a failure to comply with applicable laws or regulations, as interpreted and applied, by the Company or by any of the persons connected to the Company and/or its subsidiaries and affiliates could have a material adverse effect on the Company's business, investments and results of operations.

The Company is subject to potential conflicts of interest relating to the Initial Purchasers and the Placement Agents and their respective affiliates.

The Company is subject to potential conflicts of interest relating to the Initial Purchasers and the Placement Agents and their respective affiliates because, among other things: (i) the Initial Portfolio consists in part of investments acquired from Citigroup Global Markets Limited and Wachovia Capital Markets LLC in their capacities as warehousing banks and may contain assets for vehicles managed, serviced or otherwise linked with certain of the Initial Purchasers and the Placement Agents and/or their respective affiliates in the ordinary course of business; (ii) the Company may, in the future, enter into transactions for the purchase and sale of securities, loans and other investments, derivative transactions and other transactions (including, without limitation, providing leverage against investments) with certain of the Initial Purchasers and the Placement Agents and/or their respective affiliates, including prime brokerage arrangements; or (iii) in connection with the Offer, certain of the Initial Purchasers and the Placement Agents and/or their respective affiliates may acquire for their own accounts Shares in the Company. For additional information concerning conflicts of interest relating to the Initial Purchasers and the Placement Agents and their respective affiliates, please refer to "Part V — The Offer — Other Services Provided by the Initial Purchasers and the Placement Agents".

IMPORTANT INFORMATION FOR INVESTORS

The Company is offering 35 million Offer Shares in the Offer, subject to increase (to up to 50 million Shares) or decrease as described under "Part V — The Offer — Description of the Offer" and "Part V — The Offer — Bookbuilding and Allocation". The Company expects that payment for and delivery of the Offer Shares will be made on or about December 18, 2006, through the book-entry facilities of the Netherlands central securities depositary *(Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.)* **("Euroclear Nederland")**, all in accordance with their normal settlement procedures applicable to equity securities and against payment for the Offer Shares in immediately available funds. The Offer Shares will be registered in the name of Euroclear Nederland or its nominee for safe keeping on behalf of and for the benefit of those persons entitled to the Offer Shares.

The Company accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company (which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

All references to assets under management in this document are to unaudited figures.

Market Stabilisation

The Initial Purchasers have agreed that no stabilisation is to be undertaken in connection with the Offer.

Selling Restrictions

The Company is furnishing this Prospectus solely for the purposes of enabling a prospective investor in the Offer Shares to consider their purchase. Any reproduction or distribution of this Prospectus, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Shares offered hereby is strictly prohibited. Each recipient of this Prospectus, by accepting its delivery, shall be deemed to agree to the foregoing and the following:

Prospective investors in the Shares should rely only on the information contained in this Prospectus. No person has been authorised to give any information or make any representations other than as contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Investment Manager, Citigroup Global Markets Limited, Goldman Sachs International, any of the other Initial Purchasers or any of the Placement Agents. Without prejudice to the Company's obligations under applicable law, neither the delivery of this Prospectus nor any subscription made for the Shares shall, under any circumstances, create any implication that there has been no change in the affairs of the Company or any other matter referred to in this Prospectus since the date of this Prospectus or that the information contained herein is correct as at any time subsequent to the date.

Prospective investors in the Shares must not treat the contents of this Prospectus or any subsequent communication from the Company, the Investment Manager, Citigroup Global Markets Limited, Goldman Sachs International, any of the other Initial Purchasers or any of the Placement Agents, or any or their respective affiliates, officers, directors, employees or agents, as advice relating to legal, taxation, investment or any other matters. Prospective investors in the Shares must inform themselves as to:

- the legal requirements within their own countries for the purchase, holding, transfer or other disposal of the Shares (as discussed in more detail below);
- any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Shares which they might encounter; and
- the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Shares.

Prospective investors in the Shares must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment in its Shares.

Apart from the responsibilities and liabilities, if any, which may be imposed on Citigroup Global Markets Limited, Goldman Sachs International and any other Initial Purchasers and the Placement Agents under applicable law, each of Citigroup Global Markets Limited, Goldman Sachs International, the other Initial Purchasers and the Placement Agents accept no responsibility whatsoever for the contents of this document nor for any other statement made or purported to be made by it or either of them or on its or their behalf in connection with the Company or the Shares. Each of Citigroup Global Markets Limited, Goldman Sachs International, the other Initial Purchasers and the Placement Agents accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this document or any such statement.

This document does not constitute, and may not be used for the purposes of, an offer or an invitation to subscribe for any Shares by any person in any jurisdiction:

- in which such offer or invitation is not authorised or lawful;
- in which the person making such offer or invitation is not qualified to do so; or
- to any person to whom it is unlawful to make such offer or invitation.

The distribution of this document and the offering of the Shares in certain jurisdictions may be restricted. Accordingly, persons into whose possession this document comes are required by the Company and the Initial Purchasers to inform themselves about and to observe any restrictions as to the offer or sale of Shares and the distribution of this document under the laws and regulations of any territory in connection with any applications for Shares in the Company, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such territory. No action has been taken or will be taken in any jurisdiction by the Company, the Investment Manager, the Initial Purchasers or the Placement Agents that would permit a public offering of the Shares in any jurisdiction (other than the Netherlands) where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this document in any jurisdiction (other than the Netherlands) where action for that purpose is required.

European Economic Area

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a **"Relevant Member State"**), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **"Relevant Implementation Date"**), an offer of Shares may not be made to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Shares that has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that, with effect from and including the Relevant Implementation Date, an offer of the Shares may be offered to the public in that Relevant Member State at any time:

- to any legal entity that is authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; or
- to any legal entity that has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- in any other circumstances that do not require the publication of a prospectus pursuant to Article 3 of the Prospectus Directive.

For purposes of this provision, the expression an "offer of Shares to the public" in relation to any Shares in any Relevant Member State means the communication to persons in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe for the Shares, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state, and the expression "Prospectus Directive" means the Prospectus Directive and includes any relevant implementing measure in each Relevant Member State.

The Company has not authorised and does not authorise the making of any offer of Shares through any financial intermediary on its behalf, other than offers made by the Initial Purchasers or the Placement Agents on the Initial Purchasers' behalf with a view to the final placement of the Shares as contemplated in this Prospectus. Accordingly, no purchaser of the Shares, other than the Initial Purchasers (or the Placement Agents on behalf of the Initial Purchasers), is authorised to make any further offer of the Shares on behalf of the Company or the Initial Purchasers.

Each purchaser of Shares described in this Prospectus located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that:

- it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive; or
- in the case of any Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Shares acquired by it in the Offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or (ii) where Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Shares to it is not treated under the Prospectus Directive as having been made to such persons.

Australia

This Prospectus has not been and will not be lodged with the Australian Securities and Investments Commission and is not a product disclosure statement or disclosure document for purposes of the Australian Corporations Act 2001 (Cth). This Prospectus may not be issued or distributed in Australia and no offer, invitation or recommendation may be made in relation to the issue, sale or purchase of any Shares in Australia (including an offer, invitation or recommendation received by a person in Australia) and no Shares may be sold in Australia, unless the offer, invitation or sale does not need disclosure to investors under Part 6D.2 of the Corporations Act 2001 (Cth). Accordingly, this Prospectus may not be distributed in Australia to retail clients (as defined in the Corporations Act 2001 (Cth)).

If a recipient on-sells their Shares within 12 months of their issue, that person will be required to lodge a disclosure document with ASIC unless either:

(a) the sale is pursuant to an offer received outside Australia or is made to a sophisticated investor or professional investor under Part 6D.2 of the Corporations Act 2001 (Cth); or

(b) it can be established that the Company issued, and the recipient subscribed for, the Shares without the purpose of the recipient on-selling them or granting, issuing or transferring interests in, or options or warrants over them.

Austria

No public offer within the meaning of section 24 of the Austrian Investment Funds Act *(Investmentfondsgesetz)* or section 33 of the Austrian Investment Funds Act or section 1 para. 1 no. 1 of the Austrian Capital Market Act *(Kapitalmarktgesetz)* of the Shares is being made in Austria. The Shares are not registered or authorised for distribution under the Austrian Investment Funds Act. The Shares are being offered by way of a private placement in Austria to a limited number of addresses in Austria whereby the Company has determined the identity of the addresses of the Offer by name before the marketing was commenced.

The Company is not under the supervision of the Austrian Financial Market Authority *(Finanzmarktaufsichtsbehörde)* or any other Austrian supervision authority. In particular, the structure of the Company, its investment objectives, investors' participation therein, etc. may differ from the structure, investment objectives, investors' participation, etc. of investment vehicles provided for in the Austrian Investment Funds Act or the Austrian Capital Market Act.

Neither this document nor any other document in connection with the Shares is a prospectus according to the Austrian Investment Funds Act or the Austrian Capital Market Act and has therefore not been drawn up, audited and published in accordance with such acts. Neither this document nor any other document connected with the Shares may be distributed, passed on or disclosed to any other person in Austria, save as specifically agreed with the Company. No steps may be taken that would constitute a public offer of the Shares in Austria and the Offer may not be advertised in Austria. This document is distributed under the condition that the above obligations are accepted by the recipient and that the recipient undertakes to comply with the above restrictions.

Belgium

This offering does not constitute a public offering in Belgium. The offer may not be advertised and Shares may not be offered or sold, and this offering memorandum or any other offering material relating to the Shares may not be distributed, directly or indirectly, to any persons in Belgium other than to (i) qualified investors as defined in article 10 of the Act of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on a regulated market, or (ii) other investors in circumstances which do not require the publication by the Issuer of a prospectus, information circular, brochure or similar document pursuant to Article 3 of the aforementioned Act. The offering has not been and will not be notified to, and this document or any other offering material relating to the Shares has not been and will not be approved by, the Belgian Banking, Finance and Insurance Commission ("*Commission bancaire, financière et des assurances/Commissie voor het Bank-, Financie- en Assurantiewezen*"). Any representation to the contrary is unlawful.

Bermuda

This offer is private and not intended for the public and is directed at sophisticated private investors, institutional investors and high net worth private investors as defined under the Investment Business Act (Exemptions) Order 2004. Neither the Bermuda Monetary Authority nor the Registrar of Companies in Bermuda has approved this Prospectus.

Cayman Islands

Shares in the Company may not be offered to persons resident in the Cayman Islands, which includes individuals and ordinary resident entities, but such restrictions shall not include an offering to exempted or non-resident companies or other exempted or non-resident entities such as exempted limited partnerships.

Finland

The Shares may not be offered or sold, or this Prospectus be distributed, directly or indirectly, to any resident of the Republic of Finland or in the Republic of Finland, except pursuant to applicable Finnish laws and regulations. Specifically, the Shares may not be offered or sold, or this Prospectus be distributed, directly or indirectly, to any resident of the Republic of Finland or in the Republic of Finland, other than to (i) a limited number of pre-selected investors as defined under the Finnish Securities Market Act of 1989 or to (ii) an unlimited number of qualified investors as defined under the Finnish Securities Market Act of 1989. The Shares may not be offered or sold, or this Prospectus be distributed, directly or indirectly, to the public in the Republic of Finland as defined under the Finnish Securities Market Act of 1989.

France

Neither this Prospectus nor any other offering material relating to the Shares described in this Prospectus has been prepared in the context of a public offer of securities in the Republic of France within the meaning of article L.411-1 of the French *Code monétaire et financier* and articles 211-1 & *seq.* of the General Regulations of the *Autorité des marchés financiers* and has been and will be submitted to the clearance procedures of the *Autorité des marchés financiers* or the competent authority of another member state of the European Economic Area and notified to the *Autorité des marchés financiers*. The Shares have not been and will not be offered or sold or otherwise transferred, directly or indirectly, to the public in the Republic of France and any offer, sale or other transfer of the Shares in the Republic of France will be made in accordance with article L.411-2 of the French *Code monétaire et financier* only to:

(i) qualified investors *(investisseurs qualifiés)* acting for their own account except as otherwise stated under French laws and regulations, as defined in and in accordance with articles L.411-2, D.411-1 to D.411-3, D.734-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier;* and/or

(ii) persons providing portfolio management services on a discretionary basis *(personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers)*; and/or

(iii) in a transaction that, in accordance with article L.411-2-II-1°,-2° or 3° of the French *Code monétaire et financier* and article 211-2 of the General Regulations of the *Autorité des marchés financiers,* does not constitute a public offer.

The Shares may be resold, directly or indirectly, only in compliance with Articles L.411-1. L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code monétaire et financier.*

The Company has represented and agreed that it has not distributed or caused to be distributed and will not distribute or cause to be distributed in the Republic of France this Prospectus or any other offering material relating to the Shares described in this Prospectus, other than to investors to whom offers, sales or other transfers of the Shares in the Republic of France may be made as described above.

This Prospectus and any other offering material relating to the Shares described in this Prospectus, are not to be further distributed or reproduced (in whole or in part) by the addressee and have been distributed on the basis the addressee invests for its own account, as necessary, and does not resell or otherwise retransfer, directly or indirectly, the Shares to the public in the Republic of France, other than in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French *Code monétaire et financier.*

Germany

The Shares are neither registered for public distribution with the Federal Financial Supervisory Authority (*Bundesanstalt fur Finanzdienstleistungsaufsicht* — "BaFin") according to the German Investment Act nor listed on a German exchange. No sales prospectus pursuant to the German Sales Prospectus Act has been filed with the BaFin. Consequently, the Shares may not be offered to the public in Germany.

This Prospectus is not for offering Shares in Germany. It is not meant as a description of, and does not express any view on, the consequences that an investment in Shares can have for German tax purposes and for the German tax status of investors. Investors in Germany are urged to consult their own tax advisers as to the tax consequences that would arise from an investment in the Shares. The Company and any special purpose vehicles or entities which the Company may use in the future for direct or indirect investments do not intend to report and do not intend to publish any German tax figures within the meaning of Sec. 5 of the German *Investmentsteuergesetz* (German Investment Tax Act). This may be the case also for issuers of instruments in which they invest.

The Shares are not destined for Investors who are taxable (or who will become taxable) in Germany as it can be typically expected that their investment in the Shares would have adverse German tax consequences. In addition to other taxes, taxable events and taxable proceeds, this includes the German income taxation of investors on (i) distributions and on a dissolution of the Company, (ii) on fictitious annual income which, pursuant to Sec. 6 of the German Investment Tax Act, is deemed to be received by Shareholders as at the end of each calendar year, (iii) on potential attributions (under the German Aussensteuergesetz or other German tax principles) of actual and fictitious earnings and gains of the Company of any other special purpose vehicles or entities in which any of them may invest, (iv) on so-called "interim income" of up to 6 per cent. of the proceeds from a disposal or redemption of Shares and (v), subject to certain potential exceptions for private investors, on any higher gains derived from a disposal or redemption of Shares. The fictitious annual income referred to in the previous sentence under (ii) which is deemed to be received pursuant to Sec. 6 of the German Investment Tax Act as at the end of each calendar year amounts per Share to the higher of (x) the difference by which 6 per cent. of the last market value of a Share in the respective calendar year may exceed the distributions per Share made in the respective calendar year and of (y) 70 per cent. of the positive excess amount by which the last market value of a Share in the respective calendar year may exceed the first market value in such calendar year.

In case a disbursement or credit of a distribution of the Company, of liquidation proceeds or of proceeds from a disposal or redemption of Shares is carried out through a credit institution acting within Germany (or an equivalent institution) which keeps in custody or administers Shares or dividend rights or which pays out or credits the distribution or proceeds against surrender of dividend coupons or share certificates to a person other than an institution which, within the meaning of the relevant withholding tax provisions, qualifies as a foreign credit institution or foreign financial services institution, the institution acting within Germany (or an equivalent institution) which makes the disbursement or credit, in general, has to retain German withholding tax from distributions, liquidation proceeds and, with respect to interim income and in certain cases also with respect to the sum of fictitious income which until then is deemed to be received by Shareholders, from proceeds from a disposal or redemption of Shares. The German withholding tax can also apply in certain other cases of a sale of Shares to the aforementioned institutions or to other persons who are obliged to retain withholding tax in Germany.

Hong Kong

WARNING — The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer.

IMPORTANT: if you are in any doubt about the contents of this Prospectus, you should consult your broker, bank manager, solicitor, professional accountant, financial advisor, or other professional advisor.

A copy of this Prospectus has not been approved by the Securities and Futures Commission of Hong Kong. No person may offer or sell in Hong Kong by means of any document, any Shares other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) (the **"SFO"**) of Hong Kong and any rules made under that ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that ordinance. No person may issue or have in their possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder.

This Prospectus is intended solely for the use of the person to whom it has been delivered for the purpose of evaluating a possible investment by the recipient in the Shares described herein, and is not to be reproduced or distributed to any other persons (other than professional advisers of the prospective investor receiving this Prospectus.

Indonesia

This Prospectus is not intended and not prepared for the purposes of a public offering of Shares under the Indonesian Capital Markets Law and its implementing regulations. Shares mentioned in this Prospectus have not been, and will not be, registered under the Indonesian Capital Markets Law and regulations.

Italy

The offering of the Shares has not been authorised by the relevant Italian authorities pursuant to Article 42 and Article 94 and seq. of Legislative Decree no. 58, dated 24 February, 1998, as amended, and, accordingly, no Shares may be offered, sold, delivered or marketed to investors of any kind to the Republic of Italy, nor may copies of the prospectus or of any document relating to the Shares be distributed in the Republic of Italy.

Japan

The Shares have not been and will not be registered under the Securities and Exchange Law of Japan and will not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law of Japan and any other applicable laws and regulations of Japan.

Portugal

The Shares have not been offered, advertised, sold or delivered and will not be directly or indirectly offered, advertised, sold, re-sold, re-offered or delivered in circumstances which could qualify as a public offer pursuant to the *Código dos Valores Mobiliários* or as distribution *(comercializaçao)*, pursuant to Decree-Law n. 252/2003, of 15 March.

This offer qualifies as a private offer, under the *Código dos Valores Mobiliários,* cannot be considered as a distribution *(comercializaçao)* pursuant to Decree-Law n. 252/2003, of 15 March and is directed only to institutional investors, as defined in the said Code, acting for their own account.

All applicable provisions of the *Código dos Valores Mobiliários*, of Decree-Law n. 252/2003, of 15 March and of any applicable CMVM Regulations have been complied with regarding the Shares, in any matter involving Portugal.

Singapore

This Prospectus has not been and will not be lodged with or registered as a prospectus by the Monetary Authority of Singapore under the Securities and Futures Act (Chapter 289) of Singapore (the **SFA**). Accordingly, neither this Prospectus nor any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may be issued, circulated or distributed, nor may any Shares (or any one of them) be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, in Singapore other than: (i) to an institutional investor specified in Section 274 of the SFA; (ii) to an accredited investor or other person, in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Section 276 of the SFA will have to be complied with upon the subsequent sale of Shares acquired pursuant to an exemption under Section 274 or Section 275 of the SFA. There are further restrictions on the sale of securities of a corporation, and of the rights and interests in a trust, where such corporation or trust has acquired Shares pursuant to an exemption under Section 274 or Section 275 of the SFA, and where the sole business or purpose of such corporation or trust is to hold investments, and each shareholder of the corporation or each beneficiary of the trust (as the case may be) is an accredited investor.

Spain

The Shares referred to in this Prospectus are not offered as a public offer of securities in Spain, but to qualifying investors as defined in article 39.1 of Royal Decree 1310/2005, of 4 November 2005 on the basis of the exemption to file a prospectus under article 38(a) of the Royal Decree.

Switzerland

The Company has not been registered with the Swiss Federal Banking Commission as a foreign mutual fund pursuant to Article 45 of the Swiss Mutual Fund Act of 18 March 1994. Accordingly, the Shares may not be offered to the public in or from Switzerland, and neither this Prospectus, nor any other offering materials relating to the Shares may be distributed in connection with any such public offering. The Shares may only be offered on or from Switzerland to institutional investors and to a limited number of other investors without any public offering.

Taiwan

Each purchaser has acknowledged and agreed that it has not offered sold or delivered and will not offer, sell or deliver, at any time, directly or indirectly, any shares acquired by it as part of this offering in the ROC or to, or for the account or benefit of, any resident of the ROC.

United Arab Emirates

This document is not intended to constitute an offer, sale or delivery of shares or other securities under the laws of the United Arab Emirates (**"UAE"**). The Shares have not been and will not be registered under Federal Law No. 4 of 2000 Concerning the Emirates Securities and Commodities Authority and the Emirates Security and Commodity Exchange, or with the UAE Central Bank, the Dubai Financial Market, the Abu Dhabi Securities market or with any other UAE exchange. The Offer and the Shares have not been approved or licenced by the UAE Central Bank or any other relevant licensing authorities in the UAE, and do not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise. This document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the Shares may not be offered or sold directly or indirectly to the public in the UAE.

United Kingdom

This document is only being distributed to and is only directed at persons in the United Kingdom who are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 and other persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) can lawfully be communicated (all such persons together being referred to as "**relevant persons**"). The Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

United States of America

The Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States. Subject to certain limited exceptions, the Shares may not be offered or sold within the United States or to or for the account of U.S. Persons. The Initial Purchasers and the Placement Agents may arrange for the offer and sale of Shares in the United States or to U.S. Persons only to persons (a) reasonably believed by them to be "qualified institutional buyers" as defined in Rule 144A ("**Rule 144A**") under the Securities Act, and (b) who are also "qualified purchasers" as defined in Section 2(a)(51) of the Investment Company Act, in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A, or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Shares being offered and sold outside the United States are being offered to non-U.S. Persons in reliance on Regulation S under the Securities Act. For this purpose, "non-U.S. Persons" means parties who are not "U.S. Persons" as defined in Regulation S. The Company will not be registered under the Investment Company Act and investors in its securities will not be entitled to the benefits of regulation under that Act. Furthermore, the Company's investment manager is not registered under the Advisers Act, and as a result the Company and its investors will not be entitled to the benefits of the requirements applicable to investment advisers that are registered under the Advisers Act. Prospective investors in the Shares are hereby notified that sellers of the Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A or another exemption from the registration requirements of the Securities Act.

The Shares are transferable only in compliance with the restrictions described in "— Transfer Restrictions". In addition, prospective investors should take note that the Shares may not be acquired by investors using assets of any retirement plan or other plan that is subject to Title I of ERISA or Section 4975 of the Internal Revenue Code. Prospective investors also are notified that the Company expects that it, its subsidiaries that are treated as corporations for U.S. federal income tax purposes and possibly a significant number of the entities in which they invest, will be treated as passive foreign investment companies for U.S. federal income tax purposes. Accordingly, U.S. investors may be subject to adverse U.S. federal income tax consequences in respect of their investment in the Shares. See further the section entitled "Risk Factors" and "Part VII — Tax Considerations — United States Taxation — Passive Foreign Investment Company Rules". The company expects that U.S. taxpayers generally would be subject to adverse tax consequences in respect of their investment in the Shares under U.S. tax rules applicable to "passive foreign investment companies". Prospective investors in the shares who are U.S. investors are urged to consider carefully the additional information set out below.

ERISA Considerations

Investment in the Shares by persons who are subject to part 4 of subtitle B of Title I of ERISA or Section 4975 of the Code or by any entity whose assets are treated as assets of any such plan could result in severe penalties or other liabilities for the investor, the Company, the Directors and/or the Investment Manager.

Accordingly, Benefit Plan Investors (as defined below) (including, as applicable, assets of an insurance company general account) or plans, individual retirement accounts and other arrangements that are subject to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, or to provisions under applicable federal, state, local, non-U.S. or other laws or regulations that are substantially similar to such provisions of ERISA or the Code (**"Similar Laws"**) will not be permitted to acquire Shares, directly or indirectly, either as part of the initial distribution of the Shares or subsequently.

Each investor will be required to represent, or will be deemed to have represented, as applicable, that it is not a Benefit Plan Investor (and that is not purchasing the Shares with the assets of or on behalf of any Benefit Plan Investor) or a plan, an individual retirement account or other arrangement that is subject to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, or to Similar Laws.

Each transferee of a Share in uncertificated form and admitted to settlement by means of Euroclear Nederland, if any, will be deemed to represent and warrant that it is not a Benefit Plan Investor (and that it is not purchasing the Shares with the assets of or on behalf of any Benefit Plan Investor) or a plan, an individual retirement account or other arrangement that is subject to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code or to Similar Laws.

The Company's Articles of Association provide that any Share owned by or on behalf of a Benefit Plan Investor that is subject to Title I of ERISA or Section 4975 of the Code or Similar Laws will be subject to provisions requiring compulsory transfer or redemption of such Shares as provided for in the Articles of Association.

Restrictions on Purchase

The Company intends to prohibit Benefit Plan Investors and pension or other benefit plans subject to Similar Laws from acquiring any Shares. Accordingly, Benefit Plan Investors (including, as applicable, assets of an insurance company general account) and any such plans subject to Similar Laws will not be permitted to acquire the Shares and each investor will be required to represent, or will be deemed to have represented, as applicable, that it is not a Benefit Plan Investor or a plan subject to Similar Laws (and that is not purchasing the Shares with the assets of or on behalf of any Benefit Plan Investor or plan subject to Similar Laws). Each purchaser of a Share admitted to settlement by means of Euroclear Nederland, if any, will be deemed to represent and warrant that it is not a Benefit Plan Investor or plan subject to Similar Laws (and that is not purchasing the Shares with the assets of or on behalf of any Benefit Plan Investor or a plan subject to Similar Laws). In addition, the Company's Articles of Association provide that any Share owned by or on behalf of a Benefit Plan Investor or plan subject to Similar Laws will be subject to provisions requiring compulsory transfer or redemption of Shares as provided for in the Articles of Association. Any Shareholder who becomes aware that it is, or is using assets of, a pension or other benefit plan subject to Title I of ERISA or Section 4975 of the Code or any Similar Laws, is required forthwith either to transfer its Shares (in accordance with the transfer restrictions described elsewhere herein) to a transferee that is not, and is not using assets of, any such plan, or to request the Directors in writing to exercise their powers under the Articles of Association. In addition, any purported acquisition or holding of any Shares in violation of the requirement described in the foregoing representation shall be deemed to be held in trust for the benefit of a charitable beneficiary designated by the Company and the purported holder will acquire no right in such Shares except as deemed trustee for the benefit of such charitable trust. The Shares deemed to be held in such trust may be subject to a transfer or sale to an eligible investor or redemption by the Company. Additionally, following the Company's discovery of the existence of the trust, if the provisions of the preceding sentence are unenforceable for any reason, the Company shall either (i) direct the Benefit Plan Investor or person that purportedly acquired or held the Shares in contravention of the representation set forth above to transfer such Shares to a non-U.S. person in an offshore transaction pursuant to Regulation S or, if applicable, to a person that (A) is not a Benefit Plan Investor or plan subject to Similar Laws, (B) that is within the United States or that is a U.S. person and (C) that is a qualified institutional buyer or a qualified purchaser and makes certain representations as the Company shall require or (ii) provide for the redemption of such Shares. In any sale, transfer or redemption of the Shares held by a Benefit Plan Investor or plan subject to Similar Laws, the Benefit Plan Investor or plan subject to Similar Laws shall receive the lesser of (1) the fair market value of the Shares on the date of such transfer, sale or redemption and (2) the price paid by such Benefit Plan Investor or plan subject to Similar Laws for the Shares (or, if the Benefit Plan Investor or plan subject to Similar Laws did not give value for the Shares, the fair market value of the Shares on the date of the purported acquisition of such Shares by such Benefit Plan Investor or plan subject to Similar Laws). For a discussion of transfer restrictions with respect to the Shares, see "Transfer Restrictions" below.

Special Considerations Applicable to Insurance Company General Accounts

Any insurance company proposing to invest assets of its general account in Shares should consider the extent to which such investment would be subject to the requirements of Title I of ERISA and Section 4975 of the Code in light of the U.S. Supreme Court's decision in John Hancock Mutual Life Insurance Co. v. Harris Trust and Savings Bank, 510 U.S. 86 (1993), and the enactment of Section 401(c) of ERISA on August 20, 1996. In particular, such an insurance company should consider (i) the exemptive relief granted by the U.S. Department of Labor for transactions involving insurance company general accounts in PTCE 95-60 and (ii) if such exemptive relief is not available, whether its purchase of Shares will be permissible under the final regulations issued under Section 401(c) of ERISA. The final regulations provide guidance on which assets held by an insurance company constitute "plan assets" for purposes of the fiduciary responsibility provisions of ERISA and Section 4975 of the Code. The regulations do not exempt the assets of insurance company general accounts from treatment as "plan assets" to the extent they support certain participating annuities issued to (i) employee benefit plans (as defined in Section 3(3) of ERISA) that are subject to Title I of ERISA, (ii) plans (as defined in Section 4975(e)(1) of the Code) that are subject to Section 4975 of the Code, including individual retirement accounts or Keogh plans, and (iii) any entities whose underlying assets include plan assets by reason of a plan's investment in such entities (each of (i), (ii) and (iii), a **"Plan"**) after December 31, 1998.

An insurance company using the assets of its general account (as defined in PTCE 95-60) may purchase the Shares if, and will be deemed to represent and warrant that, at the time of its acquisition of such Shares, and throughout the holding of such Shares no percentage of the assets in such general account are (or represent) assets, or are deemed for purposes of ERISA or Section 4975 of the Code to be (or represent) assets, of a plan subject to Title I of ERISA or Section 4975 of the Code or any entity deemed to hold "plan assets" of any such plan or arrangement.

Eligible Investors

The Offer Shares are being offered (i) in the United States or to U.S. Persons, only to persons reasonably believed to be Qualified Institutional Buyers that are also Qualified Purchasers, each of which has executed a certificate in the form of Annex A to this document, in a transaction meeting the requirements of Rule 144A or another applicable exemption from the registration requirements of the Securities Act and (ii) outside the United States to investors that are not U.S. Persons, each of whom has executed a certificate in the form of Annex B to this document, in offshore transactions in reliance on Regulation S. A purchaser of the Offer Shares that is located in the United States or that is a U.S. Person may only sell, transfer, assign, pledge, or otherwise dispose of its Offer Shares in compliance with the Securities Act and other applicable securities laws outside the United States in an offshore transaction complying with the provisions of Rule 903 and Rule 904 of Regulation S. See "Transfer Restrictions" below.

Transfer Restrictions

The Shares have not been and will not be registered under the Securities Act or any U.S. state securities or "Blue Sky" laws or the securities laws of any other jurisdiction and, accordingly, may not be reoffered, resold, pledged or otherwise transferred in the United States or to U.S. Persons except in accordance with the restrictions described under "Eligible Investors" and "ERISA Considerations" above and below.

Under the Articles, the Directors have the power to require the sale or transfer of Shares in certain circumstances. Such power may be exercised inter alia (i) in order to prevent the Company from being in violation of, or required to register under, the Investment Company Act and (ii) in order to avoid the assets of the Company being treated as "plan assets" for the purposes of ERISA.

Each purchaser of Offer Shares in the United States or that is a U.S. Person is required to execute a certificate in the form of Annex A to this document in which it will represent and agree as set forth therein.

Available Information

The Company has agreed that, for so long as any Shares are **"restricted securities"** within the meaning of Rule 144(a)(3) under the Securities Act, it will, during any period in which it is neither subject to Section 13 or 15(d) under the U.S. Securities Exchange Act of 1934 (the **"Exchange Act"**), nor exempt from reporting under the Exchange Act pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, on the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

Forward-Looking Statements

This Prospectus includes statements that are, or may be considered, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "plans", "expects", "targets", "aims", "intends", "may", "will", "would" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus, including in the Company's statement concerning its dividend policy, "Part II — Certain Assumptions Relating to Dividend Targets", "Part III — Information Concerning the Primary Target Asset Classes and Market Opportunities — Potential Market Opportunities". They include statements regarding the intentions, beliefs or current expectations of the Company or the Investment Manager concerning, among other things, the investment objectives and investment policies, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects, the dividend policy and targeted dividend levels of the Company, and the development of the markets in which it,directly and through special purpose vehicles, will invest in and issue securities and other instruments. They also include statements made with regard to targeted portfolio profiles and expected returns and costs. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual investment performance, results of operations, financial condition, liquidity, dividend policy and dividend payments and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document. In addition, even if the investment performance, results of operations, financial condition, liquidity, dividend policy and dividend payments of the Company and the development of its financing strategies are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause differences include, but are not limited to, changes in economic conditions generally and in the structured finance and credit markets particularly; fluctuations in interest and currency exchange rates, as well as the degree of success of the Company's hedging strategies in relation to such changes and fluctuations; changes in the liquidity of the markets for the Company's investments; declines in the value or quality of the collateral supporting many of the Company's investments; legislative and regulatory changes and judicial interpretations; changes in taxation; the Company's continued ability to invest its cash, including the proceeds of this Offer, in suitable investments on a timely basis; the availability and cost of capital for future investments; the availability of suitable financing; the continued provision of services by the Investment Manager and the Investment Manager's ability to attract and retain suitably qualified personnel; and competition within the markets relevant to the Company.

Potential investors in the Shares are urged to read this document in its entirety, including, in particular, the sections of this document entitled "Risk Factors", "Part I — The Company's Business", "Part II — Certain Assumptions Relating to Target Dividend Statements", "Part IV — Management and Administration of the Company and the Company's Investment Portfolio" and "Part X — The Company's Significant Accounting Policies" for a further discussion of factors that could affect the Company's future performance.

These forward-looking statements speak only as at the date of this Prospectus. Subject to its legal and regulatory obligations (including under the rules of Euronext Amsterdam and the Prospectus Rules), the Company expressly disclaims any obligations to update or revise any forward-looking statement (whether attributed to it or any other person) contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

The Company qualifies all of such forward-looking statements by these cautionary statements.

No Incorporation of Websites

The contents of the websites of the Company and of the Investment Manager and its affiliates are not part of this Prospectus.

Presentation of Information

In this Prospectus, all references to:

- the "Company" are to Volta Finance Limited (together, where relevant, with its subsidiaries (if any) and any investment vehicles it forms or sponsors, unless otherwise indicated or the context requires otherwise);
- the "Investment Manager" are to AXA Investment Managers Paris;
- historical financial data are in accordance with IFRS;
- "euro", EUR or "€" are to the lawful single currency introduced at the start of the third stage of the Economic and Monetary Union, pursuant to the Treaty establishing the European Economic Community, as amended by the Treaty on the European Union;
- "U.S. dollars", USD, "$" or "U.S.$" or are to the lawful currency of the United States; and
- "GBP" or "pound sterling" are to the lawful currency of the United Kingdom.

All times referred to in this document are, unless otherwise stated, references to Central European time.

Service of Process and Enforcement of Civil Liabilities

The Company is incorporated under Guernsey law. Service of process upon the Directors of the Company, all of whom reside outside the United States, may be difficult to effect within the United States. Furthermore, since most directly owned assets of the Company are outside the United States, any judgment obtained in the United States against the Company may not be enforceable in practice within the United States. There is doubt as to the enforceability outside the United States, in original actions or in actions for the enforcement of judgments of U.S. courts, of civil liabilities predicated upon U.S. federal securities laws. In addition, awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in Guernsey or the Netherlands.

References to Defined Terms and Incorporation of Terms

Certain terms used in this document, including capitalised terms and certain technical and other terms are explained in the section entitled "Definitions and Glossary".

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2006*
Publication of the Prospectus	December 5
Latest date for subscriptions	December 12
Announcement of the Offer size in pricing statement	December 12
Dealings to commence on an "as, if and when" basis**	December 13
Admission to official listing (unconditional listing)	December 18
Closing date; Euroclear Nederland accounts credited against payment	December 18

* The timetable for the Offer is subject to acceleration or extension. Any acceleration or extension of the timetable for the Offer will be announced in a press release (together with any related revision of the expected dates of pricing, allocation and Closing) at least two hours before the proposed expiration of the accelerated timetable for the Offer or, in the event of an extended timetable for the Offer, at least two hours before the expiration of the original timetable for the Offer. Any extension of the timetable for the Offer will be for a minimum of one full business day. References to times are to Central European times unless otherwise indicated.

** Euronext Amsterdam does not accept any responsibility or liability for any loss or damage incurred by any person as a result of the listing and trading on an "as, if and when issued" basis as from the listing date until the Closing Date.

OFFER STATISTICS

Offer price per Share	€10
Number of Shares being issued	35 million
Estimated net proceeds of the Offer*	€330,750,000

The actual number of Shares offered in the Offer will be determined after taking into account the conditions and factors described under "Part V — The Offer" and will be published in a pricing statement to be published in the Netherlands and filed with the AFM and in a press release and an advertisement in the Official Price List and a Dutch newspaper on or about December 12, 2006.

* The estimated net proceeds of the Offer are stated after deduction of estimated underwriting commissions (expected to be approximately €14 million) and other estimated fees and expenses of the Offer payable by the Company (expected to be approximately €5.25 million).

DIRECTORS, MANAGEMENT, ADMINISTRATION AND ADVISERS

Directors	Peter Crook Christophe Demain Christian Jimenez Joan Musselbrook Paul Varotsis
Registered Office of the Company	Volta Finance Limited First Floor Dorey Court Admiral Park St. Peter Port GY1 6HJ Guernsey
Administrator, Company Secretary, Registrar and Registered Office	Mourant Guernsey Limited First Floor Dorey Court Admiral Park St. Peter Port GY1 6HJ Guernsey Telephone: + 44 15 34 609 000
Custodian and Portfolio Administrator	Deutsche Bank AG, London Branch Winchester House 1 Great Winchester Street London EC2N 2DB United Kingdom
Investment Manager	AXA Investment Managers Paris Coeur Défense Tour B-La Défense 4 100, Esplanade du Général de Gaulle 92932 Paris La Défense Cedex France Telephone: + 33 1 44 45 70 00
Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners	Citigroup Global Markets Limited Citigroup Centre Canada Square Canary Wharf London E14 5LB United Kingdom Goldman Sachs International Peterborough Court 133 Fleet Street London EC4A 2BB United Kingdom

Placement Agents	ING Bank N.V Amstelveenseweg 500 1081 KL Amsterdam The Netherlands I.S. Plenum Financial Services A.G. Postfach 8721 Bellerivestrasse 33 8034 Zurich Switzerland Wachovia Securities International Limited 1 Plantation Place 30 Fenchurch Street London EC3M 3BD United Kingdom
Listing Agent and Paying Agent	ING Bank N.V. Van Heenvlietlaan 220 1083 CN Amsterdam The Netherlands
Legal Adviser to the Company as to Dutch law	De Brauw Blackstone Westbroek N.V. Tripolis 300 Burgerweeshuispad 301 1076 HR Amsterdam The Netherlands
Legal Adviser to the Company as to English, French and U.S. Law	Cleary Gottlieb Steen & Hamilton LLP City Place House 55 Basinghall Street London EC2V 5EH United Kingdom and 12, rue de Tilsitt 75008 Paris France
Legal Adviser to the Company as to Guernsey Law	Mourant du Feu & Jeune First Floor Dorey Court Admiral Park St Peter Port GY1 6HJ Guernsey

Legal Adviser to the Investment Manager as to English, French and U.S. Law	Latham & Watkins LLP 53, quai d'Orsay 75007 Paris France and 99 Bishopsgate London EC2M 3XF United Kingdom
Legal Adviser to the Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners as to English, Dutch, French and U.S. Law	Freshfields Bruckhaus Deringer 65 Fleet Street London EC4Y 1HS United Kingdom and Apollolaan 151 1077 AR Amsterdam The Netherlands and 2 rue Paul Cézanne 75008 Paris France
Auditors	KPMG Channel Islands Limited P.O. Box 20 St. Peter Port GY1 4AN Guernsey
Reporting Accountants	KPMG Audit Plc 8 Salisbury Square London EC4Y 8BB United Kingdom
Netherlands Central Securities Depositary	Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. (Euroclear Nederland) Damrak 70 1012 LM Amsterdam The Netherlands

PART I
THE COMPANY'S BUSINESS

Introduction

The Company is a newly-established closed-ended limited liability company incorporated in Guernsey under the Companies Law. Its legal and commercial name is Volta Finance Limited. It has no operating history. The Company has received the consent of the Policy Council of the States of Guernsey to the issue of the Offer Shares under the Control of Borrowing (Bailiwick of Guernsey) Ordinances. The Company will be subject to the ongoing supervision of the Guernsey Financial Services Commission.

Subject to the terms of an Investment Management Agreement, the Company's investments will be managed by AXA Investment Managers Paris, a Paris-based investment management company *(société de gestion de portefeuille)* authorised by the *Autorité des marchés financiers*, whose activities are governed by article L.532-9 of the French *Code monétaire et financier.*

Further information relating to the Management of the Company and its investment portfolio is set out in "Part IV — Management and Administration of the Company and the Company's Investment Portfolio".

Investment Objectives

The Company's investment objectives are to preserve capital and to provide a stable stream of income to its Shareholders through dividends that it expects to distribute on a semi-annual basis.

Dividend Policy

Subject to having sufficient cash and profits or reserves available for the purpose, the Company is targeting the payment of a dividend of €0.35 per Share in respect of the period from Admission to July 31, 2007, and an aggregate annual dividend of €0.95 per Share in two instalments in respect of its first full financial year ending on July 31, 2008. **These are targeted dividend levels and not forecasts or commitments and are based on a number of assumptions (see "Part II — Certain Assumptions Relating to Target Dividend Statements"). There can be no assurance or guarantee that the target dividends will be realised.**

Thereafter, subject to having sufficient cash and profits or reserves available for the purpose, the Company intends to pay out to Shareholders in the form of semi-annual dividends substantially all of its Distribution Income (as defined below) less Incentive Fees payable to the Investment Manager. The Incentive Fees will be calculated with reference to the Distribution Income of the Company.

Objectives

The net income of the Company as established under IFRS, will amongst other items, take into account gains and losses arising on the disposal of investments, gains and losses arising on the revaluation of investments classified as being held at fair value through the income statement (including derivative financial instruments), and losses due to the impairment of investments. It will also include foreign exchange gains and losses in respect of these items. The Company intends to obtain its exposure to certain classes of investments through the use of derivative financial instruments. In accordance with IFRS, changes in the fair value of such instruments will be included in the Company's income statement.

Given the nature of the Company's investments and its investment objectives, the Company's Board of Directors (the **"Board"**) has concluded that, in determining the amount of Distribution Income in respect of these items, it should take into account: (i) changes in the fair value of derivative positions that it determines should be characterised as interest; (ii) both (a) losses arising on the disposal of investments and (b) unrealised losses and impairment losses, but only to the extent that such losses are in the Board's view representative of a decrease in the cash flows expected to be received from the investment, and not for example attributable to increases in market interest rates; and (iii) for assets where the cash flows are hedged, any portion of gain or loss (realised or unrealised) on the related hedging instrument insofar as such gain or loss relates to interest income or any impairment loss on the asset.

Definition

"Distribution Income" will be, for any relevant calculation period, based on the net income reported in the Company's income statement prepared in accordance with IFRS but will exclude:

- any impairment losses (whether on assets held by the Company or its subsidiaries or included in changes in the fair value of related derivative financial instruments) in excess of the impairment losses which would have been recorded had the carrying value of the assets in question been calculated to equal the present value of the expected cash flows using a discount rate equal to the original effective interest rate on the relevant asset (*i.e.*, on an amortised cost basis);
- realised and unrealised gains other than (i) gains that are determined to represent interest income on underlying investments that the Company holds through derivative financial instruments or equivalent to interest income on the derivative financial instruments themselves, and (ii) such other gains as the Board may from time to time in its discretion decide to distribute to Shareholders, provided that, if the Board decides to include any unrealised gain with respect to any asset in Distribution Income for any Incentive Period, (x) the Incentive Fee otherwise payable to the Investment Manager in that Incentive Period with respect to the contribution of such unrealised gain to the Distribution Income shall be placed by the Company into a segregated trust account established for that purpose and (y) to the extent that any portion of such unrealised gain is realised for any subsequent Incentive Period, (1) such portion of the gain so realised shall be excluded from Distribution Income for that subsequent Incentive Period, but (2) the deferred Incentive Fee relating to such portion of the gain so realised shall be released to the Investment Manager (even in the event that an Incentive Fee is not otherwise payable in respect of that subsequent Incentive Period);
- except as described in the foregoing point, gains and losses attributable to the revaluation of investments held at fair value through the income statement, including derivatives (other than impairment losses, the treatment of which is discussed above);
- income attributable to impaired assets in excess of the income which would have been recognised on those assets calculated on an amortised cost basis; and
- foreign exchange gains and losses attributable to movements in the fair value of the "clean" price (without accrued but unpaid interest) of investments on which the cash flows are hedged, foreign exchange and other hedging gains and losses other than those stated under (iii) under "— Objectives" above or other transactions achieving the same purpose.

Distribution Income will include income classified as interest income in any event.

Distribution Income will be determined prior to any allowance being made for Incentive Fees (that is, Distribution Income will be an amount from which Incentive Fees are deducted in establishing the aggregate amount of a dividend).

The Investment Manager will advise the Board from time to time concerning whether realised gains or other gains should, in the Investment Manager's view, be included in Distribution Income.

Distribution Income is a non-GAAP financial measure that has been devised to express the Company's intentions with respect to the distribution of dividends. Other companies may define Distribution Income or similar terms differently.

Reporting

In addition to the disclosures required by IFRS, the Company will disclose in its semi-annual and annual financial statements a calculation of Distribution Income, including (a) an analysis of the net gains or losses on derivative financial instruments distinguishing between (i) interest, (ii) any losses attributable to the impairment of reference assets and (iii) other gains and losses, (b) an analysis of any impairment losses calculated on a fair value basis and on an amortised cost basis and (c) an analysis of income from impaired assets in excess of the amount which would be calculated on an amortised cost basis.

Impairment

In assessing impairment for the purposes of determining Distribution Income, the Company will review or cause the Investment Manager to review on a semi-annual basis a set of assumptions (*e.g.*, default rates, prepayment rates, recovery rates) for each asset, which assumptions (the **"Projected Cash Flow Assumptions"**) are used to determine the expected cash flows from such asset and compare those assumptions with the assumptions that were used to determine the effective interest rate of the asset at the time of purchase. (For the avoidance of doubt, the discount rate will be the effective yield at the time of purchase of any asset.) These assumptions will be, or will have been, generated by the Investment Manager.

The Company will use reasonable endeavours to obtain on a semi-annual basis a confirmation from an independent third party that the Projected Cash Flow Assumptions for each asset are reasonable. The Investment Manager has agreed in the Investment Management Agreement that, where the independent third party has a view that differs from that of the Investment Manager, the Investment Manager will consult with that party to determine the source of the disagreement, and will then determine whether such differences can be resolved and report its findings to the Company. Where the Company is not able to attain such third party confirmation, it will disclose that fact in its next semi-annual report.

Reservation of Authority

Notwithstanding the foregoing, the payment and amount of any dividends will remain within the discretion of the Board (subject, in the case of a final distribution in respect of a fiscal year, to such shareholder approval as may be required by law). The calculation of Distribution Income also may be modified from time to time by the Board to take into account changes in IFRS, so as to preserve the original objectives of the calculation.

Other

Application of the Company's dividend policy may result in the Company paying a dividend in excess of the amount of its IFRS net income in respect of a period, provided that it has profits or reserves available for the purpose.

Investment Strategy

The Company will seek to achieve its investment objectives through a multi-asset class investment strategy. The strategy initially will focus on direct and indirect investments in or exposures to a variety of assets selected for the purpose of generating overall stable and predictable cash flows for the Company, with a view to attaining the Company's investment objective of preserving capital and providing a stable stream of income to Shareholders.

Initially, the underlying assets principally targeted for direct and indirect investment (collectively, the **"Primary Underlying Assets"**) will consist of:

- Corporate credits (investment grade, sub-investment grade and unrated);
- Sovereign and quasi-sovereign debt;
- Residential mortgage loans;
- Commercial mortgage loans;
- Automobile loans;
- Student loans;
- Credit card receivables;
- Leases; and
- Debt and equity interests in infrastructure projects.

The Company expects that the Primary Underlying Assets typically will have the following key characteristics:

- A majority of the underlying assets will be located in Europe or the United States; and
- The underlying assets generally will be characterised by low historical default rates and/or high recovery rates in the event of defaults and/or significant "granularity" (which means a large number of underlying sources of cash flow (or exposures)).

The Company's basic approach to investment in the Primary Underlying Assets will be through vehicles and arrangements that essentially provide leveraged exposure to portfolios of Primary Underlying Assets (*i.e.*, for example, the kind of risk/reward profile typically associated with the residual interest in a securitisation transaction). In this regard, the Investment Manager has been instructed to pursue the Company's investment strategy by concentrating initially on five principal target asset classes, each of which is supported principally if not entirely by cash flows from Primary Underlying Assets (**"Primary Target Asset Classes"**):

- Corporate credits;
- CDOs;
- Other asset-backed securities;

- Leveraged loans; and
- Infrastructure assets.

These five Primary Target Asset Classes correspond to the five strategic investment teams within the Investment Manager's Structured Finance Division that are expected to attend to the Company's portfolio.

The list of Primary Target Asset Classes may be expanded by decision of the Board. However, the list of Primary Underlying Assets may be expanded only with the majority approval of votes cast at a shareholders' meeting of the Company.

The Company expects that, initially, each Primary Target Asset Class will be attended to by a specialist team at the Investment Manager. See "Part IV — Management and Administration of the Company and the Company's Investment Portfolio — The Investment Manager".

The Company's investment strategy involves a high degree of exposure to leveraged investments. At Admission, the Company will have no direct borrowings. It will, however, hold investments with imbedded internal leverage (synthetic or through the residual interests in securitisation vehicles). Following Admission, subject to the Company's investment guidelines, the Investment Manager will cause the Company to acquire additional internally leveraged investments, and may then in turn leverage them and other investments. The Company is not, however, obligated to leverage its portfolio, and may increase or decrease its exposure to leveraged investment over time. The Company intends to employ leverage opportunistically to tailor a more attractive risk/return profile on its investments.

The general emphasis of the Investment Manager's strategy for the Company is on the rigorous selection and structuring of investment positions that are then held for returns based on cash flows to provide a stable stream of income. Subject to the investment guidelines described below, however, the Investment Manager will have the authority to trade portfolio positions, and to reallocate the portfolio within and among asset classes, on a discretionary basis and may be expected to make use of that authority to pursue the Company's investment objective. In the case of residual income positions, the Investment Manager may actively manage underlying assets that back a residual income position in a vehicle or arrangement managed by the Investment Manager in order to generate expected cash flows from such an investment. The Investment Manager has advised the Company, however, that it does not expect that the Company will actively and regularly trade such residual income positions (at least not unless they become relatively liquid). The Investment Manager has advised the Company that it believes a buy and hold strategy allows the Company to take a long-term view on the expected cash flows from a residual income position, irrespective of whether, during the life of the investment, there is market volatility that might affect the trading value of the investment on a particular date.

The Company's investment in Primary Target Asset Classes may be effected through a multitude of structures and forms, including debt, equity, hybrid securities, derivatives and other product forms. Investment exposure to target assets may be effected through direct cash investments or through synthetic arrangements (such as total return swaps, credit default swaps and other synthetic instruments, as further described below).

Subject to certain limitations, the Company's investment guidelines will permit the Investment Manager to vary the degree of the Company's investment exposure to different target asset classes over time, meaning that the Company should not, by reason of its investment parameters, be locked into a particular asset class if that class becomes perceived by the Investment Manager to be less attractive in view of the investment objectives of the Company. The Company's investment guidelines also permit the Investment Manager to vary the degree of the Company's leveraged exposures.

The Company also expects to employ hedging strategies to manage certain risks.

There can be no assurance that the Company's investment objectives will be attained.

Competitive Strengths

The Company believes that it possesses a number of competitive strengths, including the following:

- ***Stability and Strength of the Investment Manager.*** The Investment Manager is part of AXA Investment Managers, one of the investment management arms of the AXA Group, one of the world's largest combined financial protection and asset management services organisations. According to the Investment Manager, as of September 30, 2006, the Structured Finance Division of AXA Investment Managers (the **"Structured Finance Division"**) had €33.4 billion in assets under management and AXA Investment Managers had €472 billion in assets under management, and as of June 30, 2006, the AXA Group had assets under management of €1,064 billion and shareholder's equity of €16.7 billion.

- ***Experience of the Investment Manager's Team.*** Based on information provided to the Company by the Investment Manager, the Company believes that the Structured Finance Division, with over 60 investment professionals under a single structured finance umbrella, has the experience and depth to manage the Company's investments. Since entering the structured finance field in 1995, the Investment Manager has been a pioneer in developing structured finance products, and has received a number of awards for its product innovations and quality of performance. The Company understands that these accolades reflect the strong market reputation of the Structured Finance Division in the marketplace, which is based on the quality and stability of the Investment Manager's structured finance teams. For information concerning the Investment Manager's past investment performance, please refer to "Part IV — Management and Administration of the Company and the Company's Investment Portfolio — Investment Manager's Prior Investment Performance".
- ***Flexibility of a Multi-Asset Class Approach.*** The Company's multi-asset class investment strategy provides the Investment Manager with the flexibility to respond to changing environments, rather than restricting it to a single asset class that may lose relative attractiveness. The authority conferred on the Investment Manager to construct a portfolio across the target asset classes will augment the Company's flexibility and ability to meet its investment objectives.
- ***Growing Opportunities in Target Asset Classes.*** The Company believes that opportunities for investment in structured finance and infrastructure investments will continue to grow internationally, presenting investors with prospects for attractive risk-adjusted returns. The widespread adoption of International Financial Reporting Standards in Europe, the further development and implementation of capital adequacy standards (Basel II) for financial institutions, the broadening and deepening of the market for structured finance product (particularly in Europe), and the increasing tendency of public sector administrators to look to the private sector as a source of financing and management solutions in meeting infrastructure needs, among other factors, cause the Company to anticipate an increasingly wide field of opportunity. Continuing expansion of the application of securitisation techniques, and the anticipated broadening of the investor base for securitisation products, should further improve both the liquidity and transparency of the market.
- ***Investment Manager's Credit-Intensive Process Supported by In-House Capabilities.*** The Company's expectation is that the Investment Manager's research capabilities for each of its primary target asset classes will underpin the selection and management of assets in the Company's investment portfolio. The Company understands that, out of the more than 60 investment professionals in the Structured Finance Division as of September 30, 2006, approximately 12 are principally engaged in research activities, and that the Structured Finance Division can also draw on research capabilities within the AXA Investment Managers group generally.
- ***Sourcing of Investment Opportunities.*** The Company will aim to exploit the Investment Manager's critical mass and contacts as a major buyer of structured finance products, and its reputation as a structured finance innovator, to obtain access to a range of potentially attractive investment opportunities in targeted asset classes supporting its investment objectives.
- ***Use of Leverage.*** The Company believes that the efficient use of leverage should enhance returns to Shareholders through the income produced from the difference between the yield on its investments and the cost of financing and managing those investments. The application of leverage to the Company's investments generally will be aimed at tailoring the risk/reward profile of its assets and selecting desired investment exposures. The Structured Finance Engineering Team of the Structured Finance Division, with nine members as of September 30, 2006, will advise on devising and implementing efficient and effective leveraging strategies.
- ***Permanent Capital.*** The permanency of the Company's capital should allow the Company and the Investment Manager to take a longer view with regard to the Company's investment strategy. As a closed-ended company of indefinite duration, the Company will have a permanent equity capital base. As a result, the Company will not be required to return capital to Shareholders after the expiration of any pre-agreed periods, as it often the case with privately funded vehicles, and will not be forced to liquidate investments on an untimely basis to meet share redemption requests, as would be the case if the Company were open-ended.

Primary Target Asset Classes

Under the Company's investment guidelines, the Investment Manager is generally instructed not to invest the Company's portfolio in assets other than Primary Target Asset Classes if and to the extent that effecting such investments would cause the Company's investments in assets other than (i) Primary Target Asset Classes and (ii) cash or cash equivalents to exceed 30 per cent. of the Adjusted Gross Assets of the Company (as defined below), as determined with reference to the Company's most recently published gross asset valuation, with adjustments for subsequent acquisitions or dispositions of assets at the relevant purchase or sale prices. The definition of what constitutes a Primary Target Asset Class is subject to modification by the Board from time-to-time, provided that the cash flows from underlying assets directly or indirectly supporting any new Primary Target Asset Class are derived principally from Primary Underlying Assets. Other changes to the definition of Primary Target Asset Class, require both the approval of the Board and the approval of a 66⅔ per cent. majority of the votes cast at a Shareholders' general meeting.

There are no preordained restrictions regarding the concentration of the Company's investment portfolio, other than as set out in the Company's investment guidelines. The Investment Manager has advised the Company that it intends to assemble a portfolio of investments that consists of and/or is directly or indirectly backed by a broad range of financial assets. At any given time, however, certain underlying assets or asset classes, or certain geographic areas, asset types or industry sectors may, in the view of the Investment Manager, provide more attractive investment opportunities than others and, as a result, the Company's investment portfolio (or the assets underlying the investment portfolio) may, subject to the Company's investment guidelines, for a time be concentrated in such assets or areas.

The initial five Primary Target Asset Classes are discussed briefly in the following paragraphs. Further information concerning them is provided in "Part III — Information Concerning the Primary Target Asset Classes and Market Opportunities". It is in some instances difficult to assess whether certain investments should be categorised in one Primary Target Asset Class or another, particularly since there is potentially some overlap in the definitions of the asset classes. Except in the case of infrastructure investments, as to which the Company's investment guidelines impose a percentage limitation on aggregate investment, the distinctions between the Primary Target Asset Classes at the margins are meaningful only in that they relate to which strategic team at the Investment Manager will principally attend to a particular asset. In this regard, the Investment Manager has considerable latitude in determining which assets relate to which Primary Target Asset Class (other than with regard to infrastructure assets). The 30 per cent. limitation referred to above relates to whether assets fit within the Primary Target Asset Classes as a whole (as opposed to whether they are in one class or another class), and for this purpose determinative is whether the cash flows directly or indirectly supporting those assets are derived principally from Primary Underlying Assets.

Corporate Credits (Investment Grade, Sub-Investment Grade and Unrated)

The Company plans to invest in or obtain exposure to investment grade, sub-investment grade and unrated credits. These may include industrial companies as well as financial institutions (such as banks), among others. The Company uses the term "corporate credits" to refer both to cash obligations (bonds or loans) of corporate or other commercial borrowers and to synthetic arrangements (such as credit default swaps) referencing these entities.

The Company's focus in this area will be on acquiring or creating the equivalent of a first loss or a junior second loss investment exposure to diversified portfolios of these credits (*e.g.*, through bespoke collateralised swap obligations (**"CSOs"**) managed by the Investment Manager). As a general matter, the Company includes in this Primary Target Asset Class cash and synthetic CDOs/CSOs that have corporate credits a majority of which are investment grade and that are managed by the Investment Manager.

CDOs

The Company intends to invest in the securities of collateralised debt obligations, collateralised loan obligations, collateralised synthetic obligations and similar leveraged investment vehicles (collectively **"CDOs"**). The Company views this a separate asset class because an important element of the judgment made in selecting a particular CDO investment is an assessment of the underlying asset class, the investment manager (if a CDO vehicle is managed) and the structure and characteristics of the CDO.

The Company's initial focus in this Primary Target Asset Class will be on the residual income positions of CDOs managed by portfolio managers other than the Investment Manager, although the Company may invest to a lesser extent in higher-ranking positions in a leveraged format as well. The CDOs targeted for investment will include:

- CLOs backed by U.S. or European broadly syndicated or middle market senior secured leveraged loans;
- structured finance CDOs backed by structured finance assets, such as asset-backed securities (including residential and commercial mortgage-backed securities, CDOs and commercial real estate);
- investment grade CDOs; and
- other CDO categories.

Investment in CDOs will result in many cases in the layering of fees (those of the underlying portfolio's manager and those of the Investment Manager, as well as those of other service providers). However, the Company believes that the benefits of diversification (*e.g.*, exposure to different asset classes and investment management styles) and the value that the Investment Manager can bring through the discriminating selection and monitoring of third-party managed product make the additional cost worthwhile.

Other Asset-Backed Securities

The Company's initial focus in this area will be on residual income positions of asset-backed securities, although the Company may also invest in debt tranches in a leveraged format.

Leveraged Loans

The Company intends to obtain investment exposure to leveraged loan obligations, including positions in mezzanine and second lien loans, as well as loans with higher payment priorities. These loan obligations may be rated or unrated, secured or unsecured and senior or subordinated. The loans that are the subject of this Primary Target Asset Class would, as a general rule, be generated and funded by third party lenders would normally be secured by some kind of collateral. Initially, the Company does not intend to originate leveraged loans itself or, under normal circumstances, to take a controlling participation in a loan syndicate.

Initially, the Company intends to obtain exposure to this asset class in a leveraged format through a synthetic arrangement.

Infrastructure Assets

The Company's Primary Target Asset Classes will also include interests in infrastructure assets.

The Company will seek to acquire investments in infrastructure projects generally but not necessarily located in Europe. Among the sectors in which the Company may invest are transport, public buildings, energy and utilities. The Company may invest in both "greenfield" and "brownfield" projects, and may acquire both debt and equity/quasi-equity interests in infrastructure projects. In certain circumstances, the Company may hold majority interests in infrastructure assets and/or may have the ability to exert significant influence on the management of a relevant project.

As an asset class, interests in infrastructure assets are somewhat different from other Primary Target Asset Classes, in that they, among other things, tend to have a longer investment horizon, may entail more direct involvement (*e.g.*, as controlling shareholder) in a project and can involve sizeable upfront investments in project development that may not be recovered if a project mandate is awarded to a competitor. For these reasons, the Company has imposed a limit on infrastructure investment through its investment guidelines.

Financing/Leverage

The Company believes that the efficient use of leverage should enhance the risk/return profile of the Company's investment portfolio. The Company expects that, as a general matter, its portfolio will involve a high degree of the risks and benefits associated with investment on a leveraged basis, both through the imbedded leverage within investments targeted by the Company and through leveraging that the Company may additionally effect.

At Admission, the Company will have no direct borrowings. It expects, however, that at or near that time it will attain exposure to leverage through investments with imbedded leverage (*e.g.*, residual interests) and to synthetic leveraged investment exposure (through the Initial Total Return Swap).

Going forward, subject to the parameters set forth below, the Company's investment guidelines will confer on the Investment Manager the authority to select leveraged investments, and to determine whether, and to what extent, to leverage the Company's portfolio overall. The amount of the actual or synthetic leverage employed may be large relative to the amount of the Company's equity and/or the amount of equity invested in a leveraged investment.

The Company expects to use different forms of financing/leverage, depending on its risk profile from time to time. Factors taken into account when considering efficient financing/leverage strategies include, among other things, cost, flexibility and term. Exposure to leverage (or its economic equivalent) may be achieved by a variety of means, including, without limitation:

- The acquisition of investments that are already internally leveraged, such as residual income positions.
- Financing by the Company of the acquisition of investments with the proceeds of borrowings collateralised by such investments. Such indebtedness may or may not be non-recourse.
- The use of certain derivative or synthetic exposures to investments, such as total return swaps and CSOs, where the terms of the arrangement are such that the Company's investment exposure is inherently leveraged. For example, a total return swap may be designed to mimic the performance of junior tranches of an actual or notional portfolio of fixed income assets, thereby synthetically creating a residual income position.
- Repurchase agreements.

The Investment Manager has advised the Company that, under current market conditions, CDOs (including CSOs) may provide an attractive means of financing on a fixed term and non-recourse basis. The term "non-recourse" denotes that a creditor's claim for repayment is contractually or structurally limited to a defined pool of assets, with no recourse provided to the party that owns or owned the assets when the financing is put in place. Other forms of financing, such as mark-to-market debt, could permit additional flexibility, and will be used from time to time.

The Company may enter into one or more credit facilities and other financial instruments from time to time with the objective of increasing the amount of cash available for working capital or for making investments. The Company believes that these debt financing arrangements will initially consist of a working capital facility that may be used to fund short-term liquidity needs. Depending on the circumstances, other forms of indebtedness may also be used. The use of debt financing by the Company will give rise to additional costs, including debt issuance and servicing costs, and may subject the Company to financial and operating covenants or other restrictions, including restrictions that limit the Company's ability to make distributions to Shareholders. The Company expects that borrowings drawn under credit facilities, if any, generally will bear interest at a floating rate.

As the Company intends to pay out its Distribution Income (after Incentive Fees) in the form of dividends, the Company may seek further equity funding from time to time in order to increase the size of its investment portfolio. Because Shareholders will not have preemptive rights, such equity offerings may be dilutive to existing Shareholders.

Investment Guidelines

Investment Limitations

The Board has adopted investment guidelines for the management of the Company's investment portfolio that include, *inter alia*, the following restrictions:

- The Company will not invest in real property to the extent that effecting any such investment would cause the Company's direct investments in real property to exceed 20 per cent. of Adjusted Gross Assets (as defined below) of the Company;
- Without the prior approval of the Board, no more than 20 per cent. of the Adjusted Gross Assets may be invested in, either directly or indirectly, or lent to any single underlying issuer (including the underlying issuer's subsidiaries or affiliates) or collective investment undertaking;
- The Company will not, without the prior approval of the Board, enter into a transaction that exposes more than 20 per cent. of Adjusted Gross Assets to the creditworthiness or solvency of any one counterparty (including its subsidiaries or affiliates);
- The Company will not invest in infrastructure investments to the extent that effecting any such investment would cause the Company's investments in infrastructure assets to exceed 30 per cent. of Adjusted Gross Assets, and, during the first 18 months following the Closing Date, the Company will only invest in

infrastructure projects that are either (i) opportunities in the form of funds or accounts having the Investment Manager appointed as investment manager or (ii) opportunities to co-invest with such funds or accounts where the characteristics of such investment opportunities are determined by the Investment Manager to be consistent with the Company's investment objectives and where the size of the total investment in the relevant project being offered to such funds and accounts is considered by the Investment Manager to be substantial (for example, in the context of the initial portfolio, representing an aggregate investment opportunity for such funds and accounts in excess of €120 million);

- The Company will not invest in assets other than Primary Target Asset Classes if such investment would cause the Company's investments in assets other than (i) Primary Target Asset Classes and (ii) cash or cash equivalents to exceed 30 per cent. of Adjusted Gross Assets;
- Purchases or sales (or other transactions such as total return or credit default swaps) that involve consideration or the posting of collateral by the Company in excess of 7.5 per cent. of Adjusted Gross Assets for a single investment transaction (or a series of contingently related investment transactions) require the prior approval of the Board, provided that if the delay of a divestment transaction could, in the opinion of the Investment Manager, reasonably be expected to be detrimental to the Company, the Investment Manager will have the authority to proceed with such divestment (and any consequent reinvestment of the proceeds in accordance with the Company's investment guidelines) without prior approval of the Board provided that the Investment Manager promptly reports such transaction to the Board (and, in any event, within 10 Paris business days);
- Unless otherwise authorised by the Board, any total return swaps, credit default swaps, credit-linked notes or similar synthetic arrangements with a counterparty that is not a bankruptcy remote special purpose vehicle which has granted the Company a first priority security interest in all, or substantially all, of its assets, entered into by the Company to gain investment exposure to one or more of such assets, must be with a party that is rated at least A— by Standard & Poor's (or equivalent) at the time of entry into the arrangement. In the event that the counterparty's long term debt or long term deposit rating falls below A— by Standard & Poor's (or equivalent), the Investment Manager shall, within two months (or such other interval as the Board may determine) following such downgrade, either (i) require (a) the counterparty to post collateral in an amount and form satisfactory to the Investment Manager or have its obligations to the Company guaranteed by a guarantor with at least an A— or equivalent rating or (b) a substitution of counterparty with a counterparty having a long term debt or long term deposit rating of at least A— or equivalent, or (ii) terminate the arrangement;
- Unless otherwise authorised by the Board, the Company will not make concurrent co-investments with the Investment Manager, any of its affiliates (to the extent that the Investment Manager is aware of the co-investment by an affiliate) or other funds managed by the Investment Manager (other than wholly owned subsidiaries of the Company) unless (i) the co-investment is otherwise in accordance with the Company's investment guidelines and (ii) the terms of such co-investment are at least as favourable to the Company as to the Investment Manager or such affiliate or other managed fund (as applicable) making such co-investment (the investment guidelines do not, however, require that the rights of the co-investors thereafter be exercised in a lockstep manner, or that co-investors thereafter dispose of their investments on a lockstep basis);
- The Company will not engage in portfolio transactions (*e.g.,* the purchase or sale of securities) with the Investment Manager acting on a principal basis or with accounts or funds for which the Investment Manager acts as discretionary investment manager (although this restriction does not prohibit investments by the Company in AXA IM Managed Products);
- The Company will not make investments in Restricted AXA IM Managed Products (as defined below) unless (i) the prior approval of the Board is obtained and (ii) the Investment Manager credits to the Company the portion of the Company-level management fee of 1.75 per cent. allocable to that product; and
- The Company will not make investments in Restricted AXA IM Managed Products (as defined below) unless, after giving effect to any such investment, no more than 10 per cent. of the Company's Adjusted Gross Assets would be represented by Restricted AXA IM Managed Products.

For purposes of the Company's investment guidelines, "Adjusted Gross Assets" refers to the consolidated gross asset value of the Company, (i) excluding the value of assets from any special purpose securitisation vehicles that are consolidated into the Company's consolidated financial statements, (ii) including, instead, the net asset values of the relevant residual positions for those vehicles, and (iii) adjusted by the sale or purchase price of subsequently acquired or disposed of investments.

The percentage limits on investment determined by reference to the Company's Adjusted Gross Assets are to be applied on the basis of the Company's most recently available and published gross asset value determinations, which the Company expects to publish on its website on a monthly basis. However, with respect to assets that are valued by the Company on a quarterly basis (*e.g.*, infrastructure assets), reference will be made to the most recently available and published valuation for such assets.

Compliance with the percentage limitations on investment determined by reference to the Company's Adjusted Gross Assets will be measured only at the time of any proposed investment to which the limitations apply. The Company will not be required to dispose of assets in order to satisfy these limitations, other than to make room under the limitations for alternate investments. If the limitations are exceeded, however, the Company may not make any further investment of the kind that is restricted until the Company is again within the applicable limits.

It is possible that the Company will acquire assets that do not fall within the Primary Target Asset Classes as a result of the exercise of creditor's rights and remedies. Assets so acquired will not be subject to the 30 per cent. net asset limitation on the acquisition of non-Primary Target Asset Classes, but the Company's investment guidelines require the Investment Manager to seek to dispose of such assets in excess of such limitation in a manner that preserves value for the Company but causes them not to be held as long-term investments of the Company.

AXA IM Managed Products

The Company may from time to time invest directly or indirectly in other securitisation vehicles, accounts or arrangements where the Investment Manager is the portfolio manager (such investments, **"AXA IM Managed Products"**). AXA IM Managed Products may include products offered to third parties, tailored (or "bespoke") pools of assets and securitisation vehicles and arrangements that do not have residual interests (or their synthetic equivalent) available to investors other than the Company.

With respect to any direct or indirect investment by the Company in or with reference to the residual interest of an AXA IM Managed Product, the Investment Manager is, as a general rule, obligated under the Investment Management Agreement to reduce the fees charged by the Investment Manager to the Company by the amount of any fees or other remuneration or benefits received by the Investment Manager or its affiliates at the level of the AXA IM Managed Product to the extent allocable to the Company's proportionate investment in that product (with an adjustment to the reduction to account for any reduction in net asset value caused by the underlying fees, so as to prevent a double deduction). Any such reduction would affect first the Management Fee and then second the Incentive Fee. If, however, by election of the Investment Manager, the Investment Manager or any of its affiliates are to receive any fees or other direct remuneration or pecuniary benefit from or in respect of an AXA IM Managed Product that will not be offset against fees charged to the Company (any such product, a **"Restricted AXA IM Managed Product"**), the making of any such investment will be subject to prior approval by the Board. The Investment Management Agreement provides that, with respect to any Restricted AXA IM Managed Product approved for investment by the Board, the Investment Manager will deduct from the calculation of the total Management Fee payable to it the portion of that Management Fee allocable to the Company's investment in the Restricted AXA IM Managed Product. In this case, unless otherwise agreed with the Company, the Investment Manager will receive its management fee and incentive fee at the level of the Restricted AXA IM Managed Product and will not forego any part of its Company-level Incentive Fees. This would potentially allow the Investment Manager to receive two layers of incentive fees. However, the hurdle rate on the incentive fee charged to the lower-tier vehicle, account or arrangement cannot be lower than the hurdle rate on the Incentive Fee charged to the Company.

Whenever the Investment Manager seeks Board approval for an investment in a Restricted AXA IM Managed Product, the Investment Manager will be required to detail the applicable fee structure and to explain why it believes such fee structure is fair and reasonable to the Company, as well as any other arrangements with respect to the Restricted AXA IM Managed Product in respect of which the Investment Manager or its affiliates will receive fees or other remuneration or benefits. Such explanation would include, for example, reference to the fee structures for two analogous third party vehicles or, in cases where there are fewer than two such third party vehicles, other objective data. The Company's investment guidelines permit investments in AXA IM Managed Product to be effected without specific transaction-by-transaction Board approval unless they are Restricted AXA IM Managed Products.

Where the Company acquires Restricted AXA IM Managed Products, there will be no requirement to receive an independent third-party appraisal of the price paid for such product as long as there is an independent third-party investment in the product (*i.e.*, in the same tranche) at the same time as the Company's investment and at a price that is, to the Investment Manager's knowledge, no less than the price paid by the Company. The total third-party investment must also be substantial in relation to the Company's investment (at least 40 per cent. of the investment made by the Company). Where the "substantial" third-party investment test is not satisfied, the Investment Manager must deliver two written confirmations with at least one from an independent financial institution satisfactory to the Board (and one of which may be from the relevant arranging bank) to confirm that the value of the investment is not less than the purchase price (after reduction for third party placement fees and commissions) and that the investment management terms are on an arm's length basis. The third party confirmation for these purposes may not be from an entity controlling, controlled by or under common control with the Investment Manager.

For purposes of the foregoing discussion, the term "management fee" refers to fees whose payment are certain and neither contingent nor dependent upon any specific performance measure or returns.

Notwithstanding the foregoing, the investment by an affiliate of the Investment Manager in a tranche of debt issued by a securitisation vehicle managed by the Investment Manager and in which vehicle it is proposed that the Company is to invest will not be considered to confer remuneration or benefit on such affiliate if *(i)* the Structured Finance Division strategic team responsible for the investment decision is unaware of such remuneration or benefit or (ii) if the price to be paid for that debt is a market price as determined by reference to the prices paid by unaffiliated third party purchasers (or, if there is no such third party purchase or the prices of their purchases are not known to the Investment Manager, such other factors as may be determined on a case by case basis by the Board). Furthermore, for the avoidance of doubt, an investment by the Company in an AXA IM Managed Product by way of a secondary market purchase of a security on an bona fide arm's length basis from a party unaffiliated with the Investment Manager will not be regarded as conferring remuneration or benefit on the Investment Manager or its Affiliates.

The Initial Portfolio includes an investment in JAZZ III dollar and euro subordinated notes, which are CDOs for which the Investment Manager acts as investment manager and are, therefore, AXA IM Managed Products. The Company's investment in JAZZ III dollar and euro has been made in accordance with the procedures outlined above for Restricted AXA IM Managed Products, except that it was a Warehousing Bank, rather than the Company, that made an investment in JAZZ III dollar and euro at the same time as certain other investors. The Company expects to purchase interests in JAZZ III dollar and euro on or about the Closing Date at a price calculated by application of the transfer price formula set forth in the Forward Purchase Agreements (as defined in the Glossary) to the purchase prices paid by the Warehousing Banks for these interests.

The Company believes that having access to Restricted AXA IM Managed Products (subject to the foregoing restrictions) provides the Company with the ability to obtain a broader exposure to residual income investment positions, and therefore, on a selective basis, will provide a greater range of attractive investment opportunities for the Company.

Leverage Limitations

The Company's investment guidelines also govern the Investment Manager's application of leverage in the pursuit of the Company's investment objectives and include, *inter alia*, the following restrictions applied on a consolidated basis whenever it is proposed that the Company take on additional leverage (other than through residual income positions in securitisations and synthetic arrangements):

- Leverage of that part of the investment portfolio of the Company constituting actual or synthetic residual income positions will not exceed 30 per cent. (*i.e.*, €3 of leverage for every €7 of equity) of Adjusted Gross Assets and no single residual interest may be more than 50 per cent. (*i.e.*, €1 of leverage for every €1 of equity) funded by leverage for which that position has been pledged or assigned as collateral security.
- Leverage as a percentage of that part of the investment portfolio of the Company constituting assets that are not residual interests will not exceed 95 per cent. (*i.e.*, €95 of leverage for every €5 of equity) of Adjusted Gross Assets.

In calculating leverage for purposes of the limitations, all debt obligations senior to residual income positions (such as senior and mezzanine notes) issued by special purpose securitisation vehicles that are consolidated in the Company's consolidated financial statements will be disregarded. For the avoidance of doubt, no account will be taken of any imbedded leverage from synthetic arrangements. The leverage limits will not cap internal leverage that may be imbedded in particular investment exposures. Because many of the Company's investment positions will themselves have substantial real or synthetic internal leverage (for example, CDO residuals), the amount of leveraged investment exposure inherent within the Company's overall portfolio in economic terms could be higher than the 95 per cent. limitation.

The leverage limitations will not apply to temporary warehouse finance arrangements or other temporary borrowings of the Company to finance short-term cash requirements. Temporary warehouse financing means financing where, at the time of acquisition of an asset by the relevant warehousing facility, such financing is not expected to remain in place for the entire period of ownership of such asset, but is anticipated to be refinanced. Temporary borrowings of the Company are expected to consist of working capital and other short term financing requirements.

Compliance with the leverage limitations will be measured only at the time of any proposed incurrence of new indebtedness or other leverage to which the limitations apply (except for temporary warehouse finance arrangements or other temporary borrowings of the Company to finance short-term cash requirements). The Company will not be required to dispose of assets in order to satisfy these leverage limits, other than to make room under the leveraging limits for alternate investments. If the leverage limits are exceeded, however, the Company may not incur any further leverage of the kind that is restricted until the Company is again within the applicable limits.

The Articles of Association do not contain restrictions on leverage.

For additional information concerning restraints on the Investment Manager's application of leverage, please refer to "Part IV — Management and Administration of the Company and the Company's Investment Portfolio — Management of the Company's Investment Portfolio".

Modification of Investment Guidelines

The Company's investment objectives and the investment guidelines set out above may be modified by action of the Board, subject in each case to approval by a 66⅔ per cent. majority of the votes cast at a Shareholders' general meeting. Other investment guidelines not inconsistent with the investment guidelines set out above (for example, to avert tax issues or to deal with particularities of certain investments) may be instituted and changed by action of the Board from time to time. The Company is to give the Investment Manager at least 15 Paris business days' prior notice of any change to the investment objectives or the investment guidelines (or any Shareholders' meeting at which a change to the investment objectives or investment guidelines is to be voted upon). The arrangements under the heading "AXA IM Managed Product", however, may only be changed with the written consent of the Investment Manager, since they directly affect the Investment Manager's fee entitlements.

Investment Manager Action in the Event of Breach of the Investment Guidelines

In the event of breach of the investment guidelines, the Company will inform Shareholders of the actions that the Investment Manager will take (insofar as known to the Company) by publication in the Netherlands in a manner that complies with applicable laws and regulations, including the rules of Euronext Amsterdam or other relevant securities exchanges.

The Investment Manager's Investment Process

The Investment Manager's current investment process in respect of the Primary Target Investments is described in "Part IV — Management and Administration of the Company and the Company's Investment Portfolio — The Investment Manager".

Fully Invested Model Portfolio

The Company expects that it will require up to nine months from Closing to fully deploy the net proceeds of the Offer, although this period may be longer or shorter, depending on market conditions. The Company expects that at Closing it will acquire the Initial Portfolio (as explained below), and then continue acquiring assets in accordance with its investment objectives and investment guidelines with the aim of attaining a fully invested portfolio allocated among the Primary Target Asset Classes as follows:

	As of October 31, 2006[1]	Fully invested model portfolio
Corporate Credits	10.5%	27.6%
CDOs	16.2%	19.0%
Other Asset-Backed Securities	41.3%	33.2%
Leveraged Loans	32.0%	20.2%
Infrastructure	0.0%	0.0%
Total	100.0%	100.0%

(1) Rounded. Based on assets that have traded and settled in the warehouse facilities as of October 31, 2006.

The fully invested model portfolio allocation shown above is based on current market conditions and current perceptions, and is subject to change without notice. It is based on the assumption that the Offer will produce €330,750,000 in net proceeds to the Company. As indicated below, certain investments or exposures will be allocated among the Primary Target Asset Classes referred to above based on the character of the assets underlying such investments and whether the Investment Manager acts as portfolio manager. There can be no assurance that the fully investment model allocation set out in the table will be attained, and the allocation will in any event be adjusted over time. For information concerning certain investments that the Company expects to effect post-Closing in the pursuit of its investment objectives, please refer to "— Potential Fully Invested Model Portfolio Investment Arrangements".

Initial Portfolio

The Company expects to obtain investment exposure to an initial portfolio of assets assembled under the direction of the Investment Manager in anticipation of the Closing. All the investments in this initial portfolio are within the Primary Target Asset Classes.

In this regard, the Company has agreed, conditional upon closing of the Offer, to acquire a selection of asset-backed securities and residual CDO interests that will form part of its initial portfolio from Citigroup Global Markets Limited (or, in the case of certain assets, from a special purpose vehicle designated by Citigroup) and an affiliate of Wachovia Capital Markets LLC. Citigroup Global Markets Limited and Wachovia Capital Markets LLC (the **"Warehousing Banks"**) were selected by the Investment Manager to acquire, hold and finance the assets commencing in June 2006 pending resale or synthetic transfer to the Company pursuant to two warehousing agreements (the **"Warehousing Agreements"**). In addition, the Company has entered into the Initial Total Return Swap with Bank of America, N.A., pursuant to which, conditional upon Closing, the Company would obtain exposure on a leveraged basis to the performance of a reference portfolio of interests in leveraged loans (senior secured, second lien and mezzanine) having an initial aggregate nominal principal amount of approximately €146 million as of October 31, 2006. These loans have also been assembled by Citigroup Global Markets Limited under the direction of the Investment Manager. The Company's payment obligations under the Initial Total Return Swap will be limited in aggregate to the amount of cash collateral posted by the Company to secure those obligations. The equity equivalent of the proposed investment as of October 31, 2006 was approximately €31 million, which, after adjustment for the time elapsed between October 31, 2006 and the Closing Date and any further purchases of leveraged loans between those two dates, will be approximately equivalent to the cash collateral initially to be posted under the Initial Total Return Swap.

The assets acquired directly from Citigroup Global Markets Limited (or, as applicable, a special purpose vehicle designated by it) and an affiliate of Wachovia Capital Markets LLC (the **"Warehouse Sellers"**) and the Initial Total Return Swap (and the collateral posted by the Company in connection therewith) are expected to constitute the Company's **"Initial Portfolio"**. The Initial Portfolio will include assets settled in the warehousing facilities but also assets traded but not yet settled in the warehouse. The Initial Portfolio is expected to represent at or about the Closing Date an amount equal to between 30 per cent. to 40 per cent. of the net proceeds of the Offer, assuming for this purpose, net proceeds to the Company of €330,750,000 from the Offer.

If, as at November 27, 2006, the Company were to have acquired (or acquired investment exposure to) the assets then assembled under the direction of the Investment Manager (settled or traded) by the Warehousing Banks, the approximate aggregate transfer price would have been approximately €152.4 million. As described further below under "— Initial Portfolio Profile as at November 10, 2006", assets included in the warehousing facilities are denominated in euros, U.S. dollars and pounds sterling.

This approximate transfer price was based on:

- For assets that had been traded and settled in the warehouse facilities on October 31, 2006 (the **"Valuation Date"**), the estimated transfer price for such assets as at that date;
- For assets traded after the Valuation Date, the prices at which those assets were purchased in the market by the Warehousing Banks;
- In respect of the leveraged loans contained in the warehousing facilities, the amount of the anticipated equity equivalent exposure of the Company under the Initial Total Return Swap (assuming with respect to such leveraged loans the same leverage ratios as anticipated for the Fully Invested Model Portfolio).

These approximate transfer prices do not take into account any interest accruals, financing costs or asset redemptions occurring between the Valuation Date and November 27, 2006. The actual transfer price paid for the assets in the Initial Portfolio on or about the Closing Date will differ from the approximate transfer price; for a discussion of the actual transfer price, please see " — Assessment of Initial Portfolio Transfer Prices" below. The Company reserves the right to exclude assets that were in the warehousing facilities on November 27, 2006, from its Initial Portfolio if, for example, it concludes that their credit quality has deteriorated materially.

Warehousing Arrangements

The transfer prices to be paid for the assets held by the Warehouse Sellers for direct resale, or synthetic transfer of exposure, to the Company will correspond to the "clean" original market prices paid for those assets by the Warehousing Banks or their designees on the remaining outstanding principal balance or equivalent, plus an additional sum representing interest accrued but not paid to the Warehousing Banks during the warehousing period calculated on the basis of a carry rate defined in the Warehousing Agreements, to provide the Warehousing Banks with compensation for the warehousing risk. The carry rate varies by type of asset, but in each case is less than or equal to the effective yield used to calculate the initial purchase price of that asset to the holder. The Warehousing Banks will pay to the Investment Manager certain fees for investment management services with respect to the warehoused assets during the warehousing period.

The economic risk and benefit associated with the warehoused assets will transfer upon or within a fixed number of days following purchase, depending on the type of asset. The Company expects that it will take some time to physically settle the assets purchased out of the warehousing facilities.

Please refer to "Part IV — Management and Administration of the Company and the Company's Investment Portfolio — Conflicts of Interest" and "Part V — The Offer — Other Services Provided by the Initial Purchasers and Placement Agents", which discuss certain conflicts of interest relating to the Investment Manager and the Initial Purchasers.

Assessment of Initial Portfolio Transfer Prices

On November 9, 2006, the Board determined that the aggregate transfer price as at October 31, 2006 that would have been paid in respect of the Initial Portfolio (as constituted on that date) were it purchased on that date was in the Board's judgment reasonable. The actual aggregate transfer price to be paid on or about the Closing Date for that portion of the Initial Portfolio will be derivable from the October 31, 2006 transfer price the Board considered, when adjusted for coupon paid on those assets, interest accrued on those assets at the carry rate between the two dates, and any subsequent sales and prepayments. In reaching its conclusion, the Board considered a number of factors, and relied upon, among other things, the following procedures and assumptions:

- A letter from the Investment Manager confirming that (i) the warehoused assets were purchased for the warehousing facility in the primary or secondary market on arms' length terms and (ii) to the knowledge of the Investment Manager, there have not been substantial changes in circumstance that, from the perspective of the Company on an aggregated total portfolio basis, adversely affect the underlying hypotheses used by the Investment Manager in determining the purchase prices of the warehoused assets at their times of purchase by the Warehousing Banks.
- For the warehoused leveraged loans that are to be the underlying assets of the Initial Total Return Swap, confirmation from an external pricing service of the market value of the loans in the portfolio as at the

Valuation Date, as summarised in a letter from a third party appointed to collate such information. The sum of these valuation marks was no less than the aggregate reference prices at which the Company would get exposure to those assets if the Company had entered into the Initial Total Return Swap with respect to those assets on the Valuation Date.

- "Valuation marks" as at the Valuation Date from each of the banks that arranged the residual transactions comprising part of the Initial Portfolio (in the form of letters stating the view of the arranging bank regarding the value of the position covered by its letter). The sum of these valuation marks was no less than the aggregate transfer price that would have been payable by the Company if the Company had purchased these assets on the Valuation Date.
- "Valuation marks" as at the Valuation Date from one or more non-arranging banks or other third parties for each of such residual transactions. The sum of these valuation marks was no less than the aggregate transfer price that would have been payable by the Company if the Company had purchased these assets on the Valuation Date.

In reaching its conclusions, the Board noted that the residual income positions to be included in the Initial Portfolio are illiquid and that there are no readily observable trading prices for these assets. For this reason, as noted above, those residual income positions were valued both by the banks that arranged the relevant transactions and by one or more non-arranging banks or other third parties. It is important to note that each such indicative valuation was based on a variety of assumptions, and does not necessarily represent the price at which the arranging bank or a third party would purchase or sell the relevant residual interest position or an indication that they or any other person would purchase that residual interest position at that price or any other price. In reaching its conclusions, the Board assumed euro/U.S. dollar and euro/pound sterling exchange rates of 0.7839 and 1.4915, respectively.

With respect to any asset purchased after the Valuation Date, the actual aggregate transfer price to be paid for that asset will be derivable from the purchase price paid for that asset in the warehouse, when adjusted for coupon paid on those assets, interest accrued on those assets at the carry rate between the two dates and subsequent sales and prepayments. All assets purchased after the Valuation Date have been purchased in the market from third parties on arm's-length terms.

The Company believes that it will benefit from the acquisition of the Initial Portfolio because as a result the Company will be able immediately to invest a significant portion of the Offer proceeds in assets that comply with its investment guidelines. This will reduce the risk of a drag on returns that might otherwise result if the Company only commenced locating and acquiring assets for its investment portfolio at the time of the closing of the Offer.

Notwithstanding the Board's review of the valuation of the Initial Portfolio, there can be no assurance that the transfer prices to be paid to the Warehouse Sellers in total are not more than the prices that might be agreed as the result of negotiations with other sellers if the Company were to seek to acquire the investments elsewhere. Changes may occur in the prices of the assets between the Valuation Date and the Closing Date. Further, any valuation of, or negotiation of the sale and purchase of, individual investments in the Initial Portfolio (in the case of the Initial Total Return Swap, the individual reference loans) may produce prices which differ from the figures attributed to such individual investments in the calculation of aggregate transfer prices, and the sum of such individual valuations or purchase prices may be lower than the aggregate transfer prices. In addition, the work done by the Investment Manager and the persons that provided indicative valuations does not represent a "fairness" or similar opinion and should not be regarded as such. The Board's review extended only to the Initial Portfolio as constituted on the Valuation Date, and not to any assets that may be acquired or identified for acquisition between the Valuation Date and the Closing Date. Individual assets may experience fluctuations in value leading up to the Closing Date, and the valuation of the Initial Portfolio as a whole may be influenced by a variety of factors. For further information, see "Risk Factors — There can be no guarantee that the Company will not be paying a higher price for its Initial Portfolio than it might pay if it purchased the investments elsewhere".

Initial Portfolio Profile as at November 27, 2006

Set out below is information concerning the profile of the Initial Portfolio as constituted on November 27, 2006. The Company anticipates that additional assets may be added to the Initial Portfolio in the period leading up to the Closing Date, consistent with the aim of assembling a portfolio along the lines of the Fully Invested Model Portfolio. The Company expects that it will acquire the Initial Portfolio on or about the Closing Date, with settlement to follow over the weeks following Closing. There can be no assurance that the composition and character of the assets in the Initial Portfolio as constituted on November 27, 2006 will not change in advance of the Closing Date due to redemptions, prepayments, unexpected obstacles to acquisition or other factors.

All the information set out below concerning the Initial Portfolio is unaudited.

Corporate Credits

For the Initial Portfolio, the Investment Manager selected as through November 27, 2006 the following residual interests in AXA IM-managed CDOs backed by corporate credit portfolios, of which a majority of the obligations are investment grade:

Corporate Credits: Positions settled as at November 27, 2006

Issuer	Notional amount	Description of investment	Description of underlying assets	Manager
Jazz III (Ireland) CDO PLC (Euro subordinated notes)* ...	€8.6 million	Residual of Corporate CDO	Majority investment grade corporate	AXA IM Paris
Jazz III (Ireland) CDO PLC (U.S. dollar subordinated notes)*	$2.0 million	Residual of Corporate CDO	Majority investment grade corporate	AXA IM Paris

* Included in the warehouse at the Valuation Date and considered by the Board in its evaluation of the Initial Portfolio as of that date.

JAZZ III

JAZZ III is a CDO backed by a corporate credit portfolio (cash and synthetic, with a majority investment grade) for which the Investment Manager acts as investment manager and is the only Restricted AXA IM Managed Product in the Initial Portfolio. The Company's interest in JAZZ III will be a minority interest. No Management Fee will be payable by the Company to the Investment Manager in respect of its portion of the Company's assets that is represented by its investment in JAZZ III. The Investment Manager will, however, be entitled to receive an incentive fee from JAZZ III as that vehicle's portfolio manager that will not be offset against the Incentive Fees payable by the Company. From JAZZ III, the Investment Manager will receive a fixed management fee consisting of approximately 0.150 per cent. per annum of the aggregate portfolio balance (split between senior, mezzanine and subordinated fees), a performance fee equal to 10 per cent. of remaining interest proceeds after payment of Euribor +10 per cent. to holders of euro-denominated subordinated notes and U.S. dollar LIBOR +10 per cent. to holders of U.S. dollar denominated subordinated notes and an incentive fee of 15 per cent. of remaining interest proceeds after a certain internal rate of return has been achieved by subordinated noteholders (14 per cent. for U.S. dollar tranches and 12 per cent. for euro tranches). JAZZ III is included in the category of "Corporate Credits" because the underlying assets in JAZZ III are comprised of corporate credit assets and are managed by the Investment Manager's Investment Grade CDO Team. It is the only Restricted AXA IM Managed Product that the Company will acquire as part of the Initial Portfolio.

CDOs

For the Initial Portfolio, the Investment Manager selected through November 10, 2006 the following residual positions in CDOs:

Residual Interests in CDOs: Positions as at November 27, 2006

Issuer	Nominal amount	Description of investment	Description of underlying assets	Manager/Servicer	Geographical distribution of underlying assets	Status
	(in millions)					
Light Point 2006-5* ...	$5.0	Residual of CLO	Broadly syndicated loans	Light Point	U.S.	Settled
Sands Point*	$6.0	Residual of CLO	Middle market loans	Guggenheim	U.S.	Settled
CHYP9*	$5.0	Residual of CLO	Broadly syndicated loans	Carlyle	U.S.	Settled
Galaxy VII*..........	$4.0	Residual of CLO	Broadly syndicated loans	AIG Sunamerica	U.S.	Settled
Wasatch	$8.0	Residual of CLO	Broadly syndicated loans	Invesco	U.S.	Settled
Ocean Trails	$8.0	Residual of CLO	Broadly syndicated loans	Westgate	U.S.	Traded but not settled

* Included in the warehousing facilities at the Valuation Date and considered by the Board in its evaluation of the Initial Portfolio as of that date.

Between November 27, 2006 and the Closing Date, the Investment Manager may trade or settle additional CDO assets, which are expected to be mainly residuals of CLOs. The Investment Manager is currently contemplating three to four other residuals of CLOs, the anticipated size of which (if acquired for the Company) is expected to be approximately U.S.$8 million per trade. The Investment Manager is under no obligation, however, to cause any such additional assets to be acquired between November 27, 2006 and the Closing Date, and there can be no assurance that the Investment Manager will do so.

The third party CDO portion of the Company's portfolio is to be managed principally by the Investment Manager's CDO Invest Team.

Other Asset-Backed Securities

For the Initial Portfolio, the Investment Manager selected through November 10, 2006 the following residual positions of asset-backed securities:

Asset-Backed Securities: Positions as at November 27, 2006

Issuer	Nominal amount	Description of investment	Description of underlying assets	Manager/Servicer	Geographical distribution of underlying assets	Status
	(in millions)					
Newgate 2006-2*	£8.37	Residual of ABS	UK non-conforming RMBS	Mortgage Plc	UK	Settled
Alba 2006-1*........	£4.6	Residual of ABS	UK non-conforming RMBS	Oakwood	UK	Settled
Eurosail 2006-1*.....	£13.6	Residual of ABS	UK non-conforming RMBS	SPML	UK	Settled
Alba 2006-2.........	£7.98	Residual of ABS	UK non-conforming RMBS	Oakwood	UK	Settled
Promise Mobility III Class F 06-01	€12	Residual of ABS	German SME first loss	IKB	EUR	Traded but not settled

* Included in the warehousing facilities at the Valuation Date and considered by the Board in its evaluation of the Initial Portfolio as of that date.

Between November 27, 2006 and the Closing Date, the Investment Manager may trade or settle additional ABS assets, which are expected to be mainly UK non-conforming RMBS or first loss tranches of securitisations of loans to German small and medium enterprises. The Investment Manager is currently considering two UK RMBS residuals, each of which could have a size of up to £8 million, and one Euro-denominated first loss tranches of securitisation of loans to German small and medium enterprises in bond format, each of which could have a size of up to €20 million per trade. The Investment Manager may also consider other ABS residuals having a size of up to €20 million per trade. The Investment Manager is under no obligation, however, to cause any such additional assets to be acquired between November 27, 2006 and the Closing Date, and there can be no assurance that the Investment Manager will do so.

The other asset-backed securities component of the Company's portfolio is to be managed by the Investment Manager's ABS Group.

Leveraged Loans

The Initial Total Return Swap

In the Initial Portfolio, the Company's exposure to the reference leveraged loans is expected to be effected through the Initial Total Return Swap with Bank of America, N.A. The purpose of the Initial Total Return Swap is to provide exposure on a leveraged basis to a diversified pool of leveraged loans (including senior secured, second lien and mezzanine loans) selected by the Investment Manager.

At November 27, 2006, the amount of collateral that the Company would have had to post had it entered into the Initial Total Return Swap on that date, in view of the leveraged loan positions settled or traded in the warehouse facilities as of that date, was approximately €51.9 million. The amount of such collateral represents a percentage of the size of the reference loan portfolio, such percentage depending on the proportion of senior secured, second lien and mezzanine loans making up the portfolio. It is anticipated that collateral posted under the Initial Total Return Swap at or around Closing will be placed entirely or largely in a deposit account with Bank of America, N.A. Accordingly, the Company will have significant credit exposure to Bank of America N.A.

Payments under the Initial Total Return Swap will be made monthly. On each payment date, a payment will be due from the swap counterparty to the Company representing the return on the reference loans underlying the Initial Total Return Swap and any realised capital appreciation arising from (i) the sale of any underlying asset, and (ii) the repayment or prepayment of underlying loans, in each case in respect of the preceding month. In return, the Company will owe an amount to the swap counterparty comprising (a) floating rate interest calculated by reference to the aggregate notional amount of the reference loans, (b) any fees and expenses incurred by the swap counterparty in respect of the transactions (including expenses relating to the purchase and sale, and the enforcement of any remedies in respect of, the reference loans), (c) any "deferred payment", and (d) any realised capital depreciation arising in the circumstances described above, in each case in respect of the preceding month. Only the net amount due between the parties will be payable on each payment date, and if such amount is payable by the Company, such amount will be deferred until, and due as a "deferred payment" on, the following payment date. All amounts that are linked to reference loans denominated in a currency other than euros will be converted into euros at a spot exchange rate.

The Investment Manager will manage the reference loan portfolio. The Investment Manager may terminate or reduce the notional amount of total return swap transactions, and may request new transactions subject to a variety of conditions, including conditions relating to the status and power of Company to enter into such new transactions and of the Investment Manager to do so on its behalf, the absence of any default relating to the Company as a result of such new transactions, the relevant reference loan, the reference loan portfolio as a whole, and the swap counterparty's ability to hedge such transaction. Initially, the size of the reference loan portfolio may not exceed a certain maximum amount (e.g., €350 million, assuming an Offer size of €350 million. If the size of the reference loan portfolio is less than a certain minimum amount (being 50 per cent. of the maximum reference loan portfolio size), the company will be required to pay a fixed spread on the amount of such shortfall by way of commitment fee. Upon the termination of the Initial Total Return Swap prior to a cut-off date falling three years into the five year term of the programme, the Company must pay a make-whole amount in respect of such commitment fee equal to the present value of the spread on the specified minimum amount from the date of termination until such cut-off date.

The swap counterparty will have the right to terminate the programme if the implied leverage of the reference loan portfolio meets or exceeds certain thresholds (that is, if not enough collateral has been posted to support the Company's mark-to-market losses) (a **"leverage event"**) or the collateral falls below a certain level (a **"collateral event"**). If the proportion of impaired loans (as defined in the agreement) in the portfolio exceeds a certain limit (an **"impairment event"**) the swap counterparty may terminate one or more transactions referencing such impaired loans, or if it is unable to obtain market values for any reference loan from at least two acceptable sources (a **"liquidity event"**), it may terminate the related transaction.

The Company may, but is not obligated to, post additional collateral to cure a leverage event, collateral event or impairment event, and may obtain market valuations of reference loans to cure a liquidity event, in each case to avoid a reduction or termination of the relevant transactions. The Company may also withdraw collateral provided that such withdrawal does not cause the implied leverage to exceed certain levels. The swap counterparty is entitled to retain amounts in the collateral account in settlement of sums owed by the Company that may be incurred if the programme is terminated prior to its scheduled maturity.

The Initial Total Return Swap Agreement contains confidentiality provisions in respect of information relating to the reference loans or actions taken in respect of the reference loans by the holders thereof. The Company will agreed to indemnify the swap counterparty in respect of costs, expenses, obligations or outlays of any kind incurred by the swap counterparty by reason of breach by the Company (or the Investment Manager acting on its behalf) of such provisions. The Company will also agree to indemnify the swap counterparty in respect of losses, damages, costs and expenses incurred by the swap counterparty on the basis of any defects in the authorisations granted to the Investment Manager to act on behalf of the Company.

The Initial Total Return Swap is a partial recourse programme and therefore the risk of loss of investment to the Company will be limited to the collateral provided by the Company. The Company's exposure to the credit risk of the counterparty will be limited to the aggregate of the mark-to-market value of the total return swap transactions and the value of the collateral posted (insofar as not held in separate custodial or trust accounts with third parties). The Company expects that it may post an amount (but less than 20 per cent. of its gross assets) in a deposit account with the swap counterparty to secure its obligations under the programme, and may post additional collateral with a third-party custodian.

The breakdown of the reference portfolio of leveraged loans (settled) into underlying loan types as at the Valuation Date was as follows:

Type of asset	Nominal Equivalent *(in millions)*	%	Average spread to EURIBOR
Senior Secured (EUR)	€121.4	83%	2.52%
Second Lien (EUR)	€16.3	11%	4.52%
Mezzanine (EUR)	€8.4	6%	4.96% coupon + 4.97% PIK
Total	€146.0	100%	

(Rounded)

The breakdown of the reference portfolio of leveraged loans (settled or traded) into underlying loan types as at November 27, 2006 was as follows:

Type of asset	Nominal Equivalent *(in millions)*	%	Average spread to EURIBOR
Senior Secured	€209.7	86%	2.54%
Second Lien	€20.6	8.5%	4.67%
Mezzanine	€13.5	5.5%	4.21% coupon + 4.97% PIK
Total	€243.8	100%	

The table below provides a description of the five largest leveraged loans selected by the Investment Manager and settled or traded as at November 27, 2006:

Five Largest Reference Leveraged Loan Exposures Settled or Traded as at November 27, 2006

Borrower	Issuer country	Local currency	€ Equivalent *(nominal)*	Seniority	Moody's industry
A	Netherlands	EUR	20,716,667	Secured Senior Loan	Broadcasting & Entertainment
B	France	EUR	20,033,316	Secured Senior Loan/Mezzanine	Broadcasting & Entertainment
C	United Kingdom	GBP	17,235,917	Secured Senior Loan	Broadcasting & Entertainment
D	USA	EUR	15,000,000	Secured Senior Loan	Diversified/ Conglomerate Services
E	Italy	EUR	15,000,000	Secured Senior Loan	Telecommunications

Between the date of this prospectus and the Closing Date, the Investment Manager may trade or settle additional leverage loan assets, which may have a size of up to €15 million per trade. The Investment Manager is under no obligation, however, to cause any such additional assets to be acquired between the date of this prospectus and the Closing Date, and there can be no assurance that the Investment Manager will do so.

Although there is a concentration in the broadcasting and entertainment sector reflected in the preceding charts, the Company expects the actual reference leveraged loan portfolio at the time the portfolio is fully invested to be more diversified across industries.

Infrastructure

No infrastructure assets are intended for inclusion in the Initial Portfolio.

Potential Fully Invested Model Portfolio Investment Arrangements

The following statements concerning potential investment arrangements for the Fully Invested Model Portfolio are based on the assumption that the Offer raises approximately EUR 330.75 million in net proceeds for the Company.

Corporate Credits

The Company expects that, at some time after the Closing, the Investment Manager will apply a significant portion of the remaining net proceeds of the Offer to obtaining a cash or synthetic first loss residual investment exposure (the **"Bespoke CSO"**) to a diversified AXA IM-managed portfolio of corporate credits, the majority of which would be investment grade. The counterparty and structure of this Bespoke CSO remains, as of the date of this document, to be determined.

If the Bespoke CSO is done in the form of a note issued by a special purpose vehicle (funded), the Company would receive a coupon on the outstanding notional amount of the note (residual tranche). At maturity, the note would be redeemed at its then remaining outstanding notional amount, which would be equal to par minus any portfolio loss in excess of the initial level of subordination. The portfolio loss would be dependent on credit losses and trading losses on the reference portfolio, offset by any trading gains. The Bespoke CSO could constitute an AXA IM Managed Product that is not a Restricted AXA IM Managed Product.

The arrangements described above are subject to modification. The Company assumes no obligation to proceed with the Bespoke CSO as described here or in any other form, and there can be no guarantee that it will be effected. Any decision to proceed would be highly dependent on future market conditions.

CDOs

Depending on market conditions, approximately 12 CDO residual interests divided between the United States and Europe are expected to be acquired in the Fully Invested Model Portfolio (assuming an Offer size of 35 million Shares). The initial allocation of the CDO residual interest pool is expected to reflect a high weighting to CLOs, with other exposures to CDOs of asset-backed securities, CSOs and others.

Other Asset-Based Securities

Depending on market conditions, between 10 and 15 asset-backed security residual interests may be added to the portfolio (assuming an Offer size of €350 million). This initial pool is expected to reflect the predominance of U.K. residential mortgage securities in the European residuals market.

Leveraged Loans

The Company intends, depending on market conditions, to grow the portfolio of reference loans in the Initial Total Return Swap, with further posting of collateral to equate approximately €67 million of first loss investment exposure. In terms of the underlying portfolio, the allocation is expected to involve loans the majority of which would be euro denominated, with initially more than 80 per cent. consisting of senior secured loans, and with a bucket for mezzanine and second lien debt.

Infrastructure Assets

The Company expects that, if infrastructure assets are actually included in the Fully Invested Model Portfolio, they may not number more than five investments initially. The Investment Manager has advised the Company that, accordingly, such investments may not be diversified initially. There can be no assurance that any such investment will be effected. For information concerning the criteria established for investment in infrastructure assets under the Company's investment guidelines, please refer to "Part I — The Company's Business — Investment Guidelines — Investment Limitations".

On-Going Valuation of Investments

The Company expects to publish its gross asset value on a monthly basis and its net asset value on a semi-annual basis. The asset values so determined and published will be used to calculate management fees payable to the Investment Manager and, in the case of gross asset value, used as a basis for determining Adjusted Gross Assets.

The calculation of the net asset value and the gross asset value of the Company may be suspended in situations where the underlying data needed to value the investments cannot readily, or without undue expenditure, be obtained by the Company. Details of any suspension in making such calculations would be announced in a manner that complies with the rules of Euronext Amsterdam or any other relevant securities exchange.

Currently, for the majority of investments targeted by the Company, the secondary trading market is generally illiquid. As a result, there are no regularly reported market prices for these investments. Moreover, there may not be an agreed industry standard methodology for valuing the investments (*e.g.*, in the case of residual income positions of asset-backed securitisations).

The Company has determined that its policy will be to derive its net asset value and gross asset value totals on an on-going basis in the following manner:

- Financial assets for which quoted prices are available from a third party in a liquid market will be valued monthly on the basis of quoted bid prices. In this regard, for liquid assets, an external market pricing service may be the source of price quotations.
- In the case of investments where the fair value of the investment can be readily ascertained by reference to the market values of liquid underlying assets (*e.g.*, as is expected to be the case with the Initial Total Return Swap), the counterparty or sponsor generally will provide the valuation of the investment position, using the marked-to-market valuation of the underlying assets (minus, where applicable, the investment's internal funding or other liability). In the case of the Initial Total Return Swap or other similar arrangements, the Investment Manager has agreed in the Investment Management Agreement that it will report semi-annually to the Company on how the valuations used by the counterparty on underlying loans from time to time compare to valuations from an external third-party pricing service.
- For illiquid financial assets, the method of on-going valuation will vary depending upon the nature of the asset. Where a financial asset involves an arranging bank that provides valuations on a monthly basis together with its related main valuation assumptions (as may, for example, be the case with a cash CDO), the valuations will be sourced from such arranging bank. The Company expects that, in many cases, the arranging bank will determine a valuation based upon pricing models, which may or may not produce values that correspond to the prices that the Company could obtain if it sought to liquidate the positions. Such pricing models generally involve a number of valuation assumptions, many of which are based on subjective judgments. The Investment Manager has agreed in the Investment Management Agreement to review the main assumptions of the arranging banks semi-annually to evaluate whether they appear, in the judgment of the Investment Manager, fair and reasonable, and to report its conclusions in this regard to the Portfolio Administrator and the Company. The work done by the Investment Manager will not, however, represent a "fairness" or similar opinion and should not be regarded as such. The Portfolio Administrator may then approach the relevant banks for clarifications or adjustments. The Company will use reasonable endeavours to engage an independent third party to review semi-annually the main assumptions employed by the arranging banks and to report on the fairness and reasonableness of those assumptions and of the valuations to the Portfolio Administrator and the Company. If the third party challenges an arranging bank's valuations on this basis, the Company will consider engaging such third party (or one or more other third parties, such as, for example, an investment bank or the seller of the underlying assets) to provide a valuation, or will adopt some other method of valuing the position.
- Where a financial asset does not involve an arranging bank (as, for example, with infrastructure assets), or if an arranging bank is unwilling to provide valuations and related main valuation assumptions on a monthly basis (as may, for example, be the case with some asset-backed securities residual positions), the Investment Manager has agreed in the Investment Management Agreement that it will provide a monthly

valuation based on a pricing model. In the case of infrastructure assets, however, the Investment Manager valuation will be provided on a quarterly basis. In valuing infrastructure assets, a discounted cash flow method will be used. The cash flow projections for the relevant projects will reviewed by the Investment Manager's infrastructure team and the discount rate to be applied will depend on a market premium (considering, to the extent practicable, the same type of transactions launched recently and market publications). With regard to any such valuations provided by the Investment Manager, the Company will use reasonable endeavours to engage an independent third party to review semi-annually the main valuation assumptions employed by the Investment Manager and to report on the fairness and reasonableness of those assumptions and the valuations to the Portfolio Administrator and the Company. If the third party challenges the Investment Manager's valuations on this basis, the Company will consider engaging such third party (or one or more other third parties, such as, for example, an investment bank or the seller of the underlying assets) to provide a valuation, or will adopt some other method of valuing the position.

In the event that the Company is unable to obtain an independent third-party review and report with respect to any asset for two or more consecutive semesters for which such a review and report is required under the foregoing guidelines, a portion of any Incentive Fee otherwise payable in respect of the second such semester and each subsequent semester shall be deferred. The portion of the Incentive Fee (if any) that will be so deferred for any semester will equal the quotient of (1) the contribution of such asset to the Distribution Income for such period and (2) the Distribution Income for such period. Insofar as a relevant asset has been hedged, the contribution of the relevant asset to Distribution Income will be calculated taking into account the relevant portion of the related hedge.

Such deferral will continue until the earlier of (i) the maturity of the relevant asset or (ii) such time as the Company obtains the required review and report for such asset.

In the case of an asset that is not impaired at such time, the deferred Incentive Fee will be paid to the Investment Manager on cessation of the deferral.

In the case of an asset that is impaired either at maturity or full redemption or if, once obtained, as a result of the third party review and report referred to above, the deferred Incentive Fee will not be paid in respect of that asset, except that:

(a) In respect of the period in which the relevant impaired asset matures or is redeemed or, if earlier, the period in respect of which the relevant review and report is obtained, the Incentive Fee will be calculated on the basis that, in such calculation, the impairment (if any) of the relevant asset will be reduced by 4 times the relevant deferred Incentive Fee from and including the period in respect of which the deferral of the payment of the portion of the Incentive Fee attributable to that asset commenced.

(b) If no Incentive Fee is payable to the period referred to in (a) above and the contribution to Distribution Income related to the deferred Incentive Fee in respect of the relevant asset over the deferral period (being 4 times the relevant deferred Incentive Fee from and including the semester in respect of which the relevant deferral commenced) is greater than the amount of the impairment of the relevant asset, an Incentive Fee will be payable equal to 25 per cent. of the excess amount.

In some instances, the valuation information provided to the Company will be "clean" — that is, without taking into account the accrual of amounts that are or should be deemed to be in the nature of interest income. In such instances, the Company may add to the values obtained the reasonably estimated amount of such accruals. See "Part X — The Company's Significant Accounting Policies".

The Company expects that the Board will periodically review the Company's on-going valuation policy as it applies to each asset class in consultation with the Investment Manager, the Administrator and the Portfolio Administrator. The Board may from time to time make such changes in the policy as the Board deems in the best interest of shareholders.

For purposes of monthly gross asset value calculations relating to infrastructure assets, reference will be made to the latest available quarterly valuation, as valuation data is not expected to be prepared for such assets on a monthly basis.

Risk Management

The principal risks to which the Company will be exposed are market risk, interest rate risk, currency risk, credit risk (including counterparty risk), certain risks relating to derivatives, liquidity risk, concentration risk and reinvestment risk. In certain instances as described more fully below, the Company will enter into derivative transactions (for example, forward currency exchange agreements) in order to mitigate particular types of risk.

Market Risk

The Company's exposure to market risk comes mainly from movements in the value of its investments. Changes in credit spreads may affect the Company's net equity or net income directly through their impact on unrealised gains or losses on investments within the portfolio, and therefore the Company's ability to make gains on such investments, or indirectly through their impact on the Company's ability to borrow and access capital (and its cost of capital).

In connection with the Initial Portfolio, pursuant to the Purchase Agreements, the Company is exposed to market risk from the date of acquisition of the relevant assets from the Warehousing Banks.

Interest Rate Risk

To the extent the Company incurs indebtedness, changes in interest rates can affect the Company's net interest income, which is the difference between the interest income earned on interest earning investments and the interest expense incurred on interest-bearing liabilities. Changes in the level of interest rates also can affect, among other things, the Company's ability to acquire loans and investments, the value of its investments and the Company's ability to realise gains from the settlement of such assets.

The Company may enter into hedging transactions for the purposes of efficient portfolio management, where appropriate, to protect its investment portfolio from interest rate fluctuations. These instruments may be used to hedge as much of the interest rate risk as the Investment Manager determines is in the best interests of the Company, given the cost of such hedges. The Company may bear a level of interest rate risk that could otherwise be hedged when the Investment Manager believes, based on all relevant facts, that bearing such risks is advisable.

Currency Risk

The Company's accounts will be denominated in euro while investments are likely to be made and realised in both euro and other currencies. Changes in rates of exchange may have an adverse effect on the value, price or income of the investments. A change in foreign currency exchange rates may adversely impact returns on the Company's non-euro-denominated investments. The Company's principal non-euro currency exposures are expected to be the U.S. dollar and pound sterling, but this may change over time.

The Company's policy will be to hedge currency risk on an asset by asset basis and also, where the Investment Manager considers appropriate, on an overall portfolio basis. The Company may bear a level of currency risk that could otherwise be hedged where the Investment Manager considers that bearing such risks is advisable. The Company has been advised by the Investment Manager that, as at the closing of the Offer, the Investment Manager expects to put in place arrangements to hedge into euro certain U.S. dollar and pound sterling exposures associated with the U.S. dollar-denominated CDO residual interests and pound sterling-denominated residuals of asset-backed securities in the Initial Portfolio.

Credit Risk (including counterparty risk)

The Company is subject to credit risk with respect to its investments. The Company and its Investment Manager will seek to mitigate credit risk by actively monitoring the Company's portfolio of investments and the underlying credit quality of its holdings as described more fully in "Part IV — Management and Administration of the Company and the Company's Investment Portfolio — The Investment Manager". The Company's multi-asset class investment strategy is founded on limiting credit risk by pursuing Primary Target Asset Classes that generate streams of cash flows from underlying payors having, in the aggregate, diverse characteristics and/or low default rates and/or high recovery rates and/or granularity.

The Company intends to invest in total return swaps, credit default swaps and other derivatives with various financial institution counterparties for purposes of securing investment exposure to portfolios of diverse underlying reference obligations. The Company will be exposed to counterparty credit risk in respect of these transactions, but anticipates that the Investment Manager will employ various techniques to limit actual counterparty credit risk. The Company may in the future, however, have more than 20 per cent. of its gross assets invested in the instruments of one or more special purpose vehicles created to provide the Company with synthetic first loss exposure to large reference portfolios of Primary Underlying Assets. See, for example, "Part I — The Company's Business — Potential Fully Invested Model Portfolio Investment Arrangements". Moreover, the Company expects that it may, in the course of its portfolio ramp up period, post in excess of 20 per cent. of its gross assets as collateral security for its obligations under the limited recourse Initial Total Return Swap (although no more than 20 per cent. of its credit exposure in this regard is expected to be with respect to a single counterparty or its affiliates). See "Part I — The Company's Business — Initial Portfolio". The Company's investment guidelines establish criteria for synthetic arrangements entered into by the Company, and require specific Board approval for investments in excess of certain limits. For further information, please refer to "Part I — The Company's Business — Investment Guidelines — Investment Limitations". Prospective Shareholders should, however, be prepared to bear the risks of direct and indirect investment in special purpose structured finance vehicles and arrangements, which often involve reliance on techniques intended to achieve bankruptcy remoteness and protection through security arrangements that may not function as intended in unexpected scenarios.

Risk Relating to Derivatives

The Company's transactions using derivative instruments and any credit default or total return swap arrangements or other synthetic investments entered into by the Company or any of its funding vehicles may involve certain additional risks, including counterparty credit risk. Moreover, as referred to in the preceding paragraph, the Company has established criteria for synthetic arrangements that are intended to limit its investment risk. Certain derivative transactions into which the Company may enter may be sophisticated and innovative, and as a consequence may involve tax or other risks that may be misjudged.

For a discussion of certain risks related to the Company's use of derivatives, see "Risk Factors — Hedging transactions may limit gains or result in losses" and "Risk Factors — The Company will encounter risks related specifically to synthetic investment arrangements".

Concentration Risk

The Company may be exposed at any given time to any one industry, region, country or any given services or asset manager (in addition to the Investment Manager) and may therefore be exposed to a degree of concentration risk. The Company intends to mitigate this risk by monitoring the concentration of its portfolio from time to time and rebalancing its investment portfolio accordingly, although there can be no assurance that it will succeed. As noted above, the Company faces counterparty concentration risk from synthetic arrangements.

Reinvestment Risk

Some of the Company's investments (*e.g.,* ABS (including mortgage-backed securities) and leveraged loans) may be particularly sensitive to the interest rate environment, with a general decline in prevailing rates of interest tending to promote faster rates of repayment of fixed-rate obligations. Unexpected accelerations in the rate of repayments can cause the value of such investments to decline, and may leave the Company with excess cash to reinvest in a low interest rate environment. One virtue of having a multi-asset class strategy is that the flexibility exists to reallocate among asset classes in such cases.

Liquidity Risk

The Company may face liquidity risks. Most of the assets in which the Company intends to invest are relatively illiquid. Changes in market sentiment may make portions of the Company's investment portfolio rapidly less liquid, particularly with regard to types of assets for which there is not a broad, well-established trading market. Portfolio issuers and borrowers may experience changes in circumstance that adversely affect their liquidity, leading to interruptions in cash flows. The Company can seek to manage liquidity needs by borrowing, but turns in market sentiment may make credit expensive or unavailable. Liquidity may also be addressed by selling the more liquid assets in the Company's portfolio, but selling those assets first may not in some circumstances be advantageous for the Company.

Purchase of Own Shares/Cancellation of Share Premium

The Company has the authority to make market purchases of fully paid Shares, subject to applicable law. As described in further detail at "Part XI — Additional Information — Share Capital — 2.11", the Company has adopted a resolution authorising a buyback of up to 14.99 per cent. of each class of the Company's ordinary shares. The Company may effect such purchases when, for example, the Directors believe that a share buyback will enhance Shareholder total returns by returning capital surpluses that may not be returned in the form of dividends for legal reasons, for purposes of reducing Share trading discounts to per Share net asset value, or where the Investment Manager has been unable to source sufficient appropriate investments.

The Company has passed a special resolution cancelling the amount standing to the credit of its share premium account immediately following Admission. In accordance with the Companies Law, the Directors intend to apply to the court in Guernsey for an order confirming such cancellation of the share premium account following Admission. Subject to any undertaking to be given to the court, the reserve created on such cancellation will be available to be used for all purposes permitted by the Companies Law, including the buyback of Shares and the payment of dividends. The Company expects to make use of the resulting reserve to help ensure that it has, under Guernsey law, the legal ability to make dividend payments under its Distribution Income-linked dividend policy, even in situations where volatility in its net income resulting from the IFRS treatment of derivative positions might cause the amount of a dividend to exceed reported net income for one or more reporting periods.

Use of Proceeds

The Company intends to use the net proceeds of the Offer to (i) pay the purchase price for the Initial Portfolio (or, in the case of the Initial Total Return Swap that is part of the Initial Portfolio, to post cash collateral); (ii) to acquire additional investments in the Primary Target Asset Classes and other investments in accordance with the Company's investment guidelines and its plans for the Fully Invested Model Portfolio; (iii) to pay and reimburse expenses associated with the planning, organisation and launch of the Company, including certain commissions, fees and expenses of the Initial Purchasers and certain legal, accounting and reasonable out-of-pocket expenses of the Investment Manager. The Company expects such expenses to aggregate to approximately €19,250,000 assuming an offer size of €350 million.

Pending investment of the net proceeds of the Offer in the Primary Target Asset Classes and other investments in accordance with the Company's investment guidelines, the remaining net proceeds will be held in cash or cash equivalents (including high grade, short term investments).

Financial Information

Unaudited pro forma financial information for the Company showing the impact of the Offer and the acquisition of the Initial Portfolio is set out in "Part IX — Pro Forma Net Asset Statement of the Company and Accountants' Report". The information in Part IX is prepared on a pro forma basis and therefore may not give a true picture of the Company's financial position or results.

PART II
CERTAIN ASSUMPTIONS RELATING TO TARGET DIVIDEND STATEMENTS

The information below sets out the basis for the statements in the sections of this Prospectus entitled "Summary — 2. Dividend Policy" and "Part I — The Company's Business — Dividend Policy" relating to the Company's targeted dividend payments. This information is provided solely for purposes of lending perspective on the Company's dividend targets, and not for any other purpose. These statements do not constitute a profit or earnings forecast and there can be no assurance that the Company will pay or be able to pay dividends at the targeted level or at all. There can also be no assurance that the forward-looking assumptions set out below will prove to be accurate. Prospective investors in the Shares must form their own assessments concerning whether these assumptions are likely to prove accurate, and whether there are other factors that should be considered. Whether these assumptions will be realised will depend on market conditions and other circumstances beyond the control of the Company and the Investment Manager. In particular, there can be no assurance that the Company's investment portfolio or any part of or investment in it will perform in accordance with any of the assumptions set forth below. The composition and character of the Company's actual investment portfolio may differ materially in some respects from these assumptions, and the portfolio may be expected to change over time. The Company reserves the right to permit the portfolio to depart from these assumptions. Prospective investors should consider the information contained in the section entitled "Important Information for Investors — Forward-Looking Statements".

The principal assumptions on which these target dividend assumptions are based are that:

a. 35,000,000 Shares are issued by the Company pursuant to the Offer at a price of €10 per Share.

b. The Company raises approximately €330,800,000 net of expenses in the Offer.

c. At or about Closing, the Company acquires the Initial Portfolio of residual income positions for approximately €141,000,000 million (includes the estimated notional value of the residual income position of the Initial Total Return Swap).

d. The purchase price paid by the Company for the Initial Portfolio is calculated based on the price paid by the Warehousing Banks for each asset, with adjustments made for the interest charge payable to the Warehousing Banks. The interest charge payable to the Warehousing Banks varies by asset type, but in each case is less than or equal to the effective yield of that asset as at the time of its purchase.

e. After purchase of the Initial Portfolio, the Company holds approximately €189,800,000 of net proceeds from the Offer in cash or cash equivalents.

f. The Company acquires approximately €172,000,000 of Primary Target Assets between the close of the Offer and July 31, 2007. The Company acquires approximately an additional €90,200,000 of such assets during the financial year ending July 31, 2008 (collectively, the **"Newly-Purchased Assets"**). At July 31, 2008, the Company has approximately €600,000 of uninvested cash.

g. The Company funds acquisitions of the Newly-Purchased Assets from a combination of net proceeds from the Offer, cash received in repayment of principal or equivalent on the Initial Portfolio and other Newly-Purchased Assets.

h. During the period from close of the Offer until July 31, 2007, the Company receives repayment of principal on the Initial Portfolio and Newly-Purchased Assets in an aggregate amount equal to approximately €12,500,000, and during the financial year ending July 31, 2008, the Company receives repayment of principal or equivalent on the Initial Portfolio and Newly-Purchased Assets in an aggregate amount equal to approximately €60,500,000;

i. The assets comprising the Initial Portfolio generate a weighted average effective yield of 12.8 per cent. in local currency terms and Newly-Purchased Assets generate a weighted average effective yield of 13.0 per cent. in local currency terms. (Expressed in euro, these weighted average effective yields would be lower, but this is taken into account in framing the target dividends.)

j. The breakdown of the local currency yield generated by the assets comprising the Initial Portfolio and Newly-Purchased Assets is:

Corporate Credits:	12.8%
CDOs:	12.3%
Other Asset-Backed Securities:	12.2%
Leveraged Loans:	14.0%

k. Interest rates are equal to the forward rates as at November 16, 2006.

l. Foreign exchange rates are equal to the forward rates as at November 16, 2006.

m. The return on cash is equal to 3-month euro EURIBOR.

n. Income received from the Portfolio generally is not subject to withholding or excise tax.

o. Neither the Company nor its subsidiaries (if any) incurs any tax liability on a net income basis in respect of any income or gains.

p. The Company pays a Management Fee and Incentive Fee to the Investment Manager calculated in accordance with the formula set out in "Part IV — Management and Administration of the Company and the Company's Investment Portfolio — Investment Manager's Fees and Expenses".

q. The Company has other annual operating expenses (excluding Management Fees and Incentive Fees) of approximately €2,000,000.

r. The Company pays a performance-related fee to the Investment Manager determined in accordance with the formula set out in "Part IV — Management and Administration of the Company and the Company's Investment Portfolio — Investment Manager's Fees and Expenses".

s. There are no capital gains or losses (realised or unrealised) within the Portfolio.

t. The Company pays out its Distribution Income as dividends and Incentive Fees (50 per cent. in the form of Class C Shares).

u. The approval of the court in Guernsey is obtained for the cancellation of the amount standing to the credit of the Company's share premium account following Closing.

v. The Fully Invested Model Portfolio is achieved within 9 months and is allocated among the Primary Target Asset Classes as follows:

Corporate Credits	27.6 per cent.
CDOs	19.0 per cent.
Other Asset-Backed Securities	33.2 per cent.
Leveraged Loans	20.2 per cent.

Assumed Parameters

Default rates on underlying assets

Corporate Credits: an annual default rate of 0.36 per cent. in respect of the residual tranche of Jazz III (constituting 11 per cent. of the corporate credit allocation in the Fully Invested Model Portfolio) and an annual default rate of 0.37 per cent. in respect of the Bespoke CSO (constituting 89 per cent. of the corporate credit allocation in the Fully Invested Model Portfolio)

Other ABS: typical underlying cumulative losses, with assumptions for UK non-conforming residuals from 10 bps to 75 bps across the portfolio

CDOs: 2.0 per cent. in respect of 70 per cent. of the asset class and 3.0 per cent. in respect of 30 per cent. of the asset class on a constant annual basis. In the case of CDOs managed by third party managers, the base case assumptions are provided by the arranging banks

Leveraged Loans: 2.0 per cent. on a constant annual basis

According to the Investment Manager, each of the foregoing default rates is based, except in the case of residuals of Other ABS, on the implied Moody's default rate from the weighted average rating factor of the pool of underlying assets, adjusted to the expected maturity.

Recovery rates

Corporate Credits: 40 per cent.

Other ABS: Not applicable

CDOs:

- Loans: 70 per cent. in respect of 80 per cent. of the asset class and 80 per cent. in respect of 20 per cent. of the asset class
- Bonds: 30 per cent. in respect of 80 per cent. of the asset class and 40 per cent. in respect of 20 per cent. of the asset class

Leveraged Loans:

- Senior Loans: 80 per cent.
- Second Lien Loans: 60 per cent.
- Mezzanine Loans: 60 per cent.

Each of the foregoing recovery rates is based on assumed rates the Investment Manager has advised the Company are widely used in the market. In addition, according to the Investment Manager, in the case of CDOs managed by third party managers, the base case assumptions are provided by arranging banks.

Prepayment rates

Corporate Credits: None

Other ABS: 20 per cent. in the first year and at least 30 per cent. thereafter (varying depending on the originators and types of loans)

CDOs:

- Loans: 10 per cent. in respect of 80 per cent. of the asset class and 30 per cent. in respect of 20 per cent. of the asset class.
- Bonds: 0 per cent.

Leveraged Loans: 25 per cent.

Each of the foregoing prepayment rates is based on assumed rates the Investment Manager has advised the Company are widely used in the market. In addition, in the case of CDOs managed by third party managers, the base case assumptions are provided by arranging banks.

Subordination/leverage

Corporate Credits: Up to 5.75 per cent. in respect of the residual tranche of Jazz III (which would constitute 11 per cent. of the corporate credit allocation in the Fully Invested Model Portfolio) and 1.50 to 3.00 per cent. in respect of the Bespoke CSO (which would constitute 89 per cent. of the corporate credit allocation in the Fully Invested Model Portfolio). The percentage figures relate to the layer of first loss exposure assumed to apply (*e.g.,* up to 5.75 per cent., the relevant residual will bear first loss exposure from zero up to 5.75 per cent. of the total reference pool size).

Other ABS: Not applicable

CDOs: Not applicable

Leveraged Loans (on a (Debt + Equity)/Equity basis):

- Senior Loans: 6.0x
- Second Lien Loans: 2.7x
- Mezzanine Loans: 1.5x

The multiples signify assumptions concerning the degree of leverage for each class of loan, where, for example, 6.0x means that 10 units of equity will support 50 units of debt (10 + 50)/10, or 6.0x)

Expected maturity

Corporate Credits: 2013 — 2014 in respect of residual exposures of CDOs and CSOs on corporate credits

Other ABS: 2012, assuming call in year five

CDOs: 2015 — 2018

Leveraged Loans: 2012 in respect of the total return swap

Diversification

Corporate Credits:

- 15 per cent. maximum allocation per Moody's industry classification (except one industry at 18 per cent.)
- 2 per cent. maximum allocation for each investment grade issuer
- 1 per cent. maximum allocation for each non-investment grade issuer

Other ABS: Between €10-€15 million average investment size

CDOs: Approximately 12 investments

Leveraged Loans:

- 5 per cent. maximum allocation per senior obligor (except 3 obligors at 6%)
- 4 per cent. maximum allocation per second lien and mezzanine obligor
- 15 per cent. maximum allocation per Moody's industry classification

PART III
INFORMATION CONCERNING THE PRIMARY TARGET ASSET CLASSES AND MARKET OPPORTUNITIES

The information sourced from third parties in this Part III has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by the stated sources, no facts have been omitted which would render the information inaccurate or misleading.

Overview of the Principal Target Asset Classes

The Company's focus will be on direct and indirect investment in Primary Underlying Assets, usually in the form of instruments and arrangements that create leveraged investment exposure. In this regard, the Company has instructed the Investment Manager to pursue the Company's investment strategy by concentrating initially on five principal target asset classes, each of which is supported directly or indirectly by cash flows from Primary Underlying Assets (**"Primary Target Asset Classes"**):

- Corporate credits
- CDOs
- Other asset-backed securities
- Leveraged loans
- Infrastructure assets

The discussion below provides background information with respect to each of these asset classes, including with regard to the distinctions the Company draws between them.

Corporate Credits

Cash Obligations

The Company uses the phrase "corporate credits" to refer to cash obligations or synthetic exposures to the obligations of corporate or other entities (including financial institutions). The obligations generally carry no claim to ownership of an obligor's assets and pay no dividends, but interest payments to their holders are senior in the obligor's capital structure to dividend payments to stockholders. The obligations may have varying contractual maturities and their repayment can vary substantially from the contractual payment schedule (if any), with early prepayment of individual bonds or loans depending on numerous factors specific to the particular issuers or obligors and on whether, in the case of bonds or loans bearing interest at a fixed rate, such bonds or loans include an effective prepayment premium. The obligations are usually unsecured.

Credit Default Swaps

A credit default swap ("**CDS**") is a contract between two parties where a protection buyer pays a premium to the protection seller in exchange for a payment if a credit event occurs to a reference corporate entity. CDS are customisable, over-the-counter products that can be written to trigger in the event of bankruptcy, default, failure to pay, restructuring, or any other credit event of the reference entity. Despite the potential to customise CDS, most of the contracts are standardized to increase the tradability of the contract. The contracts are often written to trigger in the case of the specified credit event for any of the debt of the entity, even subordinated debt. In addition, CDS are typically 5 year contracts, although 3, 7, and 10 year contracts are also traded.

CDSs can be physically settled or cash settled. If a physically-settled CDS is triggered, the protection seller pays the face value of the debt (or another pre-specified amount) to the protection buyer in exchange for the reference obligations or other specified type of obligation, which would be worth less than the face value of the reference obligation or other obligation given the recent credit event. Triggering a cash-settled CDS would require the protection seller to make a payment to the protection buyer of the difference between the original value of the debt (typically the face value) and the current value of the debt based on a specified valuation method. CDSs allow protection sellers to take an unfunded position solely on the credit risk of the reference obligations. The Company may be either a buyer or a seller of credit protection through CDS.

CDOs

The Company uses the term "CDO" to refer broadly to collateralised debt obligations, collateralised loan obligations, collateralised debt obligations of asset-backed securities and other similar obligations. Although CDOs typically have as their underlying assets obligations that come within the scope of other Primary Target Asset Classes, the Company treats them as a separate asset class because the interposition of an asset manager and/or the structural mechanics of a CDO (priority of payments waterfall, covenant package and other factors) introduce investment considerations that differ from those involved in other Primary Target Investments.

As a general matter, CDOs are securities that entitle their holders to receive payments that depend on the cash flow from an underlying portfolio of collateral, which may include a combination of other asset-backed securities, debt securities and loans, and credit default swaps or other synthetic or similar instruments, the reference obligations of which are assets such as asset-backed securities, corporate and sovereign debt securities or loans. CDOs, in common with other types of asset-backed securities, are issued in multiple tranches bearing different rankings as to entitlement to payment of interest and principal.

CDO performance is directly linked to three principal factors: the underlying assets, the CDO's structural features and the performance of the CDO's asset manager (if the CDO is managed).

In analysing investment in a CDO, in-depth attention to the collateral assets underlying the CDO is essential, since, depending on the collateral type, different default scenarios and recovery rates, recovery lag periods and prepayment profiles may be encountered, among other investment considerations.

With CDOs, covenants and priority of payment waterfalls and their impact on a transaction's cash flow can also have a significant impact on performance. Generally, CDO structures include interest and principal waterfalls that dictate the distribution of all proceeds collected, measured on each date on which interest payments on the debt are due. The priority of distributions typically changes as the transaction seasons, i.e. ramp-up period, reinvestment period and amortisation period. CDOs include market value structures and, more commonly, cash flow structures. Most cash flow structures use interest proceeds generated by the assets to pay transaction expenses such as portfolio management and administrative fees and net hedging costs (if applicable), as well as the interest payments due on the CDO debt. Principal proceeds are typically applied to cover any shortfalls in the interest waterfall and then to either reinvest in additional collateral assets during the reinvestment period or to redeem notes in order of priority during the amortisation period. Because the more senior debt securities in a CDO structure are typically rated, ratings agency criteria can play an important role in determining CDO characteristics.

CDOs can be managed or unmanaged (static). Asset manager decisions will affect the performance of a managed CDO. Managed CDOs, like all managed investment vehicles, are subject to investment manager risk, which can be measured by the capacity of the asset manager to select the right investments, effectively anticipate and act on market movements, and/or otherwise execute an investment strategy consistent with the interests of investors in the CDO or a particular class of such investors. The degree of discretion that an investment manager has with regard to a CDO portfolio may vary widely from CDO to CDO.

Three common types of CDOs are:

Investment Grade Collateralised Debt Obligations

An investment grade CDO is any CDO security with respect to which the related underlying portfolio of assets (or, in the case of a synthetic CDO obligation, the related underlying portfolio of reference obligations) consists of a majority of investment grade corporate debt securities and/or loans to investment grade companies, including cash bonds and/or credit default swaps and total return swaps.

Collateralised Loan Obligations ("CLOs")

A CLO is any CDO security with respect to which the related underlying portfolio of assets (or, in the case of a synthetic CDO obligation, the related underlying portfolio of reference obligations) consists primarily of commercial and/or industrial loans (including "middle market" loans) to sub-investment grade companies.

Collateralised Debt Obligation of Asset-Backed Securities ("CDO of ABS")

A CDO of ABS is any CDO security with respect to which the related underlying portfolio of assets (or, in the case of a synthetic CDO obligation, the related underlying portfolio of reference obligations) consists primarily of asset-backed securities.

Other Asset-Backed Securities

Mortgage-Backed Securities

Mortgage-backed securities are created when mortgages and their attendant streams of interest and principal payments are pooled to serve as collateral for the issuance of securities to investors. Interests in mortgage-backed securities differ from other forms of traditional debt securities, which normally provide for periodic payment of interest in fixed amounts with principal payments at maturity or specified call dates. Instead, mortgage-backed securities typically provide irregular cash flows consisting of both interest and principal. As described in greater detail below, an investment consideration of any mortgage-backed security is the structure of the payment of the cash flow streams from the underlying mortgages to the holders of the mortgage-backed securities. The cash flows can be simply passed from the mortgage holder to the investor or they can be structured in a number of different ways. The market values of the various structures will vary in different interest rate or prepayment environments, with the more derivative or complex structures (*e.g.*, interest-only or principal-only securities) being more sensitive to movements in interest rates or rates of prepayment. There are two major types of mortgage-backed securities: commercial mortgage-backed securities (**"CMBS"**) and residential mortgage-backed securities (**"RMBS"**).

Commercial Mortgage-Backed Securities

CMBS are debt securities secured by or evidencing ownership interests in a single mortgage loan or a pool of mortgage loans, in either case secured by one or more commercial properties and the leases on those properties. These securities may be senior, subordinated, investment grade or non-investment grade. The yield on CMBS will depend, in part, on the timely payment of interest and repayment of principal due on the underlying mortgage loans, and defaults by the borrowers on such loans may ultimately result in deficiencies and defaults on the CMBS. In the event of a default, the trustee for the holders of the CMBS will typically have recourse only to the underlying pool of mortgage loans and, if a loan is in default, to the mortgaged property securing such mortgage loan. After the trustee has exercised all of the rights of a lender under a defaulted mortgage loan and the related mortgaged property has been liquidated, typically no further remedy will be available.

The credit quality of CMBS depends primarily on the credit quality of the underlying mortgage loans. Among the factors likely to determine the credit quality of a mortgage loan are: (i) the principal amount of the mortgage loan relative to the value of the related mortgaged property at origination and at maturity, (ii) the creditworthiness of tenants occupying the mortgaged properties (upon which the borrower generally relies for funds to repay the mortgage loans), (iii) the purpose of the mortgage loan (*e.g.*, refinancing or new purchase), (iv) the mortgage loan terms (*e.g.*, amortisation, balloon payment amounts, reserves, prepayment terms, duration), (v) the geographic location of the mortgaged property securing the mortgage loan and (vi) market conditions for commercial property in the area and the type of building concerned (*e.g.*, offices, warehouses).

Residential Mortgage-Backed Securities

RMBS are debt securities secured by or evidencing ownership interests in pools of mortgage loans secured generally by single-family residential properties. Similar to CMBS, the yield on RMBS will depend, in part, on the timely payment of interest and principal due on the underlying mortgage loans by the borrowers and defaults by such borrowers may ultimately result in deficiencies and defaults on the RMBS. In the event of a default, the trustee for the holders of RMBS has rights similar to the rights of a CMBS trustee.

Like CMBS, the credit quality of the underlying mortgage loans is a function of factors such as: (i) the principal amount of the mortgage loans relative to the value of the related mortgaged properties, (ii) the creditworthiness of the borrowers, (iii) the purpose of the mortgage loans (*e.g.*, refinancing or new purchase), (iv) the mortgage loan terms (*e.g.*, prepayment and amortisation), and (v) the geographic location of the properties securing the mortgage loans.

Other Types of Asset-Backed Securities

Credit card asset-backed securities entitle their holders to receive payments that depend on the cash flow from balances outstanding under revolving consumer credit card accounts, generally having the following characteristics: (i) the accounts have standardised payment terms and require minimum monthly payments, (ii) the balances are obligations of numerous borrowers and accordingly represent a very diversified pool of obligor credit risk, and (iii) the repayment stream on such balances does not depend upon a contractual payment schedule, with early repayment depending primarily on interest rates, availability of credit against a maximum credit limit and general economic conditions. Other types of assets that may form part of the portfolios of assets underlying asset-backed securities include auto loans, student loans and other obligations that generate a cash flow.

Leveraged Loans

Leveraged loans are often secured by specific collateral, including, but not limited to, buildings, real estate, inventory, equipment, accounts receivable, trademarks, patents, franchises and common and preferred stock of the obligor and its subsidiaries. The leveraged loans intended to form part of the Company's portfolio are of a type generally incurred in connection with a highly leveraged transaction, often to finance leveraged buyouts (**"LBOs"**), internal growth, acquisitions, mergers, stock purchases, or for other reasons — hence the term "leveraged loans". Such transactions are often sponsored by private equity funds. As a result of the additional debt incurred by the borrower in the course of the transactions, the borrower's creditworthiness is often judged by the rating agencies to be below investment grade. To induce banks and institutional investors to invest in a borrower's loan facility, and to offer a favourable interest rate, the borrower often provides the banks and institutional investors with extensive information about its business that is not generally available to the public. Because of the provision of confidential information, the unique and customised nature of a loan agreement, and the private syndication of the loan, loans are not as easily purchased or sold as a publicly traded security. Corporate loans often provide for restrictive covenants designed to limit the activities of the borrower in an effort to protect the rights of lenders to receive timely payments of interest on and principal of the loans. Such covenants may include restrictions on dividend payments, specific mandatory minimum financial ratios, limits on total debt and other financial tests. A breach of covenant (after giving effect to any cure period) in a loan which is not waived by the lending syndicate is normally an event of acceleration which allows the syndicate to demand immediate repayment in full of the outstanding loan and to take enforcement action in respect of secured assets of the borrower. Leveraged loans may require mandatory prepayments from excess cash flow, asset dispositions and offerings of debt and/or equity securities. Leveraged loans are generally prepayable in whole or in part at any time at the option of the borrower at par plus accrued and unpaid interest.

In addition, leveraged loans could include corporate loans to small and medium enterprises.

The majority of corporate loans bear interest based on a floating rate index, the certificate of deposit rate, a prime or base rate (each as defined in the applicable loan agreement) or other index, which may reset daily (as most prime or base rate indices are) or offer the borrower a choice of one, two, three, six, nine or twelve month interest and rate reset periods. The purchaser of a loan may receive certain syndication or participation fees in connection with its purchase. Other fees payable in respect of a loan, which are separate from interest payments on such loan, may include facility, commitment, amendment and prepayment fees.

The leveraged loans in which the Company intends to invest may take the form of senior loans, second lien loans or mezzanine loans. Senior loans are typically at the most senior level of the capital structure with second lien and mezzanine obligations being subordinated to them or to any other senior debt of the obligor. Second lien loans and mezzanine loans in Europe often have the benefit of a second charge over the collateral assets of the borrower that secure the senior loan. Second lien loans and mezzanine obligations generally take the form of medium term loans repayable shortly (typically one to two years) after the senior loans of the obligor thereunder. Because they are only repayable after the senior debt (and interest payments may be blocked to protect the position of senior debt interest in certain circumstances), second lien and mezzanine loans will carry a higher rate of interest to reflect the greater risk of not being repaid. Mezzanine lenders are often granted share options or warrants which can be exercised in certain circumstances, principally being immediately prior to the obligor's shares being sold or floated in an initial public offering, or higher cash paying instruments or payment in kind securities in the obligor.

Initially, the loans that are the subject of this Primary Target Asset Class would, as a general rule, be generated by third party lenders and would normally be secured by some kind of collateral. The Company currently does not intend to originate leveraged loans itself or, under normal circumstances, to take a controlling participation in a loan syndicate.

Interests in leveraged loans may be acquired either directly, by way of assignment from the selling institution, or indirectly, by way of a participation interest acquired from the selling institution or through the acquisition of a synthetic security. The purchaser of an assignment typically succeeds to all the rights of the assigning selling institution and becomes a lender under the loan agreement with respect to that loan. A participation results in a contractual relationship with the selling institution and not with the borrower and the purchaser of the participation will generally have the right to receive payments of principal, interest and any fees to which it is entitled only from the institution selling the participation and only upon receipt by the institution of such payments from the borrower. With respect to a synthetic security, the purchaser generally will have a contractual relationship only with the counterparty of such synthetic security.

Infrastructure Assets

The private finance initiative was introduced in the United Kingdom in the early 1990's to encourage private sector businesses to tender to local and central government authorities for the provision of infrastructure and services including the construction of roads, railways, bridges, hospitals and prisons. Since then the market has developed across Western Europe, North America and, to a lesser extent other jurisdictions including Eastern Europe, Asia and South America, to provide a variety of financing solutions across a range of sectors.

For illustrative purposes only, one example of a traditional simplified PFI project finance scheme could be summarised as follows: an authority enters into a long-term contract (the "**contractual arrangements**") with a special purpose vehicle ("**ProjectCo**"). Under the contractual arrangements, ProjectCo is required to provide services to the authority usually via a facility that ProjectCo has designed and constructed. Once construction is complete and ProjectCo starts providing services, the authority may make payments to ProjectCo on a performance basis with deductions accruing for performance falling below agreed levels and/or a revenue stream may be generated directly through the commercial operation of the facility. At the end of the contractual arrangement, ownership of the asset may or may not be transferred to the authority depending on the nature of the project. The involvement and role of the public authority may vary significantly from one project to another depending on the countries and the sector (ranging from simply defining the general regulatory framework for different private participants to the payment of a regular rent for the usage of infrastructure).

ProjectCo enters into contracts with contractors who carry out the project, such as a construction company for the build phase and an operating company to provide the services. ProjectCo may in certain circumstances employ staff to manage, maintain, operate, develop or provide any services to the relevant infrastructure.

Revenues from these assets are used to repay ProjectCo's debt and to pay dividends to the equity holders and interest to credit providers.

Opportunities may arise for the Company to invest both in new PFI and non-PFI project construction and in existing projects.

Background Information on Synthetic Transactions

The Company expects to acquire and create direct and indirect investment exposures to underlying assets through the use of synthetic securitisation arrangements.

Synthetic transactions may take a number of forms including, but not limited to, entering into:

Credit Default Swaps

Credit default swap transactions permit parties to purchase or sell credit protection, thereby achieving contractual short or long credit exposure, linked to the credit and/or price performance of a reference obligation, or a portfolio of obligations which may be debt obligations such as leveraged loans, investment grade credit, asset-backed securities, CDOs or other instruments, issued by a reference obligor. They may provide for a different maturity, payment dates, interest rate, credit exposure currency or other credit or non-credit characteristics than that of the reference obligation. The purchaser typically will not directly benefit from any collateral supporting the reference obligation and will not have the benefit of the remedies that would normally be available to a holder of such reference obligation. The counterparty from which a synthetic security is purchased may not own the reference obligation or any other obligation of the reference obligor and thus may not have any rights with respect to the reference obligation or the reference obligor. The Company anticipates both buying and selling protection but expects to be primarily a seller.

Total Return Swaps

A total return swap is typically a swap of the total return of a credit asset or portfolio against a contracted prefixed return. The total return from a credit asset can be affected by various factors, some of which may be extraneous to the asset in question, such as interest rate movements and exchange rate fluctuations. In one of the simplest forms of total return swap, the protection seller may guarantee a prefixed return to the originator, who in turn, agrees to pass on all the collections from the credit asset or portfolio to the protection seller. Here, the protection buyer swaps the total return from a credit asset or portfolio for a predetermined, prefixed return. The Company expects to be primarily a protection seller.

Credit-Linked Notes ("CLN")

Credit linked notes are a form of credit derivative, where the protection buyer issues notes. The CLN combines a credit default swap with a medium term note. As with a CDS, the CLN provides its users with a contractual mechanism for transferring the credit risk inherent in bonds or loans without modifying the structure or legal ownership of the underlying asset. At maturity, investors receive par unless the referenced credit defaults or declares bankruptcy, in which case they receive an amount equal to the recovery rate. The CLN issuer enters into a default swap with a deal arranger. In case of default, the CLN issuer pays the dealer par minus the recovery rate in exchange for an annual fee which is passed on to the investors in the form of a higher yield on the CLN.

With respect to each of the foregoing synthetic securities, the purchaser will usually have a contractual relationship only with the counterparty to the synthetic security, and not the reference obligor. The purchaser may have no right directly to enforce compliance by the reference obligor with the terms of the reference obligation nor any rights of set-off against the reference obligor, may be subject to set-off rights exercised by the reference obligor against the counterparty or another person or entity, and generally will not have any voting or other contractual rights of ownership with respect to the reference obligation. Moreover, each of the foregoing synthetic securities involves considerable counterparty risk.

Synthetic securities themselves may form part or all of the underlying portfolio of a CDO, CLO or other asset-backed securities.

Background Information on Residual Interests

The term residual interest refers to the residual income position in a typical securitisation structure, and is often referred to as the "equity" or "first loss" position. Ownership of a residual interest gives the holder the right to receive cash available at the bottom of a securitisation transaction's priority of payments waterfall, after all other debt and transaction costs have been met. Residual interests may be created synthetically.

Residual interests are typically unrated and will often take the form of a subordinated bond tranche but may take other forms, such as a subordinated loan, mortgage early redemption certificates, residual certificates, preference shares, deferred purchase price in respect of the sale of the underlying financial assets to the special purpose vehicle or the right to receive any cash reserves that form part of the transaction structure at the point at which such reserves are permitted to be released (which is typically when the portfolio of financial assets have been liquidated, but prior to the final maturity of the securities). Should a default or decrease in expected payments under a particular securitisation structure occur, that deficiency will first affect the residual income position in that holders of that position will be the first to have their payments decreased by the deficiency. Residual interests typically provide significant cash flows over their first few years, with a cash flow profile reducing year on year as a percentage of purchase price prior to maturity.

In general, residual interests are illiquid investments in that they are not frequently traded or listed on any exchange. In many cases, they are not freely tradable in that they may be subject to certain restrictions on their transfer, sale, pledge or other disposition (*e.g.,* certain restrictions may apply if the investments are not registered under relevant securities laws). Due to the deeply subordinated nature of the issuer's obligation to make the residual income payments and the illiquidity of the investment, residual income positions in securitisations may command considerably higher yields than more senior tranches of the same transactions. At the same time, the subordinated nature of the residual income position means that the risk of payment defaults on such securities is significantly greater compared to the more senior securities in the securitisation. Valuing residual income positions generally involves comparing actual asset performance against various assumptions, including expected levels of default (though it is possible that actual defaults may exceed expectations), rather than, for example, referencing credit spreads. The value of residual income positions is significantly influenced by the particular characteristics of the residual income position. Valuation takes considerable time, expertise, and a detailed knowledge of the underlying assets. Value also depends on the view taken of the underlying collateral and on the view taken by an investor on its required return, which are both subjective judgments.

Potential Market Opportunities

Corporate Credit

Growth in the market for corporate credit and synthetic corporate CSOs in recent years has been strongly influenced by the expansion of the market for credit default swaps. According to the International Swaps and Derivatives Association, notional amounts outstanding in the CDS market rose by 52 per cent. to U.S.$26.0 trillion at June 30, 2006 from U.S.$17.1 trillion at December 31, 2005.

Pivotal to the development of the CDS market has been a focus on the precise definition of credit events, which in the early days of the CDS market were sometimes open to wide-ranging interpretation, and therefore gave rise to greater risk of litigation between buyers and sellers of credit protection. ISDA's standardised confirmation documentation has increased transparency, reduced the scope for litigation concerns and improved market liquidity.

Generally, CDS offer a flexible method for accepting and going "short" on credit risk. They have opened opportunities for increasingly flexible managed credit products with tailored risk and returns, such as hybrid and synthetic CDOs and bespoke CSOs. As a result, demand for these products has surged. The capacity of the CDS market to reference issuers without outstanding public bonds has also supported the strong growth of CDS in recent years. For many companies, the outstanding volume of CDS contracts now greatly exceeds the supply of deliverable debt.

As the CDS market has increased in importance, tradable CDS indices have been developed to allow players to trade a broader spectrum of credits at lower cost. There are two primary tradable index families: the Dow Jones CDX (US) and the International Index Company iTraxx (Europe).

Managed "bespoke" CDOs, involving active credit management, can be advantageous vehicles for pursuing exposure to corporate credit, as they enable investors to tailor credit exposure according to individual timing, currency, maturity, rating, credit enhancement, and coupon requirements.

The Investment Manager has advised the Company that it believes that, in the current environment, credit spreads, relatively inexpensive funding costs, correlation levels, structural efficiency and relative yield allocation favour residual and junior tranches of bespoke corporate credit CDOs/CSOs, although the future may bring other trends.

Interests in CDOs and Other Asset-Backed Securities

The Investment Manager has informed the Company that it believes growth in consumer financing and residential and commercial mortgage and corporate lending in both the U.S. and Europe over the short and medium term should result in the potential availability of more underlying assets for securitisation. Securitisation can be an efficient financing mechanism for such assets, as securitisation allows a lender to replenish funds to expand its business while maintaining customer relationships and continuing to earn fee income for servicing a securitised asset portfolio.

Residential mortgage-backed securities and commercial mortgage-backed securities represent the largest portion of the European and U.S. ABS markets. (Source: J.P. Morgan, Global CDO Weekly Market Snapshot, September 18 and October 6, 2006 (**"J.P. Morgan"**))

The market for CDOs has grown significantly in the last decade. Between 2001 and 2005, issuances of CDOs increased from U.S.$102 billion to U.S.$304 billion. As of September 18, 2006, total issuances of CDOs year-to-date have reached $287 billion (of which 75% were issued in the United States and approximately 21 per cent. in Europe). In Europe, new issuances in 2001 totalled U.S.$29 billion, and grew to U.S.$87 billion in 2005 (representing 40 per cent. year-over-year growth). U.S. new issuances totaled U.S.$64 billion in 2001 and grew to U.S.$198 billion in 2005 (representing 42 per cent. year over year growth). (Source: J.P. Morgan)

The Investment Manager has informed the Company that one important factor in the future growth of the ABS and CDO/CLO/CSO investment market should be the on-going implementation of the Basel II guidelines, which places greater emphasis on market discipline and sensitivity to risk. Under Basel II (if it is implemented in its current form), bank investors may find it more attractive to focus on senior tranches of asset-backed securities, since they would tend to support the banks' efforts to meet regulatory capital adequacy requirements. Because sub-investment grade and unrated positions would result in higher risk weightings or deductions from bank capital under Basel II, the Investment Manager has advised the Company that it believes that non-bank investors will likely benefit from increased availability of equity positions.

The Company believes that the securitised product sector should be positioned for continued growth as a result of, among other things, product innovation and the trend toward expansion in the investor base.

CDO liability spreads are typically locked in for the life of a relevant transaction, and therefore certain transaction structures with tight liability spreads can exhibit attractive arbitrage opportunities for equity investors. Direct investment in CDO equity can be complex, however, requiring significant credit analysis, structural expertise, documentation review and experience with CDO collateral managers.

Leveraged Loans

The European market for leveraged loans offers opportunities for diversification in the allocation of funds across industrial sectors and countries. The annual volume of transactions has grown from 66 transactions (€35 billion) in 1999 to 197 transactions (€123 billion) in 2005. (Source: Loan Market Association Quarterly Volume Survey, August 7, 2006 (**"LMA"**) and Standard & Poors, LCD European Leveraged Loan Review 3Q06 (**"S&P"**)) Significant factors driving the expansion of the market are the increasing size of funds raised by private equity investors and the emergence of a more broadly diversified range of leveraged loan investors. Since 2002, the secondary market in Europe for leveraged loans has grown by a factor of six. (Source: LMA.)

In 2005, non-bank leveraged loan investors represented 40 per cent. of the total number of leveraged loan investors in the European market. (Source: S&P) In the U.S., non-bank investors represent 70 per cent. of the leveraged loan investor market. (Source: S&P) This increase in institutional (or non-bank) investor base has resulted in fundamental changes in the market, i.e., liquidity, differentiation of credit spreads depending on credit quality, development of new products (*i.e.*, second liens, CDSs) and an increasing variety of investor objectives and styles. (Sources: LMA and S&P)

The Investment Manager has advised the Company that it believes the increase in the secondary market liquidity of the European leveraged loan market since 2002 was due in large part to specific jumbo-sized transactions, as well as a general increase in the average size of a typical leveraged loan transaction. In addition, an increased number of recapitalisations and secondary LBOs by well-performing companies contributed to an increase in highly leveraged transactions. (Source: S&P) The Investment Manager has advised the Company that it believes highly leveraged loan transactions can present attractive investment opportunities for leveraged loan investors, although there are no certainties in this regard.

Infrastructure Assets

There has been an increasing trend for infrastructure assets that used to be solely owned and financed by the public sector to be owned and financed partially or largely by the private sector. The earliest and most important example of this trend is the U.K. "private finance initiative" (**"PFI"**) approach to infrastructure financing. More generally, across Europe, the increasing need to upgrade infrastructure and the shortage of public sector resources have encouraged the growth of the public/private partnership **("PPP")** approach to the financing and construction of infrastructure assets and increased the opportunities for private investment in infrastructure projects. Early experience in the U.K. highlighted areas where some difficulties can arise, and the private sector has developed practices to respond. Private finance initiatives continue to grow steadily, and the United Kingdom remains the most active market, with over 700 PFI transactions closed by March 2006 in the United Kingdom representing a total capital value of GBP 46 billion. (Source: HM Treasury, "PFI: Strengthening Long-term Partnerships", March 2006). DLA Piper Rudnick's "European PPP Report 2005" (**"DLA Piper Rudnick"**) notes, however, that the UK PFI market shrank in 2005.

Many countries have launched or are launching PPP initiatives based on the U.K. experience to upgrade infrastructure while limiting the burden on public finances. According to DLA Piper Rudnick, continental European governments between them had an aggregate capital value of €95 billion of projects that are likely to be completed in the next three to five years (with over €50 billion by capital expenditure currently in tender). The market is expanding from traditional schemes involving economic infrastructure (such as transport projects) into social infrastructure projects (such as hospitals, prisons and schools), providing further opportunities for potential investment. (Source: DLA Piper Rudnick) Potential limitations could come, however, from the political environment, as a result of changes in government or policies, which could make political support for PPP initiatives inconsistent. The Investment Manager has advised the Company that it believes there are increasing opportunities in the refinancing market at the end of the construction phase of projects and that, in mature markets such as the U.K. and Australia, further innovation in financing structures should provide further opportunities. The Investment Manager has advised the Company that it anticipates major investment opportunities across France and the Benelux countries (where new regulations have authorised a full spectrum of private finance initiatives), Spain and Portugal (where approximately €15 billion of road, water treatment, renewable energy and hospital projects are expected to be launched and new regulations have been adopted to introduce private finance schemes for social infrastructure projects) and Germany and Italy (both of which have adopted new regulations and launched significant initiatives). In addition, according to the Investment Manager, substantial infrastructure investment will be required to bring new European Union member countries up to E.U. standards.

PART IV
MANAGEMENT AND ADMINISTRATION OF THE COMPANY AND THE COMPANY'S INVESTMENT PORTFOLIO

Management and Administration of the Company

The Board of Directors

The Board of Directors is responsible for the determination of the Company's investment objective, investment guidelines and dividend policy as described in this document and has overall responsibility for overseeing the Company's activities. The Directors, all of whom are non-executive, are as follows:

Peter Crook. *Chairman.* Mr. Crook worked for 26 years in the Bank of England in all key areas of the Bank, including a two year period as a private secretary to the Governor of the Bank. He was involved in the introduction of the U.K. Banking Acts and in 1986 was seconded to the International Monetary Fund where he worked under its auspices in the Cayman Islands as Inspector of Banks and Trust Companies. He retired from the Bank and joined the Guernsey Financial Services Commission in 1989 as Director of Banking and in March 1997 was appointed Director General of the Commission responsible for the regulation of all financial services in Guernsey. Mr. Crook was a member of the Offshore Group of Banking Supervisors from 1986 to 2001, and is a fellow of the Chartered Institute of Bankers. Mr. Crook retired at the end of April 2001. Mr. Crook was educated in England followed by three years in the British Army. (Resident in Guernsey; born 1938)

Christophe Demain. *Director.* Mr. Demain is the CEO of AXA Private Management, the private banking wealth management subsidiary of AXA Belgium, which is an affiliate of the Investment Manager. Mr. Demain began his employment at AXA Belgium as Head of Asset Allocation and Treasury in 1999. Prior to that, he was a trader in interest rate derivatives at Bank IPPA from 1994 to 1999 and a money market trader at Bank Crédit Général from 1992 to 1993. He is a member of the board of several AXA-related funds and companies, including AXA Private Management, AXA Open Fund Management, AXA Private Selection, AXA L Fund and AXA B Fund. Mr. Demain was educated in Belgium and has received a Masters degree in applied economics from UCL University and a special post-graduate diploma in risk management from Saint Louis University. (Resident in Belgium; born 1966)

Christian Jimenez. *Director.* Mr. Jimenez is Chief Financial Officer of Ecureuil Vie, the insurance company subsidiary of the Caisse d'Epargne Group. He also is Honorary Chairman of AFGAP (Association Française des Gestionnaires d'Actif-Passif), having been a member of AFGAP since 1991, Chairman of AFGAP from 1997 to 1999 and Chairman of its Scientific Committee from 1999 to 2002. He was Chief Financial and Risk Officer of Compagnie Financiére EULIA from 2002 to 2003. Mr. Jimenez was CEO of SURASSUR, the reinsurance company subsidiary of the Caisse d'Epargne Group from 1995 to 2002, part of which time (2000 to 2001) he was also Chief Investment Officer of Caisse Nationale de Caisses d'Epargne et de Prévoyance. Prior to this, he was Deputy Chief Financial Officer of Caisse d'Epargne Group from 1994 to 1999 and held other positions at Banque Nationale de Paris and Banque de France. He was also a professor of Economics at Paris University from 1979 to 1984. (Resident in France; born 1956)

Joan Musselbrook. *Director.* Ms. Musselbrook was most recently a managing director at MBIA UK Insurance Limited, a leading financial guarantor and provider of other specialised financial services. She began her career at Natwest International Division as a graduate trainee in September 1985 and remained with the Natwest Group until August 2000, at which time she was a Director of the Asset Securitisation Group at Greenwich Natwest. She joined MBIA Assurance S.A. as a Director in October 2000 and was a Managing Director of MBIA UK Insurance Limited from February 2004 to April 2006. Ms. Musselbrook holds a degree from the University of Oxford. (Resident in the United Kingdom; born 1962)

Paul Varotsis. *Director.* Mr. Varotsis is a partner at Reoch Credit Partners LLP, where he works as a consultant for financial institutions and advises investors, asset managers, intermediaries and software vendors on structured credit solutions. Mr. Varotsis was Director CDOs at Barclays Capital from 2002 to 2004. Prior to that, he was Executive Director, Structured Credit Trading, at Lehman Brothers from 2000 to 2002 and spent approximately ten years (1991 to 2000) at the Chase Manhattan Bank and its predecessors; his last position at Chase was head of Credit and Capital Management (Europe Africa Middle East). He was European Chairman of the ISDA committee that participated in the drafting of the 2003 Credit Derivatives Definitions and advised the Bank of England and other regulators on the appropriate framework for the market's development. Mr. Varotsis holds an MBA from the Stanford Graduate School of Business, a Diplôme from the Institut d'études politiques de Paris and a Diplôme from the Institut Supérieur de Gestion.

His wife is a Director in the Finance Division at Citigroup Global Markets Limited, one of the Global Coordinators for the Offer. (Resident in the United Kingdom and Monaco; born 1959)

The business address of each of the directors in their capacities as such is First Floor, Dorey Court, Admiral Park, St. Peter Port, Guernsey GY1 6HJ.

At present, the Board of Directors has five members, and it is the policy of the Company that it will continue to have no less than five directors. The Board has determined that four of the five directors are independent of the Investment Manager. Christophe Demain is an employee of an affiliate of the Investment Manager, and so does not meet the independence criteria established by the Board for the Company. It is the policy of the Company to have no more than one of its members be a nominee of any party that acts as or is in the same corporate group as the Company's investment manager, and to have the other Directors be independent of the investment manager. The Board of Directors expects to reassess the independence of its members at least once annually. For further information on Board member independence, including the independence criteria established by the Board, please refer to "— Board Member Independence" below.

An affiliate of AXA S.A. is expected to acquire at Closing the Company's sole Class B Share. The Class B Share is identical to the Shares, except that the Articles of Association of the Company confer on the holder of the Class B Share the right to elect one member to the Company's Board of Directors and the affirmative vote of the Class B shareholder will be required to amend the Articles of Association of the Company to remove or modify this special right. The holder of the Class B Share also has the sole right to remove the Director elected by it (Mr. Demain will be treated for this purpose as elected by the Class B shareholder). Notwithstanding the election of a single director by the holder of the Class B Share, Guernsey law requires that the Directors of the Company act in the best interest of the Company as a whole. The rights of the holder of the Class B Share are not dependent upon the continuation of the appointment of the Investment Manager as the investment manager of the Company. The Director elected by the holder of the Class B Share may, but is not required under the Company's constitutional documents to, recuse himself or herself from votes on matters relating to the Investment Manager. The Director elected by the Class B shareholder may appoint an alternate director to serve in his or her place under unusual circumstances when this Director is unable to attend a Board meeting.

There will be at least four meetings of the Board each year. A quorum for a meeting of the Board will consist of three directors (including for this purpose any alternate directors) attending in person (provided that the board members who are United Kingdom residents may not constitute a majority of such quorum). Representatives of the Investment Manager may attend meetings of the Board to present a business report or any proposals to the Board. Meetings of the Board of Directors will be held in Guernsey. Under extraordinary circumstances, the Board may hold meetings by conference or video call, or act by unanimous written consent. Similarly, under extraordinary circumstances (*e.g.*, to deal with a non-chronic health condition), one or more Directors may attend a meeting convened in Guernsey by telephonic or video connection, and will under such circumstances be counted as present for purposes of establishing a quorum.

The Chairman (or in his absence, the eldest member of the Board present) will preside at meetings of the Company's Board. The Chairman (or in his incapacity or absence, such other person located within Guernsey as may be designated by the Board) will have the authority to execute instruments on behalf of the Company. Such instruments may, but need not be, co-signed by the Administrator in its capacity as Company Secretary. Mr. Crook has been appointed to the Board as Chairman for an initial period of three years. The other Directors have been appointed to the Board for an initial period of two years. After the first two years, the terms of appointment for the Directors are expected to become staggered, with one directorship candidate standing for election or reelection for a one year term, one standing for election or reelection to a two year term, and two standing for election or reelection for a three year term. The Director elected by the Class B shareholder (if any) would be in the last mentioned-group (three year term). Thereafter, the Chairman and each of the other Directors would stand for election or reelection for three year terms in years in which their terms expire. The decision concerning which individuals to nominate for which group would be made by the Board in 2008.

Any Director is entitled to convene a meeting of the Board of Directors upon at least ten days' prior written notice to the other Directors, which notice may be waived by unanimous agreement of all the Directors.

The Chairman will receive an annual fee of €120,000. Each of the other Directors will receive an annual fee of €60,000, in each case payable quarterly in equal instalments in arrears, plus in each case an additional fee of €10,000 per meeting for each of the first four meetings of the Board attended by such Director in any calendar year. Each Director will receive 30 per cent. of his or her director's fee in respect of any year in the form of newly issued Shares at a per share price equal to the average per share closing price of the Shares on Euronext Amsterdam over the 60 consecutive Euronext Amsterdam trading days preceding the date of issuance of the relevant Shares. The Directors will be obligated to retain those Shares for a period of no less than six months from the respective dates of issuance.

In addition to these fees, the Company will reimburse all reasonable travel, and other incidental expenses incurred by the Directors in the performance of their duties.

Although there is no statutory definition of a non-executive director in Guernsey, a non-executive director is generally a director who is not an employee of the relevant company and is required to devote only part of his time to the affairs of that company. A non-executive director participates fully in the deliberations of the board but does not have any executive function in the company's management. The non-executive director has the same statutory duties and obligations as any other director although a court may apply different standards to the non-executive director when determining the expected level of skill and standard of duty of care. It is not intended that any executive directors will be appointed. The Company may, however, hire one or more employees to perform administrative or other services for the Company at the Company's Guernsey head office, but has not done so as at the date of this Prospectus.

Board Member Independence

The Directors of the Company have determined that all but one of the five members of the Board are "independent" in accordance with criteria established by the Board. They expect to reassess this determination at least annually and to publish the result in the Company's annual report.

The independence criteria established by the Board are intended to create a critical distance between the Board of the Company and the Investment Manager and other AXA Group companies, and are as follows:

- the independent board members may not be directors, employees, officers, partners or professional advisers to other funds that are managed by the Investment Manager or managed by any other company in the AXA Group;
- the independent board members may not be directors, employees, partners, officers or professional advisers to the Investment Manager or any AXA Group companies;
- the independent board members may not have a business relationship with the Investment Manager or any AXA Group companies that is material to the members (although they may acquire and hold AXA Group insurance, investment and other products on the same terms as those available to other parties unaffiliated with the AXA Group);
- the independent board members may not receive remuneration from the Investment Manager or any AXA Group companies (although they may acquire and hold AXA Group insurance, investment and other products on the same terms as those available to other parties unaffiliated with the AXA Group and they may accept commissions or other payments from parties entering into transactions with AXA Group companies as long as those commissions and payments are on market terms and are not material to the members); and
- the Director appointed by the holder of the Class B Share will not be considered independent.

In addition, the Board intends to review at least annually whether there are other factors that potentially affect the independence of the independent members of the Board or involve meaningful conflicts of interest for them with the Company. Prospective investors in the Shares should note that other companies may define "independence" differently.

Corporate Governance

The Board intends to comply with certain requirements of the U.K. Combined Code on Corporate Governance (revised version of June 2006) published by the Financial Reporting Council (the **"Combined Code"**) as set out in "— Voluntary Application of the U.K. Combined Code on Corporate Governance" below. However, such corporate governance procedures would be voluntary and may be changed from time to time. The Company has also adopted a securities dealing code in accordance with applicable Dutch law which will apply to the Directors. This code sets forth rules on ownership of and transactions in the Shares (and related instruments) by Directors and employees of the Company.

The Company has not considered it necessary, in the light of the size and composition of the Board, to establish separate permanent board committees. All of the matters recommended by the Combined Code to be delegated to any such committees may be considered by the Board as a whole. The Board may establish committees from time to time.

For the purposes of assessing compliance with the Combined Code, the Board considers all of the Directors, other than Mr. Demain, as independent of the Investment Manager and free from any business or other relationship that could materially interfere with the exercise of their independent judgment.

The Board will be responsible for approving the Company's investment objectives and guidelines and monitoring the Investment Manager's performance and compliance with such objectives and policies. The investment objectives and the investment guidelines set forth in "Part I — The Company's Business — Investment Guidelines" may be modified by action of the Board, subject in each case to approval by a 66⅔ per cent. majority of the votes cast at a Shareholders' general meeting. Other investment guidelines not inconsistent with the investment guidelines set out in such section (for example, to avert tax issues or to deal with particularities of certain investments) may be instituted by the Board from time to time. The arrangements under the heading "AXA IM Managed Product," however, may only be changed with the written consent of the Investment Manager, since they directly affect the Investment Manager's fee entitlements. The Company will give the Investment Manager at least one month's prior written notice of any Shareholder vote on a change to the Company's investment objectives or its investment guidelines. The Board will be responsible for establishing a framework for dealing with related party transactions (such as those set out under the "AXA IM Managed Product" heading), including approval of the Company's general policies on conflicts of interest. The Board will determine the Company's dividend policy, target dividends and actual dividend payouts.

The Board will be responsible for approval of the Company's financial reporting procedures, financial controls and risk management policies, as well as approval of the budgets or business plans provided by Investment Manager. The Board will be responsible for engaging accountants and certain other external advisors and third party service providers, including valuation agents.

The Board, which will oversee the audit of the Company, will be independent of the Company's external auditors and, with the exception of the director designated by the holder of the Class B Share will be independent of the Investment Manager, as determined in accordance with the Company's independence criteria. The Board expects that it will meet the external auditors at least once a year without the non-independent member of the Board present.

The Board will be responsible for overseeing the Company's relationship with the external auditors, including making decisions regarding the appointment of the external auditors and their remuneration. The Board will consider the nature, scope and results of the auditors' work and reviews, and develop and implement policy on the supply of any non-audit services that are to be provided by the external auditors. It will receive and review reports from the Investment Manager and the Company's external auditors relating to the Company's annual report and accounts. The Board will focus particularly on compliance with legal requirements, accounting standards and applicable listing rules and on ensuring that an effective system of internal financial and non-financial controls is maintained. The ultimate responsibility for reviewing and approving the annual report and accounts will rest with the Board.

The Directors will have responsibility for considering the size, structure and composition of the Board, and retirements and appointments of additional and replacement Directors and will make appropriate recommendations to the Board.

The performance of the Chairman of the Board will be assessed by another of the independent Directors through discussions with the other Directors.

Voluntary Application of the U.K. Combined Code on Corporate Governance

As a Guernsey limited liability company with Shares listed on Eurolist by Euronext Amsterdam, the Company will not be subject to the Combined Code. The Directors of the Company have nonetheless determined that the Company should voluntarily apply the Combined Code, with the exceptions described below, as if the Company were a U.K.-listed company organised within the United Kingdom. If, in the future, the Directors decide that the Combined Code should no longer be applied and an alternate corporate governance code or framework should apply, an announcement concerning their decision will be made by press release and reported in the Company's next published interim or annual report.

Under U.K. listing rules, listed companies are required to "comply or explain" with regard to the Combined Code. A listed company must include in its annual report a statement of how the company has applied the principles set out in the Combined Code in a manner that permits shareholders to evaluate how the principles have been applied. It must also include a statement as to whether it has complied with all relevant provisions or, if not, setting out which it did not comply with, for what period it did not comply and the reasons for non-compliance. Accordingly, even if the Company were actually subject to the Combined Code, it would not be obligated to comply with the Combined Code provided it explained the departures from the Combined Code in its annual report.

Investors in the Company's Shares should recognise that, because the Company is organised under Guernsey law, the company law rights of shareholders are determined under Guernsey law (rather than under English law), and because the Company is listed on Eurolist by Euronext Amsterdam, the listing requirements that apply to the Company and its Shares are those of Euronext Amsterdam, rather than those of any listing authority in the United Kingdom. The voluntary application by the Company of the Combined Code makes no difference in this regard. By making voluntary reference to the Combined Code, the Company is not subjecting itself to the company law rules and regulations that would apply to company organised within the United Kingdom. The Dutch Corporate Governance Code does not apply to the Company. There is no formal corporate governance code applicable to Guernsey companies under Guernsey law and so the Company will not comply with any corporate governance code under Guernsey law.

The Company currently anticipates that it will not apply the provisions of the Combined Code in the following respects:

- **Sections A — C:** The Company will not have executive directors or a chief executive officer and will not have investment, conflicts, nomination, audit or remuneration committees. Accordingly, provisions of the Combined Code relating to executive director, the chief executive officer and such committees will have no application to the Company.

  Explanation: As the Combined Code itself states, investment companies typically have a board structure that differs from those of other companies, and this affects the relevance of particular provisions of the Combined Code. Because of the nature of the Company's business and the structure of its relationships with its Administrator, Portfolio Administrator and Investment Manager, the Directors do not believe it would be at present cost-effective or advisable to have full-time executive directors. Similarly, given the limited size of the Company's Board of Directors (five members), the independence (as defined by the Board) of all but one of its members and the absence of executive directors, the Directors believe that the functions of investments, conflicts, nomination, audit and remuneration committees can most efficiently be fulfilled by the Board acting as a whole. The Directors intend to submit any future proposed increases in their own remuneration to the Company's shareholders for approval.

- **Section A.3.1:** The Company has established its own criteria for assessing the independence of the Board because the Company believes that this is more appropriate to its circumstances.

- **Section A.5:** The Company's Board of Directors will seek to inform itself as to governance matters from a variety of information sources, rather than look solely to the company secretary to be responsible for advising the board through the chairman on all governance matters.

  Explanation: The Company's initial company secretary subsequent to Closing will be Mourant Guernsey Limited, which will also act as the Company's corporate administrator. Although information concerning Guernsey corporate governance matters will be obtained from Mourant Guernsey Limited, the Directors intend from time to time to inform themselves more broadly about governance matters relevant to the Company, including by referral of questions to Company counsel.

- **Section A.7:** Mr. Crook has been appointed to the Board as Chairman for an initial period of three years. The other Directors have been appointed to the Board for an initial period of two years. After the first two years, the terms of appointment for the Directors are expected to become staggered, with one directorship candidate standing for election or reelection for a one year term, one standing for election or reelection to a two year term, and two standing for election or reelection for a three year term. The Director elected by the Class B shareholder (if any) would be in the last mentioned-group (three year term). Thereafter, the Chairman and each of the other Directors would stand for election or reelection for three year terms in years in which their terms expire. The decision concerning which individuals to nominate for which group would be made by the Board in 2008. The terms of appointment of the Company's Board members will not be subject to reduction to one year or less after the initial period.

  Explanation: The Directors do not believe that arbitrary limits on the terms of appointment of members of the Board are necessarily in the interests of the Company. To attract and retain qualified members of the

Board, the Company may find it advantageous to offer longer terms of appointment, particularly in seeking directors from jurisdictions outside the United Kingdom, where longer terms of appointment may be more conventional.

- **Section B.2:** As noted above, the Board as a whole will consider appropriate levels of remuneration for Board members from time-to-time, rather than refer the question to a remuneration committee. As a result, Directors will be involved in deciding his or her own remuneration.

  Explanation: As explained above, the Directors do not believe that instituting a remuneration committee separate from the Board would produce any meaningful benefits for the Company. The Directors believe that the provisions of the Combined Code dealing with a remuneration committee were framed with companies other than investment companies in mind. The Directors intend to submit any future proposed increases in their own remuneration to the Company's shareholders for approval.

- **Section C.3.5:** The Company will not have an internal audit function.

  Explanation: The Directors believe that this requirement of the Combined Code was intended for companies with internal accounting departments. The Company does not expect to have more than a single employee, who in any event would not be trained in audit matters. The Company will rely on its Administrator for assistance in drawing up its accounts and reports to shareholders.

- **Section D.2:** The Company will call and conduct its annual general meetings of shareholders in accordance with the requirements of Guernsey law and with Euronext Amsterdam requirements, rather than in accordance with the English-law based Combined Code.

  Explanation: As a Guernsey-based company with a listing in Amsterdam, rather than a U.K.-listed company, the Company will follow Guernsey and Euronext Amsterdam requirements relating to annual general meetings of shareholders, rather than those of the Combined Code or any other authority. In this way, the Company will avoid the potential for unanticipated conflicts of procedural requirements.

* * *

Prospective investors in the Shares are advised that there may be other respects in which the Company will depart from compliance with the provisions of the Combined Code, but for so long as the Company voluntarily chooses to conduct itself in compliance with the Combined Code in the same manner as if it were a U.K.-listed company, the Company expects to disclose and discuss those departures in its next published annual report.

The Administrator

The Company has, conditional on Admission, entered into an administration agreement with the Administrator (the **"Administration Agreement"**), under which the Administrator provides administrative and company secretarial services for the Company. The Administrator is a limited company incorporated in Guernsey on March 17, 2000, and is ultimately owned by Mourant Limited. Mourant is a specialist professional services group and a leading provider of offshore legal and administration services.

The Administrator will, as part of its duties, produce a set of management accounts on at least a quarterly basis for the Board of Directors as well as financial statements annually and semi-annually. Further information on the Company's accounting policies is set out in "Part X — The Company's Significant Accounting Policies".

The Portfolio Administrator

The Company has, conditional on Admission, entered into a portfolio administration agreement with the Company, the Investment Manager and the Portfolio Administrator (the **"Portfolio Administration Agreement"**) pursuant to which the company has appointed the Portfolio Administrator to provide certain fund administration and fund accounting services to the Company. In return for the provision of these services, the Portfolio Administrator is entitled to receive an annual fee from the Company, such fee to be agreed in writing from time to time between the Company and the Portfolio Administrator.

The Portfolio Administrator is engaged in, among other things, the business of providing portfolio administration services to investment companies. The Portfolio Administrator is the London Branch of Deutsche Bank AG.

Management of the Company's Investment Portfolio

The Company has entered into an Investment Management Agreement with the Investment Manager under which the Investment Manager is responsible for the management of the Company's investment portfolio, subject to the overall supervision of the Directors. Subject to its terms and conditions, the Investment Management Agreement requires the Investment Manager to manage the Company's investment portfolio in accordance with the Company's investment guidelines as in effect from time to time.

The Board has approved the Company's acquisition of the Initial Portfolio, the establishment of the Company's investment objective and investment guidelines and the Company's business strategy (including the design for the Fully Invested Model Portfolio).

All corporate decisions, other than (i) decisions made pursuant to the investment management authority delegated under the Investment Management Agreement and (ii) shareholder decisions, will be taken by the Board. The Board has overall responsibility for the Company's activities, including the supervision of the portfolio management activities undertaken on its behalf by the Investment Manager. Such responsibility will include, among other things, review and approval of the quarterly business reports prepared by the Investment Manager. Such business reports will address, among other things, and to the knowledge of the Investment Manager, (i) market conditions during the preceding quarter, (ii) investment activity during the present period, (iii) the outlook for market conditions (on a medium-term basis and including the following quarter), and (iv) any likely adjustments to the portfolio for the following quarter in light of such anticipated future market conditions. The business reports will also include a list of investments and divestments made during the relevant quarter and will cover matters such as the performance objectives of the Company, the continuing suitability of the investment strategy for the Company and any proposals by the Investment Manager for modifications to or temporary waivers of the investment guidelines. The establishment of any new subsidiaries to facilitate the Company's portfolio activities is subject to approval by the Board. Subject to the principles established in the Company's investment guidelines, as amended from time to time, related party transactions will be subject to approval by the Board, which may create categories of pre-approved transactions.

If the Investment Manager wishes to cause the Company to make an investment that departs materially from a business report that has been approved by the Board, an adjusted business report must be prepared by the Investment Manager and approved by the Board before the investment is effected.

The delegation of authority from the Board of Directors to the Investment Manager is limited to:

- purchases (including investment commitments) and dispositions of investments (and other investment transactions, such as total return or credit default swaps) pursuant to the investment guidelines, provided that any investment or divestment of any asset (or group of similar assets in a series of related transactions) in an amount higher than 7.5 per cent. of Adjusted Gross Assets must be specifically authorised by the Board. Notwithstanding the foregoing, if delay of a divestment transaction would, in the reasonable opinion of the Investment Manager, be expected to be detrimental to the Company, the Investment Manager will have the authority to proceed with such divestment (and any consequent reinvestment of the proceeds in accordance with the Company's investment guidelines) without prior approval by the Board, provided that the Investment Manager reports such transaction promptly to the Board (and, in any event, within 10 Paris business days);
- the leveraging of portfolio assets in accordance with the leveraging guidelines (including the pledge, transfer or encumbrance of assets as collateral), provided that a leveraging transaction at the level of the Company with a volume exceeding €50 million must be specifically approved by the Board before it is effected;
- hedging transactions carried out according to the Company's investment guidelines;
- measures taken to enhance, preserve the overall value of, or exercise and enforce the rights of the Company under, its portfolio investments, other than the commencement of litigation in the name of the Company;
- the exercise of voting rights and other rights and discretions with respect to any portfolio assets;
- access to the Company's securities trading and bank and custodial accounts for purposes of pursuing the Company's investment programme;
- authority to give guarantees or mortgage, pledge or otherwise create security interests in assets of the Company, all in connection with investments and to further the achievement of the Company's investment

objectives, and subject to the Investment Guidelines and the other limitations on the Investment Manager's authority; and

- matters reasonably incidental to the foregoing.

The foregoing authorities extend to managing the underlying assets of derivative transactions and synthetic structures in which the Company may invest.

Within the scope of the foregoing authorities, and subject to the Company's investment guidelines, the Investment Manager will be authorised to negotiate, execute and deliver all necessary or appropriate documents and instruments on behalf of the Company with respect to any of the Company's assets and liabilities, so as to carry out its duties under this Agreement, and is required to notify the Company in respect of any further action required to be taken by the Company in relation to such matters.

The scope of the Company's delegation of authority to the Investment Manager (as well as the thresholds for Board approval of actions taken by the Investment Manager) may be modified by the Board, but only with at least one month's prior written notice to the Investment Manager in the case of a reduction in the scope of authority.

Reports to Shareholders

The Company will furnish shareholders with reports in accordance with the requirements of Eurolist by Euronext Amsterdam and Guernsey law. The Company expects to publish an annual report and semi-annual interim reports, with the first report for the period ending July 31, 2007 (audited), and the first unaudited interim report to be published with respect to the semi-annual period ending January 31, 2008. See "Part XI — Additional Information — General — Paragraph 7.11".

The following information concerning the Investment Manager and its performance history has been provided to the Company by the Investment Manager for inclusion in this document.

The Investment Manager

Overview

The Company's Investment Manager was incorporated in February 1990 as a *société anonyme* under the name of AXA Asset Management and registered with the trade and company register of Nanterre under number 353.534.506 and was authorised as an investment management company (*société de gestion de portefeuille*), whose activities are governed by article L.532-9 of the French *Code monétaire et financier,* by the *Commission des Opérations de Bourse* (now the *Autorité des marchés financiers*) on April 7, 1992. The Investment Manager adopted its current name, AXA Investment Managers Paris S.A., in December 1997. Its principal and registered office is located at Coeur Défense Tour B, La Défense 4, 100 Esplanade du Général de Gaulle, 92400 Courbevoie, France and the telephone number at that location is +33-1-44-45-70-00. The Investment Manager is not registered as an investment adviser under the U.S. Investment Advisers Act.

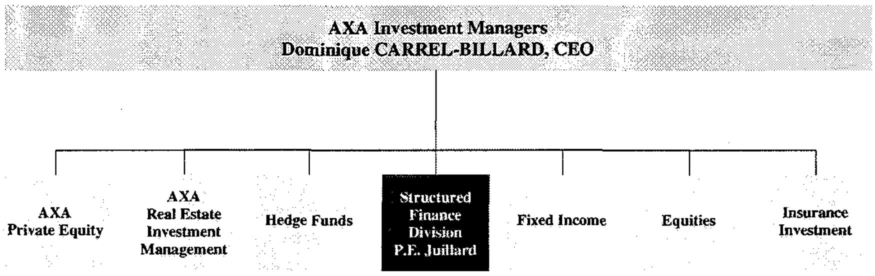
The Investment Manager is an indirect subsidiary of AXA S.A. (**"AXA"**), a *société anonyme* organised under the laws of France. AXA's shares are traded on Eurolist of Euronext Paris S.A. and, in the form of American depositary shares, on the New York Stock Exchange. The financial strength rating of AXA, as of September 30, 2006, was "Aa3" by Moody's, "AA" by Fitch and "AA-" by S&P.

AXA is a holding company for a group of subsidiary companies (the **"AXA Group"**), including an indirect, wholly-owned subsidiary of AXA, AXA Investment Managers (**"AXA IMSA"**). AXA IMSA and Alliance Capital Management are the AXA Group's principal asset management arms. AXA IMSA is a holding company for several companies, including the Investment Manager (together, **"AXA IM"**). The Investment Manager is a direct, wholly-owned subsidiary of AXA IMSA.

As at September 30, 2006 AXA IM had total assets under management of €472.1 billion, including approximately €130 billion in credits.

Organisational Structure — The Investment Management Team

The Investment Manager's asset management professionals are divided into divisions by investment expertise. Those divisions are then divided into specialist teams.



	CDO Invest	Asset Backed Securities Group	European Leveraged Loans	Investment Grade CDO Platform	Infrastructure Group	Structured Finance Engineering
Assets under Management(1)	€ 3.6 bn	€ 5.4 bn	€ 4.3 bn	€ 18.9 bn	€ 1.2 mn	-
# CDOs under Management	7	6	8	8	-	-
# Funds under Management	11	5	-	-	2	-

(1) As of September 30, 2006

The Structured Finance Division of AXA IM was established in 2004 as a successor to its Securitisation and Structured Credit division, which had been established in 2000 to manage the Investment Manager's investments in structured finance products. As of September 30, 2006, the Structured Finance Division had €33.4 billion in assets under management. Members of the Structured Finance Division are assigned to specialist teams, such as the Investment Grade CDO Team, the CDO Invest Team, the ABS Group, the European Leveraged Loans Team, the Infrastructure Group and the Structured Finance Engineering (SFE) Team.

(All figures in this table unaudited and are presented as at September 29, 2006. In this table, a CDO is attributed to a team whenever that team manages any bucket of that CDO. As a result, some CDOs have been double counted.)

The Structured Finance Division is a division of AXA IM, but substantially all the members of the Structured Finance Division are employees of the Investment Manager.

The Investment Manager has established a dedicated process to oversee the Company's portfolio. An investment management team (the **"Investment Team"**) will meet at least monthly and will comprise: the Head of Structured Finance Division, the Head of Structured Finance Engineering, the Head of CDO Invest, the Head of the ABS Group, the Head of European Leveraged Loans, the Head of Investment Grade CDOs and the Head of the Infrastructure Group. Members of the Investment Team may be represented by delegates at these meetings. Additionally, ad hoc meetings may be convened at the discretion of team members. The Investment Team's responsibilities will include, but not be limited to, the following:

- general review of the Company's existing portfolio for each asset class in terms of performance and risk profile and discussion of each specialist team's monitoring and surveillance processes;
- review of matters relating to the overall management of the portfolio across asset classes, including the management of fixed/floating interest rate exposures, currency exposures, leveraging levels and allocations, packaging and funding and general investment guidelines;
- review of the Company's allocation across asset classes, including review of the asset classes' outlook, reinvestment policies and cash projections; and
- supervision of the Investment Manager's reporting to and interaction with the Board of Directors of the Company and the Company's administrative agents, including proposing new initiatives to the Company's Board.

The Company's Primary Target Investments and other assets will be managed initially by five specialist teams. These specialist teams are at the core of the Investment Manager's multi-asset strategy. The specialist teams are as follows:

Focus	Team
• *Corporate Credit*	*Investment Grade CDO Team*
• *CDOs*	*CDO Invest Team*
• *Other Asset-Backed Securities*	*The ABS Group*
• *Leveraged Loans*	*The European Leveraged Loans Team*
• *Infrastructure Assets*	*The Infrastructure Group*

The Investment Team will be supported by the Structured Finance Engineering Team, which is responsible for:

- assessing new asset class opportunities for consideration by the Investment Team;
- assisting with decision-making on a case-by-case basis and with the implementation of the overlay management of currency and interest rate exposures; and
- advising the Investment Team on the packaging of asset classes, leverage and implementation.

The Investment Manager has advised the Company that it reserves the right to rearrange its operations and processes and reassign its teams and personnel in its discretion at any time. It may also develop new specialist teams. The persons currently employed by the Investment Manager may not necessarily continue to be employed by the Investment Manager for the entire term of the Investment Management Agreement and are not bound to perform or continue to perform services in relation to the Company's investments.

The Investment Grade CDO Team

The Investment Grade CDO Team focuses on investment in leveraged exposures to actual and notional portfolios in which a majority of the assets are investment grade debt obligations. The Investment Grade CDO Team assembles and actively manages portfolios, taking advantage in particular of the flexibility afforded by credit default swaps to access a wide range of reference entities in almost any currency, whether or not the reference entities have issued debt securities.

A combination of a "top-down" sector allocation (taking into account transaction-specific eligibility criteria) and a "bottom-up" approach (based on fundamental credit analysis of each of the credits) allows the credit managers on the Investment Grade CDO Team to reduce the global investment universe from approximately 2,000 credits to a target list of approximately 350 credits.

An internal proprietary rating score is assigned to the credits on the target list based on credit analysts' assessments of a range of internal (such as issuer fundamentals, company management and issuer structures) and external factors (including industry fundamentals and market dynamics).

These credit scores and relevant corporate information are entered into a credit database which is then used to run optimisation programmes applying to the target list a range of transaction-specific portfolio constraints, such as required levels of rating, diversification and spread distribution.

Individual issuers are monitored by the Investment Grade CDO Team in order to anticipate the impact of market dynamics, rating migrations and spread fluctuations. The Investment Grade CDO Team also operates as a trading desk, ensuring a real-time flow of information and enabling swift reaction to market dynamics.

The head of the Investment Grade CDO Team chairs a committee that meets on a regular basis to review investment-grade CDO portfolios and discuss investment strategy. The committee comprises credit managers, structured credit specialists and credit analysts. The committee meets on a regular basis and may meet as frequently as once a week when markets are volatile. Discussions typically cover credit issues, such as whether to take profits or to increase exposure to particular issuers or industries. The committee also considers structural issues, such as whether to sell a credit-deteriorated asset or purchase credit protection.

Laurent Gueunier leads the Investment Grade CDO Team of eight investment professionals, which (in addition to Mr. Gueunier) includes three credit managers, one credit analyst, one investor relations manager, two middle office managers and one credit manager assistant.

The ABS Group

Rated Debt Tranches of ABS

The ABS Group provides coverage of the entire asset-backed collateral spectrum, while concentrating on sectors offering the best added value across Europe and the United States. The construction of the ABS Group's portfolios of asset-backed securities is credit-driven. It is based on a combination of "top-down" analysis (based on overall macroeconomic and credit outlook and a review of all asset classes potentially to be included in an ABS portfolio) and "bottom-up" analysis (based on an individual review of each ABS asset to be included in the ABS portfolio), with fundamental and relative value research supplemented by quantitative analyses.

The purpose of the "top-down" approach is to create a portfolio model based on the ABS Group's investment outlook in terms of targeted ABS classes, maturity of the underlying assets, country of origination and rating breakdown. Each such constructed portfolio model also takes into account the current features of the market in terms of supply and characteristics of the assets. The ABS Group's investment outlook is derived from its view on key ABS performance drivers for each asset class based on internal macro-economic forecasts per country. The ABS Group's investment outlook is reviewed on an ongoing basis.

The "bottom-up" analysis undertaken by the ABS Group consists of four separate steps: the ABS Group conducts an analysis of the originator of the ABS asset under consideration and of the entity acting as a servicer in respect of such ABS asset (including on-site due diligence); the ABS Group further analyses the economic and legal structure of the ABS asset and identifies the underlying collateral and conducts a credit risk analysis of such underlying collateral. Once credit review has been performed, the ABS Group performs relative value analysis across different classes of securities issued by the same issuer and across transactions of the same asset class with the objective of balancing risk and return on all investments.

Investment decisions in respect of each proposed ABS investment are taken by the investment committee composed of the relevant ABS portfolio manager and senior analysts or managers based on pre-determined investment criteria: credit quality, portfolio investment guidelines and price target.

The ABS surveillance analyst monitors the credit risk of the assets included in the ABS portfolio. Such supervision is based on the information provided by third-party service providers such as INTEX, rating agencies' reports, investor reports or other general market information. The internal information database is updated in respect of each ABS asset in the ABS portfolio on a monthly basis. The credit committee consisting of all ABS portfolio managers and ABS analysts reviews all ABS assets in the ABS portfolio on a quarterly basis. Additional review is conducted following any major events such as substantial deviation of the pool performance from historical levels, variation of the mark-to-market price of any ABS asset in the ABS portfolio or the occurrence of a credit event in respect of any ABS asset in the ABS portfolio. The Investment Manager conducts a bi-annual review of all originators and servicers in respect of ABS assets under management.

Investments in Residuals or First-Loss Positions

The investment process for residual or first loss positions is largely "bottom up," driven by characteristics of the underlying asset portfolio and cash flow structuring. The investment process is based on three pillars:

- qualitative analysis of the transaction in question (including both the portfolio and the originator);
- quantitative analysts including ad hoc modeling of the transaction under various credit assumptions (including prepayments, defaults, loss severity, default distribution, delinquencies and interest rate shifts); and
- a formalized decision process including the submission of a credit application to a Credit Committee comprising senior managers and analysts.

The investment process also relies heavily on the monitoring and analytic capabilities of the ABS Group.

Gaelle Philippe-Viriot heads the ABS Group, which as of September 30, 2006 consisted of seven dedicated individuals, including (in addition to Ms. Philippe-Viriot) three senior ABS managers, one junior ABS manager, one ABS analyst, one ABS surveillance analyst, and one part-time quantitative deal analyst. ABS Group members are divided into two teams: the ABS Investments Team, headed by Romain Riegert, and the ABS Credit Research Team, headed by Gaelle Philippe-Viriot together with Romain Riegert. Within the ABS Group's ABS Investments Team, Michel Fryszman is in charge of the residual/first loss investments assisted by one full-time portfolio manager. The Investment Manager has advised the Company that it expects to supplement the team with another full-time employee by March 31, 2007.

CDO Invest Team

The focus of the CDO Invest Team is on investment in securities issued by CDOs. The CDO Invest Team started its investment activities in CDO equity in 1999 and has since grown to become a very large investor in CDO residual interests. The CDO Invest Team's wide network of key relationships with CDO managers, fellow CDO investors and investment banks, which enables it to get prime access to deal flow and negotiate terms.

The CDO Invest Team uses a five-step investment process to manage portfolios of CDO debt and residual interests.

The first step is portfolio construction, which involves a review of the overall macro-economic and credit outlook in each region. The goal is to arrive at a recommended allocation range and investment parameters for different types of CDOs while identifying concerns to be monitored.

The second step is the sourcing of specific CDO investment opportunities, both on the primary and secondary market. The three main sources are investment banks and third-party brokers, fellow CDO investors and CDO managers. The CDO Invest Team maintains a wide network of direct long-term relationships with these sources.

The third step is the selection of individual CDO securities using a combination of qualitative and quantitative analysis. For this purpose, the CDO Invest Team performs a detailed analysis of the CDO asset portfolio, its manager, its structure and its documentation.

The fourth step is the actual decision to invest in an individual CDO equity or rated CDO debt. The CDO Invest Team meets formally twice a week to discuss new CDO investment opportunities and final investment decisions are taken unanimously by the three portfolio managers and the head of the CDO Invest analyst team, based on the pricing and allocation feedback. This is followed by the allocation across the portfolios managed by the CDO Invest Team, as applicable.

The fifth step is twofold: portfolio monitoring and asset surveillance. The monitoring of the CDO Invest Team's portfolio involves an at least quarterly re-assessment by the senior portfolio managers of the investment philosophy applied in portfolio construction. This re-assessment may result in proposed adjustments to the recommended asset class allocation ranges and investment parameters, which could further result in rebalancing of the portfolio through disposal of certain assets, including disposal of certain performing securities. The surveillance of individual assets is carried out at least on a monthly basis by the senior portfolio managers and involves detailed review of the monthly portfolio reports published by the relevant CDO trustee or administrator (as the case may be). If necessary, the CDO Invest Team contacts the CDO manager to discuss the reasons or the rationale behind perceived changes. Explanations given by the CDO manager are then compared with views and insights provided by other sources of information (such as AXA IM CDO managers, fellow CDO investor relationships and investment banks). Finally, if appropriate, the CDO Invest Team runs cash flow simulations using updated assumptions to try to quantify the impact of perceived changes. The outcome of the surveillance process is either a "keep" or a "sell at right price" recommendation, the right price being determined from the above-mentioned cash flow simulations.

Alexandre Martin-Min heads the CDO Invest Team, which at September 30, 2006 consisted of 12 individuals made up of three senior portfolio managers (including Mr. Martin-Min), four investment analysts (including the head of the investment team, Virginie Afota), one structured products modelling manager, two assistant portfolio managers and two full time IT consultants. Team members work closely with one another to gather, sort and assimilate information from various sources (*e.g.*, CDO managers, investment banks and brokers, CDO trustees and administrators and fellow CDO investor relationships) using a proprietary integrated CDO database.

The European Leveraged Loans Team

The European Leveraged Loans team sources investment proposals from primary and secondary market counterparties. The Investment Manager, as an asset manager, is an established investor in leveraged loans, and the portfolio management and research teams are in regular contact with about 20 arranging banks and up to 12 private equity houses.

The Investment Manager's investment strategy involves use of both a "top-down" and a "bottom-up" approach to asset allocation.

The "top-down" approach consists of proposing a portfolio allocation per country/industry/risk class. This allocation is based on macroeconomic research and the Investment Manager's fundamental views on industry cycles with the objective of positioning the portfolios in the areas expected to perform best.

Once the "top-down" asset allocation has been made, the Investment Manager uses a "bottom-up" approach to build a portfolio on a relative value basis. This second phase focuses on fundamental research on a name per name basis and on active trading.

Based on pre-determined investment criteria, a decision to invest in a proposed leveraged loan investment must be approved by the credit committee comprising the analyst who has recommended the investment, the head of the leveraged loans research team and two portfolio managers. Tactical allocation and relative value is then performed by the portfolio managers in order to determine final portfolio construction and to execute trades.

The loans in the portfolio are monitored on a monthly basis and classified according to an internal risk assessment rating grid.

The portfolios are marked-to-market on a monthly basis and their performance is monitored on an ongoing basis.

Nathalie Savey heads the European Leveraged Loan team, which at September 30, 2006 consisted of 13 professionals, including three portfolio managers and seven research analysts. Two of the portfolio managers have responsibility for managing the portfolios. One is dedicated to secondary trading across all portfolios. The research team headed by Steve Chapman includes 7 research analysts, each of them being responsible for covering specific industrial sectors. The team is located in Paris and London.

The Infrastructure Group

The Infrastructure Group is the newest of the five strategic teams, having commenced portfolio management activities in December 2005. The Infrastructure Group's focus is on investment in infrastructure projects. From an investor perspective, many infrastructure projects have the potential to generate large and fairly predictable cash flows that stem from a diversified base of payors (*e.g.*, as with a highway toll road), and so lend themselves well to the forms of credit analysis and risk stratification techniques used in structured finance.

The Infrastructure Group's investment process is a combination of a "top down" and a "bottom up" approach. The top down approach is based on a global vision of the infrastructure market. The objective is to define and revise the matrix of investment criteria (including geography, sector, counterparties, size, financial structure), assess the priorities and the target "sweet spots" in terms of market opportunities and conditions, as well as to achieve diversification objectives.

The bottom up approach is based on a systematic screening of investment opportunities. The Infrastructure Group sources investment opportunities in infrastructure assets through its network of relationships with numerous industrial partners, investment banks and public authorities. Each investment opportunity is assigned to a portfolio manager based on his knowledge of the location of the infrastructure and the sector.

The first phase of the investment process is an assessment of each non-binding or preliminary offer:

- A preliminary analysis of the investment regarding its eligibility in terms of the investment criteria, economic attractiveness, and risks, and the probability of success.
- The second step consists of combining the necessary skill-sets and establishing and/or grouping the appropriate partnerships to bid for the investment.
- The Infrastructure Group subsequently conducts an analysis of the environment and the context of the investment (including timetable, financials, risks, potential financing structure).

The non-binding or preliminary offer for an investment is a collegial decision of members of the Infrastructure Group and must be approved by the Infrastructure Chief Investment Officer and Head of Infrastructure.

The second phase is the elaboration of a binding offer. This is conducted following thorough due diligence and must be approved by an investment committee consisting of the Head of Infrastructure Group, the Head of Infrastructure Investments, Infrastructure Directors and a member of the SFE Team (legal, risk or compliance members may also assist the committee). The decision is based on a presentation of the target return and the assessed risks of the project, determined through financial simulations and capital and contractual structure analysis.

The third phase is the implementation of the transaction. Following a decision to proceed, portfolio managers participate actively in the final negotiation of the documentation including financing documents and shareholders' agreements, and negotiation of the price.

The last phase pertains to post-purchase monitoring and management of the investment. The Head of Infrastructure Investments actively monitors and manages the Infrastructure Group's portfolios to ensure asset diversification and optimise the financial structure. This may include refinancing when construction risk is removed upon the completion of the construction phase of a project. Divestment opportunities are reviewed on a case-by-case basis contingent upon the maturity of the investment vehicle and the willingness of the investment committee to sell the investment.

Vincent Levita heads the Infrastructure Group, which at September 30, 2006 consisted of seven members, including two senior advisors who apply their knowledge of the infrastructure market to develop the infrastructure group's sourcing capabilities.

Structured Finance Engineering

The Structured Finance Engineering team (the **"SFE Team"**) is a specialist advisory and risk-reward re-engineering task force situated within the Structured Finance Division. The team, which at September 30, 2006 consisted of nine professionals, works alongside investment teams to package innovative, customised solutions for investors that are aligned with the Structured Finance Division's investment style and ability to deliver performance. The SFE Team's primary objectives are as follows:

- *Upstream Diagnosis* — To identify suitable opportunities to launch new transactions, the team regularly reviews investor demand, opportunities in specific asset classes, market, regulatory and accounting developments, asset and liability management constraints, and structuring techniques. A suitable opportunity must meet the Investment Manager's strategic aim of issuing/launching products that meet the requirements of its three pillar approach: appropriate timing/asset class, robustness of structure, and ability to deliver performance.
- *Feasibility Assessment* — When a potential opportunity has been identified, the SFE Team assesses whether it is feasible to structure a transaction with sufficient flexibility to meet investor needs within the constraints of the current market outlook and the Investment Manager's investment style. A potential opportunity is at this stage assessed in light of key success drivers identified by the SFE Team and any critical partner or provider of services must be identified and enlisted at this stage to be able to move forward.
- *Negotiation of Terms and Implementation* — The SFE Team serves as the primary interface on AXA IM managed transactions between the investment team and third party providers such as investment banks, rating agencies and attorneys, among others. The SFE Team strives to negotiate appropriate terms and conditions for all transactions and to achieve efficient implementation.
- *On-going Monitoring of Structures* — On a case-by-case basis, the SFE Team co-manages the Structured Finance Division's portfolios with the different portfolio management teams. While portfolio managers and their research teams are responsible for managing credit exposures and assessing new investment proposals, the SFE Team evaluates the structural impact of trades. For example, the SFE Team's assessment of proposed trades for CDOs examines the potential impact on compliance tests, the portfolio structure, cash flows, and hedging requirements, and the consequent changes to the expected returns on each class of issued securities.

Deborah Shire heads the SFE Team, which at September 30, 2006 comprises three senior structurers, four junior structurers, one assistant structurer (responsible for monitoring) and one marketing professional.

Biographies of Certain Key Members of the Investment Manager's Teams

Pierre-Emmanuel Juillard — Head of Structured Finance Division

Mr. Juillard currently heads the Structured Finance Division, which he founded in 2000. Mr. Juillard joined AXA IM in March 1999. Previously, Mr. Juillard spent three years as a senior derivative specialist with Chase Manhattan Bank in London and Aurel in Paris. Prior to that, he worked for three years at Paribas Capital Markets in London as a senior quantitative researcher. Mr. Juillard attended the *École Nationale de la Statistique et de l'Administration Économique* (ENSAE) and the *Institut de Statistique de l'Université de Paris VI* (ISUP) where he studied Stochastic Modeling and Statistics. (13 years in finance, nine years in structured finance).

Cyril Roux — Chief Operating Officer of Structured Finance Division

Mr. Roux is the Chief Operating Officer of the Structured Finance Division. Mr. Roux joined AXA IM in January 2005 in the Structured Finance Division's newly created position of COO. Prior to that, he had worked close to five years as senior management auditor at AXA Group Headquarters, and six years in the French Finance Ministry as a financial regulator and supervisor. He taught finance for six years at ESSEC graduate school of management. Mr. Roux holds a PhD in Finance from Harvard University and is a graduate of École Polytechnique. (Two years in finance, two years in structured finance).

Deborah Shire — Head of Structured Finance Engineering, Structured Finance Division

Ms. Shire joined AXA IM in April 1998 at the inception of the Structured Asset Management Team as quantitative portfolio manager and was the Co-Founder of the Structured Finance Division. She is currently Head of the Structured Finance Engineering Team and, as such, is involved with all structured products launched by the Structured Finance Division. Previously, Ms. Shire spent three years as a project manager in AXA Corporate Finance and Treasury Central Department in Paris, where she was in charge of, among others, the structuring of AXA Group Real Estate Securitisation (ROZAN). Ms. Shire graduated from the French engineering school École Nationale Supérieure de l'Aéronautique et de l'Espace (SUPAERO) and holds a Financial Analyst diploma from the French Society of Financial Analysts (SFAF). (Ten years in finance, eight years in structured finance).

Nathalie Savey — Head of European Leveraged Loans, Structured Finance Division

Ms. Savey heads the European Leveraged Loans team. Ms. Savey joined AXA IM in 2000 from Société Générale. She first worked as an originator on the primary bond market and subsequently joined the Financial Engineering Department and the Leveraged Finance Department, where she was responsible for originating, structuring and negotiating transactions. Eventually, she joined the Syndicated Finance Department, where she was responsible for managing the underwriting decision and syndication process for structured loan transactions. Ms. Savey earned a degree from the University of Paris in Econometrics and has a Masters of Finance from French business school ESSEC. (17 years in finance, ten years in structured finance).

Steve Chapman — Head of European Leveraged Loans Research, Structured Finance Division

Mr. Chapman joined AXA IM in 2002 from Nomura Securities, where he worked for five years, and his last position was that of Director, Private Equity, responsible for realising value from the organisation's technology/ telecommunications investments. In this role he was a Non-Executive Director on the boards of a number of portfolio companies, including Dealtime, Buongiorno, My Alert and Security Associates. Before joining Nomura, Mr. Chapman worked at NatWest Markets as an Associate Director in the bank's Credit Rating Unit in both London and New York. At NatWest Markets he was responsible for analysing the credit risk associated with the organisation's large corporate exposures. Mr. Chapman gained his ACIB in 1989, after which he lectured in Accounting and Finance at City of London University. (19 years in finance, seven years in structured finance).

Laurent Gueunier — Head of Investment Grade CDOs Team, Structured Finance Division

Mr. Gueunier joined AXA IM after three years with JPMorgan Chase where he was part of the Financial Institutions Derivatives Marketing Group. He was in charge of developing the structuring and marketing of credit derivatives products in France and Belgium. Prior to that, Mr. Gueunier spent 10 years with Société Générale where he spent the first eight years in the Commodities Group in charge of Precious Metals options trading in Paris, New York and Tokyo. During the last two years he was product manager and trader in the newly-created Credit Derivatives team. Mr. Gueunier holds an Engineering diploma from *Institut Supérieur d'Electronique de Paris*. (17 years in finance, eight years in structured finance).

Gaelle Philippe-Viriot — Head of ABS Group, Structured Finance Division

Ms. Philippe-Viriot has twelve years of experience in the ABS/MBS market. She joined AXA IM in November 2002 as a senior ABS manager. Previously she worked for two years at Natexis Banque Populaires as a senior structurer of ABS/MBS transactions. Prior to that she was vice president senior analyst at Moody's Investors Service where she spent six years in the Structured Finance Department. She graduated from French Business School *Ecole Supérieure des Sciences Economiques et Sociales* (ESSEC) in 1992. (12 years in finance, 12 years in structured finance).

Romain Riegert — Head of ABS Investments and Senior Portfolio Manager, ABS Group, Structured Finance Division

Mr. Riegert joined AXA IM in July 2000. In addition to his experience with AXA IM, Mr. Riegert has professional experience at ABN AMRO's ALM Risk Management Department. He is a graduate of the *Ecole Nationale de la Statistique et de l'Administration Economique* (ENSAE) and the *Ecole Normale Supérieure.* In addition, he holds a *Diplôme d'Etudes Approfondies* (DEA) in Finance and Banking from the University of Paris I Panthéon-Sorbonne. (Six years in finance, six years in structured finance).

Michel Fryszman — ABS Group, Residual Income/First Loss Investments, Structured Finance Division

Mr. Fryszman joined AXA IM in 2005 as a Senior Portfolio Manager. Prior to that he was a development manager for Groupe GTI, where he originated and structured asset-backed securities and developed a rated asset management activity. He began his career as a derivative and interest rate portfolio manager at Credit Foncier. In 1992, he became assistant deputy Governor, initially in charge of finance and then of credit and risks. From 1996 to 2001, he served as Managing Director of Credit Foncier's asset management branch. Mr. Fryszman holds a master's degree in Financial and Economic Analysis from Université d'Orléans. (17 years in mortgage banking, asset management and structured finance)

Alexandre Martin-Min — Head of CDO Invest, Structured Finance Division

Mr. Martin-Min joined AXA IM's CDO Invest Team in June 2001 as a senior derivatives specialist. Previously, he had spent three years as an equity derivatives specialist at CDC IXIS Capital Markets in Paris. Prior to that, he worked for two years as a fixed income derivatives specialist with Aurel-Leven in Paris. Mr. Martin-Min is a graduate of the École Nationale de la Statistique et de l'Administration Economique (ENSAE), where he studied Stochastic Calculus and Statistics. (Ten years in finance, five years in structured finance).

Virgine Afota — Head of Investment Analyst Team, CDO Invest, Structured Finance Division

Ms. Afota joined AXA IM in May 2006 to head the investment analyst team within CDO Invest. She started her career in 1998 as an associate at Goldman Sachs in London, where she held various positions in the fixed income division. After a trading position in the foreign exchange division, she worked in the structured credit area, first as a credit strategist from 1999 to 2000, and then as a CDO structurer from 2000 to 2003. From 2003 to 2006, she worked in the Principal Finance team to set up a €2 billion CLO and ensure its co-management. She is a graduate of *Ecole Polytechnique* and ENSAE in Paris and holds a Master's degree in EESOR from Stanford University. (Eight years in finance, five years in structured finance).

Vincent Levita — Head of Infrastructure Group, Structured Finance Division

Mr. Levita joined AXA IM in 2004 and currently heads the Infrastructure Group. Previously he was Director of Strategy and Innovation of AXA IM, member of the Executive Committee. As such, he has been instrumental in the development of AXA IM in numerous areas, including the Structured Finance Division. Prior to that, Vincent was a partner at CVA (Corporate Value Associates), a management consulting firm specialised in value analysis. As such, he has designed growth and development plans as well as restructuring and organisational change in numerous industries. Mr. Levita graduated from the *Ecole Polytechnique* and ENSAE. (15 years in finance, one year in structured finance).

Investment Manager's Prior Investment Performance

The Company has no investment history. Its multi-asset class investment strategy will focus primarily on the Primary Target Asset Classes. The information presented below relates to the Investment Manager's experience with managing asset pools within the Primary Target Asset Classes (and with certain other types of assets that have been or are being managed by the Investment Manager). For a variety of reasons, some of which are discussed below, the comparability of the investment vehicles described in this section to the Company is limited.

Since entering the structured finance field in 1995, the Investment Manager has been a pioneer in developing structured finance products. The Investment Manager has received the "Deal of the Year" award from Credit Magazine for three consecutive years (2003, 2004 and 2005) and "CDO of the Year" awards from Euroweek (for Jazz CDO I, Overture CDO I and Aria CDO I). In 2005, the Investment Manager was named "CDO Manager of the Year, Europe" at the International Securitisation Report's global awards.

As at September 29, 2006, the Investment Manager's Structured Finance Division had more than €33.4 billion in assets under management, which included investments in corporate credits, CDOs, other asset-backed securities, leveraged loans and infrastructure assets.

Set out below is certain information relating to the experience of the Investment Manager in managing funds that have assets or underlying assets within the range of the Company's Primary Target Asset Classes, including certain historical performance information regarding other funds that are or have been managed by the Investment Manager. When considering this information, you should take note of the fact that the historical results of other funds managed by the Investment Manager are not representative of the performance of all of the assets under management of the Investment Manager, and are not indicative of the future results of the Company or of those other funds. Differences between the structure, term, authorized leverage, currency exposure, target investments, performance targets, investment horizons and other investment policies and objectives of the Company and the Investment Manager's other mandates, including (but not limited to) management and incentive fee arrangements, can affect returns and impact the usefulness of performance comparisons. Because of these differences, none of the funds referred to below is directly comparable to the Company. With respect to management and incentive fees, it is important to note that the data presented below regarding net performance or average annualised distributions are presented net of such fees, and it should not be assumed that the level of fees in the transactions presented below was the same as or higher than the level of fees that will be payable by the Company to the Investment Manager. It should also be noted that participation in a number of the funds described below has been limited to investors within the AXA Group. In addition, it is important to note that rates of return can be positively or negatively affected by market conditions beyond the control of the Investment Manager.

The Company's actual results may also differ substantially from the historical results achieved by the Investment Manager because the Company initially will have surplus cash that will need to be invested in temporary investments, which are expected to generate returns that are substantially lower than the returns that the Company anticipates receiving from investments in its primary asset classes. In addition, the Company will be the first publicly traded closed ended permanent equity capital investment company to be managed by the Investment Manager, whose prior experience has been predominantly in structured finance vehicles that, unlike the Company, are often structured on the basis of ratings agency criteria (*e.g.*, CDOs that have classes of rated debt) and do not feature the Company's multi-asset class investment strategy. Also significant is that market conditions at the time of the launch of earlier funds are different in many respects from those that prevail at present, with the result that the performance of portfolios originated now may be significantly different from those originated in the past. In this regard, funds launched at times of market weakness for particular asset classes (*e.g.*, CDOs in late 2002) may perform better than funds launched at other times because assets that are out of favour may be purchased at lower prices (*i.e.*, with higher spreads), although this effect may be mitigated to some extent by the effect of increased cost of funding to carry such assets.

Other additional risks, uncertainties and other factors that could cause the Company's returns to be materially lower than the returns previously achieved by the Investment Manager are described under "Risk Factors" above. You should carefully consider those risks, uncertainties and other factors in connection with this information.

Information provided below concerning the number of assets that have defaulted or have been downgraded while part of a portfolio managed by the Investment Manager does not include assets sold before default or downgrade occurred. References below to "distributions to equity holders" are to distributions made on residual income positions. References below to "Euribor" or "Libor" below are to the relevant index, compounded daily.

References below to the "target" for any vehicle are to the target disclosed (except as noted below) in the prospectus for the initial offering of securities of that vehicle. References below to the "target average distribution for the relevant period since closing" for any vehicle should be evaluated in light of the following information: at the time when each of those vehicles was launched, the Investment Manager presented a range of potential IRRs to prospective investors of that vehicles, with different potential internal rates of return for different assumptions concerning default rates on the underlying assets. The "target average distribution" for each vehicle as presented below is calculated from the series of expected cash flows, as presented to prospective investors in that vehicle, corresponding to the potential IRR for that vehicle that the Investment Manager considered to be its "market base case" at the time when that vehicle was launched.

The investment vehicles described below include all investment vehicles that are being managed by the Investment Manager, other than:

- Those that are "advisory mandates," since performance information relating to such investment vehicles is confidential; and
- Those that closed after January 31, 2006, since they have not been in operation for long enough to generate a track record that the Investment Manager views as meaningful.

Except as otherwise indicated, the information below is here provided as of September 30, 2006. Information concerning assets under management or net asset values is as of the most recent regular valuation conducted as of or prior to September 30, 2006. As a general matter, the performances presented below for CDO vehicles managed by the Investment Manager are calculated on the basis of a "buy and hold" strategy, without taking into account the fact that at any given time some debt tranches could have a market value that is below par value.

Corporate Credits

The Investment Manager has managed investment grade and sub-investment grade assets since March 2002, exclusively through CDOs and "bespoke programmes". The Investment Manager currently acts as investment manager to each of the following CDOs that have invested a majority of their assets in investment grade credits:

- **JAZZ CDO I B.V. (JAZZ I)**, a Dutch private company with limited liability, which was launched in March 2002 and has invested primarily in investment-grade assets (Bonds, Credit Default Swaps, Total Return Swaps) with approximately €1.49 billion of assets under management as of September 30, 2006.
- **Khaleej I Limited (Khaleej I)**, a Jersey private company with limited liability, which was launched in September 2002 and has invested primarily in investment-grade assets (Bonds, Credit Default Swaps, Total Return Swaps) and ABS with approximately $1.25 billion of assets under management as of September 30, 2006.
- **JAZZ CDO II B.V. (JAZZ II)**, a Dutch private company with limited liability, which was launched in December 2002 and has invested primarily in investment-grade assets (Bonds, Credit Default Swaps, Total Return Swaps) and ABS with approximately €754 million of assets under management as of September 30, 2006.
- **Overture CDO I (Ireland) Plc Euro (Overture Euro)**, an Irish public company with limited liability, which was launched in December 2003 and has invested primarily in investment-grade assets (Bonds, Credit Default Swaps, Total Return Swaps) with approximately €1.61 billion of assets under management as of September 30, 2006.
- **Overture CDO I (Jersey) Plc US (Overture US)**, a Jersey private company with limited liability, which was launched in December 2003 and has invested primarily in investment-grade assets (Bonds, Credit Default Swaps, Total Return Swaps) with approximately $1.47 billion of assets under management as of September 30, 2006.

In addition, the Investment Manager currently acts as investment manager to the following "bespoke programmes" that have investment exposure to reference portfolios in which a majority of the assets are of investment grade credits:

- **Aria CDO I (Ireland) Plc (Aria I)**, an Irish public company with limited liability, which was launched in June 2004 and is a synthetic CDO secured by a diversified pool of investment-grade synthetic assets with the equivalent of approximately €7.2 billion of assets under management as of September 30, 2006.
- **Aria CDO II (Ireland) Plc (Aria II)**, an Irish public company with limited liability, which was launched in December 2005 and is a synthetic CDO secured by a diversified pool of investment-grade synthetic assets with the equivalent of approximately €2.6 billion of assets under management as of September 30, 2006.

The principal factor that distinguishes these bespoke programmes from more standard CDO structures is the "tailoring" of the tranches, with each bespoke programme having multiple debt tranches that are tailored differently, with different "attachment points" (*i.e.*, initial cushion of subordination) and "detachment points" (*i.e.*, maximum loss), currencies, maturities, types of interest etc to reflect clients' demands.

Collectively, the Investment Manager's investment grade CDOs and bespoke programmes have taken exposures to over 300 entities since March 2002, and only two such entities have defaulted while part of a portfolio managed by the Investment Manager during that time period. None of the debt tranches of the CDOs managed by the Investment Grade CDO Team of the Investment Manager have been downgraded since March 2002. Tranches of the JAZZ I and JAZZ II vehicles have received nine upgrades over the same period (upgrades are counted agency by agency). Each of the residual positions of the CDOs has paid annual coupons in excess of the initial target.

The following table provides information concerning the investment grade CDOs and bespoke programmes managed by the Investment Manager:

CDOs	Launch date	Assets under management	Equity size	Target average distribution for the relevant period since closing	Average annualised distribution to equity holders[2]
		(in billions)[1]	*(in millions)*[1]		
JAZZ I	March 2002	€1.49	€ 60	Euribor 6M + 11%	Euribor 6M + 16.0%
Khaleej I	September 2002	$1.25	$ 50	Libor 6M + 6%	Libor 6M + 9.4%
JAZZ II........	December 2002	€0.75	€ 31	Euribor 6M + 11%	Euribor 6M + 17.1%
Overture Euro ...	December 2003	€1.61	€ 61	Euribor 6M + 8%	Euribor 6M + 8.8%
Overture US	December 2003	$1.47	$ 56	Libor 6M + 8%	Libor 6M + 8.4%
Bespokes					
Aria I Programme....	June 2004	€ 7.2[3]	NA[4]	NA[4]	NA[4]
Aria II Programme ...	December 2005	€ 2.6[3]	€ 35[5]	Euribor 6M + 17.67%[5]	Euribor 6M + 18.28%[5]

(1) At September 30, 2006.

(2) For purposes of calculating this average, each distribution made to residual tranche holders has been annualised as follows: the amount of the distribution for any given period is divided by the principal amount of the residual tranche at the launch of the transaction, and the resulting quotient (stated as a percentage) has been multiplied by a fraction, the numerator of which is the actual number of days in the year in which that period falls and the denominator of which is the actual number of days in that period. Distributions include all amounts paid to holders of residual income positions and may include to a degree return of the capital.

(3) Assets of Aria I and Aria II that are denominated in currencies other than euro have been converted into euro using exchange rates of September 30, 2006.

(4) Only rated debt tranches were issued, as a result of which no tranche has residual-like performance.

(5) Represents the first semi-annual distribution made (in April 2006) on the largest residual tranche issued for the Aria II Programme. A total of approximately €300 million in residual tranches were issued for the Aria II programme. No residual tranche has paid a distribution below target.

Assumptions for the target average distributions for the relevant period calculated include:

- JAZZ I: (i) average asset spread of 125bps, (ii) annual default rate of 0.25 per cent., and (iii) recovery is assumed to be 40 per cent. immediately after default.
- Khaleej I: (i) CDS premium held constant at the level of closing portfolio premium, (ii) zero default assumed, (iii) 30 per cent. ABS/70 per cent. CDS split, and (iv) No call in year 5.
- JAZZ II: (i) annual default rate is 0.25 per cent., (ii) investment grade synthetics mature in year 5, and (iii) recovery rates assumed to be 50 per cent. immediately after default.
- Overture Euro and Overture US: (i) average asset spread of 115 basis points, (ii) cumulative default rate is 2.65 per cent., and (iii) recovery rates assumed to be 50 per cent.

Investments in Collateralised Debt Obligations

The Investment Manager has managed investments in CDOs since 1999. As of September 30, 2006, the Investment Manager has under management circa €1.2 billion in residual income positions of CDOs, representing 128 CDOs managed by circa 60 managers, and €2.4 billion in rated debt tranches of CDOs, representing 170 CDOs managed by approximately 85 managers. For this purpose, "residual income positions" are the lowest-ranking tranches in these vehicles, and "rated debt tranches" are all tranches other than residual income positions. Investments in residual income positions are presented in this section, and investments in rated debt tranches made by the CDO Invest Team are incorporated in other products presented in other sections below (e.g., CDOs of ABS such as Khaleej, Tempo or Iona or mutual funds such as Matignon TC or the AXA Germany Structured Finance Funds).

The Investment Manager currently acts as investment manager to each of the following funds or special purpose vehicles that invest primarily in residual income tranches of CDOs:

- **Matignon Titrisation,** a French *Fonds Commun de Placement* or "FCP," which was launched in December 1999, investing in subordinated tranches of CDOs with approximately €342 million of assets under management as of September 30, 2006.

- **Partners Credit Plus,** a French FCP, which was launched in November 2000, investing in subordinated tranches of CDOs backed by investment-grade assets with approximately €103 million of assets under management as of September 30, 2006.

- **Partners Credit Plus II,** a French FCP, which was launched in November 2001, investing in subordinated tranches of CDOs backed by investment-grade assets with approximately €56 million of assets under management as of September 30, 2006.

- **Partners Credit Plus III,** a French FCP, which was launched in April 2005, investing in subordinated tranches of CDOs backed by investment-grade assets with approximately €124 million of assets under management as of September 30, 2006.

- **Souverain Titrisation,** a French FCP, which was launched in May 2003, investing in subordinated and BB-rated tranches of CDOs with approximately €288 million of assets under management as of September 30, 2006.

- **Prelude Credit Alpha p.l.c (Prelude),** an Irish public company with limited liability, which was launched in November 2004, investing in subordinated tranches of CDOs with $185 million of notes issued as of September 30, 2006.

The following table provides information concerning the CDO residual income funds managed by the Investment Manager:

Fund	Assets under management *(in millions of euro)*(1)	Launch date	Net annualised performance(2)	Target	Excess(3)
Matignon Titrisation	342	December 1999	7.12%	Euribor 1W + 7%(4)	—
PARTNERS CREDIT PLUS	103	November 2000	7.37%	Euribor + 1W 3%	1.46%
PARTNERS CREDIT PLUS II	56	November 2001	7.42%	Euribor + 1W 3%	1.86%
PARTNERS CREDIT PLUS III	124	April 2005	4.65%	Euribor + 1W 2%	0.16%
Souverain Titrisation	288	May 2003	11.14%	Euribor 1W + 5%(5)	—

(1) As of September 30, 2006

(2) Compound annual growth rate of net asset value from the launch date to the most recent valuation date. Net annualised performance is not necessarily representative of performance for any single year since the launch date or indicative of future performance.

(3) Excess of net annualised performance over the relevant target.

(4) This target was set for Matignon Titrisation in February 2005, and before that date no target had been set for this fund. Excess performance since that date has been 4.22%.

(5) This target was set for Souverain Titrisation in July 2005. Excess performance since that date has been 3.45%. Before that date, the target for this fund was Euribor + 300 basis points.

Except during 2002, when the credit market was particularly weak, all of these structures have been in line with or above their targets since launch.

The following table provides information concerning the Prelude transaction:

SPV	Launch date	Size	Target average distribution for the relevant period since closing	Average annualised distribution to equity holders[(2)]
		(in millions of U.S. dollars)[(1)]		
Prelude	November 2004	185	14.8%	10.5%

(1) As of September 30, 2006.

(2) For purposes of calculating this average, each distribution made to equity holders has been "annualised" as described above. Distributions include all amounts paid to holders of residual income positions and may include to a degree return of capital.

The target average distribution for the relevant period since closing presented above is based on the expected cash flows resulting from the calculation of the "base case" IRR that was presented to investors at or before the launch date of Prelude. Assumptions made for these calculations at the time of launch include:

- Portfolio profile: 60% CLOs, 15% IG Corporate CDOs, 25% ABS CDOs
- Assumed Base Case Default Rates: Leveraged Loans 2.7%, IG Corporate Collateral 0.5%, ABS Collateral 0.2%
- Assumed Recoveries: Leveraged Loans 60%, IG Corporate Collateral 40%, ABS Collateral 25%

Asset-Backed Securities

The Investment Manager has invested in asset-backed securities since April 2002, and the portfolios of the asset-backed securities vehicles that it manages currently include the securities of 615 issuers. The Investment Manager currently has €5.4 billion of assets under management invested in asset-backed securities (other than CDOs).

The Investment Manager currently acts as investment manager to each of the following CDOs or funds investing in asset-backed securities:

- **Tempo CDO I Limited (Tempo I),** a Jersey public company with limited liability, which was launched in November 2003, investing primarily in euro and U.S. Investment Grade ABS and CDOs with approximately €1 billion of assets under management as of September 30, 2006.
- **Iona CDO I Limited (Iona),** a Jersey public company with limited liability, which was launched in August 2004, investing primarily in a diversified pool of high-grade U.S. ABS and CDOs via total return swaps with approximately $1.5 billion of assets under management as of September 30, 2006.
- **Capella,** a Jersey public company with limited liability, which was launched in September 2005, a static deal investing primarily in AAA-rated U.S. RMBS with approximately $1.48 billion of assets under management as of September 30, 2006.
- **Opus CDO I Limited (Opus),** a Jersey public company with limited liability, which was launched in January 2006, investing primarily in cash and synthetic U.S. investment-grade ABS and CDOs with approximately $670 million of assets under management as of September 30, 2006.
- **Matignon TC,** a mutual fund, which was launched in 1990 and for which the prospectus and the investment objectives were modified in April 2002. It has since then invested in investment-grade euro and U.S. ABSs and CDOs and has approximately €760 million of assets under management as of September 30, 2006.

None of the Investment Manager's investments in asset-backed securities have been downgraded while part of a portfolio managed by the Investment Manager (although there can be no assurance that this statement will not change prior to Closing; one such investment is on negative watch). More than 20 upgrades occurred in 2005 and 72 to date in 2006 (upgrades are counted agency by agency) for investments while part of the portfolio.

The Investment Manager characterizes the CDOs through which it invests in ABSs as either "high grade ABS CDOs," which represent investments in ABSs a majority of which have a rating of AAA (and a minority of which have ratings of AA or A), or "mezzanine ABS CDOs," which represent investments in ABSs having an average rating of approximately A to BBB. While the data set forth below represents the Investment Manager's experience with high grade ABS and mezzanine ABS CDOs, potential investors should note that the Company intends to acquire primarily residual income tranches of ABS structures, which may limit the usefulness of the data set forth below as a point of comparison. In June 2006, the Investment Manager launched a UCITS Fund called ABS Credit Plus, which invests in residual tranches of ABS.

Mezzanine ABS CDO

The following table provides information concerning the mezzanine ABS CDOs managed by the Investment Manager:

CDOs	Launch date	Assets under management[(1)]	Minimum portfolio spread[(2)]	Current portfolio spread[(3)]	Target average distribution for the relevant period since closing	Average annualised distribution to equity holders[(4)]
Tempo I...........	November 2003	€1 billion	100bp	112bp	NA[(5)]	NA[(5)]
Opus..............	January 2006	$670 million	144bp	170bp	11.79%	12.99%[(6)]

(1) At September 30, 2006

(2) Represents the minimum spread that the investment guidelines require immediately following any investment made by the investment manager of the vehicle.

(3) Defined as the weighted average of the spreads of each of the individual assets in the underlying portfolio over the relevant floating interest rate target for that asset.

(4) For purposes of calculating this average, each distribution made to residual tranche holders has been "annualised" as described above. Distributions include all amounts paid to holders of residual income positions and may include to a degree return of capital

(5) This issuer issued only debt tranches rated from AAA to BBB.

(6) Represents the first distribution made by this issuer (July 3, 2006).

The target average distributions for the relevant period since closing presented above are based on the expected cash flows resulting from the calculation of the "base case" IRR that was presented to investors at or before the launch date. Assumptions made for these calculations at the time of launch include, with respect to Opus: (i) 0.4 per cent. constant annual default rate, (ii) 90 per cent. of portfolio ramped up at closing, and (iii) 50% recovery rate with a 12-month lag to recovery.

High grade ABS CDOs

The high-grade ABSs managed by the Investment Manager have the following characteristics:

- They have suffered from high prepayment speed and spread tightening in 2005 and 2006 that may result in lower excess return than expected and ratings tensions on the issued debt tranches.
- As of September 30, 2006, all CDOs are in compliance with their quality tests (including the minimum portfolio spread test disclosed in the following table).

High grade ABS CDOs are not a part of the initial target model portfolio.

The following table provides information concerning the high-grade ABS CDOs managed by the Investment Manager:

CDOs	Launch date	Assets under management *(in billions)*[(1)]	Minimum portfolio spread[(2)]	Current portfolio spread[(3)]	Target average distribution for the relevant period since closing	Average annualised distribution to equity holders[(4)]
Iona[(5)]	August 2004	$1.50	52bp	53bp	8.8%	10.61%
Capella	September 2005	$1.48	NA[(6)]	39bp	NA[(7)]	NA[(7)]

(1) At September 30, 2006

(2) Represents the minimum spread that the investment guidelines require immediately following any investment made by the investment manager of the vehicle.

(3) Defined as the weighted average of the spreads of each of the individual assets in the underlying portfolio over the relevant floating interest rate target for that asset.

(4) For purposes of calculating this average, each distribution made to residual tranche holders has been "annualised" as described above. Distributions include all amounts paid to holders of residual income positions and may include to a degree return of capital.

(5) The Investment Manager decided in September 2006 to subordinate its management fees to the equity principal for this transaction.

(6) Capella is a "static deal," meaning that the investment manager does not have authority to reinvest payments on, or proceeds of repayment of, assets that form part of the initial portfolio.

(7) All issued tranches are rated debt.

The target average distributions for the relevant period since closing presented above are based on the expected cash flows resulting from the calculation of the "base case" IRR that was presented to investors at or before the launch date. Assumptions made for these calculations at the time of launch include, with respect to Iona: (i) expected spread of 53 basis points, (ii) average rating of the portfolio Aa2/Aa3 (Moody's), (iii) assuming 0 per cent. losses on the portfolio.

Mutual Fund

Matignon TC is a mutual fund that invests in mainly euro- and U.S. dollar-denominated investment grade ABSs. Since May 2006, the investment universe of the fund has been extended to BB tranches and residuals. The following table provides information concerning Matignon TC:

Fund	Assets under management *(in millions of euros)*[(1)]	Launch date	Net annualised performance[(2)]	Target	Excess[(3)]
Matignon TC	760	April 2002	3.04%	Euribor 1W + 0.10%	0.41%

(1) As of September 30, 2006

(2) Compound annual growth rate of net asset value from the launch date to the most recent valuation date.

(3) Excess of net annualised performance over target.

Leveraged Loans

The Investment Manager has invested in leveraged loans since August 2000. As of September 30, 2006, the Investment Manager has approximately €4.2 billion of assets under management, across various funds, collateralised loan obligations and mandates, and representing exposures to the credits of circa 115 obligors. The funds managed by the Investment Manager that have invested in leveraged loans can be categorised as either "pure leveraged loan deals," in which the underlying assets currently are exclusively leveraged loans, and "hybrid deals," in which the underlying assets consist of a combination of leveraged loans and high-yield bonds.

Pure leveraged loan deals

The Investment Manager currently acts as investment manager to each of the following CDOs that currently invest exclusively in leveraged loans:

- **Adagio CLO I B.V. (Adagio I)**, a Dutch private company with limited liability, which was launched in October 2004 and is a European CLO with approximately €302 million of assets under management as of September 30, 2006.

- **Oryx European CLO B.V. (Oryx)**, a Dutch private company with limited liability, which was launched in July 2001 and is a European CLO with approximately €350 million of assets under management as of September 30, 2006.

- **Adagio II CLO plc (Adagio II)**, an Irish public company with limited liability, which was launched in July 2001 and is a European CLO with approximately €500 million of assets under management as of September 30, 2006.

In the six years since the Investment Manager began investing in leveraged loans, only one leveraged loan asset (representing approximately GBP 5 million) has defaulted while part of a portfolio managed by the Investment Manager.

The following table provides information concerning the pure leveraged loan funds managed by the Investment Manager:

Fund	Launch date	Initial target size	Minimum portfolio spread[2]	Current portfolio spread[3]	Target average distribution for the relevant period since closing	Average annualised distribution to equity holders[4]
		(in millions of euros)				
Adagio I	October 2004	€302	300bp	327bp	12.13%	10.34%
Oryx	October 2005	€398	290bp	330bp	7.44%	9.80%[5]
Adagio II	December 2005	€350	260bp	317bp	10.46%	19.30%[5]

(1) At September 30, 2006

(2) Defined as the weighted average of the spreads of each of the individual assets in the underlying portfolio over the relevant floating interest rate target for that asset.

(3) Represents the minimum portfolio spread that the investment guidelines require immediately following any investment made by the investment manager of the vehicle. Minimum spread is one of the quality tests of these CDOs.

(4) For purposes of calculating this average, each distribution made to equity holders has been "annualised" as described above. Distributions include all amounts paid to holders of equity (i.e., residual income positions) and may include to a degree return of capital.

(5) Based on only one coupon distributed.

Because these are recent transactions, differences between target average distribution for the relevant period since closing and average annualised distribution to equity holders are mainly due to ramp-up reasons and treatment of expenses.

The target average distributions for the relevant period since closing presented above are based on the expected cash flows resulting from the calculation of the "base case" IRR that was presented to investors at or before the launch date. Assumptions made for these calculations at the time of launch include:

- Adagio I: Assuming (i) 2 per cent. constant annual default rate starting immediately, (ii) 60 per cent. of the portfolio ramped up at closing, (iii) portfolio constituted of 90 per cent. of senior secured loans and 10 per cent. of mezzanine loans, (iv) 80 per cent. and 70 per cent. recovery rates for senior and mezzanine loans, respectively, with a 12 month lag to recovery and (v) prepayments occurring quarterly at a rate of 25 per cent. per annum
- Oryx: Assuming (i) 2 per cent. constant annual default rate starting one year after the closing date, (ii) 55 per cent. of the portfolio ramped up at closing, (iii) portfolio constituted of 90 per cent. of senior secured loans and 10 per cent. of mezzanine loans, (iv) 80 per cent. and 70 per cent. recovery rates for senior and mezzanine loans, respectively, with a 12 month lag to recovery and (v) prepayments occurring quarterly at a rate of 25 per cent. per annum
- Adagio II: Assuming (i) 2 per cent. constant annual default rate starting immediately, (ii) 60 per cent. of the portfolio ramped up at closing, (iii) portfolio constituted of 90 per cent. of senior secured loans and 10 per cent. of mezzanine loans, and (iv) 80 per cent. and 55 per cent. recovery rates for senior and mezzanine loans, respectively, with a 12 month lag to recovery

The Investment Manager currently also acts as investment manager for an Irish special purpose vehicle, Matignon Leveraged Loans, launched in October 2005 exposed to a majority of European senior secured leveraged loans. Assets under management of this vehicle as of September 30, 2006 were approximately €775 million. This vehicle is in compliance with its investment guidelines as of September 30, 2006.

Hybrid deals

The Investment Manager currently acts as investment manager to each of the following hybrid deals:

- **CONCERTO I B.V. (Concerto I),** a Dutch private company with limited liability, which was launched in August 2000 and is invested in high yield bonds and leveraged loans with approximately €153 million of assets under management as of September 30, 2006.

- **CONCERTO II B.V. (Concerto II),** a Dutch private company with limited liability, which was launched in July 2001 and is invested in high yield bonds and leveraged loans with approximately €464 million of assets under management as of September 30, 2006.

The Investment Manager also acted as investment manager to Ecureuil, a Dutch private company with limited liability, which was launched in December 2001 and which invested in high yield bonds and leveraged loans with €100 million of assets under management at launch. It was called in 2005 at a price of 77 per cent. of par.

These transactions have suffered from volatility and high default rates of high yield bonds in 2001 and 2002, lack of diversification and tightening of spreads. All three of these transactions have performed below target and have been impaired. As a result, the current portfolio spread is lower than the minimum portfolio spread for all three transactions. In addition, no further cash flow is expected on the equity of Concerto I. Funds managed by the Investment Manager have sustained 13 defaults on high-yield bonds in six years.

The following table provides information concerning the hybrid leveraged loan funds managed by the Investment Manager:

Fund	Launch date	Initial target size	Assets under management(3)	Minimum portfolio spread(4)	Current portfolio spread(5)	Average annualised distribution to equity holders(6)
		(in millions of euros)	*(in millions of euros)*			
Concerto I(1)	August 2000	€455	€153	345bp	282bp	4.83%(7)
Concerto II(2)	July 2001	€500	€464	345bp	315bp	13.12%

(1) Approximately 65 per cent. of the principal amount of the assets of this CDO consists of high-yield bonds.

(2) Approximately 50 per cent. of the principal amount of the assets of this CDO consists of high-yield bonds.

(3) At September 30, 2006

(4) Represents the minimum spread that the investment guidelines require immediately following any investment made by the investment manager of the vehicle.

(5) Defined as the weighted average of the spreads of each of the individual assets in the underlying portfolio over the relevant floating interest rate benchmark for that asset; spreads for fixed-rate obligations are calculated by reference to an applicable swap rate as specified in the relevant offering circular.

(6) For purposes of calculating this average, each distribution paid to equity holders has been "annualised" as described above. Distributions include all amounts paid to holders of equity (*i.e.*, residual income positions) and may include to a degree return of capital.

(7) Concerto I debt tranches have been downgraded in the past, and no coupon was paid after March 2002 to the equity holders. One class of debt tranches of Concerto II has been downgraded by one notch.

High yield bond cash flow CDOs are not part of the target model portfolio or the current strategy of the Company.

Multi-Asset Management Deals

The Investment Manager also currently acts as investment manager for the three following French FCP funds: AXA Germany I Structured Finance 2005, AXA Germany II Structured Finance 2005 and AXA Germany III Structured Finance 2005. These funds were launched in September 2005 and are multi-strategy funds invested in AAA and AA-rated RMBS, debt tranches of CDOs and in a bespoke tranche secured by a diversified pool of synthetic assets, a majority of which are investment grade.

Fund	Net asset value (in millions of Euros)[1]	Launch date	Net annualised performance[2]	Target	Excess[3]
AXA Germany I Structured Finance 2005	750	September 2005	1.43%	Euribor 3M + 90 bps + performance of reference asset[4]	2.70%
AXA Germany II Structured Finance 2005	212	September 2005	0.24%	Euribor 3M + 90 bps + performance of reference asset[4]	1.50%
AXA Germany III Structured Finance 2005	151	September 2005	0.86%	Euribor 3M + 90 bps + performance of reference asset[4]	2.12%

(1) As of September 30, 2006

(2) Compound annual growth rate of net asset value from the launch date to the most recent valuation date.

(3) Excess of net annualised performance over the relevant target.

(4) In each case, the relevant reference asset has a duration of seven years.

These funds have been able to purchase assets with spreads in line with or above their targets.

Infrastructure Assets

Since 2000, an affiliate of the Investment Manager has been the investment manager of a United Kingdom private finance initiative ("**PFI**") and other private loan opportunities. The current portfolio consists of eight senior loans with the total outstanding amount of £280m. All loans have met their contractual debt service payments on a timely basis. Four of the loans have developed technical defaults (*e.g.*, breach of a covenant) and are currently in the process of being restructured.

Since late 2005, the U.K. PFI activity has been managed by the Investment Manager's Infrastructure Team. Non-PFI activity is currently under review by the Investment Manager (some of the non-PFI loans have a market value that is below par).

In 2005, the Investment Manager, acting as an advisor on behalf of certain insurance companies of the group, acquired an interest in Sanef, the French toll road operator, alongside Abertis and other investors. The performance to date exceeds the Investment Manager's business plan forecasts at the time of the acquisition.

AXA Group intends to invest in equity investments of infrastructure projects (equity commitment estimated at €580 million), managed by the Investment Manager directly or through a dedicated vehicle.

In addition, the Infrastructure Group of the Investment Manager currently expects that the Investment Manager will manage a mutual fund (a French *Fonds Commun de Placement à Risques*) subject to a simplified procedure that permits the mutual fund to co-invest alongside members of the AXA Group. This mutual fund may close its first round of funding by the end of 2006. Such fund is expected to be dedicated to third party institutional investors. There can be no assurance, however, that these expectations will be realised.

Investment Manager's Fees and Expenses

Management Fee

Under the Investment Management Agreement, the Investment Manager will be entitled to receive from the Company a management fee at a rate of 1.75 per cent. per annum (plus any applicable value added tax) of the net asset value of the Company (the "**Management Fee**"), calculated on an "actual/360" basis for each six-month period ending on July 31 and January 31 of each year on the basis of the Company's net asset valuation as at the end of the preceding period and payable semi-annually in arrear. For this purpose, the Company's net asset value will be calculated without accruals for the payment of Incentive Fees in respect of any period just ended. Notwithstanding the foregoing, the initial Management Fee calculation period will commence on and include the Closing Date and end on (and include) July 31, 2007, and the net asset value for that initial period will be the net proceeds of the Offer to the Company.

Incentive Fee

Under the terms of the Investment Management Agreement, the Investment Manager will be entitled to receive an incentive compensation fee (the **"Incentive Fee"**). The Incentive Fee (if any) will be payable in arrear in respect of each semi-annual period ending July 31 and January 31 of each year (or, in case of the initial period, in respect of the period from the Closing Date through July 31, 2007) (each such period, an **"Incentive Period"**).

The Incentive Fee payable in respect of each Incentive Period will be an amount equal to the lesser of A and B, where:

A = 25 per cent. of the greater of (i) the Performance for the relevant Incentive Period and (ii) zero.

B = the amount by which (i) exceeds (ii), where:

(i) is 25 per cent. of the greater of (a) the aggregate amount of the Performance for the relevant Incentive Period and the Underperformance Measure Period and (b) zero

and

(ii) is the aggregate amount of the Incentive Fees paid (if any) in respect of the Underperformance Measure Period.

For these purposes:

"Performance" for any semi-annual period is equal to the difference, positive or negative, between the Distribution Income and the Hurdle Amount for that semi-annual period.

The **"Underperformance Measure Period"** with respect to any Incentive Period is the shorter of the three previous semi-annual periods or the time elapsed since the Closing.

The **"Hurdle Amount"** for any Incentive Period is (i) the product of (x) the weighted average number of Shares, Class B Shares and Class C Shares outstanding for such period and (y) the weighted average offer price or issuance price of such shares multiplied by (ii) the Applicable Hurdle Rate (as defined below) for each such period.

The **"Applicable Hurdle Rate"** is (i) in respect of the period from Closing through January 31, 2010, a rate of 4 per cent. per semi-annual period and (ii) in respect of each semi-annual period following January 31, 2010, the greater of (x) a rate of 4 per cent. per semi-annual period and (y) ½ of 6-month euro Euribor, as in effect on January 31 of any relevant year, for the first semi-annual period of that year, or as in effect on July 31 of any relevant year, for the second semi-annual period of that year, plus 150 basis points, per semi-annual period, calculated in each case on an "actual/180" basis; provided that, if January 31 or July 31 of any relevant year is not a business day, 6-month euro Euribor for purposes of the Applicable Hurdle Rate will be determined on the following business day unless that day falls in the next calendar month, in which case that determination will be made on the first preceding day that is a business day. For this purpose, a "business day" is any day on which (A) the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) system is open for settlement of payments in euro (a TARGET Day) or, if such TARGET Day is not a day on which banks are open for business in Paris, the next succeeding TARGET Day on which banks are open for business in Paris.

For these purposes, **"Distribution Income,"** in respect of each semi-annual period (or other relevant period) has the same meaning given to it for purposes of the Company's dividend policy. See "Part I — The Company's Business — Dividend Policy — Definition".

For information concerning circumstances in which a portion of the Investment Manager's Incentive Fee may be withheld, please refer to "Part I — The Company's Business — On-Going Valuation of Investments".

The Incentive Fee is based on the Company's performance measured by its Distribution Income in order to align the interests of the Investment Manager and the Shareholders. In the event that the Company were to make distributions to Shareholders other than by reference to its Distribution Income for any specific period (for instance, but without limitation, by the repurchase of Shares or by a dividend not in respect of a semi-annual period), the Company and the Investment Manager have agreed in the Investment Management Agreement to adjust equitably (to the extent appropriate) the incentive compensation payable to the Investment Manager so as not to thwart the purpose and intent of the Incentive Fee arrangements.

A decision by the Board not to declare a dividend in respect of a semi-annual period or to declare a dividend in an amount less than the amount of Distribution Income available therefor will not have an impact on the payment of an Incentive Fee otherwise due in respect of that period. The amount of Distribution Income is to be calculated in any event, if possible. Changes in the Company's dividend policy or method of determining dividends will have no effect on the Investment Manager's rights with regard to the calculation or receipt of Incentive Fees unless the Investment Manager in writing so agrees. In the event of the termination of the appointment of the Investment Manager on a date other than a semester's end, the termination date will be treated as if it were a semester's end, and Distribution Income for the truncated period will be extrapolated from the Company's monthly accounts (or, if unavailable, such other accounts as may be reasonably serviceable for the purpose).

The Investment Manager will receive 50 per cent. of the Incentive Fee payable on any date in the form of new Class C ordinary shares of the Company (the **"Class C Shares"**) at a per share price equal to the average per Share closing price of the Shares on Euronext Amsterdam over the 60 consecutive Euronext Amsterdam trading days prior to the end of the relevant semester, provided that:

- the total holdings of the Investment Manager and its subsidiaries in the Company do not, and will not as a result of such issuance, exceed 20 per cent. of the Company's total equity capitalisation;
- the receipt of such shares by the Investment Manager would not cause tax, accounting, legal or regulatory issues for either the Investment Manager or the Company, each as determined by the Investment Manager or the Company in its own reasonable judgment and notified in writing to the other.

If, in the sole judgment of the Board, the trading in the Company's Shares over such 60 trading day period has for whatever reason been such as to not provide an appropriate basis for valuing the Shares, the Board may elect to pay the relevant Incentive Fee in cash.

The Class C Shares will be non-voting, but will otherwise have all the same rights and entitlements as the Shares. The Class C Shares will be convertible into Shares upon certification by the holder that, among other things, they are being sold to a party unaffiliated with the Investment Manager.

The Investment Manager has agreed with the Company in the Investment Management Agreement that it will retain Class C Shares issued to it by the Company as part of its Incentive Fee for a period of at least two years from the date of issuance of such shares.

The Investment Manager has agreed with the Company that, without the prior approval of the Board, the combined voting rights exercised by the members of AXA Group (whether for their own accounts or the accounts of others) at a shareholders' meeting of the Company will not exceed (i) with respect to any matter other than election of Board members (other than the Board member appointed by the holder of the Class B Share), 15 per cent. of the outstanding voting shares of the Company or (ii) with respect to election of Board members (other than the Board member appointed by the holder of the Class B Share), 15 per cent. of the total votes cast in the relevant poll. In this regard, the Company's Articles provide that if the Company determines that this limit has been exceeded, the votes cast in excess of this limit are to be disregarded.

Investment Manager Warrants

At the Closing Date, the Investment Manager will be granted the right to acquire an amount of Class C Shares equivalent to 10 per cent. of the number of Shares in issue immediately following the Closing, at an exercise price per Share equal to the Offer Price (the **"Investment Manager Warrants"**). The grant of the Investment Manager Warrants will be in consideration for the Investment Manager's services to the Company in connection with the issuance of Shares in the Offer. The Investment Manager has advised the Company that it intends to use a substantial portion of the Investment Manager Warrants to incentivise certain of its employees, including those involved in the management of the Company's portfolio or closely related support functions. The Investment Manager Warrants will become exercisable after November 30, 2008. They will cease to be exercisable after December 31, 2016.

Through November 30, 2008, the Investment Manager Warrants will not be transferable except to the Investment Manager and certain of its employees involved in the management of the Company's investment portfolio or closely related support functions. The Class C Shares will be non-voting, but will otherwise have all the same rights and entitlements as the Shares. The Class C Shares will be convertible into Shares upon, among other things, certification by the holder that they are being sold to a party unaffiliated with the Investment Manager.

The Company may grant the Investment Manager additional warrants in connection with any future offering of Shares. Such options, if any, will represent the right to acquire Shares equal to not more than 10 per cent. of the number of Shares being offered in respect of that future offering and will have an exercise price equal to the offer price for the offering. Such grants may be made without approval by the Shareholders.

Expenses and Indemnities

The Investment Manager will also be entitled to the payment or reimbursement of certain expenses by the Company (including certain legal, accounting and reasonable out-of-pocket expenses relating to preparations for the Offer and the management of the Company's investment portfolio) and indemnification from the Company against certain liabilities. See "Part XI — Additional Information — 5.1 Investment Management Agreement".

Termination of the Appointment of the Investment Manager

The Company may terminate the appointment of the Investment Manager without cause on at least two years' advance written notice (or with less than two years' notice if payment to compensate the Investment Manager is made), but any such notice may first be delivered only after the third anniversary of the effective date of the Investment Management Agreement. As a result, absent termination for cause, termination by mutual agreement, the Investment Manager's resignation, automatic termination of the Investment Management Agreement or (in the case of termination without cause) the payment of such compensation, the Investment Manager's term of appointment will be for an effective minimum initial term of five years.

If, after the third anniversary of the effective date of the Investment Management Agreement, the Company elects to terminate the appointment of the Investment Manager without cause and without giving the Investment Manager two years' advance notice, the Company may do so upon giving not less than 60 days' prior written notice, but will be required to pay a termination fee to the Investment Manager calculated to compensate the Investment Manager for the Management Fees and the Incentive Fees that the Investment Manager might have earned had the appointment of the Investment Manager not been terminated prior to the end of the two year notice period. The termination payment in respect of the Management Fees will be calculated with respect to the period from the termination date fixed in the notice through the end of the two year period from the date of delivery of the notice (the **"Remaining Term"**), and will be based on the most recently available net asset value of the Company at the time of termination. The termination payment in respect of the Incentive Fees for the Remaining Term will be determined by assuming that the aggregate Incentive Fee (if any) paid to the Investment Manager in respect of the two complete semi-annual periods preceding termination would continue to have been earned in the same amount on an annualised basis over the Remaining Term. The Investment Manager will not receive a Management Fee or an Incentive Fee in respect of any period with regard to which it is paid a termination fee. The termination fee will not be subject to retroactive adjustment based on the subsequent performance of the Company's investment portfolio. Any such removal of the Investment Manager will only become effective if prior written notice thereof is given to the Shareholders and a successor investment manager for the Company's investment portfolio is duly appointed.

The Company may terminate the Investment Management Agreement for cause by giving the Investment Manager not less than 60 days' prior written notice. The Company may also terminate the Investment Management Agreement upon written notice with immediate effect in the event of the occurrence of (i) certain bankruptcy or insolvency events with respect to the Investment Manager, (ii) the Investment Manager ceasing to be permitted to act as the investment manager for the Company under the laws of Guernsey or France, or (iii) certain tax-related events (subject, in the case of (ii) and (iii), to certain rights of cure on the part of the Investment Manager). No termination fee shall be payable to the Investment Manager in the case of termination of the Investment Management Agreement by the Company for cause or with immediate effect.

For these purposes, "for cause" means that (i) the Investment Manager commits any material breach with respect to its obligations under the Investment Management Agreement (including a breach arising directly out of the Investment Manager's own acts or omissions constituting fraud, wilful misconduct or gross negligence in the performance of its duties under the Investment Management Agreement) that has a material adverse effect on the Company or its investment portfolio and the Investment Manager fails (in the case of a breach capable of rectification or remedy) to make good such breach within 30 days of receiving written notice from the Company of the relevant breach and requiring it to do so, and (ii) the Investment Manager is found guilty of having committed a criminal offence related to the management of investments similar in nature and character to those which comprise the Company's investment portfolio, and which offence has a material adverse effect on the ability of the Investment Manager to perform its obligations under the Investment Management Agreement. "For cause" does not include unsatisfactory investment performance.

The Investment Manager may resign its appointment at any time by giving the Company not less than three months' prior notice in writing, provided that such resignation shall not take effect until the earlier of (i) the date on which the Company has appointed a successor investment manager and (ii) the later of the first anniversary of the effective date of the Investment Management Agreement and the date falling six months after the date on which the Investment Manager gave such notice.

Furthermore, the Investment Manager may resign its appointment at any time by giving the Company not less than 60 days' prior notice in writing if (i) the Company commits any material breach of its obligations under the Investment Management Agreement and (in the case of a breach capable of rectification or remedy) fails to make good any breach within 30 days of receipt of written notice from the Investment Manager requiring it to do so, (ii) the Company modifies its investment objectives or investment guidelines in a manner adverse to the Investment Manager to which the Investment Manager has objected in writing without avail, (iii) the assets of the Company are or become "plan assets" within the meaning of 29 C.F.R. Section 2510.3-101 (as modified by Section 3(42) of ERISA), (iv) any material representation and warranty given by the Company under the Investment Agreement proves to have been materially incorrect when given and the Investment Manager is materially disadvantaged as a result, or (v) the Company or the Company's investment portfolio becomes required to register as an "investment company" under the Investment Company Act. The Investment Manager may also resign with immediate effect if certain bankruptcy or insolvency events occur with respect to the Company.

The Investment Management Agreement provides that it shall be automatically terminated in the event that (i) the Company determines in good faith on the basis of advice received by it from reputable legal counsel that it has become required to register as an "investment company" under the provisions of the Investment Company Act by virtue of any action taken by the Investment Manager, and (ii) the Company notifies (or procures that notification is given on its behalf to) the Investment Manager in writing that it has determined that it is so required to register.

Conflicts of Interest

Various potential and actual conflicts of interest may arise from the overall investment, advisory and other activities of the Investment Manager, its affiliates and their respective clients, as well as their respective directors, officers, employees and agents (collectively, **"AXA IM-Related Parties"**). Other than the interests set out below, the interests of the members of the Board in Shares received as part of their compensation, any interest of the Directors set out in "Part XI — Additional Information — Directors' and Other Interests", the arrangements set out in "Part V — The Offer — Other Services Provided by the Initial Purchasers and Placement Agents" and the potential conflicts of interest set out in "Risk Factors," there are no potential conflicts of interest material to the Offer.

The Investment Manager will provide its services to the Company on a non-exclusive basis. The Investment Manager and certain of its affiliates provide investment management, investment advice and other services in relation to a number of funds and other entities and accounts that have investment objectives, strategies and asset classes overlapping with those of the Company, and are active in advising on the structuring of loans, securities or investments in which the Company and such other funds, entities or accounts may invest. In addition, affiliates of the Investment Manager (*e.g.,* insurance companies within the AXA Group) are themselves major investors in the classes of assets in which the Company intends to invest, and have engaged the Investment Manager to manage funds in these assets on their behalf. These activities may give rise to actual or potential conflicts of interest involving the Company. For example, certain investment opportunities that may be appropriate for the Company may also be appropriate for other funds or accounts managed or advised by the Investment Manager, but the ability to participate in those opportunities may be limited by supply.

The Investment Manager has agreed in the Investment Management Agreement that, in providing its services to the Company, the Investment Manager will have regard to its obligations under the Investment Management Agreement and otherwise to act in the best interests of the Company, but will also have regard to its obligations to other clients, with the result that it may be required to balance its duties in the best interest of its clients as a whole. In this connection, the Investment Manager must also have regard to its obligations under the French Monetary and Financial Code and the AMF's General Regulations (i) to act fairly and honestly and in the best interests of its clients, treating them equitably in the event of a conflict of interest, and (ii) to be attentive to equality of treatment as between different portfolios managed by it.

The Investment Manager has agreed in the Investment Management Agreement that, where investment opportunities in Primary Target Asset Classes become available to it and it determines, subject always to the Company's investment objective, investment guidelines and target allocation across asset classes at the relevant time, that it would be appropriate for the Company to participate in any such investment opportunity, the Investment Manager will seek to allocate participation levels in such opportunity in a manner that is fair and equitable to all relevant clients for whom it considers that such investment opportunity would be appropriate (**"Relevant Clients"**). In allocating participation levels amongst Relevant Clients, the Investment Manager will be entitled to take into account all relevant factors, including, without limitation, the Relevant Clients' respective relative amount of capital available for new investments in the relevant asset class, their risk/return profile, their relative exposure to market trends, concentration, diversification, granularity and remaining average life or investment period. The Investment Manager will not be under any obligation to ensure that the Company has the opportunity to participate in all potential investments or strategies identified by the Investment Manager that would comport with the Company's investment objectives and investment guidelines.

AXA IM-Related Parties may acquire or hold investments that are senior to, junior to, or have interests different from or adverse to, the obligations and interests constituting the Company's assets. They may act in a proprietary capacity and hold long or short positions in investments of all types, including investments held by the Company, and any related derivative instruments. The Investment Manager and other AXA IM-Related Parties may sell or purchase interests in investments for clients or proprietary accounts that are the same as or comparable to the investments constituting the Company's assets at prices and times different from those that apply to transactions effected for the Company, depending on existing market conditions and other factors. The Investment Manager and other AXA IM-Related Parties may have other on-going relations, and render services to, engage in transactions with, or otherwise be involved with entities in which the Company or invests or with which it transacts. This will be particularly true with regard to financial institutions that enter into derivative instruments (such as total return and credit default swaps) with the Company, or that furnish debt or other financing to the Company. Situations may occur where the Company could be disadvantaged because of the investment or other activities conducted by the Investment Manager or other AXA IM-Related Parties.

In addition, AXA IM-Related Parties serve and may in the future serve as general partners and/or investment managers or advisers of vehicles organised to issue securities that may be perceived to be similar to the Shares, or to otherwise manage vehicles or accounts that are competitive with the Company in some respect, whether in terms of the assets the seek, their credit needs, or their attraction for third party equity investors. In this regard, the Investment Manager has agreed with the Initial Purchasers in the Initial Purchase Agreement and with the Company in the Investment Management Agreement that, for so long as it acts as the Company's Investment Manager, it will not manage or act as principal adviser to another vehicle with listed equity securities that has a multi-asset class structured credit strategy focused on a majority of the Primary Target Asset Classes without the prior approval of a majority of the votes cast at a shareholders' meeting. This restriction does not extend, however, to single asset class vehicles. It also does not affect affiliates of the Investment Manager that are not under its control, and does not restrict the Investment Manager from being appointed to act as investment manager or adviser to already listed companies. It also does not restrain the right of the Investment Manager to obtain listings for the debt securities of issuers that it may sponsor or otherwise promote.

The Investment Manager, its affiliates, their respective clients and their respective directors, officers, employees and agents may (subject to the terms of the Company's investment guidelines and the other terms and conditions of the Investment Management Agreement):

- serve as directors (whether supervisory or managing), officers, partners, employees, agents, nominees, signatories or members of creditors' committees for any obligor under any obligations included in the Company's portfolio or its respective affiliates;

- receive fees and other consideration for services of any nature rendered to the obligor under any obligations included in the Company's portfolio or to such obligor's affiliates (but not in the nature of a commission, sales charge or similar fee in respect of an investment by the Company in any such obligor);

- subject to the terms of the Investment Management Agreement, be a secured or unsecured creditor of, or hold an equity interest in, the Company, its affiliates or any obligor under any obligation included in the Company's portfolio; and
- be retained to provide services to the obligor under any obligations included in the Company's portfolio or its affiliates that are unrelated to the Investment Management Agreement, and be paid for such services.

The Investment Manager may not possess all of the information relating to some issuers that other investors (including lenders, collateral managers or other market participants) in securities or obligations of such issuers may have. Consequently, the Investment Manager may from time to time take actions on behalf of the Company different from those it may have taken were it in possession of material non-public information known to other market participants. The Investment Management Agreement provides that the Investment Manager will not be required to, and will not be responsible for any failure to, take any action, effect any transaction or make any recommendation whatsoever in relation to any part of the Company's investment portfolio in circumstances when it or any of its affiliates are in possession of information which is or which might reasonably be considered to be price sensitive information and, in the opinion of the Investment Manager, such action, transaction or recommendation might breach any of the provisions of insider dealing legislation or laws or regulations to which it, its affiliates or the Company may be subject.

In negotiating investments or leveraging, the Investment Manager may encounter counterparties who require that agreements with the Company be terminable by the counterparties and amounts owed be paid if the Investment Manager ceases to be the portfolio manager of the Company. Such provisions present a potential conflict of interest because they may be viewed as securing the Investment Manager in its appointment.

The ability of the Investment Manager to effect changes in the composition of the Company's investment portfolio may be under some circumstances restricted by applicable regulatory requirements in France, Guernsey, the Netherlands or elsewhere or by the Investment Manager's internal policies designed to comply with such requirements. As a result, there may be periods when the Investment Manager will not initiate certain types of transactions in certain investments, and, in any such case, the Investment Manager is not required to notify the Company of that fact.

The Company will not engage in portfolio transactions with the Investment Manager acting on a principal basis or with accounts or funds for which the Investment Manager acts as discretionary investment manager. Investment in such accounts or funds by the Company shall be governed in accordance with the Company's investment guidelines as they relate to AXA IM Managed Products.

The Investment Manager will receive an Incentive Fee based on Distribution Income. The Incentive Fee may incentise the Investment Manager to take risks that are more aggressive than might be the case in absence of the Incentive Fee, since the Investment Manager through the Incentive Fee shares in the rewards of risk-taking without placing its own capital at risk.

For information concerning the conditions for investment by the Company in AXA IM Managed Products and possible conflicts of interest associated therewith, please refer to "Part I — The Company's Business — Investment Guidelines — Investment Limitations".

Circumstances may arise in which the Investment Manager or its affiliates perform services for the Company outside of the scope of the Investment Management Agreement and in respect of which a fee would customarily be payable. The provision of any such services for fees to the Company by the Investment Manager or its affiliates will be subject to prior review and approval by the Board.

Obligors, issuers or other counterparties may pay fees in respect of waivers or other actions taken with respect to investments in the Company's portfolio. Any such fees will be for the Company's account and will not be shared with the Investment Manager.

The Investment Manager and other AXA IM-Related Parties, in connection with their other business activities, may acquire material non-public confidential information that may restrict the Investment Manager from purchasing securities or selling securities for itself or its clients (including its determinations with respect to the sale of the Company's assets) or otherwise using such information for the benefit of its clients or itself. More broadly, the ability of the Investment Manager to purchase or sell assets for the Company in the future may be restricted by applicable regulatory requirements in the Guernsey, France or elsewhere and/or the Investment Manager's internal policies designed to comply with such requirements. As a result, there may be periods when the Investment Manager will not initiate certain types of transactions in certain investments and, in any such case, the Company might not be advised of the fact.

One or more AXA Group Investors are expected to acquire in the Offer Shares representing at least 10 per cent. of the Company's initial equity capitalisation at Closing. These AXA Group Investors will acquire such Shares from the Initial Purchasers. The Company will not be charged underwriting fees or commissions with respect to those Shares. In addition, an affiliate of AXA S.A. will acquire a single Class B ordinary share of the Company's equity capital at an acquisition price of €10. The Class B Share will be identical in all respects to the Shares, except that it will entitle the holder of the Class B Share to elect and replace a single director on the Company's Board of Directors and the affirmative vote of the Class B shareholder will be required to amend the Articles of Association of the Company to remove or modify this special right. Because the holder of the Class B Share will be an affiliate of the Investment Manager, its interests may be different from the interests of other Shareholders. The AXA Group Investors have not agreed to refrain from voting their shares on any matters, and the holder of the Class B Share has not agreed to request that the director it will elect refrain from voting upon matters relevant to the Investment Manager. Mr. Demain will be treated for all purposes as if elected to the Board by the holder of the Class B Share.

At the time of Admission, the Investment Manager will be granted the Investment Manager Warrants as consideration for services rendered in the course of preparations for the Offer, which the Investment Manager has advised the Company will be used principally to retain and incentivise its team. The Investment Manager Warrants may create an incentive for their holders to seek to maximise the Company's long-term capital appreciation rather than maximise its current distributable net interest income and dividends.

Under the Investment Management Agreement, the Investment Manager will receive 50 per cent. of the Incentive Fee payable on any date in the form of new Class C Shares of the Company at a per Share price equal to average per share closing price of the Shares on Euronext Amsterdam over the 60 consecutive Euronext Amsterdam trading days prior to the issuance date, provided that:

- the total holdings of the Investment Manager and its subsidiaries in the Company do not, and will not as a result of such issuance, exceed 20 per cent. of the Company's total equity capitalisation;
- the receipt of such Shares by the Investment Manager would not cause tax, accounting, legal or regulatory issues for either the Investment Manager or the Company, each as determined by the Investment Manager or the Company in its own reasonable judgment and notified in writing to the other.

If, in the sole judgment of the Board, the trading in the Company's Shares over such 60 trading day period has for whatever reason been such as to not provide an appropriate basis for valuing the Shares, the Board may elect to pay the relevant Incentive Fee in cash.

The Class C Shares will be non-voting, but will otherwise have all the same rights and entitlements as the Shares. The Class C Shares will be convertible into Shares upon certification by the holder that, among other things, they are being sold to a party unaffiliated with the Investment Manager.

The Investment Manager has agreed with the Company that, without the prior approval of the Board, the combined voting rights exercised by the members of AXA Group (whether for their own accounts or the accounts of others) at a shareholders' meeting of the Company will not exceed (i) with respect to any matter other than election of Board members (other than the Board member appointed by the holder of the Class B Share), 15 per cent. of the outstanding voting shares of the Company or (ii) with respect to election of Board members (other than the Board member appointed by the holder of the Class B Share), 15 per cent. of the total votes cast in the relevant poll. In this regard, the Company's Articles provide that if the Company determines that this limit has been exceeded, the votes cast in excess of this limit are to be disregarded.

The Administrator

The Company has appointed Mourant Guernsey Limited (the "**Administrator**") to provide administrative and company secretarial services to the Company. The Administrator is a limited liability company incorporated in Guernsey on March 17, 2000, and is ultimately wholly owned by Mourant Limited. Mourant is a specialist professional services group and a leading provider of offshore legal and administration services. The Administrator will be paid an annual fee for its services in an amount to be agreed upon from time to time by the Company.

The Administrator will, as part of its duties, produce a set of management accounts on at least a quarterly basis for the Board as well as financial statements annually and semi-annually. For further information on the Company's significant accounting policies, please refer to "Part X — The Company's Significant Accounting Policies".

The Portfolio Administrator and the Custodian

The Company, conditional upon admission, has concluded a portfolio administration agreement with Deutsche Bank AG London (the **"Portfolio Administrator"**) and the Investment Manager pursuant to which it has delegated the provision of fund administration and fund accounting services to the Portfolio Administrator. The Portfolio Administrator will be paid an annual fee by the Company, with such portfolio administration fee to be agreed upon from time to time among the Portfolio Administrator and the Company.

The Company has, conditional on Admission, entered into a custody agreement with Deutsche Bank AG London (the **"Custodian"**) (the **"Custody Agreement"**) pursuant to which the Custodian will provide custodial services to the Company in return for a fee agreed in writing from time to time between the Custodian and the Company. The assets of the Company will be held by the Custodian or by one or more nominees, agents or sub-custodians or may be deposited with or held in any securities depository, settlement system, clearing house, dematerialised book entry system or similar system and/or in a recognised system or clearing agency.

For further information concerning the Company's agreements with the Administrator, the Portfolio Administrator and the Custodian, please refer to "Part XI — Additional Information — 5.2 Administration, Registrar and Secretarial Agreement," "Part XI — Additional Information — 5.3 — Portfolio Administration Agreement" and "Part XI — Additional Information — 5.4 Custody Agreement".

PART V
THE OFFER

Description of the Offer

The anticipated Offer Size is 35 million Shares, to raise, at the Offer Price, anticipated net proceeds to the Company of approximately €330,750,000 million after estimated expenses of €19,250,000.

The Company has applied for admission of all its ordinary shares (other than its single Class B Share and its Class C ordinary shares) for trading on the regulated market of Euronext Amsterdam and for listing on Eurolist by Euronext Amsterdam. The Company reserves the right to let the Offer proceed even if not all 35 million Shares, but only a lesser number of Shares, can be sold in the Offer. The Company expects that dealings in the Shares will commence on an "as, if and when issued" basis on December 13, 2006. The Company further expects that settlement will take place and that unconditional dealings in the Shares will commence on December 18, 2006. If closing of the Offer does not take place on the Closing Date, the Offer will be withdrawn, all subscriptions for the Shares will be disregarded, any allotments made will be deemed not to have been made, any subscription payments made will be returned without interest or compensation and all transactions in the Shares on Euronext Amsterdam will be cancelled. All dealings in Shares on the regulated market of Euronext Amsterdam prior to settlement and delivery are at the sole risk of the parties concerned. Euronext Amsterdam does not accept any responsibility or liability for any loss or damage incurred by any person as a result of the listing and trading on an "as, if and when issued" basis as from the listing date until the Closing Date.

The Offer Shares represent all of the issued ordinary share capital of the Company expected to be issued and outstanding immediately following Closing, other than a Class B Share. The Company expects that an affiliate of AXA S.A. will acquire the Class B Share at an acquisition price of €10. The Class B Share is identical to the other voting ordinary shares of the Company, except that it confers on the holder the right to elect a single member to the Company's Board of Directors and the affirmative vote of the Class B shareholder will be required to amend the Articles of Association of the Company to remove or modify this special right. At such time as the holdings of the holder of the Class B Share, together with those of any party controlling, controlled by or under common control with such holder decline to less than 5 per cent. of the Company's equity capitalisation (with the Class B Share and other shares taken together), the Class B Share shall be converted to a Share. Similarly, if the Class B Share is no longer held by an affiliate of AXA S.A., the Class B Share shall be converted to a Share. The termination of the Investment Management Agreement would not affect the rights of the holder of the Class B Share.

One or more of the AXA Group Investors are expected to acquire in the Offer Shares representing at least 10 per cent. of the Company's initial equity capitalisation at Closing subject to a maximum of 15 per cent. (excluding, for avoidance of doubt, any fund managed by the Investment Manager in which a majority of the units are held by persons other than members of the AXA Group). To the extent that the number of Offer Shares purchased by (i) AXA Group Investors and (ii) funds managed by the Investment Manager in which a majority of the units are owned by persons other than AXA Group members, taken together, does not exceed 15 per cent. of the total number of Offer Shares, the Initial Purchasers will not charge underwriting fees or commissions with respect to the Offer Shares purchased by such persons. The allocation to AXA Group Investors will not be cut back in the event of oversubscription for the Offer Shares.

The rights attaching to the Offer Shares will be uniform in all respects and they will form a single class for all purposes. The Offer Shares have been fully underwritten, subject to certain conditions, by the Initial Purchasers as described in the section headed "Initial Purchase Arrangements" below and in "Part XI — Additional Information — 5.5 Initial Purchase Agreement".

The actual number of Shares offered in the Offer can be increased (to up to 50 million) or decreased prior to the settlement date. The actual number of Shares offered in the Offer will be determined after taking into account the conditions and factors described below and will be published in a pricing statement to be published in the Netherlands and filed with the AFM and in a press release and an advertisement in the Official Price List and a Dutch newspaper on or about December 12, 2006.

Certain restrictions that apply to the distribution of this prospectus and the Offer Shares in certain jurisdictions are described in Part VI and "Important Information for Investors".

The timetable below lists certain expected key dates for the Offer*:

	2006
Publication of the Prospectus	December 5
Latest date for subscriptions	December 12
Announcement of the Offer Size in pricing statement	December 12
Dealings to commence on an "as, if and when" issued basis**	December 13
Admission to official listing (unconditional listing)	December 18
Closing date; Euroclear Nederland accounts credited against payment	December 18

* The timetable for the Offer is subject to acceleration or extension. Any acceleration or extension of the timetable for the Offer will be announced in a press release (together with any related revision of the expected dates of pricing, allocation and Closing) at least two hours before the proposed expiration of the accelerated timetable for the Offer or, in the event of an extended timetable for the Offer, at least two hours before the expiration of the original timetable for the Offer. Any extension of the timetable for the Offer will be for a minimum of one full business day. References to times are to Central European times unless otherwise indicated.

** Euronext Amsterdam does not accept any responsibility or liability for any loss or damage incurred by any person as a result of the listing and trading on an "as, if and when issued" basis as from the listing date until the Closing Date.

Joint Global Coordinators, Joint Bookrunners and Placement Agents

Citigroup Global Markets Limited and Goldman Sachs International are acting as the joint global coordinators, joint lead managers and joint bookrunners in connection with the Offer, and ING Wholesale Banking, I.S. Plenum and Wachovia Securities are acting as placement agents for the Offer.

Listing Agent and Paying Agent

ING Bank N.V. is acting as the Listing Agent with respect to the Admission to listing and trading of the Shares on Eurolist by Euronext Amsterdam. The address of the Listing Agent is Van Heenvlietlaan 200, 1083 CN Amsterdam, The Netherlands. ING Bank N.V. will act as the Company's local paying agent, issuing agent and transfer agent.

Security Codes

The following are the security codes for the Shares:

ISIN: GG00B1GHHH77

Amsterdam Security Code (*fondscode*): 29301

Bookbuilding and Allocation

The Initial Purchasers will solicit from prospective investors indications of interest in acquiring Offer Shares under the Offer. Based on indications received during the subscription period, the Joint Global Coordinators will conduct a bookbuilding process pursuant to which they will endeavour to establish the number of Offer Shares for which there is demand.

The number of Offer Shares being offered in the Offer may be changed. The actual number of Offer Shares offered in the Offer will be determined by the Joint Global Coordinators in consultation with the Company after taking into account prevailing market conditions and criteria and conditions such as demand for the Offer Shares in the bookbuilding process and economic and market conditions, including those in the debt and equity markets.

The actual number of Offer Shares offered in the Offer will be filed with the AFM and published in a pricing statement to be published in the Netherlands and in a press release and an advertisement in the Official Price List and a Dutch newspaper on or about December 18, 2006. Any change in the number of Offer Shares being offered in the global offering will be announced in a press release.

The latest time and date for receipt of indications of interest under the Offer is 5.00 p.m. (London time) on December 12, 2006, but that time may be extended at the discretion of the Joint Global Coordinators (with the agreement of the Company).

The minimum aggregate amount which a prospective investor may subscribe for in the offer is €50,000, which at the Offer Price is 5,000 Offer Shares. There is no maximum amount of Offer Shares for which prospective investors may subscribe, except that a resident of the Republic of France will not be allowed to subscribe in the offer for in excess of five per cent of the Offer Shares unless the Company and the Global Coordinators otherwise agree.

Investors may receive a smaller number of Offer Shares than they subscribe for. Any monies received in respect of subscriptions not accepted in whole or part will be returned to applicants without interest.

Except as described above with respect to residents of the Republic of France, multiple subscriptions are permitted; the Initial Purchasers may, nevertheless, at their own discretion and without stating the reasons, reject any subscriptions wholly or partly.

Completion of the Offer will be subject, *inter alia*, to the determination of the number of Offer Shares by the Joint Global Coordinators in conjunction with the Company and the Investment Manager, execution of the purchase memorandum annexed to the Initial Purchase Agreement and the respective decisions of the Joint Global Coordinators, the Company and the Investment Manager to proceed with the Offer (subject to their respective obligations under the Initial Purchase Agreement). There can be no assurance that the number of Offer Shares will be agreed between the Company, the Investment Manager and the Joint Global Coordinators and, if agreement cannot be reached on the number of Offer Shares, the Offer will not proceed and Admission and Closing will not take place.

All Offer Shares issued pursuant to the Offer will be issued, payable in full, at the Offer Price.

Eligible Investors

The Offer is being made by means of a private placement of Offer Shares (i) outside the United States to certain institutional and other investors that are not U.S. Persons or persons acquiring for the account or benefit of U.S. Persons in reliance upon the exemption from the registration requirements of the Securities Act provided by Regulation S that execute Non-U.S. Purchaser's Letters (in the form of Annex B hereto) and (ii) in the United States or to, or for the account or benefit of, U.S. Persons only to persons that are both Qualified Institutional Buyers and Qualified Purchasers that execute U.S. Purchaser's Letters (in the form of Annex A hereto) in reliance upon the exemption from registration provided by Rule 144A.

Terms used in the foregoing paragraphs have the meaning given to them in Rule 144A or Regulation S, as the case may be.

The Offer Shares are not being offered to and may not be acquired (whether under the Offer or otherwise) by any Plan. Any Plan that acquires Offer Shares is subject to provisions requiring forfeiture and/or compulsory transfer of the Offer Shares as provided in the Articles of Association. For a complete description of the applicable restrictions, see "Important Information for Investors".

An initial purchaser of Offer Shares in the Offer that is located in the United States or that is a U.S. Person or has acquired Offer Shares for the account or benefit of a U.S. Person may only sell, transfer, assign, pledge or otherwise dispose of such Shares purchased in the Offer in compliance with the Securities Act and other applicable securities laws outside the United States in an offshore transaction complying with the provisions of Regulation S (including, for the avoidance of doubt, a bona fide sale on Euronext Amsterdam); provided that, regardless of whether such transfer is in accordance with this paragraph, such transferor will notify any subsequent transferee or executing broker, as applicable, of the restrictions that are applicable to the Shares being sold.

By receiving this prospectus, each investor who is a person in a member state of the European Economic Area which has implemented the Prospectus Directive (each a **"Relevant Member State"**) and who receives any communication in respect of, or who acquires any Offer Shares under the Offer, will be deemed to have represented, warranted and agreed to and with each Underwriter and the Company that:

(a) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive or it is itself acquiring Offer Shares for a total consideration of not less than €50,000; and

(b) in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Offer Shares acquired by it in the Offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Joint Global Coordinators has been given to the offer or resale, or (ii) where Offer Shares have been acquired by it on behalf of persons in a

Relevant Member State other than qualified investors, the offer of those Offer Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of the foregoing paragraphs, the expression an **"offer of Offer Shares to the public"** in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Dealing Arrangements

The Offer is subject to the satisfaction of certain conditions contained in the Initial Purchase Agreement, which are typical for an agreement of this nature and includes the execution of a purchase memorandum and the absence of a breach of the representations or warranties in the Initial Purchase Agreement. Certain conditions are related to events that are outside the control of the Company, the Directors, the Investment Manager and the Initial Purchasers. The Offer will lapse if the Initial Purchase Agreement is terminated in accordance with its terms prior to Admission and any monies received in respect of the Offer will be returned to applicants without interest. Further details of the Initial Purchase Agreement are described in "Part XI — Additional Information — 5.5 Initial Purchase Agreement".

Dealings in the Offer Shares on an "as, if and when" basis is expected to commence at 9:00 a.m. Central European Time on December 13, 2006. The Company expects that unconditional listing will take place on Euronext Amsterdam at 9:00 a.m. Central European Time on December 18, 2006. This date and time may be changed. If closing of the Offer does not take place on the Closing Date, the Offer will be withdrawn, all subscriptions for the Offer Shares will be disregarded, any allotments made will be deemed not to have been made, any subscription payments made will be returned without interest or compensation and all transactions in the Shares on Euronext Amsterdam will be cancelled. All dealings in Shares on the regulated market of Euronext Amsterdam prior to settlement and delivery are at the sole risk of the parties concerned. The Offer may be revoked after the commencement of dealing on an "as, if and when" basis and at any time prior to Admission. Euronext Amsterdam does not accept any responsibility or liability for any loss or damage incurred by any person as a result of the listing and trading on an "as, if and when issued" basis as from the listing date until the settlement date.

Payment, Delivery, Clearing and Settlement

The Offer Shares will be issued in registered, uncertificated form and entered into the collective deposit *(verzameldepot)* and giro deposit *(girodepot)* on the basis of the Dutch Securities Giro Transfer Act *(Wet Giraal Effectenverkeer)*. Application has been made for the Offer Shares to be accepted for transfer and delivery through the book-entry system operated by Euroclear Nederland.

Payment for, and delivery of, the Offer Shares will take place on the Closing Date through the book-entry system operated by Euroclear Nederland in accordance with the provisions of the Dutch Securities Giro Transfer Act and the normal settlement procedures applicable to equity securities.

The accounts of the relevant institutions that hold interests in Shares on behalf of their clients through Euroclear Nederland as admitted institutions of Euroclear Nederland (each an **"Admitted Institution"**) are expected to be credited with interests in the number of Offer Shares to which investors are entitled under the Offer on or about December 18, 2006. The timing of the crediting of interests to the securities account of each investor holding interests through Euroclear Nederland may vary depending on the securities account systems of the relevant Admitted Institution and, if applicable, the banks or financial institutions at which that person maintains a relevant securities account.

In the event of any failure by an investor in Offer Shares to pay as so directed by an Underwriter, the relevant investor shall be deemed hereby to have appointed each Underwriter and any nominee of an Underwriter, each acting alone, to sell (in one or more transactions) any or all of the Offer Shares in respect of which payment shall not have been made as so directed and to have agreed to indemnify on demand each Underwriter in respect of any liability for stamp duty and all transfer taxes, duties or imposts arising in respect of any such sale or sales and the Company for any loss arising as a result of such failure.

No Stabilisation or Over-allotment

The Initial Purchasers have agreed that they will not over-allot or effect transactions in relation to the Shares or the Offer with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail.

Initial Purchase Arrangements

It is anticipated that, upon completion of the bookbuilding process, the Initial Purchasers will enter into commitments under the Initial Purchase Agreement pursuant to which, subject to certain conditions, the Initial Purchasers will agree on a several basis to subscribe for the Ordinary Shares to be issued by the Company under the Offer, for resale to investors procured by the Initial Purchasers. The Initial Purchase Agreement will contain provisions entitling the Joint Global Coordinators to terminate the Initial Purchase Agreement (and the arrangements associated with it) at any time prior to Closing in certain circumstances. If this right is exercised, the Offer and these arrangements will lapse and any monies received in respect of the Offer will be returned to applicants without interest. The Initial Purchase Agreement will provide for the Initial Purchasers to be paid commissions of 3.25 per cent. of an amount equal to the Offer Price multiplied by the aggregate number of Offer Shares issued by way of the Offer (excluding Offer Shares sold to AXA Group Investors in the Offer). In addition, the Company may in its sole discretion decide to pay a further amount of up to 0.75 per cent. of an amount equal to the Offer Price multiplied by the aggregate number of Ordinary Shares issued by way of the Offer. Any commissions received by the Initial Purchasers may be retained, and any Ordinary Shares acquired by them may be retained or dealt in by them, for their own benefit. The Initial Purchasers may also share commissions with the Placement Agents.

Further details of the terms of the Initial Purchase Agreement are set out in "Part XI — Additional Information — 5.5 Initial Purchase Agreement".

Certain selling and transfer restrictions are set out in "Important Information for Investors".

Other Services Provided by the Initial Purchasers and the Placement Agents

The Initial Purchasers and the Placement Agents and their respective affiliates may from time to time provide products and advisory or other services to the Company, the Investment Manager or other members of the AXA Group. From time to time, the Initial Purchasers and the Placement Agents and their respective affiliates may also engage in other transactions with the AXA Group, the Investment Manager and other funds managed by the Investment Manager in the ordinary course of their businesses, including, without limitation, transactions involving the purchase and sale of securities, loans and other investments, derivative transactions including hedging transactions, valuation services and other transactions (for example, leverage against investments).

Some of the Initial Purchasers and the Placement Agents and their respective affiliates currently provide advisory services to the Company and may continue to do so in the future. From time to time, the Initial Purchasers, the Placement Agents and their respective affiliates may also engage in other transactions with the Company, the Investment Manager, other funds managed by the Investment Manager and other members of the AXA Group in the ordinary course of their businesses, including, without limitation, transactions involving the purchase and sale of securities, loans and other investments, derivative transactions including hedging transactions, valuation services and other transactions (for example, leverage against investments), although there can be no assurance that they will do so or continue to do so.

Citigroup Global Markets Limited and Wachovia Capital Markets LLC are providers of warehousing bank services in respect of assets comprised in the Initial Portfolio.

An Initial Purchaser or Placement Agent and/or its respective affiliates may from time to time sell assets to, or acquire assets from, the Company or other funds managed by the Investment Manager. From time to time, an Initial Purchaser or Placement Agent or its affiliate may hold securities of the same issuer as the Company, which securities may be senior to the securities of such issuer held by the Company. From time to time an Initial Purchaser, a Placement Agent or its respective affiliate may also hold securities of members of the AXA Group.

Investors should note that one or more of the Initial Purchasers or Placement Agents and/or their respective affiliates may have acted, may currently act, and may in the future act in various capacities in relation to the issuers of certain securities in which the Company invests or may invest, including as manager, servicer, security trustee, equity holder and/or secured lender to the issuer or affiliates of the issuer of the relevant securities. Each such role would confer specific rights to and obligations on the relevant Initial Purchaser or Placement Agent and/or its respective affiliate. In carrying out these rights and obligations the interests of the relevant Initial Purchaser or Placement Agent and/or its respective affiliate may not be aligned with the interests of a potential investor in the Shares.

Lock-Up Arrangements with Initial Purchasers/Competing Funds

The Company has entered into lock-up arrangements with the Initial Purchasers pursuant to the Initial Purchase Agreement where the Company has agreed with the Initial Purchasers that for a period of six months from Admission (subject to certain exceptions, including the issue of Shares to Directors as part of their fees or where the Joint Global Coordinators give their consent) not to issue, offer, pledge, sell, issue or grant options, rights or warrants in respect of, contract to issue, pledge or sell, or otherwise dispose of directly or indirectly, any Shares or any securities of the Company that are substantially similar to the Shares, including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, Shares or any such substantially similar securities or do anything with the same economic effect as any of the foregoing.

Each of the AXA Group Investors that is expected to acquire Offer Shares in the Offer has advised the Initial Purchasers that it has no current intention of disposing of those Offer Shares, but it has made no binding commitments in this regard, and retains the absolute right to dispose of any Offer Shares it may acquire, as and when it deems appropriate.

The Investment Manager has agreed with the Initial Purchasers in the Initial Purchase Agreement and with the Company in the Investment Management Agreement that, for so long as it acts as the Company's Investment Manager, it will not manage or act as principal adviser to another vehicle with listed equity securities that has a multi-asset class structured credit strategy focused on a majority of the Primary Target Asset Classes without the prior approval of a majority of the votes cast at a shareholders' meeting.

PART VI
MARKET INFORMATION RELATING TO EURONEXT AMSTERDAM

1. General

In 2002, the stock exchanges of Amsterdam, Brussels and Paris were combined into Euronext, the first European stock exchange whose holding company, Euronext N.V., is a public limited liability company incorporated under Dutch law. Subsequently, in 2002, the stock exchange of Lisbon and the London International Financial Futures and Options Exchange (**"LIFFE"**) joined Euronext.

Access to Euronext is provided by Euronext Brussels, Euronext Amsterdam, Euronext Lisbon and Euronext Paris, with respect to derivative trading and LIFFE, with each market being operated by a subsidiary of Euronext N.V. (Euronext Brussels S.A., Euronext Amsterdam N.V., Euronext Lisbon S.A., Euronext Paris SA and LIFFE).

2. Listing and Trading

The Company has applied for admission of all the Shares to trading on the regulated market of Euronext Amsterdam and listing on Eurolist by Euronext Amsterdam. It is expected that dealings in the Shares on an "as, if and when issued" basis will commence at 9:00 a.m. Central European time on or about December 13, 2006, and that unconditional Admission will become effective on December 18, 2006. If closing of the Offer does not take place on the Closing Date, the Offer will be withdrawn, all subscriptions for the Shares will be disregarded, any allotments made will be deemed not to have been made, any subscription payments made will be returned without interest or compensation and all transactions in the Shares on Euronext Amsterdam will be cancelled. All dealings in Shares on the regulated market of Euronext Amsterdam prior to settlement and delivery are at the sole risk of the parties concerned. Euronext Amsterdam does not accept any responsibility or liability for any loss or damage incurred by any person as a result of the listing and trading on an "as, if and when issued" basis as from the listing date until the Closing Date.

3. Holdings through Euroclear Nederland

Euroclear Nederland is the common settlement system used in respect of shares traded on the regulated market of Euronext Amsterdam. Euroclear Nederland facilitates the clearance and settlement of securities transactions through electronic book-entry transfer between its accountholders without the need to use share certificates or written instruments of transfer. Indirect access to Euroclear Nederland is available to other institutions which clear through or maintain a custodial relationship with an accountholder of Euroclear Nederland. Euroclear Nederland is subject to supervision by the AFM and the Netherlands Central Bank (**"DNB"**).

The Company's Articles of Association permit the holding of Shares under any transfer, settlement and clearing system approved by the Directors (which includes the Euroclear Nederland system).

Where Shares are held through the book-entry system operated by Euroclear Nederland, Euroclear Nederland will under Guernsey law be the registered holder of those Shares. Accordingly, investors will under Guernsey law not have direct rights against the Company under the Articles of Association.

Set out below are the anticipated procedures for settlement and clearing, voting and receipt of dividends through the Euroclear Nederland system.

3.1 Settlement and clearing

As described in "Part V — The Offer — Payment, Delivery, Clearing and Settlement," the Offer Shares will be issued in registered, uncertificated form and entered into the collective deposit and giro deposit on the basis of the Dutch Securities Giro Transfer Act *(Wet giraal effectenverkeer)*.

Settlement for any Shares shall be made in accordance with normal settlement procedures applicable to equity securities and in accordance with the Company's Articles of Association.

3.2 Voting and dividend entitlement

The Company expects that each investor who holds interests in Offer Shares through Euroclear Nederland will (on the basis of a proxy provided by Euroclear Nederland) be able to exercise rights relating to those shares such that it will (subject to the individual arrangements between the investor and the Admitted Institution or other bank or financial institution where that person maintains a relevant securities account):

- be able to attend and speak at all general meetings of the Company;
- be able to give directions as to voting at all general meetings of the Company; and
- be able to receive dividends,

in each case, so far as possible in accordance with Guernsey law, the Dutch Securities Giro Transfer Act, other applicable laws and the Euroclear Nederland rules and regulations issued pursuant to the Dutch Securities Giro Transfer Act and further subject to compliance by all concerned with any applicable policies and procedures.

In accordance with the Company's Articles of Association, notices of general meetings of the Company will be sent to Euroclear Nederland and published in a Dutch national daily newspaper at least 15 days before the date of the meeting and in the Official Price List of Euronext Amsterdam. Investors should contact their bank or financial institution if they wish to attend and/or vote at the meeting. The date by which an investor must notify their bank or financial institution is determined by its individual arrangement with that bank or financial institution.

Investors should note that certain banks or financial institutions may block the account of an investor who holds Shares through Euroclear Nederland from the time that the Admitted Institution has received instructions from such investor until the record date for the purposes of the general meeting has passed.

4. Market Regulation

The market regulator in the Netherlands, so far as the supervision of market conduct is concerned, is the AFM. The AFM has supervisory powers, inter alia, with respect to the publication of certain information by listed companies, such as price sensitive information, and the application of the Dutch takeover regulations. It also supervises financial intermediaries (such as credit institutions and investment firms) and investment institutions. The surveillance units of Euronext Amsterdam and the AFM monitor and supervise all trading operations.

Pursuant to Article 4 of the Dutch Investment Institutions Supervision Act (**"IISA"**), it is prohibited, in or from the Netherlands, directly or indirectly, to solicit or obtain monies or other assets for shares in an investment institution or to offer shares in an investment institution, if the manager (or, if the investment institution does not have a manager, the investment institution itself) does not have a licence, unless an exception, exemption or individual dispensation applies. Pursuant to Article 17c IISA, foreign investment institutions (other than foreign UCITS) are excepted from the offering prohibition/IISA licence requirement if the institution is actually subject to supervision in the country where it has its seat and the level of supervision is considered adequate by the Dutch Minister of Finance. In such cases, the Minister relies upon the supervision exercised in the country where the investment institution has its seat. By Ministerial Decree of 16 December, 2005, as amended on 20 February, 2006, in respect of the accreditation of States as referred to in Article 17c IISA, Guernsey was accredited by the Minister of Finance to have such adequate supervision, as far as the supervision of 'Class A' and 'Class B' open-ended investment institutions and closed-ended investment institutions is concerned.

The Company is expected to be registered with the AFM under Article 17c IISA, and excepted from the offering prohibition/IISA licence requirement, before Admission. An Article 17c IISA investment institution (such as the Company) must comply with certain IISA provisions even if it is excepted from the offering prohibition/IISA licence requirement. Pursuant to Article 82 IISD, Articles 36 and 39 to 49 of the IISD are applicable. These provisions pertain to, in very general terms, advertising and information requirements.

5. Takeover Regulation

The United Kingdom City Code applies, *inter alia*, to offers for all public companies (other than open-ended investment companies) that have their registered office in the United Kingdom, the Channel Islands or the Isle of Man and that are considered by the Takeover Panel to have their place of central management and control in the United Kingdom, the Channel Islands or the Isle of Man.

Should the Company's place of central management alter from Guernsey or be determined by the Takeover Panel to be outside of the United Kingdom, the Channel Islands or the Isle of Man, investors would not be afforded the protections of the City Code.

The City Code is expected to apply to all takeover and merger transactions in relation to the Company, and operates principally to ensure fair treatment of certain investors in relation to takeovers and an orderly framework within which takeovers are conducted. The Takeover Panel may give any direction which appears to it to be necessary to secure compliance with rules and, in certain circumstances, may require compensation to be paid.

The City Code is based upon a number of general principles which are essentially statements of good standards of commercial behaviour. One such principle states that where control of a company is acquired by a person, the other holders of securities must be protected. When a person acquires an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company, or any person (together with persons acting in concert with him) is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights in a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of the shares carrying voting rights in which he is interested, such person must generally extend offers to the other investors in the company concerned. For this purpose, "voting rights" means all of the voting rights attributable to the capital of a company which are currently exercisable at a general meeting. Unless the Takeover Panel consents, the offer must be in cash (or have a cash alternative), must generally be made at not less than the highest price paid by the offeror or any person acting in concert with it for any interest in shares (or, where applicable, the relevant class) during the 12 months prior to the announcement of the offer and cannot be conditional on anything other than the securing of acceptances which will result in the offeror and persons acting in concert with him holding shares carrying more than 50 per cent. of the voting rights.

The Dutch takeover rules (as provided for in the Act on the Supervision of the Securities Trade 1995, as amended, and in the Decree on the Supervision of the Securities Trade 1995, as amended) will also apply to the Company following Admission. These rules relate to the obligation to publish an offer document when launching a public offer for shares in the Company following the Admission and the preparation, launch and settlement of such a public offer. These public offer rules are intended to ensure that in the event of such a public offer sufficient information will be made available to the investors, that investors will be treated equally, that there will be no abuse of inside information and that there will be a proper and timely offer period.

Further, the Dutch takeover bill to implement the Takeover Directive is still pending and may lead to changes in the way that the Dutch takeover rules are applied to the Company.

The City Code provides that in circumstances where a company is subject to the dual jurisdiction of the Takeover Panel and an overseas takeover regulator, early consultation with the Takeover Panel is required so that guidance can be given on how any conflicts between the relevant regulations may be resolved.

6. Significant Ownership of Shares

The new Act on Disclosure of Voting and Capital Interest in Listed Companies (*Wet Melding Zeggenschap en Kapitaalbelang in Effectenuitgevende Instellingen*, the **"Disclosure Act"**), which entered into full effect on November 1, 2006, requires Shareholders to notify the AFM if they hold more than 5% of the capital rights in the Company at the time the Company is admitted to listing on Eurolist by Euronext Amsterdam or if, as a result of an acquisition or disposal of ordinary shares or an issuance or cancellation of ordinary shares, their percentage interest in the Company capital exceeds or falls below 5 per cent., 10 per cent., 15 per cent., 20 per cent., 25 per cent., 30 per cent., 40 per cent., 50 per cent., 60 per cent., 75 per cent. or 95 per cent., provided in each case that the ordinary shares are admitted to listing on Eurolist by Euronext Amsterdam at such time. The Disclosure Act provides for civil and administrative sanctions for a violation of the applicable disclosure requirements.

PART VII
TAX CONSIDERATIONS

1 General

The summaries of current revenue law and practice in Guernsey, the Netherlands and the U.S. below are of a general and non-exhaustive nature. Revenue laws are subject to change, possibly with retrospective effect. The following summary does not constitute legal or tax advice and applies only to persons holding Shares as an investment.

An investment in the Company involves a number of complex tax considerations. Changes in tax legislation in any of the countries in which the Company will have investments or in Guernsey (or in any other country in which a subsidiary of the Company through which investments are made, is located), or changes in tax treaties negotiated by those countries, could adversely affect the returns from the Company to investors.

Prospective investors should consult their professional advisers on the potential tax consequences of subscribing for, purchasing, holding, converting or selling Shares under the laws of their country and/or state of citizenship, domicile or residence.

2 Guernsey Taxation

The Company

The Company qualifies for exemption from liability to income tax in Guernsey and has obtained such exemption for the current calendar year. Exemption must be applied for annually and will be granted, subject to the payment of an annual fee, which is currently fixed at £600, provided that the Company continues to qualify under the applicable legislation for exemption. It is the intention of the Directors to conduct the affairs of the Company so as to ensure that it continues to qualify.

The Shareholders

No inheritance, capital gains, gift, turnover or sales taxes are levied in Guernsey in connection with the acquisition, holding or transfer of a Share. No stamp duty or similar taxation is levied on the issue or redemption of a Share. No withholding tax or any other deduction will be made on distributions made by the Company.

On November 25, 2002, the Advisory and Finance Committee of the States of Guernsey (which has since May 2004 been superseded by the States of Guernsey Policy Council) announced a proposed framework for a structure of corporate tax reform. In May 2006, the Policy Council published detailed proposals on Guernsey's future economic and taxation strategy. That document confirmed the earlier recommendation that the exempt status enjoyed by the Company would be abolished and the general rate of income tax to be paid by all Guernsey companies (with the exception of certain regulated banking entities) would be reduced to 0 per cent with effect from January 1, 2008. The changes are not expected to have any material impact on the Company. No further changes are proposed that are likely to impact upon the position of non-Guernsey resident shareholders.

The EU Savings Directive was implemented on July 1, 2005. Whilst it is not a member of the European Union, Guernsey, has introduced measures equivalent to those applied under the Savings Directive. The Company is not a regulated collective investment scheme. The States of Guernsey issued guidance on the application of the equivalent measures to the Directive in July 2005. In accordance with that guidance, if a paying agent located in Guernsey pays any distribution of income out of the Company or of the proceeds of sale or redemption of Shares in the Company, that payment will not be subject to the equivalent measures. If a paying agent located in another jurisdiction that has implemented the Savings Directive or equivalent measures makes such a payment to an individual resident in an EU jurisdiction, the provisions of the Savings Directive may apply to that payment.

3 Netherlands Taxation

The following is intended as general information only and it does not purport to present any comprehensive or complete description of all aspects of Dutch tax laws which could be of relevance to a Shareholder. Prospective Shareholders should therefore consult their tax adviser regarding the tax consequences of any purchase, ownership or disposal of Shares.

The following summary is based on the Dutch tax law as applied and interpreted by Dutch tax courts and as published and in effect on the date hereof, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

The Company has been advised that under Dutch tax law the following treatment will apply to the Shares and any payments made there under.

Withholding Tax

A Shareholder is not subject to Dutch dividend withholding tax on dividends distributed by the Company.

Taxes on income and capital gains

This section does not purport to describe the possible Dutch tax considerations or consequences that may be relevant to a Shareholder who receives Shares or has received any Shares or benefits from the Shares as employment income, deemed employment income or otherwise as compensation.

Residents of the Netherlands

The description of certain Dutch tax consequences in this paragraph is only intended for the following Shareholders:

(i) individuals who are resident or deemed to be a resident of the Netherlands for purposes of Dutch income tax;

(ii) individuals who opt to be treated as a resident of the Netherlands for purposes of Dutch income tax ((i) and (ii) jointly **"Dutch Individuals"**); and

(iii) entities that are subject to Dutch corporate income tax under the 1969 Corporate Income Tax Act (**"CITA"**) and are a resident or deemed to be a resident of the Netherlands for the purposes of the CITA, excluding:

- pension funds *(pensioenfondsen)* and other entities, that are partly or fully exempt from Dutch corporate income tax; and
- investment institutions *(beleggingsinstellingen)* as defined in article 28 of the CITA;

("Dutch Corporate Entities").

Dutch Individuals not having a (fictitious) substantial interest and not engaged or deemed to be engaged in an enterprise or earning benefits from miscellaneous activities

Generally, a Dutch Individual Shareholder who does not have a (fictitious) substantial interest *((fictief) aanmerkelijk belang)* in the Company, and who holds Shares (i) that are not attributable to an enterprise from which he derives profits as an entrepreneur *(ondernemer)* or pursuant to a co-entitlement to the net worth of such enterprise other than as an entrepreneur or a shareholder, or (ii) to miscellaneous activities *(overige werkzaamheden)*, will be subject annually to an income tax imposed on a fictitious yield on such Shares.

The Shares held by such Dutch Individual will be taxed under the regime for savings and investments *(inkomen uit sparen en beleggen)*. Irrespective of the actual income or capital gains realised, the annual taxable benefit of all the assets and liabilities of a Dutch Individual that are taxed under this regime, including the Shares, is set at a fixed amount. The fixed amount equals 4 per cent. of the average net fair market value of these assets and liabilities measured, in general, at the beginning and end of every calendar year. The current tax rate under the regime for savings and investments is a flat rate of 30 per cent.

Generally, a Shareholder has a substantial interest (*aanmerkelijk belang*) if such Shareholder, alone or together with his partner, has, or if certain relatives of the Shareholder or his partner have, directly or indirectly:

(i) the ownership of, or certain rights over, Shares representing five per cent. or more of the total issued and outstanding capital of the Company, or of the issued and outstanding capital of any class of Shares of the Company; or

(ii) the rights to acquire Shares, whether or not already issued, representing five per cent. or more of the total issued and outstanding capital of the Company, or of the issued and outstanding capital of any class of Shares of the Company; or

(iii) the ownership of, or certain rights over, profit participating certificates that relate to five per cent. or more of the annual profit of the Company or to five per cent. or more of the liquidation proceeds of the Company.

A Shareholder will also have a substantial interest if his partner or one of certain relatives of that holder or of his partner has a (fictitious) substantial interest.

Generally, a Shareholder has a fictitious substantial interest *(fictief aanmerkelijk belang)* if (a) he has disposed of, or is deemed to have disposed of, all or part of a substantial interest or (b) he is an individual and has transferred an enterprise in exchange for shares, on a non-recognition basis.

Dutch Individuals having a (fictitious) substantial interest

Any benefits derived or deemed to be derived from Shares (including any capital gains realised on the disposal thereof) that are held by a Dutch Individual who has a (fictitious) substantial interest *((fictief) aanmerkelijk belang)* in the Company, are generally subject to income tax at a flat rate of 25 per cent.

Dutch Individuals engaged or deemed to be engaged in an enterprise or earning benefits from miscellaneous activities

Any benefits derived or deemed to be derived from Shares (including any capital gains realised on the disposal thereof) that are either attributable to an enterprise from which a Dutch Individual derives profits, whether as an entrepreneur or pursuant to a co-entitlement to the net worth of such enterprise (other than as an entrepreneur or a shareholder), or attributable to miscellaneous activities *(overige werkzaamheden)*, including, without limitation, activities which are beyond the scope of active portfolio investment activities, are generally subject to income tax at progressive rates with a maximum of 52 per cent.

Dutch Corporate Entities

Any benefits derived or deemed to be derived from Shares (including any capital gains realised on the disposal thereof) that are held by Dutch Corporate Entities are generally subject to corporate income tax at statutory rates, currently 29.6 per cent. (and 25.5 per cent. for the first €22,689 of taxable income). As of January 1, 2007, due to amendments of the Dutch Corporate Income Tax Act, the general rate will be 25.5%. Special rates will be introduced if the profits of a company do not annually exceed €60,000.

Non-residents of the Netherlands

A Shareholders who is not a resident or deemed to be a resident of the Netherlands or, in case of an individual, who has not opted to be treated as a resident of the Netherlands, will not be subject to any Dutch taxes on income or capital gains in respect of the ownership and disposal of the Shares, except if:

(i) the Shareholder derives profits from an enterprise, whether as entrepreneur or pursuant to a co-entitlement to the net worth of such enterprise other than as an entrepreneur or a Shareholder, which enterprise is, in whole or in part, carried on through a permanent establishment *(vaste inrichting)* or a permanent representative *(vaste vertegenwoordiger)* in the Netherlands, to which Shares are attributable; or

(ii) the Shareholder is an individual and derives benefits from miscellaneous activities *(resultaat uit overige werkzaamheden)* carried out in the Netherlands in respect of Shares, including, without limitation, activities which are beyond the scope of active portfolio investment activities;

(iii) the Shareholder is entitled, other than by way of the holding of securities, to a share of the profits of an enterprise that is effectively managed in the Netherlands and to which the Shares are attributable.

Gift Tax and Inheritance Tax

No Dutch gift tax or inheritance tax is due in respect of any gift of Shares by, or inheritance of Shares on the death of, a Shareholder, except if:

(i) the Shareholder is a resident or is deemed to be a resident of the Netherlands;

(ii) at the time of the gift or the death of the Shareholder, such Shareholder has an enterprise (or an interest in an enterprise) which is, in whole or in part, carried on through a permanent establishment *(vaste inrichting)* or permanent representative *(vaste vertegenwoordiger)* in the Netherlands to which the Shares are attributable;

(iii) the Shares are acquired by way of a gift from a Shareholder who passes away within 180 days after the date of the gift and who is not and is not deemed to be at the time of the gift, but is, or is deemed to be at the time of his death, a resident of the Netherlands; or

(iv) the Shareholder is entitled to a share in the profits of an enterprise effectively managed in the Netherlands, other than by way of the holding of securities or through an employment contract, to which enterprise the Shares are attributable.

For purposes of Dutch gift or inheritance tax, an individual who is of Dutch nationality will be deemed to be a resident of the Netherlands if he has been a resident in the Netherlands at any time during the ten years preceding the date of the gift or his death. For purposes of Dutch gift tax, an individual, irrespective of his nationality, will be deemed to be a resident of the Netherlands if he has been a resident of the Netherlands at any time during the 12 months preceding the date of the gift. Furthermore, under circumstances, a Shareholder will be deemed to be a resident of the Netherlands for purposes of Dutch gift and inheritance tax, if the heirs jointly or the recipient of the gift, as the case may be, so elect.

Other Taxes and Duties

No other taxes and duties (including capital tax and stamp duty) are due by or on behalf of a Shareholder in respect of or in connection with the purchase, ownership and disposal of the Shares.

Residency

A Shareholder will not become a resident, or deemed resident of the Netherlands for tax purposes by reason only of holding the Shares.

4 United States Taxation

IRS Circular 230 Notice

This summary has been written to support the marketing of the Shares. It was not intended or written to be used, and cannot be used by any taxpayer, for the purpose of avoiding U.S. federal income tax penalties. Investors should consult their own tax advisors in determining the tax consequences to them of investing in the Shares, including the application to their particular situation of the U.S. federal income tax considerations discussed below, as well as the application of state, local, foreign or other tax laws.

In General

This section is a summary, under current law, of certain U.S. federal income tax considerations relevant to a beneficial owner of Shares that is a citizen or resident of the United States or a domestic corporation or that otherwise is subject to United States federal income taxation on a net income basis in respect of the Shares (a **"U.S. holder"**). It also addresses certain U.S. tax considerations that are relevant to the U.S. tax treatment of the Company and its direct and indirect investments.

This summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any particular investor, and does not address the tax treatment of investors who are subject to special rules or that own 10 per cent. or more of its Shares. It is based upon the assumption that prospective shareholders are familiar with the tax rules applicable to investments in securities generally and with any special rules to which they may be subject.

United States Trade or Business; Withholding Taxes

Although the Company generally intends to conduct its affairs and the affairs of its subsidiaries so that it and its subsidiaries will not be treated as being engaged in a trade or business within the United States (including as a result of its activities relating to investments in debt obligations, credit derivatives and structured finance vehicles), it cannot make any assurances in this regard. So long as the Company and its subsidiaries are not engaged in a U.S. trade or business, income and gain earned by the Company and its subsidiaries will not be subject to regular U.S. federal income taxation. If, however, the Company or any of its subsidiaries are treated as engaged in a U.S. trade or business, then it or its subsidiaries generally would be subject to regular U.S. federal income taxation on any income or gain that is treated as effectively connected with the U.S. trade or business (and also may be subject to a 30 per cent. U.S. branch profits tax in respect of any such income). In addition, while the Company generally expects that the net income of the portfolio SPVs in which it invests generally will not be subject to U.S. federal income tax, it can make no assurances in this regard. The imposition of any such unanticipated U.S. federal income taxes could materially reduce the Company's post-tax returns available for distributions on, and consequently the value of, the Shares.

As a general matter, the Company does not intend that U.S. withholding or excise tax will be imposed in respect of distributions or payments made on its direct or indirect investments. However, the Company may be subject to U.S. withholding tax at a rate of 30 per cent. on certain types of periodic payments from U.S. sources. Moreover, there can be no assurance that U.S. source payments received by the Company or its subsidiaries will not unexpectedly become subject to U.S. withholding or excise tax as a result of adverse developments or changes in U.S. law, practice or interpretation. In this regard, the U.S. tax treatment of many of the Company's anticipated investments, including its derivative and highly structured investments, is unclear. The imposition of any unanticipated U.S. withholding or excise tax could materially reduce the value of the investment in respect of which such tax is imposed.

Certain Reporting Requirements

If a U.S. holder purchases Shares for a price in excess of $100,000, the holder must file Internal Revenue Service (**"IRS"**) Form 926 for the holder's taxable year in which the purchase occurs. Failure by a U.S. holder to timely comply with such reporting requirements may result in substantial penalties.

Passive Foreign Investment Company Rules

General Application

The Company expects that it and each of its subsidiaries that is treated as a corporation for U.S. federal income tax purposes will be treated as a passive foreign investment company (**"PFIC"**) for U.S. federal income tax purposes for the current taxable year and the foreseeable future. In addition, the Company expects that a significant proportion of its direct and indirect portfolio investments will be treated for U.S. federal income tax purposes as equity interests in PFICs (**"portfolio PFICs"** and **"portfolio PFIC interests"**, respectively).

If the Company is a PFIC (as expected), U.S. holders will be deemed to own their proportionate share of the Company's direct and indirect equity investments in entities (including subsidiaries and SPVs) that are treated as corporations for U.S federal income tax purposes. Accordingly, it is expected that the adverse PFIC rules discussed below will apply to U.S. investors' deemed ownership of each of those lower-tier entities that are treated as PFICs, including portfolio PFICs, as well as with respect to their direct ownership of the Shares.

In general, a non-U.S. corporation will be considered a PFIC for any taxable year in which (i) 75 per cent. or more of its gross income consists of passive income (such as dividends, interest, rents and royalties) or (ii) 50 per cent. or more of the average quarterly value of its assets consists of assets that produce, or are held for the production of, passive income. Certain look-through rules apply for this purpose in the case of a non-U.S. corporation that directly or indirectly owns at least 25 per cent. by value of the stock of another corporation.

If an entity is treated as a PFIC for any taxable year during which a U.S. holder owns, or is deemed to own, shares or other equity interests in that entity, the holder will be subject to unfavorable PFIC rules that could result in adverse U.S. federal income tax consequences. Under those rules, unless U.S. holders make one of the mitigating elections described below, they generally will be subject to a special additional tax, computed as described below, at ordinary income tax rates in respect of (i) any gain that they recognise upon their actual or deemed disposition of an equity interest in a PFIC (including indirect dispositions, and certain constructive dispositions, of lower-tier PFIC interests) and (ii) any "excess distributions" that they receive, or are deemed to receive, within a taxable year in respect of their ownership of the Shares or their deemed ownership of lower-tier PFIC interest. Distributions with respect to a particular PFIC interest during any taxable year generally will be considered "excess distributions" to the extent they exceed 125 per cent. of the average annual distributions received, or deemed received, during the shorter of the preceding three taxable years and a U.S. holder's holding period in respect of that PFIC interest.

The PFIC rules generally require U.S. holders to allocate any such gain or excess distributions ratably over their holding period for the relevant PFIC interest. Amounts allocated to the taxable year of disposition or to years before the relevant entity became a PFIC, if any, generally are taxed as ordinary income. Amounts allocated to any other taxable year generally are subject to tax at the highest applicable rate for that taxable year, and the resulting tax liability is increased by an interest charge to compensate for tax deferral. Classification as a PFIC also may have other adverse tax consequences, including, in the case of individuals, the denial of a step-up in the basis of your Shares at death.

If a U.S. holder owns Shares during any year in which the Company is a PFIC, the holder must file an IRS Form 8621 with respect to the Company and each of its lower-tier PFICs.

The Company urges U.S. holders to consult their own tax advisers concerning the application of the PFIC rules to their investment in the Shares, including the availability and consequences of making the mitigating elections discussed below.

QEF Election

U.S. holders may be able to avoid some of the unfavorable PFIC rules described above by making valid qualified electing fund elections (a **"QEF election"**) in respect of the Company and each of the lower-tier PFICs for the first taxable year during their holding period in which that entity is treated as a PFIC. U.S. holders would need to make a separate QEF election for each of those PFICs by attaching a separate properly completed IRS Form 8621 for each PFIC to their timely filed U.S. federal income tax return. In addition, a QEF election cannot be made in respect of a particular entity unless the Company provides a U.S. holder with certain information regarding its pro rata share of the ordinary earnings and net capital gains of that entity for each taxable year. The Company intends to comply with all reporting requirements necessary for a U.S. holder to make a QEF election with respect to the Company and each of its subsidiaries, and will, provide the information necessary for such elections to registered shareholders upon request. The Company also will provide to registered shareholders upon request information regarding its direct or indirect acquisition, ownership and disposal of any portfolio PFIC interests during a taxable year, and whether the Company intends to provide the information necessary to allow U.S. holders to make a QEF election with respect to each such interest. However, the Company expects that it generally will *not* be able to provide U.S. holders with the information necessary to make QEF elections with respect to its portfolio PFICs. **The Company therefore expects that U.S. holders generally will be subject to the unfavorable PFIC rules described above in respect of their indirect ownership of the portfolio PFIC interests. U.S. holders should consult their own tax advisers regarding the application of these rules to their particular situation.**

U.S. holders that make a valid QEF election with respect to a PFIC will be subject to tax on a current basis in respect of their pro rata share of the PFIC's ordinary earnings and net capital gain (at ordinary income and capital gain rates, respectively) for each taxable year that the entity is a PFIC. U.S. holders that make a QEF election with respect to the Company will not be taxed on distributions on the Shares that are attributable to earnings and profits of the Company that previously were included in their income under the QEF election. A U.S. holder's tax basis in the Shares will be increased by any amounts included in the holder's taxable income under the QEF elections and will be decreased by any distributions on the Shares that are not included in the holder's taxable income. In addition, U.S. holders generally will recognise capital gain or loss on the disposition of Shares in an amount equal to the amount realised and their adjusted tax basis in those shares. U.S. holders should note that if they make QEF elections with respect to the Company or any of its lower-tier PFICs, they may be required to pay tax on underlying income or gains before they receive related cash distributions. Those elections also may not prevent the PFIC rules from effectively transforming amounts that otherwise might have been subject to taxation at capital gains rates into ordinary income. U.S. holders should consult their own tax advisers regarding the availability of, and the consequences of making, a QEF election in light of their particular circumstances.

Mark-to-Market Election

If the Shares are "regularly traded" on a "qualified exchange", a U.S. holder may make a mark-to-market election with respect to its Shares (but generally not the lower-tier PFIC interests), which potentially could help to mitigate some of the adverse tax consequences resulting from the Company's status as a PFIC. As discussed below, however, under a technical application of the PFIC rules, that election would not prevent the application of the unfavorable PFIC rules discussed above to a U.S. holder's deemed ownership of the lower-tier PFIC interests. There is no apparent policy rational for this result because the value of the each lower-tier PFIC is reflected in the market price of the Shares. It also could produce extremely harsh tax consequences. However, the PFIC rules nevertheless technically do not coordinate the tax consequences of an investor's mark-to-market election in respect of its direct ownership of shares in a PFIC with the tax consequences of that investor's indirect ownership of lower-tier PFICs. U.S. holders should consult their own tax advisers regarding the consequences of making a mark-to-market election in light of their particular circumstances.

The Shares will be treated as "regularly traded" in any calendar year in which more than a de minimis quantity of Shares are traded on a qualified exchange on at least 15 days during each calendar quarter. A "qualified exchange" includes a foreign exchange that is regulated by a governmental authority in which the exchange is located and with respect to which certain other requirements are met. The IRS has not yet identified specific foreign exchanges that are "qualified" for this purpose.

U.S. holders that make a mark-to-market election in respect of the Shares generally will be required to include as ordinary income the excess, if any, of the fair market value of the Shares they own at the end of each taxable year in which the Company is a PFIC over their adjusted tax basis in those Shares at that time. They also generally will be allowed an ordinary loss in respect of the excess, if any, of their adjusted tax basis in the Shares as of the end of each such taxable year over their fair market value at that time (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). A U.S. holder's tax basis in the Shares will be adjusted to reflect the amount of any such income or loss. Any gain recognised on the sale or other disposition of Shares also will be treated as ordinary income. U.S. holders should consult their own tax advisers regarding the availability and advisability of making a mark-to-market election in their particular circumstances. In particular, they should carefully consider the impact of this mark-to-market election in respect of the Shares in light of their deemed ownership of the Company's lower-tier PFICs.

Taxation of Distributions

Subject to the PFIC rules described above, dividends paid on the Shares, other than certain pro rata distributions of Shares, generally will be treated as foreign-source dividend income to the extent paid out of the Company's current or accumulated earnings and profits as computed under U.S. federal income tax principles. Those dividends will not be eligible for the dividends-received deduction generally allowed to corporate U.S. taxpayers or for the reduced rates of taxation applicable to dividends paid by certain foreign corporations to certain non-corporate U.S. taxpayers.

Sale and Other Disposition of Shares

Subject to the PFIC rules described above, U.S. holders generally will recognise U.S.-source capital gain or loss on the sale or other taxable disposition of Shares, which will be long-term capital gain or loss if they held the Shares for more than one year at the time of the disposition. The amount of a U.S. holder's gain or loss will be equal to the difference between the amount it realises on the disposition and its adjusted tax basis in the Shares.

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting and to backup withholding unless a U.S. holder is a corporation or other exempt recipient or, in the case of backup withholding, the holder provides a correct taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred. The amount of any backup withholding from a payment to a U.S. holder generally will be allowed as a credit against the holder's U.S. federal income tax liability and may entitle the holder to a refund, provided that the required information is furnished to the IRS.

PART VIII
FINANCIAL INFORMATION AND ACCOUNTANTS' REPORT ON THE COMPANY

Financial Information

Income Statement for the period from October 31, 2006 to November 6, 2006.

During the period from incorporation on October 31, 2006 to November 6, 2006, the Company has not traded and has received no income and incurred no expenditure. Consequently, the Company has made neither a profit nor a loss and therefore no income statement has been prepared.

Balance Sheet

	At November 6, 2006
	€
Assets	
Cash and cash equivalents	—
Total Assets	—
Equity and liabilities	
Capital	
Issued capital, two ordinary shares with no par value (Note 3)	—
Total Equity	—

Cash Flow Statement

For the period from incorporation on October 31, 2006 to November 6, 2006, the Company did not receive or expend any cash and therefore no cashflow statement has been prepared.

Notes to the Financial Information

1 Introduction

The Company was incorporated on October 31, 2006 as Volta Finance Limited. The Company has not yet completed its first accounting period. The Company has not yet commenced business and no statutory financial statements have been prepared or audited since incorporation.

2 Accounting policies

(a) Statement of compliance

The non-statutory financial statements have been prepared in accordance with accounting standards endorsed for use by entities required to comply with Regulation EC1606/2002 ("Accounting standards adopted for use in the European Union"). These are the Company's first financial statements and IFRS 1 has been applied in their preparation.

(b) Basis of preparation

The non-statutory financial statements have been prepared under the historical cost convention and were authorised for issue by the Directors on December 4, 2006.

3 Share capital

At November 6, 2006, the authorised share capital of the Company comprised an unlimited number of voting, non-convertible ordinary shares with no par value each, a single voting, convertible Class B Share of no par value and an unlimited number of non-voting convertible Class C Shares of no par value each. The issued share capital of the Company at November 6, 2006 consists of two ordinary shares with no par value.

4 Post balance sheet events

On December 1, 2006 the Company entered into the Forward Purchase Agreements. Under the terms of the agreements, on Admission, the Company will acquire a portion of the the Initial Portfolio, at an agreed price to be determined on the Closing Date.

The agreements are derivative financial instruments under IAS 39. On Admission, the fair value of the derivatives will represent an asset or liability to the Company. On settlement of the contracts, any changes in the value of the derivative financial instruments arising between the agreed price of the contracts and the fair value of investments on the date on which they are acquired will be accounted for in the income statement.

The Company has also entered into an Initial Total Return Swap arrangement on November 29, 2006. On Closing, Bank of America N.A. will acquire leveraged loan assets based on their initial purchase price and the Company will deposit cash as collateral with Bank of America N.A. to secure its payment obligations under the Initial Total Return Swap. The cash will be encumbered. The amount of cash to be paid as collateral will be determined on the Closing Date.

Accountant's Report on the Company

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8 Salisbury Square
London
EC4Y 8BB
United Kingdom

The Directors
Volta Finance Limited
First Floor
Dorey Court
Admiral Park
St. Peter Port GY1 6HJ
Guernsey

December 4, 2006

Dear Sirs

Volta Finance Limited

We report on the financial information set out on pages 137 and 138 of the prospectus dated December 4, 2006 of Volta Finance Limited (the "Company") (the "Prospectus"). This financial information (the "Financial Information") has been prepared for inclusion in the Prospectus on the basis of the accounting policies set out in note 2 of the Financial Information. This report is required by paragraph 20.1 of Annex I of Commission Regulation (EC) No 809/2004 (the "Prospectus Directive Regulation") and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The Directors of Volta Finance Limited are responsible for preparing the Financial Information on the basis of preparation set out in note 2 to the Financial Information and in accordance with accounting standards endorsed for use by entities required to comply with regulation 1606/2002, hereinafter referred to as International Financial Reporting Standards ("IFRS") adopted for use in the European Union.

It is our responsibility to form an opinion as to whether the Financial Information gives a true and fair view, for the purposes of the Prospectus and to report our opinion to you.

Save for any responsibility imposed by law or regulation to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 23.1 of Annex I of the Prospectus Directive Regulation, consenting to its inclusion in the prospectus.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions other than the United Kingdom, including in the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with such standards and practices.

Opinion

In our opinion, the Financial Information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of Volta Finance Limited as at the dates stated in accordance with the basis of preparation set out in note 2 to the Financial Information.

Yours faithfully

KPMG Audit Plc

PART IX
PRO FORMA NET ASSET STATEMENT OF THE COMPANY AND ACCOUNTANTS' REPORT

The unaudited pro forma financial information set out below has been prepared to illustrate the impact of the Offer, the acquisition of the Initial Portfolio under the Forward Purchase Agreements and the entering into of an Initial Total Return Swap arrangement on the net assets of the Company. The pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position or results.

The pro forma financial information is based on the net assets of the Company at November 6, 2006 and has been prepared on the basis that the following took place on that date: Admission; entering into and settlement of the Forward Purchase Agreements and entering into the Initial Total Return Swap arrangement.

		Adjustments				
	Net assets at November 6, 2006(1)	Proceeds of the offer, net of expenses(2)	Entry into the Forward Purchase agreements(3)	Acquisition of a portion of the initial Portfolio under the Purchase Agreements(4)	Entry into the Initial Total Return Swap Arrangement(5)	Pro forma net assets at November 6, 2006
	€m	*€m*	*€m*	*€m*	*€m*	*€m*
Assets						
Cash and cash equivalents	—	330.8	—	(100.4)	—	230.4
Available for sale securities	—	—	—	100.4	—	100.4
Other assets	—	—	—	—	—	—
Total assets	—	330.8	—	—	—	330.8
Liabilities						
Bank borrowings	—	—	—	—	—	—
Net assets	—	330.8	—	—	—	330.8
Net assets per share(€)(6)	—					9.45

Notes:

(1) The financial information on the Company at November 6, 2006, has been extracted without adjustment from the financial information on the Company included in "Part VIII — Financial Information and Accountants' Report on the Company".

(2) The net proceeds of the Offer are calculated on the basis that the Company issues 35 million Shares with no par value at an offer price of €10 per Share and that transaction expenses are €19.2 million.

(3) The Forward Purchase Agreements through which certain investments in the Initial Portfolio are to be acquired are derivative financial instruments under IAS 39. On Admission, the fair value of the derivatives will represent an asset or liability to the Company. On settlement of the Forward Purchase Agreements, any changes in the value of the derivative financial instruments arising between the agreed prices payable under the Forward Purchase Agreements and the fair value of investments on the date on which they are acquired will be accounted for in the income statement. The assessment of the fair value has been based on the estimated transfer price of assets held in the warehousing facilities as at November 27, 2006 and to be acquired by Volta under the Forward Purchase Agreements and (i) the fair value of the securities held in the facilities at October 31, 2006 and (ii) the cost of securities acquired between October 31, 2006 and November 27, 2006. No account has been taken of any securities acquired since November 27, 2006 or changes in fair value since November 27, 2006. Based on the foregoing information, the aggregated fair value of the derivatives is Nil.

(4) The estimated transfer price as at November 27, 2006 of the assets held under the warehousing arrangements to be acquired by Volta under the Forward Purchase Agreements included in "Part I — the Company's Business" of €100.4 million will be settled from the proceeds of the Offer. No account has been taken of any securities acquired subsequent to November 27, 2006.

(5) The Initial Total Return Swap Arrangement is a derivative financial instrument under IAS 39. The fair value of the Initial Total Return Swap Arrangement is Nil. Under the terms of the Initial Total Return Swap and based on assets held as at November 27, 2006, the Company will deposit €51.9 million of cash as collateral with Bank of America N.A. to secure its payment obligations with Bank of America N.A. Such cash will be encumbered. No account has been taken of any securities acquired since November 27, 2006 or changes in fair value since November 27, 2006.

(6) Pro forma net assets per share at November 6, 2006, are based on pro forma net assets of €330.8 million and 35 million Shares in issue.

Accountant's Report on Pro Forma Net Asset Statement

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The Directors
Volta Finance Limited
First Floor
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St. Peter Port GY1 6HJ
Guernsey

December 4, 2006

Dear Sirs

Volta Finance Limited

We report on the pro forma financial information (the "Pro forma financial information") set out in Part IX of the prospectus dated December 4, 2006, of Volta Finance Limited (the "Prospectus"), which has been prepared on the basis described therein, for illustrative purposes only, to provide information about how the Offer, the acquisition of a portion of the Initial Portfolio pursuant to the Forward Purchase Agreements and entering into the Initial Total Return Swap arrangement might have affected the financial information presented on the basis of the accounting policies adopted by Volta Finance Limited in preparing the financial statements for the period ended November 6, 2006. This report is required by paragraph 20.2 of Annex I of Commission Regulation (EC) No 809/2004 and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

It is the responsibility of the directors of Volta Finance Limited to prepare the Pro forma financial information in accordance with paragraph 20.2 of Annex I of Commission Regulation (EC) No 809/2004.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of Commission Regulation (EC) No 809/2004, as to the proper compilation of the Pro forma financial information and to report that opinion to you.

Save for any responsibility imposed by law, or regulation to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 23.1 of Annex I of the Prospectus Directive Regulation, consenting to its inclusion in the prospectus.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the directors of Volta Finance Limited.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of Volta Finance Limited.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions other than the United Kingdom, including in the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with such standards and practices.

Opinion

In our opinion:

- the Pro forma financial information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of Volta Finance Limited.

Yours faithfully

KPMG Audit Plc

PART X
THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Policies

The significant accounting policies that have been adopted by the Board in preparing the financial statements of the Company and its consolidated subsidiaries (the **"Group"**) for those items that are expected to be significant to the Company and Group's financial statements are set out below.

Basis of preparation

The Company and Group's financial statements are prepared in accordance with International Financial Reporting Standards (**"IFRS"**), which comprise standards and interpretations approved by the International Accounting Standards Board (the **"IASB"**), International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee (**"IASC"**) that remain in effect, together with applicable legal and regulatory requirements of Guernsey law and the listing requirements of Euronext Amsterdam.

The preparation of financial statements in conformity with IFRS requires the Board to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ significantly from these estimates.

The Company and Group's significant accounting policies are those that are the most important to its financial condition and results of operations and those that will require the most difficult, subjective or complex judgments by the Board. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Company and Group's financial statements are presented in euros because that is the currency of the primary economic environment in which the Company and Group operates. The functional currency of the Company and Group is also considered to be euros.

Basis of consolidation

The Company consolidates subsidiaries from the date on which control is transferred to the Company and ceases to consolidate from the date on which control is transferred from the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Minority interests represent interests held by outside parties in the consolidated subsidiaries. Intercompany balances and transactions are eliminated in preparing consolidated financial statements.

In accordance with the Standing Interpretations Committee Interpretation 12 "Consolidation — Special Purpose Entities" (**"SIC 12"**), the Company consolidates special purpose entities over which control is indicated by activities, decision- making, benefits and residual risks of ownership.

Financial instruments

IFRS provides for specific recognition and measurement treatment of the Company and Group's financial assets and liabilities.

Financial assets and liabilities principally include cash and cash equivalents, investments and derivative instruments. Financial liabilities include non-equity monetary financing instruments.

Recognition

Financial assets and financial liabilities are initially recognised on the Company and Group's balance sheet when the Company and Group become a party to the contractual provisions of a given instrument.

Financial assets are de-recognised when:

- the contractual rights to cash flows from the assets expire; or
- the Company and Group transfer the financial assets and the transfer qualifies for de-recognition because:
  - substantially all of the risks and rewards of ownership of the assets have been transferred; or
  - whilst retaining some of the risks and rewards of ownership, the Company and Group no longer has control of the assets.

Financial liabilities are de-recognised when the liabilities are extinguished.

Measurement

Financial assets and liabilities are initially recognised and measured at fair value.

Subsequent to initial recognition, financial assets and financial liabilities are measured and recorded in the Company and Group's balance sheet at fair value, or at amortised cost using the effective interest method.

Financial assets and liabilities measured and recorded at amortised cost using the effective interest method include loans and receivables and financial liabilities not held for trading and not otherwise recorded at fair value.

Financial assets and liabilities not measured and recorded at amortised cost using the effective interest method are measured and recorded at fair value through a revaluation reserve held within shareholders' equity, where such instruments are designated as available-for-sale, or in the income statement, where such instruments are derivatives or are designated as fair value through the income statement.

When assets designated as available-for-sale are disposed of, the cumulative effect of any changes in fair value are recorded in the income statement.

Financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Where such evidence is apparent for financial assets classified as available-for-sale, the cumulative historic effect of any unrealised losses previously recognised in shareholders' equity is removed from the revaluation reserve, within which the losses were first recognised, and recorded in the income statement.

Reversals of impairment for debt instruments classified as available-for-sale are recognised through the income statement if there is objective evidence of a reversal of the circumstances that gave rise to the impairment loss. Reversals of impairment of equity instruments classified as available-for-sale are recognised through equity (and not the income statement).

Where such evidence is apparent for financial assets accounted for at amortised cost, the future expected cashflows are discounted at the original effective interest rate. The difference between the present value of the future expected cashflows and the carrying value is recognised in the income statement as an impairment loss. Reversals of impairment are recognised through the income statement if there is objective evidence of a reversal of the circumstances that gave rise to the impairment loss.

Fair value

Financial assets for which quoted prices are available from a third party in a liquid market will be valued monthly on the basis of quoted bid prices. In this regard, for liquid assets, an external market pricing service may be the source of price quotations.

In the case of investments where the fair value of the investment can be readily ascertained by reference to the market values of liquid underlying assets, the counterparty or sponsor generally will provide the valuation of the investment position.

For illiquid financial assets, the method of on-going valuation will vary depending upon the nature of the asset. Where a financial asset involves an arranging bank that provides valuations on a monthly basis together with its related main valuation assumptions, the valuations will be sourced from such arranging bank.

Where a financial asset does not involve an arranging bank, or if an arranging bank is unwilling to provide valuations and related main valuation assumptions on a monthly basis fair value will be based on a pricing model.

Derivatives

Where financial assets or financial liabilities are derivatives, changes in fair value are recognised in the income statement.

The Company and Group may engage in the use of derivative instruments for, among other things, economic leveraging or to minimise (hedge) its exposure to interest, foreign exchange or market risks.

The Company and Group recognises two forms of hedging techniques: Fair value hedging and cash flow hedging. Before hedge accounting is applied, the hedging relationship is documented, including the hedged item, the hedging instrument and the risk being hedged. It also includes how hedge effectiveness (prospective and retrospective) will be assessed.

Embedded derivatives

Where a derivative is embedded within a host instrument, it is necessary to bifurcate and account for the derivative component of the instrument separately with changes in its fair value recognised in the income statement.

Fair value hedges

Where the Company and Group designate a derivative instrument as a fair value hedge, changes in such an instrument's fair value subsequent to inception of the hedge relationship are recorded in the income statement.

Cashflow hedges

Where an instrument is designated a cashflow hedge, changes in such an instrument's fair value subsequent to inception of the hedge relationship are recorded in shareholders' equity until such times as the cashflow being hedged affects the income statement. Any ineffective portion of the change in fair value of such an instrument is recorded in the income statement.

Derivative instruments designated as cashflow hedges are designated as such at inception of the instrument's life, are expected to be highly effective, are reliably measurable and are continually reassessed on an ongoing basis.

Interest income and expense

Interest income and interest expense is recognised using the effective interest method.

The effective interest method adjusts interest income and expense for the effect of amortising premiums or discounts on the underlying financial assets and liabilities over the period from their initial recognition until expected maturity, taking into account the expected cash flow profile of the financial instrument.

Other income and expense

Other income and expense is recorded on an accruals basis.

Foreign currency translation

Transactions in currencies other than the functional currency are translated at the foreign exchange rate in effect at the date of the transaction.

At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated to euros at the foreign exchange rate in effect at that date with the effect of any foreign exchange differences recorded in the income statement. Non-monetary items are translated at either the historical rate or at the rate when fair value is determined, with the effect recognised in the income statement, except for non-monetary items classified as available-for-sale.

Transaction expenses

Expenses incurred by the Company that are directly attributable to its initial public offering are charged directly to the share premium account. Share options granted at formation to the Investment Manager are treated as such an expense on the basis that they are granted as a fee for services performed by the Investment Manager in the course of the Offer process.

Dividends

Dividends are recorded when paid or as payable when approved by the Shareholders.

PART XI
ADDITIONAL INFORMATION

1. THE COMPANY

1.1 The Company was incorporated and registered with limited liability in the Island of Guernsey on October 31, 2006, with the name "Volta Finance Limited" and with registered number 45747. The Company has been registered with an unlimited life. The Company was incorporated with the power to issue an unlimited number of shares with no par value. Its registered address is First Floor, Dorey Court, Admiral Park, St. Peter Port, Guernsey GY1 6HJ. The telephone number at that location is +44 (0) 1481 715 601.

1.2 The Company operates under the Companies Law and ordinances and regulations made under those laws.

2. SHARE CAPITAL

2.1 At incorporation, two ordinary shares were subscribed by the subscribers to the memorandum of association of the Company. The expected authorised share capital and the issued share capital of the Company (all of which will be fully paid up) immediately following the Offer are as follows:

Ordinary Share capital immediately following the Offer

Authorised		*Issued and to be issued fully paid*
Unlimited	Ordinary shares of no par value	35,000,003 to 50,000,003

2.2 The actual number of Shares in issue following the Offer will be determined by the Company and the Initial Purchasers and details will be contained in an announcement expected to be made on or about December 14, 2006.

2.3 An affiliate of the Investment Manager will acquire a single Class B Share of the Company's equity capital. The Class B Share will be identical in all respects to the Company's other shares, except that it will entitle the holder of the Class B Share to elect a single director to the Company's Board of Directors and the affirmative vote of the Class B shareholder will be required to amend the Articles of Association of the Company to remove or modify this special right. At such time as the holdings of the AXA Group Investors decline to less than 5 per cent. of the Company's equity capitalisation (with the Class B Share and the other issued and outstanding ordinary shares taken together), the Class B Share shall be converted to an ordinary share. Similarly, if the Class B Share is no longer held by an affiliate of AXA, the Class B Share shall be converted to an ordinary share. The Company will be entitled to rely on certifications of the Class B shareholder with respect to its status as an AXA Group Investor and the holdings of AXA Group Investors in the Company.

2.4 Each Director will receive 30 per cent. of his or her director's fee for any year in the form of newly issued Shares at a per share price equal to the average per share closing price of the Shares on Euronext Amsterdam over the 60 consecutive Euronext Amsterdam trading days prior to the issuance date. The Directors will be obligated to the Company to retain those Shares for a period of no less than six months from their respective dates of issuance.

2.5 The Investment Manager will receive 50 per cent. of the Incentive Fee payable on any date in the form of new Class C Shares of the Company at a per share price equal to the average per Share closing price of the Shares on Euronext Amsterdam over the 60 consecutive Euronext Amsterdam trading days prior to the issuance date, provided that:

- the total holdings of the Investment Manager and its subsidiaries in the Company do not, and will not as a result of such issuance, exceed 20 per cent. of the Company's total equity capitalisation; and
- the receipt of such Shares by the Investment Manager would not cause tax, accounting, legal or regulatory issues for either the Investment Manager or the Company, each as determined by the Investment Manager or the Company in its own reasonable judgment and notified in writing to the other.

If there is no reasonable trading market for the Shares the Company will, at the Investment Manager's option, secure a third-party valuation of the Shares or make the entire Incentive Fee payment in cash.

2.6 At the time of Admission, the Investment Manager will be granted the Investment Manager Warrants. The Investment Manager Warrants will become exercisable on November 30, 2008. They will cease to be exercisable after December 31, 2016. Through November 30, 2008, the Investment Manager Warrants will not be transferable except to the Investment Manager and certain of its employees involved in the management of the Company's investment portfolio or closely related support functions.

2.7 Except for pursuant to the Offer and as disclosed above, since the date of incorporation, no share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued, for cash or any other consideration and no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such capital and no borrowing or contingent liabilities have been incurred.

2.8 The Shares will be issued in registered form and will be capable of being held in uncertificated form. Temporary documents of title will not be issued.

2.9 The allotment of Shares will not be made on a pre-emptive basis. There are no provisions of Guernsey law which confer pre-emptive rights on existing shareholders in connection with the allotment of equity securities for cash.

2.10 Other than as disclosed above, the Directors have no present intention of issuing Shares other than pursuant to the Offer.

2.11 On November 9, 2006, the Company took authority by special resolution, in accordance with Clause 5 of the Companies (Purchase of Own Shares) Ordinance 1998 (the "**Ordinance**"), to make market purchases of fully paid Shares, of up to 14.99 per cent. of each class or the ordinary shares of the Company in issue at any time and will seek annual renewal of this authority from Shareholders. Any buyback of Shares will be made subject to Guernsey law and any other applicable law and within guidelines established from time to time by the Board (which will take into account the income and cash flow requirements of the Company) and the making and timing of any buy backs will be at the absolute discretion of the Board. The Directors will only exercise this authority after considering the effects on earnings per Share and the benefits for Shareholders generally. Other investment opportunities, appropriate borrowing levels and the overall position of the Company will all be taken into account before deciding upon this course of action. Examples of where the authority may be used may include where the Directors believe such purchases will enhance Shareholder total returns, such as, for example, where the Investment Manager has been unable to source sufficient appropriate investments, either at all or in a timely manner. Such purchases will also only be made in accordance with applicable rules relating to market abuse.

2.12 On November 9, 2006, the Company passed a special resolution cancelling the amount standing to the credit of its share premium account immediately following Admission. In accordance with the Companies Law, the Directors intend to apply to the Court in Guernsey for an order confirming such cancellation of the share premium account immediately following Admission. Subject to any undertaking to be given to the Court, the reserve created on such cancellation will be available as distributable profits to be used for all purposes permitted by the Companies Law, including the buy back of shares and the payment of dividends.

2.13 There are no interests in the Company's capital or voting rights that are notifiable under Guernsey law.

3. MEMORANDUM AND ARTICLES OF ASSOCIATION

The Company's principal objects, which are contained in its memorandum of association, include the carrying on of the business of an investment company. The objects of the Company are set out in full in clause 3 of the memorandum of association, which is available for inspection at the address specified in paragraph 1.1 above.

The Articles of the Company (the full text of which are available for inspection at the address specified in paragraph 1.1 above) contain in broad summary, amongst other things, provisions to the following effect:

3.1 Share Capital

3.1.1 Power to attach rights

3.1.2 Subject to the rights attached to existing shares or any class of shares, new shares in the Company may be issued with, or have attached to them, such preferred, deferred or other rights or restrictions whether as to dividend, voting, return of capital or otherwise as the Company may by ordinary resolution decide, or, if no such resolution is passed or so far as any pertinent resolution does not make specific provision, as the Directors may decide.

3.1.3 Power to redeem and purchase shares

Subject to the provisions of the Companies Law and the Companies (Enabling Provisions) (Guernsey) Law 1996, as amended:

(a) any preference shares may with the sanction either of the Board or an ordinary resolution be issued on terms that they are to be redeemed or, at the option of either the Company or the holder, are liable to be redeemed, in each case on such terms and in such manner as the Company before the issue may by ordinary resolution decide and subject to and in default of such determination as the Directors may decide;

(b) the Company may from time to time purchase, or agree to purchase in the future, its own shares (including any redeemable shares) in any manner authorised by the Companies Law and the Companies (Enabling Provisions) (Guernsey) Law 1996, as amended and may make payments in respect of any such purchase otherwise than out of its distributable profits or the proceeds of a fresh issue of shares; and

(c) the Company may give financial assistance, as defined in section 2 of the Ordinance, directly or indirectly for the purpose of or in connection with the acquisition of its shares, as defined in section 8 of the Ordinance.

3.1.4 Variation of rights

If at any time the share capital is divided into different classes of shares the rights attached to any class (unless otherwise provided by the terms of issue) may whether or not the Company is being wound up be varied or abrogated with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a special resolution of the holders of the shares of that class validly held in accordance with the Articles, but not otherwise.

3.1.5 Consolidation, sub-division and cancellation

The Company may by ordinary resolution consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares or sub-divide all or any of its shares into shares of a smaller amount than its existing shares (and so that the resolution whereby any share is subdivided may determine that as between the holders of the shares resulting from subdivision one or more of the shares may have such preferred deferred or other rights over the others as the Company has power to attach to unissued or new shares), or may cancel any shares which at the date of the passing of the resolution have not been taken or convert all or any of its fully paid shares, the nominal amount of which is expressed in a particular currency, into fully paid shares of a nominal amount of a different currency. By special resolution the Company may reduce its capital.

3.1.6 Payment of scrip dividends

Subject to the Companies Law and the Companies (Enabling Provisions) (Guernsey) Law 1996, as amended, the Directors may, if authorised by an ordinary resolution, offer those Shareholders of a particular class of shares in respect of any dividend the right to elect to receive shares by way of scrip dividend instead of cash.

3.1.7 Increase of share capital

The Company may by ordinary resolution increase the share capital of the Company by such sum to be divided into shares of such amount as the resolution shall prescribe.

3.1.8 Pre-emptive rights

The Company before the issue of any new shares may (but is not obligated to) by ordinary resolution resolve that all or some of them shall be offered to the members (defined in the Articles as the registered or beneficial holders of shares) in proportion to their existing shares at such price as the Company or the Board may fix. Such offer shall be made by notice specifying the number of shares to which the Member is entitled and limiting a time within which the offer if not accepted will be deemed to be declined. After the expiration of such period or on the receipt of an intimation from the Member that he declines, the Board may offer the same on similar terms to such of the other Shareholders as they may select including the Directors or dispose of them in such manner as they think fit. For the purpose of giving effect to the relevant Article, the Board shall be entitled to disregard fractions. In the absence of any determination or so far as the same shall not extend, new shares may be dealt with as if they formed part of the original share capital of the Company and shall be subject to the Articles.

3.2 Transfer of shares

3.2.1 The Articles provide that the Board may implement such arrangements as they may think fit in order for any class of shares to be admitted to settlement by means of Euroclear Nederland or Clearstream Luxembourg. If the Directors implement any such arrangement, no provision of the Articles shall apply or have effect to the extent that it is in any respect inconsistent with:

(a) the holding of shares of that class in uncertificated form;

(b) the transfer of title to shares of that class by means of Euroclear Nederland or Clearstream Luxembourg; or

(c) the Euroclear Nederland Requirements.

3.2.2 Where any class of shares is for the time being admitted to settlement by means of Euroclear Nederland, such securities will be issued to Euroclear Nederland in registered form for safekeeping on behalf of and for the benefit of those persons entitled to the Shares. Individual share certificates will not be issued.

3.2.3 Title to such of the shares as are recorded on the register as being held in uncertificated form may be transferred only by means of Euroclear Nederland. Every transfer of shares from a Euroclear Nederland account of a Euroclear Nederland member to a Euroclear Nederland account of another Euroclear Nederland member will vest in the transferee a beneficial interest in the shares transferred, notwithstanding any agreements or arrangements to the contrary however and whenever arising and however expressed.

3.3 Disclosure of interests in shares

3.3.1 The Directors have power by notice in writing to require any shareholder to disclose to the Company (i) the identity of any person other than the member (an **"interested"** party) who has any interest in the shares held by the member, (ii) the nature of such interest and (iii) any other relevant information that the Directors may reasonably request. Any such notice must require any information in response to such notice to be given in writing within such reasonable time as the Directors may determine.

3.3.2 The Company will maintain a register of interested parties to which the provisions of Sections 55 and 58 of the Companies Law will apply mutatis mutandis as if the register of interested parties was the register of members and whenever in pursuance of a requirement imposed on a Shareholder the Company is informed of an interested party the identity of the interested party and the nature of the interest must be promptly inscribed therein together with the date of the request.

3.3.3 The Directors may be required to exercise their powers as described in paragraph 3.3.1 on the requisition of members holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company as carries at that date the right of voting at general meetings of the Company. The requisition must state that the requisitionists are requiring the Company to exercise its powers under Article 6 of the Articles, specify the manner in which they require those powers to be exercised, and give reasonable grounds for requiring the Company to exercise those powers in the manner specified and must be signed by the requisitionists and deposited at the registered office of the Company. The requisition may consist of several documents in like form each signed by one or more requisitionists. On the deposit of a requisition complying with the Articles it is the Directors' duty to exercise their powers as described in paragraph 3.3.1 in the manner specified in the requisition.

3.4 Failure to disclose interests in shares

3.4.1 If any member has been duly served with a notice given by the Directors in accordance with the requirements described in paragraph 3.3.1 and is in default for the prescribed period (being 14 days from the date of the service of the notice in supplying) to the Company the information thereby required, then the Directors may in their absolute discretion at any time thereafter serve a notice (a **"direction notice"**) upon such member.

3.4.2 A direction notice may direct that, in respect of any shares in relation to which the default occurred (all or the relevant number as appropriate of such shares being the **"default shares"**) and any other shares held by the member, the member shall not be entitled to vote at a general meeting or meeting of the holders of any class of shares of the Company either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company or of the holders of any class of shares of the Company, then the direction notice may additionally direct that in respect of the default shares (a) any dividend or part thereof or other amount which would otherwise be payable in respect of such shares will be withheld by the Company without any liability to pay interest thereon when such money is finally paid to the member, and the member shall not be entitled to elect to receive shares instead of a dividend, and (b) that no transfer other than an approved transfer (as described in paragraph 3.4.6(b) below) of the default shares held by such member may be registered unless the member is not himself in default as regards supplying the information requested and when presented for registration the transfer is accompanied by a certificate by the member in a form satisfactory to the Directors to the effect that after due and careful enquiry the member is satisfied that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer.

3.4.3 The Company shall send to each other person appearing to be interested in the shares the subject of any direction notice a copy of the notice, but failure or omission by the Company to do so shall not invalidate such notice.

3.4.4 If shares are issued to a member as a result of that member holding other shares in the Company and if the shares in respect of which the new shares are issued are default shares in respect of which the member is for the time being subject to particular restrictions, the new shares shall on issue become subject to the same restrictions whilst held by that member as such default shares. For this purpose, shares which the Company procures to be offered to members pro rata (or pro rata ignoring fractional entitlements and shares not offered to certain members by reason of legal or practical problems associated with offering shares outside the Netherlands or Guernsey) shall be treated as shares issued as a result of a member holding other shares in the Company.

3.4.5 Any direction notice shall have effect in accordance with its terms for as long as the default, in respect of which the direction notice was issued, continues but shall cease to have effect in relation to any shares which are transferred by such member by means of an approved transfer (as described in paragraph 3.4.6(b) below). As soon as practical after the direction notice has ceased to have effect (and in any event within seven days thereafter) the Directors shall procure that the restrictions imposed pursuant to the provisions described in paragraphs 3.4.1, 3.4.2 and 3.4.4 above shall be removed and that dividends withheld pursuant to the provisions described in paragraph 3.4.2 above are paid to the relevant member.

3.4.6 For the purpose of this paragraph:

(a) a person shall be treated as appearing to be interested in any shares if the member holding such shares has given to the Company a notification which either (i) names such person as being so Interested or (ii) fails to establish the identities of those interested in the shares and (after taking into account the said notification and any other relevant notification) the Company knows or has reasonable cause to believe that the person in question is or may be interested in the shares;

(b) a transfer of shares is an approved transfer if but only if:

(i) it is a transfer of shares to an offeror by way or in pursuance of acceptance of a public offer made to acquire all the issued shares in the capital of the Company not already owned by the offeror or any connected person of the offeror in respect of the Company; or

(ii) the Directors are satisfied that the transfer is made pursuant to a sale of the whole of the beneficial ownership of the shares to a party unconnected with the member and with other persons appearing to be interested in such shares; or

(iii) the transfer results from a sale made through Eurolist by Euronext Amsterdam or any stock exchange outside the Netherlands on which the Company's shares are listed or normally traded.

3.4.7 Any Shareholder who has given notice of an interested party in accordance with the requirements described in paragraphs 3.4.1 and 3.4.2 who subsequently ceases to have any party interested in his shares or has any other person interested in his shares must notify the Company in writing of the cessation or change in such interest and the Directors shall promptly amend the register of interested parties accordingly.

3.5 Compulsory transfer of shares

3.5.1 No person that is an "employee benefit plan" subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended (**"ERISA"**), a plan subject to Section 4975 of the Code, a person or entity whose assets include the assets of any such "employee benefit plan" or "plan" by reason of 29 C.F.R.2510.3-101 (as modified by Section 3(42) of ERISA) or otherwise, or any other employee benefit plan subject to any federal, state, local or foreign law that is substantially similar to Section 406 of ERISA or Section 4975 of the Code (a **"Similar Law"**) (each, an **"ERISA Person"**) may acquire the shares and any person acquiring the shares will be deemed to have represented and warranted by its acquisition that it is not an ERISA Person and that no portion of the assets used by such person constitute assets of any plan subject to part 4 of subtitle B of Title I of ERISA, Section 4975 of the Code or any Similar Laws (any such person using assets of such a plan shall also be an **"ERISA Person"**). Any purported acquisition of shares by a person in contravention of this provision shall be deemed to be held in trust (the **"Trust"**) for the benefit of a charitable beneficiary designated by the Company following discovery of the Trust, and such ERISA Person will acquire no rights in such shares except as deemed trustee (the **"Trustee"**) for the benefit of such Trust (the **"Shares-in-Trust"**). The ERISA Persons purportedly owning such Shares-in-Trust shall submit such shares for registration in the name of the Trust. Such designation of shares as Shares-in-Trust shall be effective as of the date on which the ERISA Person had purportedly acquired such shares.

During the period prior to the Board's discovery of the existence of the Trust, any transfer of shares by an ERISA Person to a non-ERISA Person shall reduce the number of Shares-in-Trust on a one-for-one basis, and to that extent such shares shall cease to be designated as Shares-in-Trust. After the discovery of the existence of the Trust, but prior to the redemption or other transfer of all discovered Shares-in-Trust and/or the submission of all discovered Shares-in-Trust for registration in the name of the Trust, any transfer of shares by an ERISA Person to a non-ERISA Person shall reduce the number of Shares-in-Trust on a one-for-one basis, and to that extent such shares shall cease to be designated as Shares-in-Trust.

Prior to the Board's discovery of the Trust, the shares that are deemed Shares-in-Trust shall be considered to be issued and outstanding shares of the Company. The prohibited owner shall have no rights in the shares deemed to be held by the Trustee. The prohibited owner shall not benefit economically from ownership of any shares held in Trust by the Trustee, shall have no rights to any distributions and shall not possess any rights to vote or other rights attributable to the shares deemed to be held in the Trust. The Trustee shall have all rights and privileges attaching to the shares and rights to distributions with respect to shares held in the Trust, which rights shall be exercised for the exclusive benefit of the charitable beneficiary. Any distribution paid prior to the discovery by the Board of the Trust shall be paid by the recipient of such distribution to the Trustee upon demand and any distribution authorised but unpaid shall be paid when due to the Trustee. Any distribution so paid to the Trustee shall be held in trust for the charitable beneficiary.

If it shall come to the notice of the Board that shares are held in Trust pursuant to these provisions of the Company's articles of association or are otherwise purported to be held by any ERISA Person, the Company will have the right, but not the obligation, to repurchase the Shares-in-Trust or to otherwise transfer the Shares-in-Trust to an Eligible Transferee as provided in 3.5.2 and 3.5.3 below. Upon a redemption or transfer of such Shares-in-Trust, the interest of the charitable beneficiary designated by the Company in the Shares-in-Trust shall terminate and the Trustee shall distribute the net proceeds of the sale to the prohibited owner and to the charitable beneficiary as provided herein. The prohibited owner shall receive the lesser of (1) the price paid by the prohibited owner for the shares or, if the prohibited owner did not give value for the shares in connection with the event causing the shares to be held in Trust (*e.g.*, in the case of a gift, devise or other such transaction), the fair market value of the shares on the day of the event causing the shares to be deemed to be held in the Trust and (2) the fair market value per share on the date of the discovery by the Company of the purported ownership of the shares by an ERISA Person. Any net sale proceeds in excess of the amount payable to the prohibited owner shall be immediately paid to the charitable beneficiary.

By written notice to the Trustee, the Board shall designate one or more non-profit organisations to be the charitable beneficiary of the interest in the Trust such that (1) the shares held in the Trust would not violate the restrictions set forth herein in the hands of such charitable beneficiary and (2) each such organisation must be described in Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended (the **"Code"**) and contributions to each such organisation must be eligible for deduction under each of Sections 170(b)(1)(A), 2055 and 2522 of the Code.

3.5.2 If it shall come to the notice of the Board that any shares:

(a) are or may be owned or held directly or beneficially by any person in breach of any law or requirement of any country or by virtue of which such person is not qualified to own those shares and, in the sole and conclusive determination of the Directors, such ownership or holding or continued ownership or holding of those shares (whether on its own or in conjunction with any other circumstance appearing to the Directors to be relevant) would in the reasonable opinion of the Directors, cause a pecuniary or tax disadvantage to the Company or any other holder of shares or other securities of the Company which it or they might not otherwise have suffered or incurred; or

(b) are held in Trust pursuant to 3.5.1 or are otherwise purported to be held by any ERISA Person; or

(c) are or may be owned or held directly or beneficially by any person to whom a transfer of shares or whose ownership or holding of any shares might in the opinion of the Directors require registration of the Company as an investment company under the Investment Company Act of 1940,

(d) the Directors may serve written notice (hereinafter called a **"Transfer Notice"**) upon the person (or any one of such persons where shares are registered in joint names) appearing in the register as the holder (the **"Vendor"**) of any of the shares concerned (the **"Relevant Shares"**) requiring the Vendor within 3 days (or such extended time as in all the circumstances the Directors consider reasonable) to transfer (and/or procure the disposal of interests in) the Relevant Shares to another person who, in the sole and conclusive determination of the Directors, would not fall within paragraphs (a), (b) or (c) above (such a person being hereinafter called an **"Eligible Transferee"**) (such Eligible Transferees to include for this purpose the Company). On and after the date of such Transfer Notice, and until registration of a transfer of the Relevant Share to which it relates pursuant to the provisions referred to in this paragraph or paragraph 3.5.3 below, the rights and privileges attaching to the Relevant Shares will be suspended and not capable of exercise.

3.5.3 If within 3 days after the giving of a Transfer Notice (or such extended time as in all the circumstances the Directors consider reasonable) the Transfer Notice has not been complied with to the satisfaction of the Board, the Company may sell the Relevant Shares on behalf of the holder thereof by instructing an Admitted Institution to sell them at the best price reasonably obtainable at the time of sale to any one or more Eligible Transferees. To give effect to a sale, the Directors may authorise in writing any officer or employee of the Company or any offer or employee of the secretary of the Company to transfer the Relevant Shares on behalf of the holder thereof (or any person who is automatically entitled to the shares by transmission or by law) or to cause the transfer of the Relevant Shares to the Eligible Transferee and in relation to an uncertificated share may require Euroclear Nederland to convert the share into certificated form and an instrument of transfer executed by that person will be as effective as if it had been executed by the holder of, or the person entitled by transmission to, the Relevant Shares. An Eligible Transferee is not bound to see to the application of the purchase money and the title of the Eligible Transferee is not affected by any irregularity in or invalidity of the proceedings connected to the sale. The net proceeds of the sale of the Relevant Shares, after payment of the Company's costs of the sale, shall be received by the Company, whose receipt shall be a good discharge for the purchase moneys, and shall belong to the Company and, upon their receipt, the Company shall become indebted to the former holder of the Relevant Shares, or the person who is automatically entitled to the Relevant Shares by transmission or by law, for an amount equal to the net proceeds of transfer, in the case of certificated shares, upon surrender by him or them of the certificate for the Relevant Shares which the Vendor shall forthwith be obliged to deliver to the Company. The Company is deemed to be a debtor and not a trustee in respect of that amount for the member or other person. No interest is payable on that amount and the Company is not required to account for money earned on it. The amount may be employed in the business of the Company or as it thinks fit. The Company may register or cause the registration of the Eligible Transferee as holder of the Relevant Shares and thereupon the Eligible Transferee shall become absolutely entitled thereto.

3.5.4 A person who becomes aware that his holding, directly or beneficially of shares will or is likely to fall within any of paragraphs 3.5.1 or 3.5.2 above, shall forthwith, unless he has already received a Transfer Notice pursuant to the provisions referred to in paragraph 3.5.2 above either transfer the shares to one or more Eligible Transferees or give a request in writing to the Directors for the issue of a Transfer Notice in accordance with the provisions referred to in paragraph 3.5.2 above. Every such request shall, in the case of certificated shares, be accompanied by the certificate(s) for the shares to which it relates.

3.5.5 Subject to the provisions of the Articles, the Board will, unless any Director has reason to believe otherwise, be entitled to assume without enquiry that none of the shares are held in such a way as to entitle the Board to serve a Transfer Notice in respect thereof. The Board may, however, at any time and from time to time call upon any holder (or any one of joint holders or a person who is automatically entitled to the shares by transmission or by law) of shares by notice in writing to provide such information and evidence as it shall require upon any matter connected with or in relation to such holder of shares. In the event of such information and evidence not being so provided within such reasonable period (not being less than 3 clear days after service of the notice requiring the same) as may be specified by the Board in the said notice, the Board may, in its absolute discretion, treat any share held by such a holder or joint holder or person who is automatically entitled to the shares by transmission or by law as being held in such a way as to entitle them to serve a Transfer Notice in respect thereof.

3.5.6 The Board will not be required to give any reasons for any decision, determination or declaration taken or made in accordance with the provisions described in this paragraph 3.5. The exercise of the powers conferred by the provisions referred to paragraphs 3.5.1 and/or 3.5.2 and/or 3.5.4 and/or 3.5.5 above may not be questioned or invalidated in any case on the ground that there was insufficient evidence of direct or beneficial ownership or holding of shares by any person or that the true direct or beneficial owner or holder of any shares was otherwise than as appeared to the Directors at the relevant date provided that the said powers have been exercised in good faith.

3.6 Meetings of Shareholders (“**general meetings**”)

3.6.1 The first general meeting of the Company should be held as required by the Companies Law and the Companies (Enabling Provision) (Guernsey) Law, 1996, as amended, being within 18 months of October 31, 2006, (being the date of incorporation of the Company) and thereafter annual general meetings shall be held at least once in each subsequent calendar year.

3.6.2 The Board may convene an extraordinary general meeting whenever it thinks fit. Extraordinary general meetings shall be held in Guernsey. The Board must on the requisition in writing of one of more members holding not less than one-tenth of the issued share capital of the Company forthwith proceed to convene an extraordinary general meeting.

3.6.3 A general meeting shall be called by not less than 21 clear calendar days’ notice.

3.6.4 The quorum for a general meeting at which “ordinary” business (receiving and considering financial statements and the reports of the Directors and the Auditors, electing Directors and appointing Auditors, fixing the remuneration of the Directors and Auditors, sanctioning or declaring dividends) is transacted shall be 2 Shareholders present in person or by proxy and entitled to vote.

3.6.5 The quorum for a general meeting at which any business deemed “special” is to be transacted shall be Shareholders present in person or by proxy holding not less than 50 per cent. of the total voting rights of the Shareholders having the right to attend and vote, provided that if any Shareholder present in person or by proxy holds shares as record owner for the account of one or more ultimate beneficial owners, (whether through the Euroclear or Clearstream Luxembourg System or otherwise) (as such a “**Nominee**”), such Shareholder shall be deemed only to have the power to vote those shares in respect of which such Shareholder has received binding voting instructions from the relevant ultimate beneficial owner(s). If the meeting is inquorate it shall be adjourned for 7 days at the same time and place or to such other day and at such other time and place as the Board may determine. The revised quorum at the resumed meeting shall be Shareholders present in person or by proxy holding not less than 25 per cent. of the total voting rights of the Shareholders having the right to attend and vote, provided that if any Shareholder present in person or by proxy holds shares as Nominee, such Shareholder shall be deemed only to have the power to vote those shares in respect of which such Shareholder has received binding voting instructions from the relevant ultimate beneficial owner(s). If the resumed meeting is also inquorate it shall also be adjourned for 7 days at the same time and place or to such other day and at such other time and place as the Board may determine. The revised quorum at the next resumed meeting shall be Shareholders present in person or by proxy holding not less than 15 per cent. of the total voting rights of the Shareholders having the right to attend and vote, provided that if any Shareholder present in person or by proxy holds shares as Nominee, such Shareholder shall be deemed only to have the power to vote those shares in respect of which such Shareholder has received binding voting instructions from the relevant ultimate beneficial owner(s). If that resumed meeting is inquorate it shall be adjourned for 7 days at the same time and place or to such other day and at such other time and place as the Board may determine. The revised quorum for the next resumed meeting shall be 2 Shareholders present in person or by proxy entitled to vote.

3.7 Voting rights

3.7.1 Subject as described in paragraph 3.4 and to any special rights or restrictions as to voting attached to any class of shares, at a general meeting every member present in person has on a show of hands one vote and every member present in person or by proxy has on a poll one vote for every share of which he is the holder. In connection with any poll (other than a poll relating to election of Directors (other than the Director appointed by the Class B Shareholder)), and provided, further, that, in connection with any poll, shares with respect to which the Investment Manager or any of its affiliates has the power to determine the vote (**"Investment Manager Shares"**) shall have a number of votes equal to the lesser of (i) one vote for each Investment Manager Share and (ii) 15 per cent. of the number of shares outstanding on the record date for the relevant meeting of Shareholders; and provided, further, that, in connection with any poll relating to election of Directors (other than the Director appointed by the holder of the Class B Share), the Investment Manager Shares shall have a number of votes equal to the lesser of (i) one vote for each Investment Manager Share and (ii) 3/17 of the number of votes validly cast by all persons other than the Investment Manager and its affiliates (or persons acting on their instructions) in such poll. Unless the Board otherwise decides, no member is entitled in respect of a share held by him to be present or to vote, either in person or by proxy, at a general meeting or at a separate meeting of the holders of a class of shares or on a poll, or to exercise other rights conferred by membership in relation to the meeting or poll, if a call or other amount due and payable in respect of the share is unpaid. This restriction ceases on payment of the amount outstanding and all costs, charges and expenses incurred by the Company by reason of the non-payment. No member will within the time set out in the relevant notice of the meeting be entitled to vote in respect of any shares unless he has been registered as their holder.

3.7.2 Any body corporate which is a Shareholder of the Company may by resolution of its own directors or other governing body appoint one or more persons as it thinks fit to act as its representatives at any meeting of the Company or of any class of members of the Company and to approve any resolution submitted in writing. Each representative appointed will be entitled to exercise on behalf of the body corporate which he represents (in respect of that part of the body corporate's holding of shares to which the authorisation relates) those powers that the body corporate could exercise if it were an individual member, including power to vote on a show of hands or on a poll and to demand or concur in demanding a poll. The body corporate will for the purposes of the Articles be deemed to be present in person at a meeting if a representative is present.

3.7.3 If:

(i) at any time when the Company is not subject to the City Code or any successor regime (whether statutory or non-statutory) governing the conduct of takeovers and mergers in the UK or any similar regime which includes rules requiring mandatory takeover bids in either Guernsey or in the Netherlands;

(ii) any person (and/or any person(s) held by the Directors in their absolute discretion to be "acting in concert" (as that term is defined in the City Code) with him) acquires Shares in the Company in circumstances where he (whether or not with any such other person(s) would (in the opinion of the Board) have been obliged under the City Code to extend a general offer (a **"Mandatory Offer"**) to the holders of any other Shares in the Company had the Code applied to the Company (such person or persons who would from time to time have been required to have made such an offer being the **"Mandatory Offeror(s)"**); and

(iii) the Mandatory Offeror(s) fail(s) to make such an offer to the other Shareholders on terms and conditions as are no less favourable (in the opinion of the Board) than he/they would have been obliged to offer under the provisions of the Code had it applied (a **"Compliant Offer"**) within 21 days following the date on which the obligation would have arisen, the Board is entitled, but not obliged, to suspend with immediate effect all voting rights attributable to the shares in the Company held directly or indirectly by the Mandatory Offeror(s) from time to time and any shares in respect of which the Mandatory Offeror(s) from time to time is able to direct the voting rights. Any such suspension may, at the absolute discretion of the Board, extend for any period during which the obligation to make a Mandatory Offer would have continued to exist under the Code unless and until a Compliant Offer is made. The Board has no liability to the Mandatory Offeror(s) or any other Shareholder of the Company for the manner in which they exercise or refrain from exercising any suspension powers under the relevant article of the Articles of Association of the Company or for any determination which the Board makes as to the application of the provisions of the relevant article of the Articles of Association of the Company to any particular circumstances.

3.8 Directors

3.8.1 Appointment

Other than as disclosed above with respect to the Class B Director, Directors may be appointed by an ordinary resolution of the Company or by the Board. Any Director appointed by the Board (as opposed to by shareholder vote) will hold office only until the next annual general meeting and will then be eligible for re-election. Unless the subscribers appoint a sole Director and until otherwise determined by the Directors the number of Directors shall not be less than five. One Director may be an employee of the AXA Group, but such Director may not be an employee of the Investment Manager or one of its direct or indirect subsidiaries. At no time will (i) fewer than one Director be resident in Guernsey or (ii) more than one Director be resident in France. At no time will a majority of the Board be resident in the United Kingdom. In addition, the chairman of the Board of Directors may not be resident in France or AXA-affiliated. A Director need not be a Shareholder of the Company.

The Board may appoint one or more of their number to hold employment or executive office with the Company for such term and on such other terms and conditions as the Board thinks fit. The Board may revoke or terminate an appointment, without prejudice to a claim for damages for breach of the contract of service between the Director and the Company or otherwise. The salary or other remuneration of a Director appointed to hold employment or executive office may be a fixed sum of money, or wholly or in part governed by business done or profits made, or as otherwise decided by the Directors, and may be in addition to or instead of a fee payable to him for his services as Director, but any such salary or remuneration for services as an employee or executive officer will be subject to prior approval by a majority of the votes cast at a shareholders' meeting.

The Directors may enter into an agreement or arrangement with any Director for the provision of any services outside the scope of the ordinary duties of a Director. Any such agreement or arrangement may be made on such terms and conditions as the Directors think fit and the Directors may remunerate any such Director for his services as they think fit (whether by way of salary, percentage of profits or otherwise and either in addition to or in substitution for any other remuneration which he may be entitled to receive), but any such salary or remuneration will be subject to prior approval by a majority of the votes cast at a shareholders' meeting.

Each of the Directors may appoint a delegate to serve in his or her place at a meeting of the Board. Any such delegate shall be a resident of the same jurisdiction as the appointing Director.

3.8.2 Removal of Directors

The Company may by ordinary resolution remove a Director before the expiry of his period of office.

Note: Neither the Companies Law nor the Articles contain any provision which disqualifies any person from being appointed a Director of the Company, or requires him to vacate the office of Director of the Company, by reason only of the fact that he has attained 70 years of age or any other age.

3.8.3 Remuneration expenses and pensions

Unless otherwise decided by the Company by ordinary resolution, the Company shall pay to the Directors (but not alternate Directors) for their services as Directors out of the funds of the Company by way of fees such sums as the Directors decide not exceeding €60,000 per annum (plus €10,000 per meeting for each of the first four meetings of the Board attended in any year) for each Director or €120,000 per annum in respect of the Chairman.

A Director who, at the request of the Directors, goes to or resides in any country not his usual place of residence, makes a special journey or performs a special service on behalf of the Company may receive such sum as the Directors may think fit.

A Director is entitled to be reimbursed for all travelling, hotel and other expenses that are considered reasonable and that are properly incurred by him in the performance of his duties as Director including, without limitation, expenses incurred in attending meetings of the Directors or of committees of the Directors or general meetings or separate meetings of the holders of a class of shares or debentures.

The fee payable to an alternate Director is payable out of the fee payable to his appointor and an alternate Director is not entitled to a fee from the Company.

3.8.4 Directors' interests

Provided he has disclosed to the Board the nature and extent of any material interest of his, a Director, notwithstanding his office:

(a) may enter into or otherwise be interested in a contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested either in connection with his tenure of an office or place of profit or as seller, buyer or otherwise;

(b) may hold another office or place of profit with the Company (except that of auditor or auditor of a subsidiary of the Company) in conjunction with the office of Director and may act by himself or through his firm in a professional capacity to the Company, and in that case on such terms as to remuneration and otherwise as the Directors may decide either in addition to or instead of remuneration provided for in the Articles;

(c) may be a director or other officer of, or employed by, or a party to a contract, transaction, arrangement or proposal with or otherwise interested in, a company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has a power of appointment; and

(d) is not liable to account to the Company for a profit, remuneration or other benefit authorised by such contract, arrangement, transaction, proposal, office or employment and no such contract, arrangement, transaction or proposal is avoided on the grounds of any such interest or benefit.

Notwithstanding the foregoing, the Director appointed to the Company's Board of Directors by the holder of the Class B Share, initially an affiliate of AXA S.A., is not required under the Company's constitutive documents to refrain from voting on the outcome of certain matters to be considered by the Company's Shareholders. The holder of the Class B Share is not contractually restrained from casting its votes with respect to matters relevant to the Company's interactions with the Investment Manager. Similarly, the Director appointed by the holder of the Class B Share is not required under the Company's constitutive documents to refrain from voting on such matters.

3.8.5 A Director may not vote on or, subject to the provisions of the Articles of Association of the Company, be counted in the quorum in relation to a resolution of the Directors or of a committee of the Directors concerning a contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he has an interest which is, to his knowledge, a material interest (otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company), but this prohibition does not apply to a resolution concerning any of the following matters:

(a) the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;

(b) the giving of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part, either alone or jointly with others, under a guarantee or indemnity or by the giving of security;

(c) a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings for subscription or purchase, in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;

(d) a contract, arrangement, transaction or proposal to which the Company is or is to be a party concerning another company (including a subsidiary undertaking of the Company) in which he is interested (directly or indirectly) whether as an officer, shareholder, creditor or otherwise (a "**relevant company**"), if he does not to his knowledge hold an interest in shares representing one per cent. or more of either any class of the equity share capital of or the voting rights in the relevant company;

(e) a contract, arrangement, transaction or proposal for the benefit of the employees of the Company or any of its subsidiary undertakings (including any pension fund or retirement, death or disability scheme) which does not award him a privilege or benefit not generally awarded to the employees to whom it relates; and

(f) a contract, arrangement, transaction or proposal concerning the purchase or maintenance of any insurance policy for the benefit of Directors or for the benefit of persons including Directors.

3.8.6 A Director may not vote on but may be counted in the quorum in relation to a resolution of the Directors or committee of the Directors concerning his own appointment (including, without limitation, fixing or varying the terms of his appointment or its termination) as the holder of an office or place of profit with the Company or any company in which the Company is interested. Where proposals are under consideration concerning the appointment (including, without limitation, fixing or varying the terms of appointment or its termination) of two or more Directors to offices or places of profit with the Company or a company in which the Company is interested, such proposals will be divided and a separate resolution considered in relation to each Director. In that case each of the Directors concerned (if not otherwise debarred from voting under this Article) is entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

3.8.7 The Company may by ordinary resolution suspend or relax the provisions described in paragraphs 3.8.4, 3.8.5 and 3.8.6.

3.9 Borrowing powers

3.9.1 The Board may exercise all the powers of the Company to borrow money and to give guarantees, mortgage, hypothecate, pledge or charge all or part of its undertaking property or assets (present or future) and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for a debt, liability or obligation of the Company or of a third party.

3.9.2 The Articles do not contain any restriction or limit on the powers of the Directors referred to in paragraph 3.9.1.

3.10 Dividends

3.10.1 Subject to the Companies Law and the Companies (Enabling Provisions) (Guernsey) Law, 1996, as amended, the Company may by ordinary resolution declare dividends but no dividend shall exceed the amount recommended by the Directors.

3.10.2 No dividend shall be paid otherwise than out of the profits of the Company.

3.10.3 Subject to the Companies Law and the Companies (Enabling Provisions) (Guernsey) Law, 1996, as amended, the Directors may declare and pay such interim dividends as appear justified by the profits of the Company available for distribution. No interim dividend shall be declared or paid on shares which do not confer preferred rights with regard to dividend if, at the time of declaration, any dividend on shares which do confer a right to a preferred dividend is in arrears.

3.10.4 Except as otherwise provided by the rights attached to shares, a dividend will be declared and paid according to the amounts paid up on the shares in respect of which the dividend is declared and paid, but no amount paid up on a share in advance of a call may be treated for these purposes as paid up on the share. Except as otherwise so provided, dividends will be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

3.10.5 Dividends unclaimed for a period of 12 years after having been declared or become due for payment are forfeited and cease to remain owing by the Company.

3.11 Capital reserve

3.11.1 The Directors may determine whether any amount received by the Company is to be dealt with as income or capital or partly one and partly the other, and whether any cost, liability or expense (including any costs incurred or sums expended in connection with the management of the assets of the Company and any finance costs (including, without limitation, any interest payable by the Company in respect of its borrowings)) is to be treated as a cost, liability or expense chargeable to capital or to revenue or partly one and partly the other.

3.11.2 Any reserves or other sums arising on the reduction or cancellation of any share premium account or capital redemption reserve of the Company will not be treated as capital for the purposes of the Articles.

3.11.3 Notwithstanding any provision of the Articles, the Company is not prohibited from redeeming or purchasing its own shares out of its capital profits.

3.12 Capitalisation of reserves

The Directors may, with the authority of an ordinary resolution of the Company, resolve to capitalise any undistributed profits of the company or any part of the amount for the time being standing to the credit of any of the Company's reserve accounts whether or not available for distribution, appropriate the sum resolved to be capitalised to the members who, in the case of any amount capable of being distributed by way of dividend, would have been entitled thereto if so distributed or, in the case of any amount not so capable, to the members who would have been entitled thereto on a winding-up of the Company and in either case in the same proportions and apply that sum on their behalf in paying up amounts unpaid on shares held by them or paying up in full unissued shares or debentures of a nominal amount equal to that sum and the Directors may make any arrangements they think fit to resolve a difficulty arising in the distributions of a capitalised reserve.

3.13 Distribution of assets on liquidation

3.13.1 All of the holders of the Company's shares will under general law be entitled to participate in any surplus assets in a winding-up in proportion to their shareholdings.

3.13.2 On a winding up the liquidator may, on obtaining the sanction of a special resolution, divide among the members in kind the whole or any part of the assets of the Company. For this purpose, the liquidator may set the value he deems fair on a class or classes of property, and may determine on the basis of that valuation and in accordance with the then existing rights of members how the division is to be carried out or vest the whole or any part of the assets in trustees. The liquidator may not distribute to a member without his consent an asset to which there is attached a liability or potential liability for the owner.

3.14 Untraced Shareholders

3.14.1 The Company may, after advertising its intention in the manner and for such period as is prescribed in the Articles, sell any shares if the shares have been in issue for at least 12 years and during that period at least three cash dividends have become payable on them, no cheque or warrant or money order sent to the member has been cashed, no payment made by the Company has been claimed or accepted and, so far as any director of the Company at the end of the relevant period is then aware, the Company has not received any communication during the relevant period from the member or the person entitled to them by transmission. Upon such sale, the Company will become indebted to the former holder of the shares or the person entitled to them by transmission for an amount equal to the net proceeds of sale.

3.15 Indemnity

3.15.1 Without prejudice to any indemnity to which he may otherwise be entitled, every person who is or was a Director, alternate Director or secretary of the Company and their respective heirs and executors will be fully indemnified out of the assets and profits of the Company from and against all actions, expenses and liabilities which they or their respective heirs or executors may incur by reason of any contract entered into or any act in or about the execution of their respective offices or trusts except such (if any) as they may incur by or through their own fraud, gross negligence or wilful misconduct respectively and none of them will be answerable for the acts, receipts, neglects or defaults of the others of them or for joining in any receipt for the sake of conformity or for any bankers or other person with whom any moneys or assets of the Company may be lodged or deposited for safe custody or for any bankers or other persons into whose hands any money or assets of the Company may come or for any defects of title of the Company to any property purchased or for insufficiency or deficiency of or defect in title of the Company to any security upon which any moneys of the Company may be placed out or invested or for any loss misfortune or damage resulting from any such cause as aforesaid or which may happen in or about the execution of their respective offices or trusts except should the same happen by or through their own fraud, gross negligence or wilful misconduct.

3.16 Further Explanations relating to the Foregoing Summary of Certain Provisions of the Memorandum and Articles of Association

3.16.1 The reference in paragraph 3.3.2 to sections 55 and 58 of the Companies Law relates to the following provisions of the Companies Law. Section 55 provides, amongst other things, that the Company must keep a register of members and must enter in it the names and addresses of all persons who are or who have since the formation of the Company been Shareholders together with a statement, in relation to each such person, of the number of Shares attributed to him (together with certain details about such Shares), the amount paid up on the Shares and the date of each payment, the date on which he was registered as a shareholder and the date on which he ceased to be the holder of any share. Section 58 provides, amongst other things, that the Company must keep at its registered office, its minute books, its register of members, its register of annual returns required to be kept under the Companies Law, its register of directors and secretaries required to be kept under the Companies Law and the index of members, if any, required to be kept under the Companies Law.

3.16.2 The reference in paragraph 3.6.2 to "calls" relates to calls by the Company for any amounts unpaid on its Shares. Given that all Shares issued under the Offer will be fully paid, there will be no calls made on the Shares issued under the Offer.

3.16.3 The reference in paragraph 3.7.1 to "special rights" relates to Shares which may be issued with special rights attached to them, for example in relation to voting. Other than the Class B Share (and any non-voting shares issued as set forth above), all Shares issued under the Offer have the same rights and no special rights with respect to voting exist in relation to them.

3.16.4 The reference in paragraph 3.8.4 to "reasonable" expenses is subject to the objective test of what an ordinary person would regard as reasonable in the prevailing circumstances.

4. Directors' and Other Interests

No Director has in respect of the five years preceding the date of this document:

(i) save as set out below, been a member of the administrative, management or supervisory bodies or partner of any companies or partnerships;

(ii) any unspent convictions in relation to indictable offences or convictions in relation to fraudulent offences;

(iii) received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company, or

(iv) save as set out below in the list of directorships of the Directors, been associated with any bankruptcy, receivership or liquidation in which such person acted in the capacity of a member of an administrative, management or supervisory body or senior manager.

There are no outstanding loans granted by the Company to Directors, nor are there any guarantees provided by the Company for the benefit of any Director.

No Director has any potential conflicts of interests between any duties the Director owes to the Company and any private interests and/or other duties, except that: (i) Mr. Demain is an employee of AXA Private Management, which is an affiliate of the Investment Manager, and is being treated as the designee of the holder of the Class B Share; (ii) the wife of Mr. Varotsis is employed by one of the Joint Global Coordinators; (iv) via a company of which he is a partner, Mr. Varotsis acts as a consultant to companies that do business with AXA Group companies and to companies that may compete with AXA Group companies; (v) some directors or their family members benefit on standard terms from health policies arranged by AXA Group companies; (vi) a number of Directors currently serve, and may in the future serve, as directors of other companies engaged in the making of investments, some of which companies may have investment strategies similar to or overlapping with that of the Company; and (vii) Mr. Varotsis directly owns an interest in a CDO for which the Investment Manager acts as portfolio manager. That CDO is not part of the Company's Initial Portfolio.

No Director has had any interest, direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company since its incorporation.

There are no arrangements between the Company and the Directors providing for benefits upon termination of employment.

Over the five years preceding the date of this document, the Directors hold or have held the following directorships (apart from their directorships of the Company) or memberships of administrative, management or supervisory bodies and/or partnerships:

Name	Current directorships/partnerships	Previous directorships/partnerships
Peter Crook	Guernsey Gambling Control Commission Longview Partners (Guernsey) Ltd. Longview Opportunities Fund ISIS Property Trust Ltd. Tyrian Income and Growth PCC AHL Global Investments Ltd. AHL Strategies PCC Limited and its cell companies Man Alternative Investments Ltd. Man Alternative Strategy Investments Ltd. Arbroath Ltd.	Guernsey Financial Services Commission Barclays Bank Finance (Guernsey) Ltd. Man Vector Global Investments Ltd. Waxwing International Ltd. Belvedere Fund Ltd.
Christophe Demain	Axa Private Management AXA B Fund AXA L Fund AXA Open Fund AXA Private Selection	
Paul Varotsis	Structured Credit Holdings, plc Ancadi, Inc. Compania Beta Maritima	Avanti Financial Corporation Compania Diniva S.A. Compania de Navegacion Beta

The Company expects that the ownership interests of the members of the Board in the Shares of the Company immediately following Admission will be as follows, based on information provided to the Board by the individual Directors:

Name	Number of shares
Peter Crook	0
Christophe Demain	0
Christian Jimenez	0
Joan Musselbrook	0
Paul Varotsis	0

Except as set out above, none of the Directors are expected to have any ownership interests in the Shares of the Company immediately following the Offer.

None of the Company's Shareholders has voting rights attached to the Shares they hold that are different from the voting rights attached to other shares in the Company, except for the special right to elect a single Director attached to the Class B ordinary share. The Company's Class C Shares will be non-voting, but will be convertible into ordinary voting Shares upon, *inter alia*, certification to the Company that the Class C Shares are being sold to a non-affiliate of the Investment Manager.

The Company is not aware of any person who immediately following the closing of the Offer would, directly or indirectly, jointly or severally, exercise control over the Board of Directors of the Company. The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control over the Company. The Company has been advised that one or more AXA Group Investors (excluding for avoidance of doubt any fund managed by the Investment Manager in which a majority of the units are owned by persons other than members of the AXA Group) expect to subscribe for and be allocated in the Offer a number of Shares that is, equivalent to at least 10 per cent. (but not more than 15 per cent.) of the Shares expected to be in issue in Admission. The Company is not aware of any other person who immediately following Admission may, directly or indirectly, have an ownership interest in 5 per cent. or more of the share capital of the Company.

5. Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) are contracts which have been entered into by the Company since incorporation, and which are or may be material or are contracts entered into by the Company which contain any provisions under which the Company has any obligation or entitlement which is or may be material to the Company at the date of this document:

5.1 Investment Management Agreement

The Company is party to an Investment Management Agreement with AXA Investment Managers Paris, dated December 1, 2006, conditional on Closing, pursuant to which the Company has appointed the Investment Manager to manage the investment portfolio of the Company on a day-to-day basis in accordance with, *inter alia*, the investment objectives and Investment Guidelines of the Company, subject to the overall supervision and direction of the Board.

The Investment Management Agreement provides that if the Investment Manager acts as investment manager of, or investment adviser to, a subsidiary of the Company or special purpose vehicle formed or sponsored by the Company, the Investment Manager will be required to procure, subject to the standard of care and other provisions of the Investment Management Agreement, that the investments of the relevant subsidiary or special purpose vehicle are made such that the Company's investment portfolio shall, overall, be in accordance with the investment restrictions applicable to the Company under the Investment Management Agreement.

The Investment Management Agreement provides that the duties of the Investment Manager are owed solely to the Company in accordance with the limitations on liability provided for therein and that the Investment Manager will assume, and will have, no obligation or responsibility to any person other than the Company. The Investment Management Agreement provides that, with respect to the Company, the Investment Manager will assume, and will have, no obligation or responsibility other than to render to the Company the services required to be rendered by the Investment Manager as expressly provided in the Investment Management Agreement, and subject to the standard of care set out in the Investment Management Agreement. In this regard, the Investment Manager has agreed to perform its duties and discretions (i) in good faith and with reasonable care using a degree of skill and attention no less than that which the Investment Manager exercises with respect to comparable assets that it manages for other clients having similar objectives and restrictions, and (ii) in a manner which the Investment Manager reasonably believes is consistent with practices and procedures generally followed by institutional portfolio managers of international standing managing investments or advising in respect of investments similar in nature and character to those which may comprise the Company's Portfolio from time to time, except as otherwise expressly provided by the Investment Management Agreement. To the extent not inconsistent with these provisions, the Investment Manager is entitled to follow its customary standards, policies and procedures.

The Investment Management Agreement provides that the Investment Manager and its affiliates and their respective directors, employees, officers, shareholders, partners, agents and controlling persons shall not be liable (whether directly or indirectly, in contract, tort or otherwise) to the Company, its shareholders, its creditors or any other person for any losses, claims, damages, costs, expenses (including legal costs and expenses), demands or liabilities of any nature whatsoever (or actions in respect thereof) (collectively "**Losses**") incurred by any such person that arise out of, in relation to, or in connection with, the entry by the Investment Manager into the Investment Management Agreement or any act or omission in the performance by the Investment Manager of its functions under or in connection with the Investment Management Agreement, or for any decrease in the value of any asset, except that nothing shall relieve the Investment Manager from any liability to the Company in respect of any direct Losses (to the exclusion of any consequential or indirect economic Losses or any loss of turnover, profits or business) incurred by the Company as a result of:

- the Investment Manager's own acts or omissions constituting fraud, wilful misconduct or gross negligence in the performance of its duties under the Investment Management Agreement (having regard, to the extent relevant, to the above-referenced standard of care for purposes of establishing such fraud, willful misconduct or gross negligence); or

- any information relating to the Investment Manager and provided in writing to the Company or to another person on its behalf by the Investment Manager expressly for inclusion in this Prospectus which contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading as of the date of this Prospectus.

The Investment Management Agreement further provides that the Investment Manager shall incur no liability to the Company, its shareholders, its creditors or any other person:

- in acting upon any signature, instrument, statement, settlement, notice, resolution, request, direction, consent, order, certificate, report, opinion, bond or other document or paper (whether received in electronic form or otherwise) reasonably believed by it to be genuine and to have been signed or originated by the proper party or parties; or
- by reason of any act, failure to act, or omission of (i) the Company or (ii) any other person (other than the Investment Manager) party to any other agreement relating to the Company's investment portfolio or any matters ancillary thereto.

In addition, the Investment Management Agreement provides that the Investment Manager shall not be responsible for any action or inaction of the Company or any other person in declining to follow (i) any direction or instruction of the Investment Manager given by it pursuant to the Investment Management Agreement or (ii) any recommendation or advice which may be given by the Investment Manager in connection with matters relating to this Agreement. The Investment Management Agreement further provides that the Investment Manager shall not assume any fiduciary duty or responsibility to any person other than the Company pursuant to the Investment Management Agreement, and does not guarantee or otherwise assume any responsibility for the performance of the Shares or any asset or the performance by any third party of any contract entered into by or on behalf of the Company. The Investment Manager also does not guarantee or otherwise assume any responsibility for the performance by any third party of any contract entered into on behalf of the Company in accordance with the Investment Management Agreement.

The Company has agreed to indemnify the Investment Manager, its affiliates and their respective shareholders, directors, officers, agents, employees, partners and controlling persons with respect to all direct Losses caused by, or arising out of, or in connection with, the entry into, or the performance by the Investment Manager of its functions pursuant to, the Investment Management Agreement, except to the extent that such Losses result from the Investment Manager's fraud, wilful misconduct or negligence.

The Company and the Investment Manager may terminate the Investment Management Agreement under the conditions described in "Part IV — Management and Administration of the Company and the Company's Investment Portfolio — Termination of the Appointment of the Investment Manager".

The Company will pay to the Investment Manager a Management Fee and an Incentive Fee as described in "Part IV — Management and Administration of the Company and the Company's Investment Portfolio — Investment Manager's Fees and Expenses". Under the Investment Management Agreement, the Investment Manager is responsible for its own expenses incurred in the ordinary course of the performance of its obligations under the Investment Management Agreement, provided that the Company is to pay or promptly reimburse the Investment Manager for the following costs upon production of appropriate evidence:

- the out-of-pocket costs incurred by the Investment Manager in respect of (i) the negotiation of, and entry into, the Investment Management Agreement and (ii) all matters incidental to the process leading to its appointment as Investment Manager (including reasonable out-of-pocket Offer-related expenses);
- any out-of-pocket costs incurred by the Investment Manager associated with subsequent securities offerings by the Company; and
- any out-of-pocket costs (including fees and expenses of legal counsel, accountants and other expert advisers) incurred by the Investment Manager in the performance of its functions in connection with (i) the acquisition, disposition and financing of any assets (including, without limitation, legal and tax diligence costs and related transaction costs and irrespective of whether any such acquisition, disposition or financing is completed), (ii) certain compliance and tax-related functions pursuant to the Investment Management Agreement, (iii) the monitoring of compliance with any legal, regulatory, taxation or accounting requirements arising as a result of, or relating to, the Investment Manager's appointment,

(iv) the default or restructuring of any asset in the Company's investment portfolio, (v) travel by employees of the Investment Manager in pursuit of the Company's business, and (vi) subject to the prior approval of the Company, any extraordinary or unusual event arising in the performance of the Investment Manager's obligations.

The Company is required to pay fees and expenses to the Investment Manager together with value added tax, sales tax and any similar tax, if applicable.

The Investment Manager may at any time (i) delegate certain duties under the Investment Management Agreement to any affiliate of the Investment Manager, or (ii) subject to certain conditions, employ third parties (including any of its affiliates) to render advice and assistance in the performance of its obligations. Unless the Company otherwise agrees, the Investment Manager's liability to the Company for all matters so delegated or provided by third parties shall not be affected thereby and the Investment Manager shall remain liable to the extent provided in the Investment Management Agreement in respect of losses to the Company resulting from the acts or omissions of any such delegate or third party.

The Investment Management Agreement does not contain a change of control provision, and does not require that the Investment Manager remain part of the AXA Group. It also does not contain "key man" provisions that would allow for the termination of the Investment Manager in the event certain persons left the employ of the Investment Manager. The Investment Management Agreement permits the Investment Manager without the consent of the Company to assign or transfer its rights and obligations under such Agreement in whole pursuant to a consolidation with, or merger with or into, or transfer of assets to, another entity (including pursuant to a *fusion, scission* or *apport partiel d'actifs*), provided that:

- the resulting, surviving or transferee entity assumes all the obligations of the Investment Manager under the Investment Management Agreement;
- the replacement investment manager acquires all, or substantially all, of the Investment Manager's assets, undertaking and business pertaining to asset management and investment advisory services relating to structured finance product (including infrastructure assets);
- the replacement investment manager has all consents, authorisations and licenses necessary to the performance of its duties under the Investment Management Agreement under the laws of Guernsey and, if relevant, the jurisdiction of its incorporation or place of business;
- the succession of the replacement investment manager does not cause the Company or its investment portfolio to become required to register as an "investment company" under the Investment Company Act;
- the financial standing of the replacement investment manager is at least as good as that of the Investment Manager; and
- such assignment or transfer does not result in any adverse tax consequence for the Company (as to which the Company shall be entitled to require the Investment Manager to furnish it with an opinion from tax counsel of recognized standing to such effect as a condition to the assignment, the costs of which would be borne by the Investment Manager).

The Company and the Investment Manager have also agreed that their respective rights and obligations in respect of any action undertaken by the Investment Manager in relation to the selection and composition of the Initial Portfolio prior to Admission which would, had such action been undertaken on or after Admission, have been subject to and governed by the terms of the Investment Management Agreement, shall be deemed to be subject to and governed by the terms of the Investment Management Agreement.

The Investment Manager will provide its services to the Company on a non-exclusive basis. The Investment Manager currently manages or advises other investment vehicles or accounts that target one or more of the Primary Target Asset Classes and no such investment vehicle or account shall be prohibited from investing in Primary Target Investments. The Investment Manager is not restricted under the Investment Management Agreement from managing or advising any new investment fund, company or investment vehicle (private or public) that may target as its primary investment category investments in any Primary Target Investments. The Investment Manager has agreed, however, with the Initial Purchasers and the Company in the Initial Purchase Agreement that, for so long as it acts as the Company's Investment Manager, it will not manage or act as principal adviser to another vehicle with listed equity securities that has a multi-asset class structured credit strategy focused on a majority of the Primary Target Asset Classes without the prior approval of a majority of the votes cast at a shareholders' meeting.

The Investment Manager has agreed with the Company that, without the prior approval of the Board, the combined voting rights exercised by the members of AXA Group at a shareholders' meeting of the Company will not exceed (i) with respect to any matter other than election of Board members (other than the Board member appointed by the holder of the Class B Share), 15 per cent. of the outstanding voting shares of the Company or (ii) with respect to election of Board members (other than the Board member appointed by the holder of the Class B Share), 15 per cent. of the total votes cast in the relevant poll. In this regard, the Company's Articles provide that if the Company determines that this limit has been exceeded, the votes cast in excess of this limit are to be disregarded.

The Investment Management Agreement is governed by English law.

5.2 Administration, Registrar and Secretarial Agreement

The Company is party to an Administration, Registrar and Secretarial Agreement with Mourant Guernsey Limited dated December 1, 2006, conditional on Closing, pursuant to which the Administrator provides for the day-to-day administration of the Company, including maintenance of accounts, production of management accounts, on no less than a quarterly basis, and annual and semi-annual financial statements, maintenance of share and warrant registers and provision of a company secretary.

For the provision of services under the Administration Agreement, the Administrator is entitled to receive fees that will be agreed in writing from time to time between the Company and the Administrator. In addition to the fees payable, the Company will reimburse the Administrator for all reasonable expenses incurred by the Administrator in connection with the performance of its services under the Administration Agreement.

The Administration Agreement will continue in force unless 90 days' notice of termination is delivered by the Company or the Administrator. The Administration Agreement may be terminated immediately if the Company ceases to hold any applicable regulatory licences or consents in Guernsey; if the Administrator ceases to be qualified to act pursuant to any applicable law or regulation, including the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended; if the Administrator ceases to be resident in Guernsey for tax purposes without the approval of the Company; if either party is materially in breach of the Administration Agreement and fails to remedy such breach within 30 days of receipt of a written notice from the other requiring it to do so; or certain insolvency events have occurred with respect to the Company or the Administrator.

The Administration Agreement provides that the Administrator shall not be liable for, and that the Company shall undertake at all times to hold the Administrator harmless and to indemnify the Administrator to the greatest extent permitted by law, from and against all losses, actions, suits, proceedings, claims, demands, damages, costs, charges, expenses and liabilities (or actions, investigations or other proceedings in respect thereof) whatsoever which may arise or accrue or be taken commenced made or sought from or against the Administrator in connection with the Company or arising from the provision of the services under the Administration Agreement or any of them, and that the Company will reimburse the Administrator for all costs and expenses (including legal and other professional fees) which are incurred by the Administrator in connection with investigating or defending any such claim or proceeding, other than with respect to losses actions, suits, proceedings, claims, demands, damages, costs, charges, expenses and liabilities arising from fraud, negligence or willful misconduct. This indemnity is to continue in force without limit in time, whether or not the Administrator is continuing to provide services to the Company and without prejudice to any other indemnity given in the Administrator's favour. The Administration Agreement excludes liability on the part of the Administrator for indirect or consequential economic loss or damage suffered by the Company. The Administration Agreement contains various other limitations on Administrator responsibilities and duties.

The Administration Agreement is governed by Guernsey law.

5.3 Portfolio Administration Agreement

The Company is party to a Portfolio Administration Agreement with the Investment Manager and Deutsche Bank AG London dated December 1, 2006, conditional on Closing, pursuant to which the Portfolio Administrator has agreed to provide certain investment portfolio-related administrative services to the Company, including the preparation and maintenance of certain books, records and accounts. The Portfolio Administrator will be entitled to receive a fee from the Company for those services.

The appointment of the Portfolio Administrator under the Portfolio Administration Agreement will continue unless 60 days' notice of termination is delivered by the Company to the Portfolio Administrator or 90 days' notice of resignation is delivered by the Portfolio Administrator to the Company (in each case in the event of termination or resignation without cause). In addition, the appointment of the Portfolio Administrator may be terminated for cause by the Company immediately or by the Portfolio Administrator on 20 London business days' notice, where "cause" includes, among other things, the occurrence, with respect to the non-terminating party, of default in the performance of material duties not cured within 30 days after written notice from the other party, willful breach or knowing material violation of any provision of the Agreement and certain events of insolvency. In addition, the appointment may be terminated by the Company without notice if the Portfolio Administrator ceases to hold any regulatory licences or consents required for the performance of its obligations under the Portfolio Administration Agreement. The Portfolio Administration Agreement provides that no resignation by the Portfolio Administrator shall be effective, however, until a successor portfolio administrator has been appointed. If no such successor is appointed within 120 days after the notice of resignation of the Portfolio Administrator, the Portfolio Administrator may itself appoint a successor portfolio administrator reasonably acceptable to the Company and the Investment Manager.

The Portfolio Administrator will not be liable for any loss or liabilities suffered by the Company or any other person in connection with the Portfolio Administration Agreement, unless such loss or liabilities arises directly or indirectly from some act of negligence, recklessness, bad faith, willful default, fraud or failure to comply with its obligations under the Portfolio Administration Agreement. The Company has agreed to indemnify the Portfolio Administrator and its affiliates, directors, members, officers, partners, agents and employees against losses and liabilities sustained or suffered in connection with the performance of its duties save to the extent that such loss or liability arises directly or indirectly from some act of negligence, recklessness, bad faith, willful default, fraud or failure to comply with its obligations under the Portfolio Administration Agreement.

The Portfolio Administration Agreement is governed by English law.

5.4 Custody Agreement

The Company is party to a Custody Agreement with the Investment Manager and Deutsche Bank AG London dated December 1, 2006, conditional on Closing, pursuant to which the Custodian will be responsible for providing custodial services which include being custodian of the investment portfolio of the Company, the safekeeping and registration of property for the Company and the settlement of transactions relating to the property. The address of the registered office of the Custodian is set out in the section titled "Directors, Management and Administration and Advisers".

For the provision of services under the Custody Agreement, the Custodian is entitled to receive a fee that will be agreed in writing from time to time between the Company and the Custodian. In addition to this fee, the Company will reimburse the Custodian for reasonable out of pocket expenses incurred for the benefit of the Company.

The appointment of the Custodian under the Custody Agreement will continue unless 45 days' notice of termination is given by the Company to the Custodian (or 30 days' notice of termination in the event that the Custodian ceases to satisfy certain ratings criteria) or 90 days' notice of resignation is given by the Custodian to the Company, provided that in any such case the termination or resignation shall not become effective until a successor Custodian has been appointed. If a successor Custodian has not been appointed by the tenth day preceding the expiration of any such notice period, the Custodian may appoint a successor, subject to certain criteria and requirements.

The appointment of the Custodian under the Custody Agreement may be terminated by the Company immediately upon the occurrence of certain events of insolvency with respect to the Custodian or if the Custodian is no longer permitted or qualified to perform its obligations as a matter of any applicable law or regulation.

The Custody Agreement provides that the Custodian will only be liable to the Company to the extent that there has been wilful misconduct, negligence, fraud, bad faith, or reckless disregard of the Custodian's duties as set out in the Custody Agreement. The Custody Agreement provides that as a genuine pre-estimate of loss, the Custodian's liability to the Company shall be determined based upon the value of any property as of the date of discovery of loss and without reference to any special circumstances or indirect or consequential damages. The Custody Agreement excludes the liability of the Custodian for any indirect, special, punitive or consequential loss or damage, subject to certain narrow exceptions. It also places limitations on the responsibility of the Custodian for sub-custodians. The Company has agreed to indemnify the Custodian, each sub-custodian and their respective officers, directors, employees and agents against any and all losses, claims, damages, demands, expenses, costs, causes of action, judgements or liabilities arising directly or indirectly out of or in connection with the Custody Agreement, including reasonable legal costs and expenses as such expenses are incurred, save for such losses, claims, damages, demands, expenses, costs or other liabilities incurred as a result of its, his or her own wilful misconduct, negligence, fraud, bad faith or reckless disregard, as determined in a final judgment of a court of competent jurisdiction.

The Custody Agreement is governed by English law.

5.5 Initial Purchase Agreement

Under the terms of the Initial Purchase Agreement proposed to be entered into between the Company, the Investment Manager and the Initial Purchasers, subject to certain conditions, the Initial Purchasers would severally but not jointly agree to subscribe for or purchase, at the Offer Price, the Offer Shares for resale to investors procured by the Initial Purchasers at the Offer Price.

The Initial Purchase Agreement contains, amongst others, the following provisions:

(a) The Company has appointed Citigroup Global Markets Limited and Goldman Sachs International as joint global coordinators, joint lead managers and joint bookrunners for the Offer.

(b) The Company has agreed that the Joint Global Coordinators may deduct from the proceeds of the Offer payable to the Company a commission of 3.25 per cent. of the amount equal to the Offer Price multiplied by the aggregate number of Offer Shares which the Initial Purchasers agree to subscribe for, pursuant to the terms of the Initial Purchase Agreement to the extent, however, that the number of Offer Shares purchased by (i) AXA Group Investors and (ii) funds managed by the Investment Manager in which a majority of the units are owned by persons other than AXA Group members, taken together, does not exceed 15 per cent. of the total number of Offer Shares, the Initial Purchasers will not charge underwriting fees or commissions with respect to the Offer Shares purchased by such persons. In addition, the Company may pay to the Initial Purchasers or certain of them an additional commission of up to 0.75 per cent. of the amount equal to the Offer Price multiplied by the aggregate number of Offer Shares (excluding any Offer Shares sold by the Initial Purchasers to the AXA Group Investors). All commissions will be paid together with any value added tax chargeable thereon.

(c) The obligation of the Company to issue the Offer Shares and the obligations of the Initial Purchasers to subscribe for or purchase the Offer Shares is conditional upon certain conditions that are typical for an agreement of this nature. These conditions include, amongst others, the accuracy of the representations and warranties under the Initial Purchase Agreement and Admission occurring by not later than 9:00 a.m. Central European time on December 18, 2006 or such later time and/or date as the Joint Global Coordinators may agree with the Company and there having been no material adverse change in the Initial Portfolio (taken as a whole) prior to Admission. The Joint Global Coordinators (for themselves and on behalf of the other Initial Purchasers) may terminate the Initial Purchase Agreement prior to Admission in certain specified circumstances that are typical for an agreement of this nature. These include certain changes in financial, political or economic conditions (as more fully set out in the Initial Purchase Agreement). If any of the above-mentioned conditions are not satisfied (or waived, where capable of being waived) by, or the Initial Purchase Agreement is terminated prior to, Admission, then the Offer will lapse. The Initial Purchase Agreement cannot be terminated after Admission.

(d) The obligations of the Initial Purchasers to procure purchasers for the Offer Shares or to subscribe for or purchase the Offer Shares are split as follows in respect to the Offer Shares: Citigroup Global Markets Limited as to 50 per cent. and Goldman Sachs International as to 50 per cent.

(e) The Company has agreed to pay or cause to be paid (together with certain related value added tax) certain costs, charges, fees and expenses of or in connection with, or incidental to, amongst other things, the Offer and/or Admission. In addition, the Company has, in certain circumstances, agreed to pay and/or reimburse any stamp duty or stamp duty reserve tax arising out of or in connection with the arrangements that are the subject of the Initial Purchase Agreement (together with certain related value added tax).

(f) The Company and the Investment Manager have given certain representations and warranties to the Initial Purchasers. The Company and the Investment Manager have also given certain indemnities to the Initial Purchasers.

The Initial Purchase Agreement will be governed by English law.

The Placement Agents have been appointed to procure purchasers for the Offer Shares pursuant to agreements between the Initial Purchasers and each Placement Agent. The Initial Purchasers may share certain of the commissions paid to them by the Company with the Placement Agents.

5.6 Forward Purchase Agreements

The Company has entered into Forward Purchase Agreements, each dated December 1, 2006, pursuant to which the Company has agreed, conditional upon Closing, that it will purchase from Citigroup Global Markets Limited (or, in the case of certain assets, from a special purpose vehicle designated by Citigroup Global Markets Limited) and an affiliate of Wachovia Capital Markets LLC assets expected to comprise the Initial Portfolio (excluding the Initial Total Return Swap). The Company has agreed to pay the purchase price for such assets in cash. The purchase price paid by the Company for the assets is calculated based on the price paid by the Warehousing Banks or their designees for each asset, with adjustments made for the carry rate payable to the Warehousing Banks. The carry rate payable varies by type of asset, but in each case is less than or equal to the effective yield of that asset at the time of its purchase. In some circumstances, assets may be added to or removed from the Forward Purchase Agreements.

Each Forward Purchase Agreement is governed by English law.

5.7 Initial Total Return Swap

The Company has entered into a total return swap arrangement with Bank of America, N.A., pursuant to which the Company would, conditional upon Closing, obtain investment exposure on a synthetically leveraged basis to the performance of a reference portfolio of interests in leveraged loans (senior secured, second lien and mezzanine) assembled by the Warehousing Banks under the direction of the Investment Manager. The Company's payment obligations under the total return swap would be limited in aggregate to the amount of cash collateral posted by the Company to secure those obligations.

The Initial Total Return Swap is governed by English law.

5.8 Listing Agent Agreement

The agreement between the Listing Agent and the Company entered into on November 30, 2006 pursuant to which the Listing Agent will be appointed to perform services in relation to the listing of the Shares on Eurolist by Euronext.

The Listing Agent Agreement will be governed by Dutch law.

5.9 Paying Agency Agreement

The agreement between the Paying Agent and the Company entered into on November 30, 2006 pursuant to which the Paying Agent will be appointed to distribute dividend payments on behalf and for the account of the Company. In addition, the Paying Agent will be appointed to make certain documents, including the Company's annual accounts and Articles, available for inspection by Shareholders at its offices.

Either party may terminate the agreement by giving the other party at least 60 days' written notice, provided that there will be a qualified paying agent at all times.

The Paying Agency Agreement will be governed by Dutch law.

5.10 Director's Letter of Appointment

No Director has an employment contract with the Company. Each Director has a letter of appointment confirming that Director's appointment as a non-executive director of the Company. Each letter of appointment provides for an indemnity from the Company to the relevant Director in respect of all actions, expenses and liabilities which the Director may incur by reason of any contract entered into or any act in or about the execution of the Director's office, except as incurred through the Director's own fraud, gross negligence or wilful default. The Directors' appointments may be terminated in accordance with the Articles without notice and without compensation.

6 Lock-up Arrangements

The Company has agreed to certain lock-up arrangements, as described to in "Part V — The Offer — Lock-up Arrangements with Initial Purchasers/Competing Funds".

7 General

7.1 The Company is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) since the Company's incorporation which may have, or have had in the recent past significant effects on the Company's financial position or profitability.

7.2 There has been no significant change in the financial or trading position of the Company since November 6, 2006, the date to which the accountants' report set out in "Part VIII — Financial Information and Accountants' Report on the Company" was prepared.

7.3 Since the Company's incorporation, the Company has not commenced operations and, other than as set out in "Part VII — Financial Information and Accountants' Report on the Company", no financial statements have been drawn up.

7.4 Given the nature of the Company's business and its recent incorporation, the Company does not currently have sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this document. The Company intends to obtain such working capital by way of the Offer (raising gross proceeds of €350,000,000 (assuming the sale of 35 million Shares in the Offer).

7.5 The preliminary expenses of the Company and the costs and expenses of and incidental to, the Offer and Admission (including any irrecoverable VAT thereon) are expected to amount to approximately €19,250,000. This includes up to €14,000,000 of underwriting commission payable by the Company to the Initial Purchasers (assuming an Offer size of 35 million Shares). In addition, the fair value of the Investment Manager Warrants that the Company will grant to the Investment Manager upon Admission is estimated to be approximately €1.6 million.

7.6 The Investment Manager may receive Management Fees, Incentive Fees and other payments from the Company as described in "Part I — The Company's Business — Investment Guidelines," "Part IV — Management and Administration of the Company and the Company's Investment Portfolio — The Investment Manager" and "Part XI — Additional Information — Paragraph 5.1 Investment Management Agreement". Except as disclosed above and in this paragraph, no amount or benefit has been paid or given to the Investment Manager by the Company and none is intended to be paid or given.

7.7 KPMG Channel Islands Limited, registered with the Institute of Chartered Accountants in England and Wales, has been the only auditors of the Company since its incorporation.

7.8 KPMG Audit Plc has given and not withdrawn its written consent to the inclusion in this document of its reports set out in Parts VIII and IX of this document, in the form and context in which they are included and has authorised the contents of those reports for the purposes of Annex I, item 23.1 of the Prospectus Rules. A written consent under the Prospectus Directive Regulation is different from a consent filed with the U.S. Securities and Exchange Commission under Section 7 of the Securities Act, which is applicable only to transactions involving securities registered under the Securities Act. As the Shares have not been and will not be registered under the Securities Act, KPMG Audit Plc has not filed a consent under Section 7 of the Securities Act.

7.9 The Company does not have any employees as of the date of this document, but it expects that it may engage an employee to assist in attending to the affairs of the Company at the Company's headquarters in Guernsey. The Company's headquarters in Guernsey are in leased premises situated at First Floor, Dorey Court, Admiral Park, St. Peter Port GY1 6HJ Guernsey.

7.10 The Company anticipates that its typical investors will be institutional and other sophisticated or professional investors who wish to invest in a predominantly income-producing investment who are capable themselves of evaluating the merits and risks of the investment and who have sufficient resources both to invest in potentially illiquid securities and to be able to bear any losses (which may equal the whole amount invested) that may result from the investment.

7.11 The annual report and accounts of the Company will be made for the 12-month period ending July 31 in each year, with the initial annual report made for the abbreviated Company fiscal year ending July 31, 2007. Copies of the annual audited financial statements will be sent to each Shareholder. It is expected that this will be within 120 days of the end of the relevant accounting period. In addition, copies of the annual audited financial statements and the semi-annual unaudited interim reports will be made available for inspection at and may be obtained upon request from the registered office of the Company shortly after they become available. These financial statements and reports will contain information relating to the Company's net asset value as at the relevant valuation dates. In addition, the Company expects to post information monthly on its website in accordance with the requirements of Dutch law and the rules and regulations of Euronext Amsterdam.

7.12 It is intended that the annual general meeting of the Company will normally be held in October of each year, although the Board may vary the date. The annual general meeting of the Company will be held in Guernsey or such other place as may be determined by the Board of Directors, provided that no shareholders' meeting will be held in the United Kingdom or in France. Notices convening the general meeting in each year will be sent to Shareholders at their registered addresses or given by advertisement not later than 21 days before the date fixed for the meeting. Other general meetings may be convened from time to time by the Directors by sending notices to Shareholders at their registered addresses (or giving such notice by advertisement) or by Shareholders requisitioning such meetings in accordance with Guernsey law, and may be held in Guernsey or elsewhere.

7.13 No application is being made for the Shares to be listed or dealt in on any stock exchange or investment exchange other than to listing and trading on Eurolist by Euronext Amsterdam. Neither the Shares nor any securities of the same class as the Shares are already admitted to trading on any regulated market or equivalent market.

7.14 No securities have been sold or are available in whole or in part to the public in connection with the Offer.

7.15 The business address of each of the Directors is the registered office of the Company.

7.16 As a result of money laundering legislation in Guernsey, the Company and the Administrator reserve the right in all cases to request further documentation or information from or relating to placements in the Offer. Such documentation and information will be used to verify the identity of investors or their status as financial intermediaries.

8 Documents available for Inspection

Copies of the following documents are available for inspection at the offices of the Listing Agent and at the registered office of the Company at First Floor, Dorey Court, Admiral Park, St. Peter Port GY1 6HJ Guernsey during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of one year from the date of this document:

(i) the Memorandum and Articles of Association of the Company;

(ii) the letters of appointment of Directors referred to in "Part XI — Additional Information — 5.10 Director's Letter of Appointment";

(iii) the reports of KPMG Audit Plc set out in "Part VIII — Financial Information and Accountants' Report on the Company" and "Part IX — Pro Forma Net Asset Statement of the Company and Accountants' Report"; and

(iv) this Prospectus.

DEFINITIONS AND GLOSSARY

The following definitions apply throughout this document unless the context requires otherwise:

"ABS" or "Asset-Backed Securities"	Asset-backed securities which are debt securities which have their interest and principal repayments sourced principally from a generic group of income producing assets.
"AFM"	The Netherlands Authority for the Financial Markets *(Autoriteit Financiële Markten)*, acting in its capacity as the competent authority for the purposes of the Dutch Securities Act.
"Administration Agreement"	The administration agreement between the Company and the Administrator dated December 1, 2006.
"Administrator"	Mourant Guernsey Limited.
"Admission"	Unconditional admission of the Offer Shares to Eurolist by Euronext under the symbol VTA, admission to trading on Euronext Amsterdam's market for listed securities and the commencement of dealings therein on Euronext Amsterdam.
"Admitted Institution"	An institution which holds interests in shares on behalf of its clients through Euroclear Nederland as an admitted institution of Euroclear Nederland.
"Advisers Act"	U.S. Investment Advisers Act of 1940, as amended.
"affiliate"	With respect to any specified person or entity, any other person or entity, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person or entity.
"Applicable Hurdle Rate"	(i) In respect of the period from Closing through January 31, 2010, a rate of 4 per cent. per semi-annual period and (ii) in respect of each semi-annual period following January 31, 2010, the greater of (x) a rate of 4 per cent. per semi-annual period and (y) ½ of 6-month euro Euribor, as in effect on January 31 of any relevant year, for the first semi-annual period of that year, or as in effect on July 31 of any relevant year, for the second semi-annual period of that year, plus 150 basis points, per semi-annual period, calculated in each case on an "actual/180" basis; provided that, if January 31 or July 31 of any relevant year is not a business day, 6-month euro Euribor for purposes of the Applicable Hurdle Rate will be determined on the following business day unless that day falls in the next calendar month, in which case that determination will be made on the first preceding day that is a business day. For this purpose, a "business day" is any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) system is open for settlement of payments in euro (a TARGET Day) or, if such TARGET Day is not a day on which banks are open for business in Paris, the next succeeding TARGET Day on which banks are open for business in Paris.
"Articles" or "Articles of Association"	The Articles of Association of the Company in force from time to time.
"AXA"	AXA S.A., a *société anonyme* organised under the laws of France which is the holding company for the group of subsidiary companies that make up the AXA Group.
"AXA Group"	AXA and the subsidiary companies held, directly or indirectly, by AXA.

"AXA IM Managed Products"	Investments by the Company in securitisation vehicles, accounts or arrangements for which the Investment Manager is the portfolio manager.
"AXA IMSA"	AXA Investment Managers, an indirect, wholly-owned subsidiary of AXA, which is a holding company for several companies, including the Investment Manager.
"Basel II"	A new framework published by The Basel Committee on Banking Supervision on 26 June 2004 under the title *"Basel II: International Convergence of Capital Measurement and Capital Standards: a Revised Framework"*.
"Benefit Plan Investor"	Any: (i) employee benefit plan (as defined by Section 3(3) of ERISA), subject to part 4 of subtitle B of Title I of ERISA; (ii) plan as described in Section 4975(e)(1) of the Internal Revenue Code subject to Section 4975 of the Internal Revenue Code; or (iii) entity whose underlying assets include "plan assets" under ERISA by reason of such an employee benefit plan's or plan's investment in such entity (including but not limited to, as applicable, an insurance company general account).
"Board of Directors" or "Board"	The board of directors of the Company.
"CDO" or "collateralised debt obligation"	A collateralised debt obligation is a structured credit product that functions in economic terms as a company that pools assets — loans, bonds, asset-backed securities, credit derivatives to name a few — and issues liabilities securitised by the pool of assets. These liabilities are "sliced" into several tranches with varying degrees of risk and return that pay income to investors. This disperses the credit risk via the capital markets and enables investors to select among different risk-return options. The term CDO could include collateralised debt obligations, collateralised loan obligations, collateralised synthetic obligations and similar leveraged investment vehicles.
"CDO of ABS"	A CDO security with respect to which the related underlying portfolio of assets (or, in the case of a synthetic CDO obligation, the related underlying portfolio of reference obligations) consists primarily of asset-backed securities.
"CDS" or "credit default swap"	A swap in which one party (Party A) pays the other party (Party B) a fee, either as a single payment or in a series of payments, and Party B pays Party A a floating payment that depends on whether a predefined credit event has occurred or not. The floating payment would likely occur only once, and might be proportional to the discount of the reference obligation below par. The credit event might be a declaration of bankruptcy or violation of a bond indenture or loan agreement. The credit default swap arrangement may provide for a different maturity, payment dates, interest rate, credit exposure currency or other credit or non-credit characteristics than that of the reference obligation.
"certificated"' or "in certificated form"	In relation to a share or other security, a share or other security, title to which is recorded in the relevant register of the share or other security concerned as being held in certificated form (that is, not in Euroclear Nederland).

"CITA"	The Dutch 1969 Corporate Income Tax Act.
"City Code"	The City Code on Takeovers and Mergers.
"Class B Share"	The Class B ordinary share to be issued to an affiliate of AXA by the Company at Closing.
"Class C Shares"	Non-voting Class C ordinary shares of the Company that are convertible under certain circumstances into Shares.
"CLN" or "credit-linked notes"	Credit linked notes are a securitised form of credit derivative, where the protection buyer issues notes. The CLN combines a credit default swap with a medium term note. As with a CDS, the CLN provides its users with a contractual mechanism for transferring the credit risk inherent in bonds or loans without modifying the structure or legal ownership of the underlying asset. At maturity, investors receive par unless the referenced credit defaults or declares bankruptcy, in which case they receive an amount equal to the recovery rate. The CLN issuer enters into a default swap with a deal arranger. In case of default, the CLN issuer pays the dealer par minus the recovery rate in exchange for an annual fee which is passed on to the investors in the form of a higher yield on the notes.
"CLO" or "collateralised loan obligation"	A CDO backed by receivables from loans, rather than bonds, credit derivatives or other obligations.
"Closing"	Closing, settlement and issue of the Offer Shares, which would involve the delivery of the Offer Shares in uncertificated form through the book-entry system operated by Euroclear Nederland in accordance with their normal settlement procedures applicable to equity securities.
"Closing Date"	The date upon which the Closing of the Offer takes place.
"CMBS" or "commercial mortgage-backed security"	A type of mortgage-backed Security backed by a commercial mortgage loan or a pool of commercial mortgage loans. Commercial mortgages are mortgage loans for commercial properties such as multi-family dwellings, shops, restaurants, showrooms, etc.
"Combined Code"	The U.K. Combined Code on Corporate Governance published by the Financial Reporting Council.
"Companies Law"	Companies (Guernsey) Laws 1994 to 1996 (as amended).
"Company"	Volta Finance Limited and, where relevant, its subsidiaries, subsidiary undertakings and any investment vehicles it forms or sponsors.
"CSO" or "Synthetic CDO"	A collateralised swap obligation is an obligation that provides investment exposure to credit assets via credit derivative transactions rather than through the cash purchase of the assets, and generally is structured to replicate the economic attributes of a conventional CDO.
"Custodian"	Deutsche Bank AG London.
"Custody Agreement"	The custody agreement between the Company and the Custodian dated December 1, 2006.
"Director"	A member of the Company's Board of Directors.

"Disclosure Act"	The Act on Disclosure of Major Holdings in Listed Companies 1996 *(Wet melding zeggenschap in ter beurze genoteerde vennootschappen 1996)* of the Netherlands.
"Distribution Income"	will be, for any relevant calculation period, based on the net income reported in the Company's income statement prepared in accordance with IFRS but will exclude: • any impairment losses (whether on assets held by the Company or its subsidiaries or included in changes in the fair value of related derivative financial instruments) in excess of the impairment losses which would have been recorded had the carrying value of the assets in question been calculated to equal the present value of the expected cash flows using a discount rate equal to the original effective interest rate on the relevant asset (i.e., on an amortised cost basis); • realised and unrealised gains other than (i) gains that are determined to represent interest income on underlying investments that the Company holds through derivative financial instruments or equivalent to interest income on the derivative financial instruments themselves, and (ii) such other gains as the Board may from time to time in its discretion decide to distribute to Shareholders, provided that, if the Board decides to include any unrealised gain with respect to any asset in Distribution Income for any Incentive Period, (x) the Incentive Fee that would otherwise payable to the Investment Manager in that Incentive Period with respect to the contribution of such unrealised gain to the Distribution Income shall be placed by the Company into a segregated trust account established for that purpose and (y) to the extent that any portion of such unrealised gain is realised in any subsequent Incentive Period, (1) such portion of the gain so realised shall be excluded from Distribution Income for that subsequent Incentive Period, but (2) the deferred Incentive Fee relating to such portion of the gain so realised shall be released to the Investment Manager (even in the event that an Incentive Fee is not otherwise payable in respect of that subsequent Incentive Period); • except as described in the foregoing point, gains and losses attributable to the revaluation of investments held at fair value through the income statement, including derivatives (other than impairment losses, the treatment of which is discussed above); • income attributable to impaired assets in excess of the income which would have been recognised on those assets calculated on an amortised cost basis; and • foreign exchange gains and losses attributable to movements in the fair value of the "clean" price (without accrued but unpaid interest) of investments on which the cash flows are hedged, foreign exchange and other hedging gains and losses or other transactions achieving the same purpose (subject to certain exceptions). Distribution Income will include income classified as interest income in any event.
"DNB"	The Central Bank of the Netherlands.
"DOL"	The U.S. Department of Labor.

"Dutch Securities Act"	The Dutch Act on the Supervision of the Securities Trade 1995 (*Wet toezicht effectenverkeer 1995*), as amended.
"ERISA"	The U.S. Employee Retirement Income Security Act of 1974, as amended.
"euro" or "€" or "EUR"	The lawful single currency introduced at the start of the third stage of the Economic and Monetary Union, pursuant to the Treaty establishing the European Economic Community, as amended by the Treaty on the European Union.
"Euroclear Nederland"	Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V., the Dutch depository and settlement institute, a subsidiary of Euroclear Bank.
"Eurolist by Euronext Amsterdam" or "Eurolist"	Euronext Amsterdam's Eurolist by Euronext Amsterdam.
"Euronext Amsterdam"	Euronext Amsterdam N.V.
"Exchange Act"	The U.S. Securities Exchange Act of 1934, as amended.
"Forward Purchase Agreements"	The forward purchase agreements entered into between (i) the Company and Citigroup Global Markets Limited and (ii) the Company and Wachovia Capital Markets LLC, each dated December 1, 2006.
"Fully Invested Model Portfolio"	A model targeted investment portfolio for the Company as at the end of the ramp-up period following the Closing.
"GBP" or "pound sterling"	The lawful currency of the United Kingdom.
"Group"	The Company and its consolidated subsidiaries.
"Hurdle Amount"	For any Incentive Period, (i) the product of (x) the weighted average number of Shares, Class B Shares and Class C Shares outstanding for each such period and (y) the weighted average offer price or issuance price of such shares multiplied by (ii) the Applicable Hurdle Rate for each such period
"IASB"	The International Accounting Standards Board.
"IASC"	The International Accounting Standards Committee.
"IFRS"	International Financial Reporting Standards.
"IISA"	Investment Institutions Supervision Act (*Wet toezicht beleggingsinstellingen*).
"IISD"	Investment Institutions Supervision Decree 2005 (*Besluit toezicht beleggingsinstellingen 2005*).
"Incentive Fee"	The incentive fee payable by the Company to the Investment Manager in accordance with the terms of the Investment Management Agreement.
"Incentive Fee Calculation Period"	The Incentive Period and the immediately preceding seven quarters (or, until eight quarters have elapsed since Admission, the period that has elapsed since Admission).
"Incentive Period"	Each semi-annual period ending July 31 and January 31 of each year (or, in case of the initial period, in respect of the period from the Closing Date through July 31, 2007).
"Initial Portfolio"	The assets acquired directly from the Warehouse Sellers pursuant to the Forward Purchase Agreements or transferred synthetically pursuant to the Initial Total Return Swap (and the collateral associated therewith).

"Initial Purchasers"	Citigroup Global Markets Limited Goldman Sachs International, whose addresses are set out on page 49 of this document.
"Initial Purchase Agreement"	The Initial Purchase Agreement to be entered into among the Company, the Investment Manager and the Initial Purchasers.
"Initial Total Return Swap"	A partial recourse total return swap expected to be entered into between the Company and Bank of America, N.A. pursuant to which the Company is to obtain investment exposure on a synthetically leveraged basis to a reference portfolio of interests in leveraged loans (senior secured, second lien and mezzanine). The leveraged loans underlying the Initial Total Return Swap were assembled with the Warehousing Banks under the direction of the Investment Manager in anticipation of the Offer.
"Internal Rate of Return" or "IRR"	A present-value based measure used for determining the compounded annual rate of return on investments held for a time period of one year or more. An investment with a higher IRR is typically favoured.
"Internal Revenue Code" or "Code"	The U.S. Internal Revenue Code of 1986, as amended.
"Investment Advisers Act"	The U.S. Investment Advisers Act of 1940, as amended.
"Investment Company Act"	The U.S. Investment Company Act of 1940, as amended.
"Investment Grade CDO"	A CDO security with respect to which the related underlying portfolio of assets (or, in the case of a synthetic CDO obligation, the related underlying portfolio of reference obligations) represents credit exposures a majority of which are to investment grade companies.
"Investment Management Agreement"	The investment management agreement initially between the Company and the Investment Manager dated November 29, 2006, and to which other special purpose vehicles may, if so required, become party in the future.
"Investment Manager"	AXA Investment Managers Paris.
"Investment Manager Warrants"	The Investment Manager warrants described in "Part IV — Management and Administration of the Company and the Company's Investment Portfolio-The Investment Manager-Investment Manager Warrants".
"Investment Management Team"	The investment management team of AXA IM.
"Investment Team"	The investment team established by the Investment Manager to oversee the Company's portfolio.
"IRS"	Internal Revenue Service.
"ISDA"	The International Swaps and Derivatives Association, Inc.
"ISDA Master Agreement"	An ISDA 1992 Master Agreement or an ISDA 2002 Master Agreement or any successor form published by ISDA.
"Joint Global Coordinators"	Citigroup Global Markets Limited and Goldman Sachs International.
"LIFFE"	London International Financial Futures and Options Exchange.
"Listing Agent"	ING Bank N.V.
"Management Fee"	The management fee payable by the Company to the Investment Manager in accordance with the terms of the Investment Management Agreement.

"MBS" or "Mortgage-Backed Securities"	A broad term that encompasses securities backed by mortgage loans. The term can refer to over-the-counter options on mortgage-backed securities as well.
"Memorandum" or "Memorandum of Association"	The Memorandum of Association of the Company in force from time to time.
"NAV" or "Net Asset Value"	The net asset value of the Company in total or (as the context requires) per Share calculated in accordance with the accounting policies and as described in this document.
"Offer"	The offer of Offer Shares on the terms and subject to the conditions described in this document.
"Offer Price"	€10 per Share.
"Offer Shares"	The Shares to be issued under the Offer.
"Official Price List"	The Official Price List *(Officiele Pryscourant)* of Euronext Amsterdam.
"Performance"	For any semi-annual period, the difference, positive or negative, between the Distribution Income and the Hurdle Amount for that semi-annual period.
"PFIC"	Passive foreign investment company.
"Placement Agents"	ING Wholesale Banking, I.S. Plenum, Wachovia Securities.
"Plan" or "ERISA Plan"	(i) employee benefit plans (as defined in Section 3(3) of ERISA) that are subject to part 4 of subtitle B of Title I of ERISA, (ii) plans (as defined in Section 4975(e)(1) of the Code) that are subject to Section 4975 of the Code, including individual retirement accounts or Keogh plans, and (iii) any entities whose underlying assets include "plan assets" under ERISA by reason of a plan's investment in such entities.
"Portfolio Administration Agreement"	The Portfolio Administration Agreement between the Company and the Portfolio Administrator dated November 29, 2006.
"Portfolio Administrator"	Deutsche Bank AG London.
"Primary Target Asset Classes"	Primary target asset classes are investments with the key characteristics described on page 3 of this document.
"Primary Underlying Assets"	The underlying assets initially targeted for direct and indirect investment by the Company.
"Projected Cash Flow Assumptions"	A set of assumptions used to determine the expected cash flows from an asset.
"Prospectus Directive"	Directive 2003/71/EC and any relevant implementing measure in each Relevant Member State.
"Prospectus Rules"	Article 3 of the Dutch Securities Act and the rules promulgated thereunder.
"Purchase Price"	The aggregate purchase price to be paid by the Company to the Warehousing Banks for the purchase of the Initial Portfolio.
"Qualified Institutional Buyer"	Qualified Institutional Buyer as defined in Rule 144A under the Securities Act.
"Qualified Purchaser"	Qualified Purchaser as defined in section 2(a)(51) of the Investment Company Act.

"Regulation S"	Regulation S under the Securities Act.
"Relevant Implementation Date"	The date on which the Prospectus Directive is implemented in a Relevant Member State.
"Relevant Member State"	Any Member State of the European Economic Area which has implemented the Prospectus Directive.
"RMBS"	Residential mortgage-backed securities, being interests in or obligations secured by pools of residential mortgage loans.
"Restricted AXA IM Managed Products"	AXA IM Managed Products as to which the Investment Manager or its affiliates earn separate investment management compensation or receive other remuneration or benefit that is not fully deducted from fees payable by the Company to the Investment Manager.
"Rule 144A"	Rule 144A under the Securities Act.
"Securities Act"	The U.S. Securities Act of 1933, as amended of the United States.
"Shareholders"	The holders of Shares.
"Shares"	The ordinary shares of no par value in the capital of the Company created under the Companies (Guernsey) Law, 1994 (as amended). The term does not include the Company's Class B or Class C ordinary shares.
"SIC 12"	Standing Interpretations Committee Interpretation 12 "Consolidation — Special Purpose Entities".
"Similar Laws"	Provisions under applicable federal, state, local, non-U.S. or other laws or regulations that are substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code.
"SPE"	Special purpose entity.
"SPV"	Special purpose vehicle.
"Takeover Directive"	Directive 2004/25/EC of the European Parliament and of the Council of 21 May 2004 on Takeover Bids.
"Takeover Panel"	The U.K. Panel on Takeovers and Mergers.
"TRS" or "total return swap"	A swap of the total return on a credit portfolio against a contracted prefixed return. In one of the simplest forms of total return swap, the protection seller may guarantee a prefixed return to the originator, who in turn, agrees to pass on all the collections from the credit asset to the protection seller. Here, the protection buyer swaps the total return from a credit asset for a predetermined, prefixed return. The total return swap is designed to transfer the economic risk of loss of value irrespective of cause, whether default, the widening of credit spreads or any other circumstance.
"uncertificated"" or "in uncertificated form"	In relation to a share or other security, a share or other security, title to which is recorded in the relevant register of the share or other security concerned as being held in uncertificated form (that is, in Euroclear) and title to which may be transferred by means of Euroclear.
"$" or "US$" or "U.S. dollars"	The lawful currency of the United States of America.
"Underperformance Measure Period"	With respect to any Incentive Period, the shorter of the three previous semi-annual periods or the time elapsed since Closing.

"United Kingdom" or "UK"	The United Kingdom of Great Britain and Northern Ireland.
"United States" or "U.S."	The United States of America, its territories and possessions, any State of the United States, and the District of Columbia.
"U.S. Holder"	A beneficial owner of Shares that is a citizen or resident of the United States or a domestic corporation or that otherwise is subject to United States federal income taxation on a net income basis in respect of the Shares.
"U.S. Person"	U.S. person within the meaning of Regulation S.
"Valuation Date"	October 31, 2006.
"Warehousing Agreement"	Each of the agreements between the Company and the Warehousing Banks pursuant to which the Warehousing Banks have assembled certain asset-backed securities and residual CDO interests pending resale of such assets to the Company.
"Warehousing Banks"	Citigroup Global Markets Limited and Wachovia Capital Markets LLC.
"Warehouse Sellers"	Each of Citigroup Global Markets Limited, a special purpose vehicle designated by Citigroup Global Markets Limited and an affiliate of Wachovia Capital Markets LLC.

ANNEX A
FORM OF U.S. INVESTOR CERTIFICATE

VOLTA FINANCE LIMITED
First Floor
Dorey Court
Admiral Park
St. Peter Port GY1 6HJ
Guernsey

Citigroup Global Markets Inc. and Goldman Sachs & Co. as representatives of the Initial Purchasers

Ladies and Gentlemen:

We are delivering this certificate in connection with our purchase of [•] shares at an offer price of €10 per share (the **"Offer Shares"**) of Volta Finance Limited, a closed-end investment company incorporated under the laws of Guernsey (the **"Company"**).

We hereby represent, warrant, acknowledge and agree that:

1. We are:

   (i) a qualified institutional buyer (a **"QIB"**) (within the meaning of Rule 144A under the U.S. Securities Act of 1933, as amended (the **"Securities Act"**)); and

   (i) a **"qualified purchaser"** (within the meaning of Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended (the **"Investment Company Act"**)(a **"QP"**)).

2. We are not a broker-dealer which owns and invests on a discretionary basis less than U.S.$25 million in securities of unaffiliated issuers.

3. We are acquiring the Offer Shares for our own account as principal.

4. We are a sole beneficial owner for the purposes of Section 3(c)(1) of the Investment Company Act and related rules.

5. We understand that the Offer Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the Offer Shares have not been and will not be registered under the Securities Act; and we agree that (A) if in the future we decide to offer, resell, pledge or otherwise transfer any of the Offer Shares, such Offer Shares may be offered, resold, pledged or otherwise transferred only in an offshore transaction (as defined in Regulation S under the Securities Act) complying with the provisions of Rule 903 or Rule 904 of Regulation S under the Securities Act to a person outside the United States and not known to us to be a U.S. person (as defined in Regulation S under the Securities Act), by pre-arrangement or otherwise and (B) we will notify any subsequent purchaser of the Offer Shares of the re-sale restrictions referred to in (A) above.

6. We were not formed for the purpose of investing in the Offer Shares.

7. We understand and acknowledge that the Company has not registered, and does not intend to register, as an "investment company" (as such term is defined under the Investment Company Act and related rules) and that the Company has imposed the transfer and offering restrictions with respect to persons in the United States and U.S persons (as defined in Regulation S under the Securities Act of 1933) described herein so that the Company will qualify for the exemption provided under Section 3(c)(7) of the Investment Company Act and will have no obligation to register as an investment company.

8. We understand that, subject to certain exceptions, to be a QP, entities must have at least U.S.$25 million in "investments" as defined in Rule 2a51-1 of the U.S. Investment Company Act.

9. We understand and acknowledge that (i) the Company and its agents shall not be obligated to recognise any resale or other transfer of the Offer Shares made other than in compliance with the restrictions set forth in this certificate; (ii) if we breach any covenant or agreement herein or make any misrepresentation herein, the Company may require us to sell our Shares to the Company or a person designated by the Company at the Offer Price stated above and (iii) if the obligation to sell is not met, the Company is irrevocably authorised, without any obligation, to sell the Offer Shares on an offshore stock exchange on such terms as the Company's Board of Directors think fit.

10. We agree that neither we, nor any of our affiliates, nor any person acting on our or their behalf, will make any "directed selling efforts" as defined in Regulation S under the Securities Act in the United States with respect to the Offer Shares.

11. We acknowledge that any Offer Shares in certificated form will bear the legend set out below:

    "THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), ANY STATE SECURITIES LAWS IN THE UNITED STATES OR, EXCEPT AS SET OUT IN THE COMPANY'S PROSPECTUS (THE "PROSPECTUS"), THE SECURITIES LAWS OF ANY OTHER JURISDICTION AND HAVE BEEN INITIALLY PLACED PURSUANT TO EXEMPTIONS FROM THE U.S. SECURITIES ACT AND THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "U.S. INVESTMENT COMPANY ACT") AND MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT AS PERMITTED BY THIS LEGEND. THE HOLDER HEREOF, BY ITS ACCEPTANCE OF THIS SECURITY, REPRESENTS, ACKNOWLEDGES AND AGREES THAT IT WILL NOT REOFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (X) IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS TO A TRANSFEREE WHO IS OUTSIDE THE UNITED STATES, WHO IS NOT KNOWN TO US TO BE A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) AND WHO IS PURCHASING THIS SECURITY IN AN OFFSHORE TRANSACTION COMPLYING WITH THE PROVISIONS OF RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND (Y) (1) UPON DELIVERY OF ALL OTHER CERTIFICATIONS, OPINIONS AND OTHER DOCUMENTS THAT THE COMPANY MAY REQUIRE AND (2) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY STATE OF THE UNITED STATES AND ANY OTHER JURISDICTION. FURTHER, NO PURCHASE, SALE OR TRANSFER OF THIS SECURITY MAY BE MADE UNLESS SUCH PURCHASE, SALE OR TRANSFER WILL NOT RESULT IN (i) THE ASSETS OF THE COMPANY CONSTITUTING "PLAN ASSETS" WITHIN THE MEANING OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), THAT ARE SUBJECT TO PART 4 OF SUBTITLE B OF TITLE I OF ERISA OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "INTERNAL REVENUE CODE") OR ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAWS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR (ii) THE COMPANY BEING REQUIRED TO REGISTER AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT. EACH PURCHASER OR TRANSFEREE OF THIS SECURITY WILL BE REQUIRED TO REPRESENT OR WILL BE DEEMED TO HAVE REPRESENTED THAT (i) IT IS NOT AND IS NOT USING ASSETS OF A PLAN THAT IS SUBJECT TO TITLE I OF ERISA OR SECTION 4975 OF THE INTERNAL REVENUE CODE AND (iii) IF IT IS A U.S. PERSON, THAT IT IS A "QUALIFIED PURCHASER", AND WILL BE SUBJECT TO RESTRICTIONS AS PROVIDED IN THE COMPANY'S PROSPECTUS AND ARTICLES OF ASSOCIATION.

    THIS SECURITY IS NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN. EACH TRANSFEROR OF THIS SECURITY AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE PROSPECTUS TO THE TRANSFEREE".

12. We are not a **"Plan"** (which term includes (i) employee benefit plans that are subject to part 4 of subtitle B of Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended **("ERISA")** or plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the **"Code"**), (ii) plans, individual retirement accounts and other arrangements that are subject to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, or to provisions under applicable federal, state, local, non-U.S. or other laws or regulations that are substantially similar to such provisions of ERISA or the Code and (iii) entities the underlying assets of which are considered to include "plan assets" under ERISA) and we are not purchasing the Shares on behalf of, or with the "plan assets" of, any Plan.

We acknowledge that you and others will rely upon our representations, warranties, acknowledgements and agreements set forth herein, and we agree to notify you promptly in writing if any of our representations, warranties, acknowledgements or agreements herein cease to be accurate and complete.

We hereby irrevocably agree that this certificate or a copy thereof may be reproduced to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

We hereby represent and warrant that all necessary actions have been taken to authorise the purchase by us of the Offer Shares and the execution of this certificate.

Where there are joint applicants, each must sign this U.S. investor certificate. Applications by a corporation must be signed by an authorised officer or be completed otherwise in accordance with such corporation's constitution (evidence of such authority may be required). Where a single signatory is signing this certificate on behalf of one or more investors, the names of each investor must be listed below or in an attachment to this certificate, and the representations and agreements contained herein shall be deemed to be made separately by each such investor.

Very truly yours,

By: ______________________________

Name:
Title:

Date: , 2006

ANNEX B
FORM OF NON-U.S. INVESTOR CERTIFICATE

VOLTA FINANCE LIMITED
First Floor
Dorey Court
Admiral Park
St. Peter Port GY1 6HJ
Guernsey

Citigroup Global Markets Limited and Goldman Sachs International as the Initial Purchasers

Ladies and Gentlemen:

We are delivering this certificate in connection with our purchase of [•] shares at an offer price of €10 per share (the **"Offer Shares"**) of Volta Finance Limited, a closed-end investment company incorporated under the laws of Guernsey (the **"Company"**).

We hereby represent, warrant, acknowledge and agree that:

1. We are a person who, at the time the buy order for the Offer Shares was originated, was outside the United States and was not a U.S. person (as defined in Regulation S under the U.S. Securities Act of 1933), was a non-United States person (as defined in the rules under the Commodity Exchange Act of 1940), was not purchasing for the account or benefit of a U.S. person or a person who is not a non-United States person, and was not formed for the purpose of investing in shares of the Company.

2. We are not a **"Plan"** (which term includes (i) employee benefit plans that are subject to part 4 of subtitle B of Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended **("ERISA")** or plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the **"Code"**), (ii) plans, individual retirement accounts and other arrangements that are subject to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, or to provisions under applicable federal, state, local, non-U.S. or other laws or regulations that are substantially similar to such provisions of ERISA or the Code and (iii) entities the underlying assets of which are considered to include "plan assets" of such plans, accounts and arrangements) and we are not purchasing the Shares on behalf of, or with the "plan assets" of, any Plan.

We acknowledge that you and others will rely upon our representations, warranties, acknowledgements and agreements set forth herein, and we agree to notify you promptly in writing if any of our representations, warranties, acknowledgements or agreements herein cease to be accurate and complete. We hereby irrevocably agree that this certificate or a copy thereof may be reproduced to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

We hereby represent and warrant that all necessary actions have been taken to authorise the purchase by us of the Offer Shares and the execution of this certificate.

Very truly yours,

By: ______________________________

Name:
Title:

Date: , 2006