# COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II
## QUARTERLY REPORT AND VALUATION
## 1 JULY 2018 – 30 SEPTEMBER 2018

### Summary as at 30 September 2018

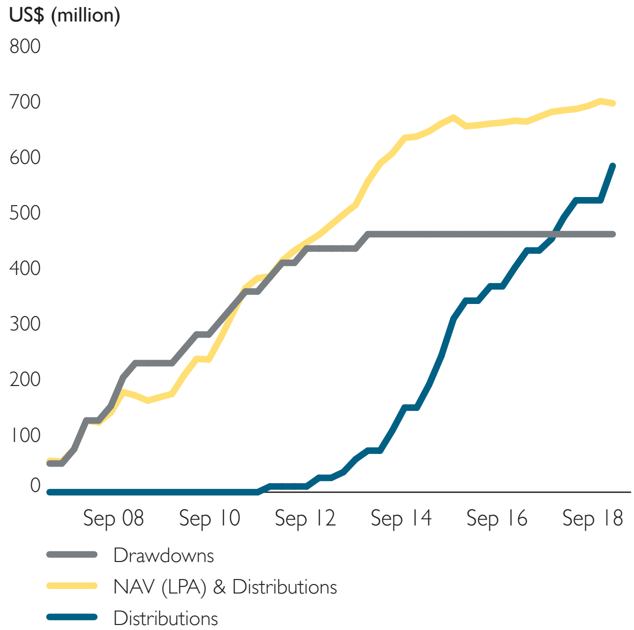
| | Total (US$) | Typical LP* (US$) |
|---|---|---|
| Commitment | 515,890,000 | 250,000 |
| Drawdowns | 464,301,000 | 225,000 |
| Distributions | 587,082,820 | 284,500 |
| Unaudited NAV | 108,059,914 | 52,366 |

* Example for a typical limited partner, excluding any Placement Fee as this was not part of the commitment to CPELPII.

### Key information

| | |
|---|---|
| Operational fee | 1.25% p.a. of unaudited NAV at quarter end.[1] |
| Performance fee | 10%, with a 10% p.a. hurdle rate |
| Vintage | 2007 |
| First close date | 23 April 2007 |
| Final close date | 23 April 2007 |
| Domicile, legal structure | Cayman Islands, Closed Ended Exempted LP |
| Manager | Aberdeen Asset Managers Limited |
| Financial year end | 31 December |
| Fund currency | USD |

### CPELPII performance: drawdowns, net asset value and distributions




### Performance

| | |
|---|---|
| TVPI | 1.50x |
| DPI | 1.26x |
| IRR | 6.4% |
| % drawn down | 90.0%[2] |

Past performance should not be taken as a guide to future performance.

### Portfolio overview

| Investee fund | Vintage Year | Strategy | Geography | Investment date | Currency | Commitment (local currency million) |
|---|---|---|---|---|---|---|
| AEVII | 2007 | Buyout | Europe | Mar 07 | EUR | 30.0 |
| BCPV | 2005 | Buyout | Global | Jun 07 | USD | 60.0 |
| CEPIII | 2007 | Buyout | Europe | Jul 07 | EUR | 50.0 |
| CPV | 2007 | Buyout | North America | May 07 | USD | 70.0 |
| CVCAIII | 2008 | Growth | Asia/Oceania | Jan 08 | USD | 20.0 |
| DHV | 2007 | Buyout | Europe | Jun 07 | EUR | 40.0 |
| FIFV | 2007 | Other | North America | May 07 | USD | 25.0 |
| KKRA | 2007 | Growth | Asia/Oceania | Jun 07 | USD | 35.0 |
| PAIEV | 2007 | Buyout | Europe | Aug 07 | EUR | 7.5 |
| THLVI | 2006 | Buyout | North America | Jun 07 | USD | 50.0 |
| TPGAV | 2007 | Growth | Asia/Oceania | Jun 07 | USD | 20.0 |
| WPX | 2007 | Other | Global | Oct 07 | USD | 50.0 |

Sources: Ipes (Guernsey) Limited, Aberdeen Asset Managers Limited.
[1] Change effective from Q1 2016.
[2] Effective from Q3 2016, CPELPII has released the remaining undrawn capital commitments to the Partnership, equivalent to 10% of Limited Partners' original commitments. This means that Limited Partners are no longer liable for this amount and no further drawdowns will be made.

## Partnership summary

During the third quarter of 2018, the TVPI of the Coutts Private Equity Partnership II ('CPELPII') increased from 1.49 times cost to 1.50 times cost. The largest valuation movers over the quarter were KKR Asian Fund LP ('KKRA'), Thomas H Lee Fund VI LP ('THLVI') and Carlyle Partners V LP ('CPV'), which produced uplifts, while the most significant detractor from performance was Warburg Pincus X ('WPX').

CPELPII was able to make two distributions totalling $61.9 million during the quarter. This brings total distributions since inception to $587.1 million, or 126.4% of drawn commitments. With regard to the underlying funds, CPELPII received $7.2 million in distribution proceeds during the quarter, most of which was received from THLVI, WPX and CPV.

Following the release of remaining undrawn capital commitments, CPELPII is now considered to be fully drawn and will not be calling further capital from Limited Partners. The underlying funds did not call capital during the quarter. All underlying funds have moved beyond their commitment periods and the emphasis is now on realisations and distributions in the underlying portfolios as the funds move into the latter stages of their lives. It is currently expected that the underlying funds will exit their remaining investments by the end of 2021.[1]

## Market overview

US economic growth and earnings remained extremely robust in the third quarter of 2018, looking past slowing growth in China, Europe, and certain emerging market economies, a trend very different from the synchronised global growth story of 2017.

The US implemented tariffs on a total of $250bn of Chinese goods, threatening to increase the rate applied on $200bn of these goods from 10% to 25% in January, although this was postponed for 90 days following the G20 summit in Buenos Aires. With little progress in bilateral trade negotiations, China retaliated with tariffs on $110bn of US goods. Developed markets largely shrugged off concerns over the US-China trade war, however, as some interpreted the low initial tariff rate applied to Chinese exports as a sign of willingness to negotiate on the part of the US administration. Investors were also reassured by Chinese officials indicating that the country's currency would not be allowed to devalue further, and by recent US trade agreements with Mexico and Canada. With strong employment and wage growth, the Fed continued to normalise monetary policy with its third rate hike in 2018, bringing the Fed Funds target to a 2.00% to 2.25% range. Investors were comforted that subdued inflation is likely to keep the Fed patient in raising rates in future.

In Europe, gains were modest with banks generally weaker amid concerns over exposures to emerging markets, most notably Turkey, as well as worries over the proposed 2.4% Italian budget deficit. There was no change in policy from the European Central Bank who reiterated that interest rates would remain on hold at least through the summer of 2019.

Buyout activity declined in the third quarter of 2018, with 1,205 deals recorded at an aggregate deal value of $92.9bn, although these should increase as further information becomes available. While the number of deals remains comfortably above historic averages, the decline in aggregate deal value to more normal levels following recent strong upward momentum is driven by a greater volume of smaller deals. Additionally, the third quarter can tend to be quieter due to seasonal effects. Business Services was the favoured sector for capital allocation by deal value.

After a strong second quarter, exit activity remained relatively healthy in the third quarter of 2018 following a general downward trend in recent years. 484 exits were recorded totalling $84.6bn in aggregate value. Trade sales remained the most common route to exit, with the proportion of sales to GPs and IPOs both decreasing.[2]

Sources: Ipes (Guernsey) Limited, Aberdeen Asset Managers Limited.

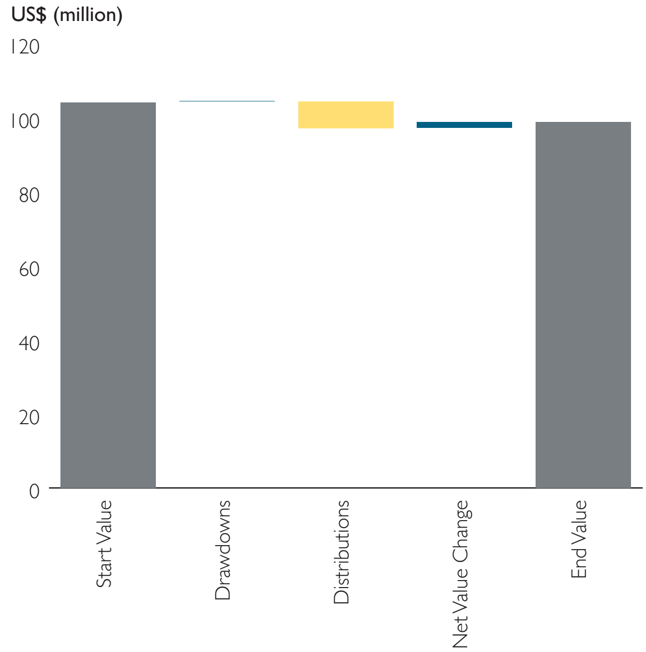
[1] Please note that this is an estimate and the exact timeline for final wind-up may be subject to change. After the underlying funds have liquidated, there may then be a further period required to liquidate CAPELP.

[2] Preqin, 'Q3 2018 Private Equity-Backed Buyout Deals and Exits', 5 Oct 2018.

## Quarterly portfolio investment activity (US$ million)

| Investee fund | Start value | Drawn | Distributed | Net value change | End value |
|---|---|---|---|---|---|
| AEVII | 7.3 | 0.0 | 0.0 | -0.4 | 6.9 |
| BCPV | 4.0 | 0.0 | 0.0 | -0.3 | 3.7 |
| CEPIII | 6.9 | 0.0 | 0.1 | 0.0 | 6.8 |
| CPV | 13.5 | 0.0 | 1.9 | 1.0 | 12.6 |
| CVCAIII | 3.4 | 0.0 | 0.1 | -0.1 | 3.2 |
| DHV | 1.3 | 0.0 | 0.0 | 0.0 | 1.3 |
| FIFV | 11.8 | 0.0 | 0.0 | -0.3 | 11.5 |
| KKRA | 1.5 | 0.0 | 0.0 | 1.1 | 2.6 |
| PAIEV | 2.1 | 0.0 | 0.0 | 0.1 | 2.2 |
| THLVI | 18.3 | -0.2 | 2.7 | 1.1 | 16.5 |
| TPGAV | 8.3 | 0.0 | 0.0 | -0.1 | 8.2 |
| WPX | 26.1 | 0.0 | 2.4 | -0.6 | 23.1 |
| **Total** | **104.4** | **-0.1** | **7.2** | **1.6** | **98.7** |

Figures may not always sum exactly due to rounding.




### Apax Europe VII L.P. ('AEVII')

The value of AEVII's portfolio decreased from 1.68 times cost to 1.67 times cost over the quarter. Despite the largest valuation mover over the quarter being an increase in **Acelity**, smaller negative movements for **Takko, One Call / Align, Sophos, Cengage Learning** and **Tivit** led to a marginal decline for the fund.

AEVII received €44 million of proceeds during the quarter following a €30 million refinancing of **Tivit**, €7m of dividend proceeds from **Psagot** and **Cengage Learning** and €7m from a **Paradigm** escrow release.

### Blackstone Capital Partners V L.P. ('BCPV')

During the quarter, BCPV's portfolio valuation declined marginally but remained valued at 1.89 times cost. Both the public and private portfolios declined during the quarter, the former driven by **Michaels' Stores**, and the latter driven by **RGIS** and **Hidustan Power**. The only material valuation uplift over the period came from **Apria Healthcare** in the private portfolio.

The Fund generated $65 million in proceeds predominantly in relation to a distribution from **Apria Healthcare**. A release of escrow proceeds from **Hilton Worldwide** was also received.

### Carlyle Europe Partners III L.P. ('CEPIII')

CEPIII's portfolio valuation remained unchanged at 2.29 times cost over the quarter. Valuation uplifts for **AMEOS Group Holdings**, **mydentist** and **The Nature's Bounty Co.** were offset by a decline in **Addison Lee** over the quarter. The fund has six portfolio companies remaining.

During the quarter, partial escrow release proceeds were received in relation to the fund's partial exit of **The Nature's Bounty Co.'s** CPG business. Including proceeds from prior distributions, CEPIII has received $2.4 billion in proceeds from its investment in **The Nature's Bounty Co**, or 1.55 times cost, and continues to hold a 30% stake in the business.

Sources: Ipes (Guernsey) Limited, Aberdeen Asset Managers Limited.

### Carlyle Partners V L.P. ('CPV')

During the quarter, CPV's portfolio increased from 2.10 times cost to 2.12 times cost. This uplift was primarily driven by the valuation increases of **The Nature's Bounty Co., Pharmaceutical Product Development** ('PPD') and **Getty Images Inc.** No investments declined materially in value over the quarter.

CPV received $250 million of cash proceeds following the sale of a majority stake in **Getty Images**, representing 0.51 times invested capital. Additionally, CPV received proceeds of $73.2 million in relation to the aforementioned release of escrow proceeds from **The Nature's Bounty Co**, and $37 million was received in relation to sale of the remaining stake in **HCR Manor Care**, representing 1.35 times invested capital including prior distributions.

### CVC Capital Partners Asia Pacific III ('CVCAIII')

CVC Asia III's portfolio value decreased from 1.98 times cost to 1.97 times cost over the quarter. This decrease was largely attributable to share price declines for **PT Link Net Tbk** and **Sun Hung Kai & Co. Ltd**, with an unfavourable foreign exchange movement also impacting the former.

In September, CVC completed a sale of 145 million shares in **Sun Hung Kai & Co. Ltd**, under a pre-negotiated share repurchase agreement. This led to a distribution of $34.5 million to CVCAIII.

### Doughty Hanson & Co.V ('DHV')

The value of the Doughty Hanson V portfolio decreased marginally but remained valued at 1.65 times cost. The Fund has one remaining unrealised portfolio company, **ASCO Group**, which declined slightly but stayed at 0.47 times cost.

There were no calls or distributions during the quarter.

### Fortress Investment Fund V ('FIFV')

During the quarter, the valuation of FIFV marginally decreased but remained valued at 1.77 times cost. This decline resulted from small decreases in value across the portfolio.

There was no realisation activity during the quarter. The fund has four remaining portfolio companies left within the main portfolio.

### KKR Asia LP ('KKRA')

During the quarter, KKRA's portfolio valuation increased from 2.20 times cost to 2.21 times cost. **MMI Holdings**, **Santanol** and publicly-listed **China International Capital Corporation** ('CICC') were the primary performance drivers, while **Coffee Day Resorts** declined over the period.

There was no realisation activity during the quarter.

### PAI Europe V ('PAIEV')

During the quarter, the valuation of PAIEV increased from 2.55 times cost to 2.56 times cost. There are two remaining investments in the fund; **Marcolin** remained unchanged while **Froneri** increased from 4.6 times cost to 4.9 times cost during the quarter.

There was no realisation activity during the quarter.

### Thomas H. Lee Parallel Fund VI ('THLVI')

The value of THLVI increased over the quarter from 1.88 times cost to 1.90 times cost. This uplift was predominantly driven by **Ceridian HCM Holdings, Inc** following its successful initial public offering in April. **Univision Communications Inc** and **Party City** were the most significant detractors from performance.

THLVI generated $681 million in the third quarter. These proceeds related to partial sales of publicly-listed **Syneos** and **Party City**, generating $295 million and $119 million respectively, as well as smaller distributions of $58 million from **LifeWorks** and $52 million from **Office Depot**. Post quarter-end, a portion of THLVI's shares in **Ceridian HCM** were sold generating 0.5 times invested capital with a 24% stake in the company being maintained. In November, THLVI reached an agreement in principle to sell its equity interests in five portfolio companies to a new vehicle that will be managed by Thomas H Lee and capitalised by a group of secondary buyers. These assets include **Syneos, Univision, 1-800 Contacts, Prime Risk Partners** and **Juvare** and would be sold for $824 million, or 95% of September 2018 NAV. This transaction is expected to close in the first quarter of 2019.

Sources: Ipes (Guernsey) Limited, Aberdeen Asset Managers Limited.

### TPG Asia V ('TPGAV')

During the quarter, the TPG Asia V portfolio valuation decreased from 1.68 times cost to 1.65 times cost. This was principally driven by declines in **Vishal Megamart, Shriram Capital** and **UTAC** in the private portfolio, and **PT BFI Finance** in the public portfolio. The only material positive contributor to performance was **CICC**.

Proceeds of $8 million were received during the quarter in relation to dividends from **CICC, Shriram Capital**, and one of **Northstar II's** investments, in addition to proceeds received from realisation of one of **Northstar II's** investments.

### Warburg Pincus Private Equity X L.P. ('WPX')

After a strong second quarter, the valuation of WPX's portfolio decreased by $201.6 million in the third quarter, meaning the valuation of the portfolio decreased from 1.86 times cost to 1.85 times cost. The three primary valuation detractors were **Antero Resources, Laredo Petroleum** and **Endurance International Group** while **Consolidated Precision Products** was the only material positive contributor to performance.

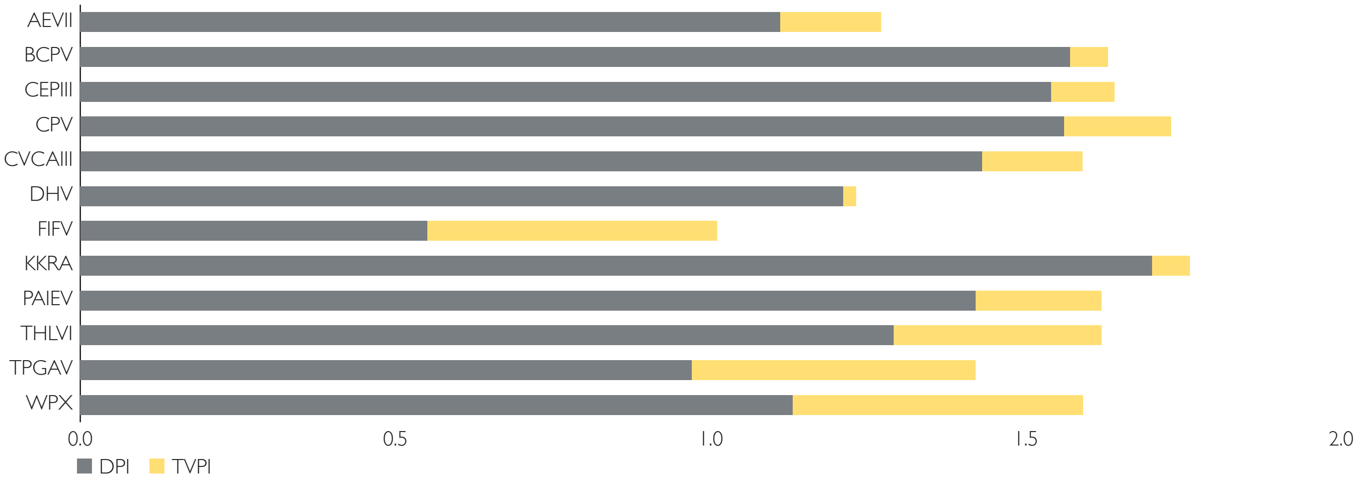
WPX received $1,084 million in proceeds during the quarter following the sales of **The Gordian Group** and **Continental Warehousing Corporation**, as well as partial share sell-downs in publicly-listed **AU Small Finance Bank** and **AAG Energy Holdings Limited**. Together with prior proceeds **The Gordian Group** generated total proceeds representing a multiple of 4.2 times cost and **Continental Warehousing Corporation** returned 1.1 times cost.

Sources: Ipes (Guernsey) Limited, Aberdeen Asset Managers Limited.

## Portfolio performance for the quarter

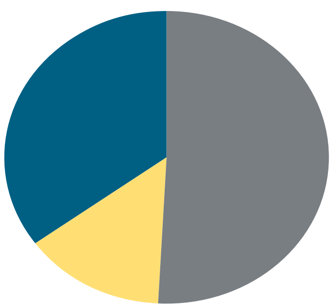
| Investee fund | Net drawn (US$ million) | % drawn | NAV (US$ million) | DPI | TVPI | Quarter TVPI change | IRR (%) |
|---|---|---|---|---|---|---|---|
| AEVII | 41.4 | 99.0 | 6.9 | 1.11 | 1.27 | -0.01 | 4.6 |
| BCPV | 56.7 | 94.5 | 3.7 | 1.57 | 1.63 | -0.01 | 8.9 |
| CEPIII | 65.9 | 95.5 | 6.8 | 1.54 | 1.64 | 0.00 | 11.2 |
| CPV | 57.3 | 81.9 | 12.6 | 1.56 | 1.73 | 0.01 | 12.8 |
| CVCAIII | 16.6 | 82.8 | 3.2 | 1.43 | 1.59 | 0.00 | 13.3 |
| DHV | 53.0 | 97.0 | 1.3 | 1.21 | 1.23 | 0.00 | 4.3 |
| FIFV | 24.9 | 99.5 | 11.5 | 0.55 | 1.01 | -0.01 | 0.1 |
| KKRA | 35.0 | 100.0 | 2.6 | 1.70 | 1.76 | 0.03 | 13.9 |
| PAIEV | 9.6 | 94.0 | 2.2 | 1.42 | 1.62 | 0.00 | 8.9 |
| THLVI | 47.6 | 95.3 | 16.5 | 1.29 | 1.62 | 0.02 | 7.8 |
| TPGAV | 16.9 | 84.7 | 8.2 | 0.97 | 1.42 | 0.00 | 6.6 |
| WPX | 50.0 | 100.0 | 23.1 | 1.13 | 1.59 | -0.01 | 8.4 |
| **Total investments** | **475.0** | **93.9** | **98.7** | **1.35** | **1.54** | **0.00** | **8.5** |
| Cash, accruals and other assets | | | 9.4 | | | | |
| **Total fund** | **464.3** | **90.0** | **108.1** | **1.26** | **1.50** | **-0.01** | **6.4** |

Past performance should not be taken as a guide to future performance.



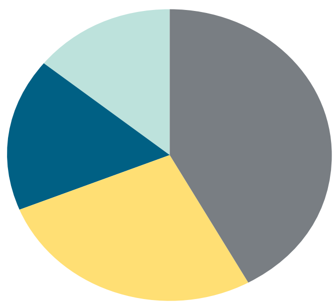

## Portfolio breakdown by underlying fund

### Fund strategy



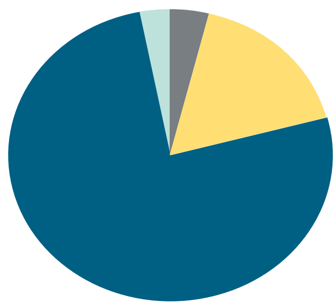
| | | |
|---|---|---|
| ■ | Buyout | 51 |
| ■ | Growth | 14 |
| ■ | Other | 35 |

### Fund geography



| | | |
|---|---|---|
| ■ | North America | 42 |
| ■ | Global | 27 |
| ■ | Europe | 17 |
| ■ | Asia/Oceania | 14 |

### Fund vintage



| | | |
|---|---|---|
| ■ | 2005 | 4 |
| ■ | 2006 | 17 |
| ■ | 2007 | 76 |
| ■ | 2008 | 3 |

All amounts are as a percentage of total investment NAV at 30 September 2018.
Figures may not always sum exactly to 100 due to rounding.

Sources: Ipes (Guernsey) Limited, Aberdeen Asset Managers Limited.

## Portfolio breakdown by underlying portfolio company

### Geographic breakdown

| | |
|---|---|
| United States | 61.7 |
| China | 7.9 |
| India | 6.5 |
| United Kingdom | 5.7 |
| Italy | 3.3 |
| Canada | 2.7 |
| Switzerland | 2.5 |
| Indonesia | 2.0 |
| Malaysia | 1.5 |
| Singapore | 1.4 |
| Israel | 1.1 |
| Brazil | 1.1 |
| Australia | 1.0 |
| Bermuda | <1.0 |
| Germany | <1.0 |
| Hong Kong | <1.0 |
| Spain | <1.0 |
| Vietnam | <1.0 |
| Phillippines | <1.0 |

### Sector breakdown[1]

| | |
|---|---|
| Industrials | 21.8 |
| Financials | 21.0 |
| Healthcare | 14.7 |
| Consumer Discretionary | 14.7 |
| Information Technology | 12.8 |
| Energy | 9.4 |
| Consumer Staples | 2.8 |
| Materials | 2.0 |
| Utilities | <1.0 |

All amounts are as a percentage of total investment NAV at 30 September 2018.
Figures may not always sum exactly to 100 due to rounding.
[1] Sector breakdown has been reclassified in line with current Global Industry Classifications Standards (GICS).

## Glossary

**Unaudited NAV** The unaudited net asset value as defined in the Limited Partnership Agreement (LPA). Unaudited net asset values calculated in accordance with International Financial Reporting Standards (IFRS) available upon request.

**Vintage** Year of fund's first investment.

**TVPI** Total Value to Paid In (TVPI) is calculated by adding the remaining (reported) value and the distributions received (cash out) and subsequently dividing that amount by the total capital contributed (cash in).

**DPI** Distribution to Paid In (DPI) is calculated by taking the distributions received (cash out) and dividing that amount by the total capital contributed (cash in).

**IRR** The internal rate of return is the annualised effective compounded rate of return over the life of an investment.

**Net Value Change** Although drawdowns and distributions from underlying funds will affect their value there will be an offsetting impact on the partnership's cash levels; 'Net Value Change' shows the change in Net Asset Value of the portfolio which is not accounted for by drawdown and distribution activity, primarily unrealised valuation changes, foreign exchange movements and fees and expenses in the underlying portfolios.

Sources: Ipes (Guernsey) Limited, Aberdeen Asset Managers Limited.

## Important information

This report supplements the information contained in the Confidential Information Memorandum for the Coutts Private Equity Limited Partnership II (the "Partnership") published in February 2006, as amended or updated from time-to-time.

This report is prepared by Aberdeen Asset Managers Limited (the "Investment Manager") on behalf of Aberdeen General Partner CPELPII Limited (the "General Partner"), the general partner of the Partnership. The General Partner has appointed the Investment Manager to provide investment management services to it. Pursuant to a novation agreement dated 31 March 2016, the provision of investment management services to the General Partner is undertaken by the Investment Manager. Aberdeen Asset Managers Limited is authorised and regulated by the Financial Conduct Authority in the UK. Registered office: 10 Queens Terrace, Aberdeen, Aberdeenshire, AB10 1YG. No. SC108419. Prior to the 31 March 2016 the provision of investment management services to the General Partner was undertaken by Aberdeen Private Equity Managers Limited, a wholly owned subsidiary of Aberdeen Asset Management PLC.

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