

# COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II

## QUARTERLY REPORT AND VALUATION

### 1 JULY 2016 – 30 SEPTEMBER 2016

#### Summary as at 30 September 2016

	Total (US\$)	Typical LP* (US\$)
Commitment	515,890,000 <sup>1</sup>	250,000
Drawdowns	464,301,000	225,000
Distributions	403,941,870	195,750
Unaudited NAV	259,804,789	125,901

\* 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. <sup>2</sup>
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

#### Portfolio overview

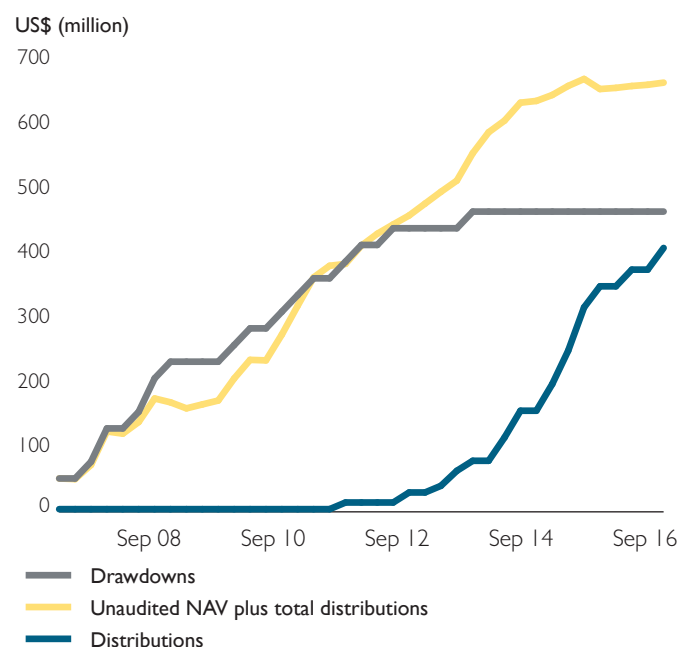
Investee fund	Vintage Year	Strategy	Geography	Investment date	Currency	Commitment (local currency million)
AEVII	2007	Buyout	Europe	Mar 07	EUR	30.0
BCPV	2005	Buyout	Global	Jun 07	USD	60.0
CEPIII	2007	Buyout	Europe	Jul 07	EUR	50.0
CPV	2007	Buyout	North America	May 07	USD	70.0
CVCAIII	2008	Growth	Asia/Oceania	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

<sup>1</sup>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.

<sup>2</sup> Change effective from Q1 2016.

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



#### Performance

TVPI	1.43x
DPI	0.87x
IRR	6.2%
% drawn down	90.0% <sup>1</sup>

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

## Partnership summary

During the third quarter of 2016, the TVPI of the Coutts Private Equity Partnership II ('CPELPII') increased from 1.42 times cost as at 30 June 2016 to 1.43 times cost as at 30 September 2016. The funds generating the more substantial valuation uplifts over the quarter were Thomas H Lee VI ('THLVI'), Fortress Investment Fund V ('FIFV') and KKR Asian Fund ('KKRA'). Blackstone Capital Partners V ('BCPV') was the only fund to detract from these gains.

CPELPII made a distribution of \$33.5 million to its limited partners over the quarter. This brings total distributions since inception to \$403.9 million, or 87.0% of drawn commitments. With regard to the underlying funds, CPELPII received \$21.7 million in distribution proceeds during the quarter, the most significant of which coming from KKRA and Carlyle Partners V ('CPV').

CPELPII did not make a drawdown from limited partners during the quarter. During the quarter, CPELPII approved the release of 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. The underlying funds called \$0.2 million from CPELPII via CPV and KKRA. All underlying funds have now moved beyond their commitments periods. The emphasis is now on realisations and distributions in the underlying portfolios as the funds move into the latter stages of their lives.

## Market review

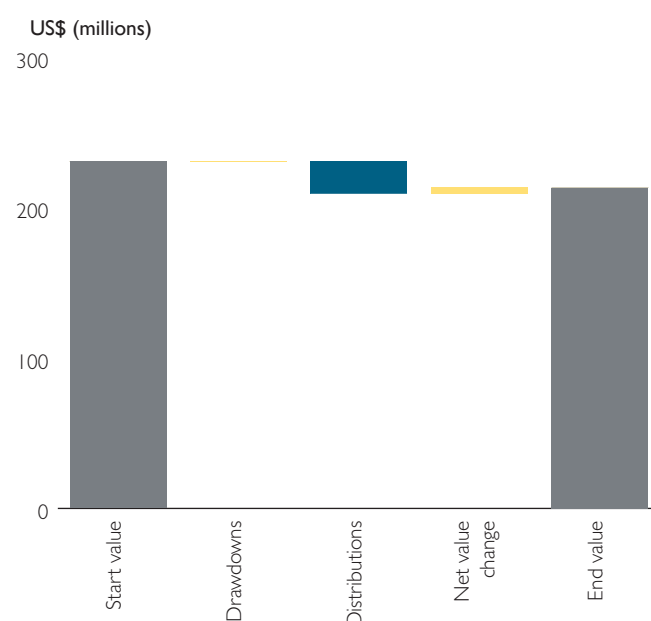
The world economy is still mired in the "new mediocre" of low growth, but with China stabilising, the US set to pick up after a weak first half, and Brazil and Russia likely to exit recession shortly, global growth is probably past its recent trough. Nevertheless, it looks set to remain weaker than before the financial crisis. The headwinds of challenging demographics, an excess of savings over investment, and weak productivity show little sign of abating. The US Federal Reserve looks set to remain cautious, with a rate rise in December expected, followed by modest further increases thereafter. As the dust settled following the Brexit vote, some of the worst fears about the short-term impact on UK economic activity have not been realised and confidence has stabilised. The Eurozone also appears to be weathering Brexit uncertainties helped by policy support. While the ECB announced no new easing measures over the quarter, it is widely anticipated that the bank will announce a six month extension to the programme, which is currently due to expire in March 2017.

The third quarter of 2016 saw a decrease in the number of global private equity backed buyout transactions from the previous quarter to 919 (second quarter 2016: 1,004; third quarter 2015: 874), although aggregate deal value remained broadly flat quarter-on-quarter at \$90bn (second quarter 2016: \$89bn; third quarter 2015: \$85bn). The decrease in transaction activity from the second quarter to the third quarter is in line with previous years, with the exception of 2015, however it was also lower than the first quarter activity for the first time in the last five years, reflecting uncertainty following Brexit. Higher transaction values helped aggregate deal value to remain flat, however. North America and Asia's share of capital deployed remained broadly constant at 68% (second quarter 2016: 64%) and 5% (second quarter 2016: 6%) respectively, however Europe's share of the aggregate deal value declined to 17.2% (second quarter 2016: 28.2%), with the Rest of World accounting for up to 12% (second quarter 2016: 2%).<sup>1</sup>

The third quarter of 2016 also saw a decline in global buyout exits to 408 (second quarter 2016: 434) with an aggregate value of \$81bn (second quarter 2016: \$90bn), representing a decline from the second quarter 2016, generally consistent with prior years. However, it is significantly less than the same period last year (third quarter 2015: \$116bn). Trade sales continued to be the most common exit route at 51% of exits by transaction number (second quarter 2016: 50%). Their share of aggregate exit value, however, increased to 56%, from 50% in the second quarter 2016. Secondary buyouts were the second most common exit route at 36% by number of transactions (second quarter 2016: 31%), and 29% by aggregate exit value (second quarter 2016: 32%). Initial public offering activity decreased in the third quarter, however, as markets displayed volatility in the aftermath of Brexit.<sup>1</sup>

Quarterly portfolio investment activity (US\$ millions)

Investee fund	Start value	Drawn	Distributed	Net value change	End value
AEVII	16.5	0.0	2.6	0.2	14.1
BCPV	22.1	0.0	1.7	-2.1	18.3
CEPIII	24.0	0.0	3.9	0.1	20.2
CPV	33.2	0.1	6.5	0.0	26.8
CVCAIII	5.6	0.0	0.0	0.1	5.7
DHV	14.5	0.0	0.0	0.4	14.9
FIFV	16.2	0.0	0.0	1.3	17.5
KKRA	20.9	0.1	6.6	0.9	15.3
PAIEV	5.8	0.0	0.0	0.3	6.1
THLVI	38.0	0.0	0.0	1.4	39.4
TPGAV	8.9	0.0	0.0	0.4	9.3
WPX	25.2	0.0	0.4	0.9	25.7
<b>Total</b>	<b>230.7</b>	<b>0.2</b>	<b>21.7</b>	<b>4.2</b>	<b>213.4</b>



Figures may not always sum exactly due to rounding.

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

The value of AEWII's portfolio increased marginally over the quarter but remained at 1.70 times cost. Investments that demonstrated the largest increases in value were **Epicor**, upon its exit to KKR, **Psagot**, and **Cengage Learning Debt**, while **One Call / Align** partially offset these gains.

During the quarter, the fund realised €1.6 billion primarily related to the **Epicor** sale completed in August. Proceeds represented a total gross equity multiple of 4.4 times cost in Euros, including the unrealised value of Aptos now valued as a standalone investment. The fund also closed the sale of **Trader Corporation** to Thoma Bravo for CAD \$1.6 billion. This represents a multiple of 3.2 times cost and a gross IRR of 26%. Furthermore, there was a partial exit of publicly-listed **Ascential**, as well as a signed agreement to sell **Plantasjen** to Ratos, expected to close in the fourth quarter of 2016.

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

During the quarter, BCPV's portfolio valuation marginally declined from 1.86 times cost to 1.85 times cost. This decline was largely driven by the decrease in share price of publicly-listed Michaels Stores and **PFG**.

The fund had another active quarter in terms of realisations, generating \$1.2 billion in proceeds, primarily from the sale of shares in the portfolio's publicly listed investments. \$0.4 billion was generated from the partial sale of shares in **Catalent**, \$0.3 billion from the sale of the remaining shares in **NXP Semiconductor** and \$0.2 billion from the partial sale of shares in **Summit**.

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

CEPIII's portfolio valuation declined marginally over the quarter from 2.16 times cost as at 30 June 2016 to 2.15 times cost as at 30 September 2016. Valuation uplifts produced by **Alloheim**, **Twin Set**, **AMEOS Group Holdings** and publicly-listed **Multi Packaging Solutions** and **CommScope** were offset by valuation declines in **mydentist** and **Addison Lee Group**.

In terms of realisation activity, CEPIII sold its remaining shares in publicly-traded **Sagemcom Group** to Charterhouse Capital Partners returning a total of €318.5 million in proceeds to the fund to date, the equivalent of 2.51 times cost. The fund also sold its remaining shares in publicly-traded **Axalta Coating Systems**. Combined with previous distributions, Axalta has returned €1.2 billion in proceeds representing 4.93 times cost. Share sell downs were also completed in **Commscope Inc** and, post quarter end, Carlyle were able to fully exit its position in the company returning 3.45 times cost. Also subsequent to quarter end, Carlyle announced the sale of **Zodiac Pool Solutions** to investment funds affiliated with Rhone. The transaction is expected to close in December 2016.

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

During the quarter, CPV's portfolio remained unchanged at 1.94 times cost. Those contributing positively to performance over the quarter include **Pharmaceutical Product Development** and **TCW Group**. Somewhat offsetting these gains, **Greater China Intermodal Investments**, **Accudyne Industries** and publicly listed **CVC Brasil Operadora**.

The fund generated approximately \$1.4 billion in proceeds over the quarter due in large part to completed block trades of shares of **Axalta Coating Systems**, **CVC Brasil Operadora** and **CommScope**. All sales were partial exits with Carlyle maintaining ownership stakes in the three companies. However, post quarter end, the Fund completed additional block sales in **CommScope** and has therefore now fully exited the investment.

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

CVC Asia III's portfolio value increased from 1.94 times cost to 1.95 times cost. Uplifts were produced in portfolio companies **SPi Global**, **PT Link Net** and **Sun Hung Kai & Co.**, while the valuations of **SRS Korea**, **QSR Brands** and **Stella Group** declined in value.

There was no realisation or add-on activity during the quarter.

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

The value of the Doughty Hanson V portfolio increased over the quarter moving from 1.62 times cost to 1.64 times cost. Of the three remaining unrealised investments, **LM Wind Power** produced a valuation uplift, **ASCO** declined marginally in value and the valuation of **TMF Group** remained unchanged.

There were no calls or distributions during the quarter, however post quarter end Doughty Hanson announced the sale of **LM Wind Power** to GE, which is expected to close in the first half of 2017, subject to regulatory approvals. This exit is expected to generate 0.65 times cost for the fund.

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

During the quarter, FIFV's main portfolio valuation increased from 1.60 times cost to 1.73 times cost while the co-investment portfolio valuation marginally decreased. The increase in the main portfolio was largely driven by the share price increase of **OneMain** (formerly **Springleaf**). This gain was somewhat offset by a decrease in value of **Mapeley** and **Florida East Coast Industries** ('FECI'). Both **Mapeley** and **FECI** are held within the co-investment portfolio and were the main contributors to its marginal decline over the quarter.

Proceeds were received post quarter-end following the final sale of shares in **Penn National Gaming**, a leading regional gaming company in the US, and other cashflows related to Penn and Gaming and Leisure Properties.

#### KKR Asia LP ('KKRA')

During the quarter, KKRA's portfolio valuation increased from 2.11 times cost to 2.16 times cost. This uplift was primarily driven by uplifts in **Dalmia Cement**, **GenesisCare**, **TVS Logistics** and publicly listed **Far East Horizon**. Somewhat detracting from these uplifts were valuation decreases for **Aricent** and **Santanol**.

KKRA received proceeds totalling \$837.2 million during the quarter, primarily related to the sale of **Alliance Tire Group** ('ATG'). Yokohama Rubber agreed to acquire ATG in March with proceeds representing approximately 3.3 times cost and 48.4% gross IRR.

#### PAI Europe V ('PAIEV')

During the quarter, the valuation of PAI Europe V increased from 1.98 times cost to 2.03 times cost as a result of a valuation uplift for **R&R Ice Cream**, which moved from 2.8 times cost to 3.2 times cost, in addition to smaller uplifts for **Cerba HealthCare**, **IPH**, **Kiloutou** and **ADB Safegate**. No portfolio companies declined in value.

It was a quiet quarter in terms of realisation activity, however post quarter end PAI signed an agreement to sell **Xella**, a leader in building materials, to Lone Star. The transaction is expected to generate proceeds of around €645 million for PAIEV, representing 2.0 times cost.

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

The value of THLVI increased from 1.82 times cost to 1.85 times cost over the quarter. The most significant portfolio valuation movements during the quarter included publicly-listed **Party City**, which increased from 1.9 times cost to 2.3 times cost, and **Black Knight Financial Services**, which increased to 4.8 times cost. Somewhat offsetting these gains were valuation declines for publicly-listed **Fogo de Chao** and privately-held **ServiceLink Holdings**.

There was no significant realisation activity over the quarter, however, post-quarter end, THLVI signed a definitive agreement to sell **Systems Maintenance Services** to Partners Group, and **inVentiv Health** executed an equity recapitalisation, stepping back from an initial public offering which was being considered. Furthermore, Thomas H Lee sold 10.2 million shares in **First Bancorp** post-quarter end and continues to hold a significant stake in the company.

#### TPG Asia V ('TPGAV')

During the quarter, the TPG Asia V portfolio valuation increased from 1.45 times cost to 1.47 times cost. This was principally driven by a share price increase for publicly-listed **Li Ning** and **PT PFI Finance**, as well as valuation uplifts for **Ingham's**, **Vishal Megamart** and **Shriram Capital**. The only notable detractor from performance during the quarter was publicly-listed **CICC**.

There was no material realisation or follow-on activity during the quarter.

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

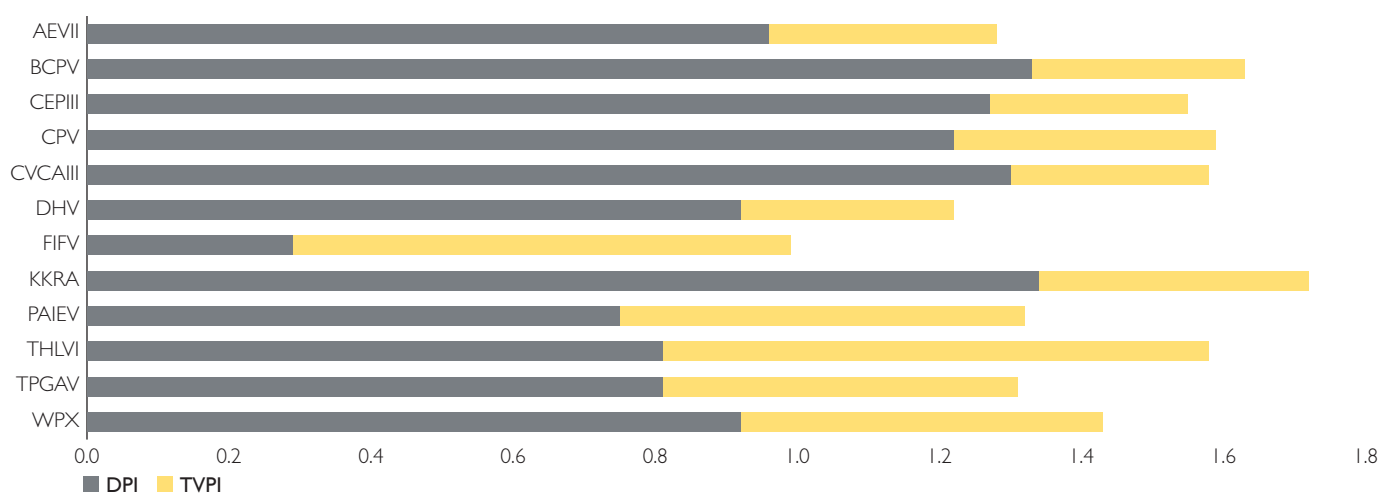
The valuation of WPX's portfolio increased by \$411.0 million in the third quarter, taking the valuation of the portfolio to 1.67 times cost from 1.64 times cost in the second quarter. **Antero Resources** produced the largest increase in valuation with other material uplifts for **Laredo Petroleum**, **iSqFt**, and **Financial Engines**. Somewhat offsetting these valuation uplifts, **Canbriam Energy Inc** saw its valuation fall from 1.7 times cost to 1.5 times cost.

During the quarter, WPX received \$193 million in proceeds, primarily related to the sale of the remainder of shares in **China Biologic Products**. Including prior distributions, this fund has generated 7.0 times cost. The fund was also able to complete \$61 million of follow-on investments during the quarter.

Portfolio performance for the quarter

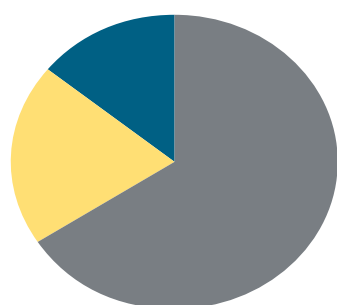
Investee fund	Net drawn (US\$ m)	% drawn	NAV (US\$ m)	DPI	TVPI	Quarter TVPI change	IRR (%)
AEVII	41.2	99	14.1	0.96	1.28	0.00	5.10
BCPV	55.5	92	18.3	1.33	1.63	-0.03	9.06
CEPIII	62.9	91	20.2	1.27	1.54	0.00	10.52
CPV	56.6	81	26.8	1.22	1.60	0.00	11.89
CVCAIII	16.5	82	5.7	1.30	1.58	0.01	13.93
DHV	44.7	82	14.9	0.92	1.21	0.01	4.23
FIFV	24.9	100	17.5	0.29	0.99	0.05	-0.12
KKRA	34.1	97	15.3	1.34	1.72	0.02	13.92
PAIEV	9.6	94	6.1	0.75	1.33	0.03	5.88
THLVI	47.6	95	39.4	0.81	1.58	0.03	8.26
TPGAV	17.1	85	9.3	0.81	1.31	0.02	5.98
WPX	50.0	100	25.7	0.92	1.44	0.02	7.49
<b>Total investments</b>	<b>460.6</b>	<b>91</b>	<b>213.4</b>	<b>1.06</b>	<b>1.48</b>	<b>0.01</b>	<b>8.29</b>
Cash, accruals and other assets			46.4				
<b>Total fund</b>	<b>464.3</b>	<b>90</b>	<b>259.8</b>	<b>0.87</b>	<b>1.43</b>	<b>0.01</b>	<b>6.22</b>

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

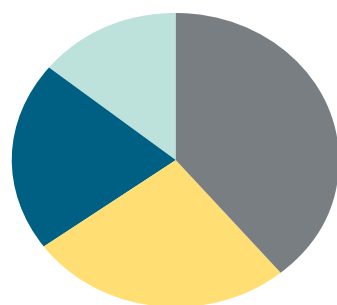


Portfolio breakdown by underlying fund

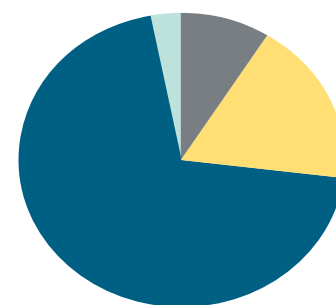
Fund strategy



Fund geography



Fund vintage



Buyout 66  
Other 20  
Growth 14























North America 39  
Europe 26  
Global 21  
Asia/Oceania 14

2005 9  
2006 18  
2007 70  
2008 3








All amounts are as a percentage of total investment NAV at 30 September 2016. Figures may not always sum exactly to 100 due to rounding.

## Portfolio breakdown by underlying portfolio company

### Geographic breakdown

United States of America	58.6	
China	6.8	
United Kingdom	5.2	
Netherlands	5.2	
India	4.7	
Australia	3.3	
France	2.3	
Canada	2.1	
Germany	1.9	
Italy	1.5	
Denmark	1.3	
Brazil	1.2	
Switzerland	1.1	
Israel	1.0	
Indonesia	1.0	
Malaysia	0.7	
Philippines	0.6	
Singapore	0.4	
Belgium	0.3	
Hong Kong	0.3	
Bermuda	0.2	
Norway	0.2	
Korea (Republic of)	0.1	
Vietnam	0.1	

### Sector breakdown

Financials	20.8	
Health Care	17.5	
Consumer Services	15.6	
Industrials	14.6	
Consumer Goods	10.5	
Technology	7.3	
Oil & Gas	6.8	
Telecommunications	3.2	
Utilities	2.5	
Basic Materials	0.7	
Other	0.5	

Figures may not always sum exactly to 100 due to rounding.  
All amounts are as a percentage of total investment NAV at 30 September 2016.

## Glossary

<b>Unaudited NAV</b>	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.
<b>Vintage</b>	Year of fund's first investment.
<b>TVPI</b>	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).
<b>DPI</b>	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).
<b>IRR</b>	The internal rate of return is the annualised effective compounded rate of return over the life of an investment.
<b>Net Value Change</b>	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.

## 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 CPELP II 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.

In considering any performance information contained in this report, investors should remember that past performance is not a guide to future results. The value of investments and the income from them can go down and you may get back less than the amount invested. Investments in emerging markets are subject to certain special risks, which include, for example: a certain degree of political instability, relatively unpredictable financial market trends and economic growth patterns, a financial market that is still in the development stage and a weak economy. Alternative investments, derivative or structured products are complex instruments that typically involve a high degree of risk and are intended for sale only to investors who are capable of understanding and assuming the risks involved. In the case of some investments, there is no recognised market for them and it may therefore be difficult for you to deal in them or obtain reliable information about their value or the extent of the risks to which they are exposed.

Financial results are subject to a number of uncertainties, such as changes in exchange rates, which may cause the value of foreign investments to rise or fall. Your attention is drawn to the section in the Confidential Information Memorandum entitled 'Investment considerations and risk factors' for further information.

The financial illustrations and illustrative investor returns contained in these materials do not constitute forecasts and should not be construed as such. Accordingly, no assurance or representation can be made as to actual future returns on the securities described herein. Nothing contained herein should be relied upon as a promise or representation as to the future.

No information contained herein constitutes investment, tax, legal or any other advice, or an invitation to apply for securities in any jurisdiction where such an offer or invitation is unlawful, or in which the person making such an offer is not qualified to do so. Tax treatment depends on the individual circumstances of each investor and may be subject to change in the future. We recommend that you seek financial advice prior to making an investment decision.

All information in this report has been compiled by the Investment Manager including, without limitation, its parent company and various subsidiaries and associates thereof. Certain information contained in this report has been provided by The Carlyle Group and Ipes (Guernsey) Limited, the administrator.

To the best knowledge and belief of the Investment Manager, the information in this report is correct at the time of publication but it cannot be guaranteed. Opinions constitute the Investment Manager's judgement as at the date of issue and are subject to change without notice.

+As these products are not registered with the Swiss Financial Market Supervisory Authority ("FINMA"), this document may not be made available in connection with an advertisement, offering, distribution or sale of the products, and investors do not benefit from the protection under the Swiss Collective Schemes Act (CISA) or supervision by FINMA.

Before contemplating a transaction in any investment product, you should have read the relevant prospectus and consulted with your financial advisor.

Neither this document nor any copy thereof may be sent to or taken into the United States or distributed in the United States or to a US person. In certain other jurisdictions, the distribution may be restricted by local law or regulation.

The products are not regulated by the Financial Conduct Authority. Accordingly, as regards your relationship with the product, you will not be protected by the rules and regulations made under the Financial Services and Markets Act 2000 ("FSMA") and by the Financial Conduct Authority.

None of the overseas companies performing functions relating to the Partnership is an Authorised Person subject to the rules and regulations made under the Financial Services Act 2012 for the protection of investors, and compensation under the Financial Services Compensation Scheme will not be available in respect of business transacted with them.

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. The Partnership is a collective investment scheme but is not authorised under Section 104 of the Securities and Futures Ordinance of Hong Kong by the Securities and Futures Commission of Hong Kong. Accordingly the placement of interests in Hong Kong, is restricted. This report may only be distributed, circulated or issued to persons who are professional investors under the Securities and Futures Ordinance and any rules made under that Ordinance or as otherwise permitted by the Securities and Futures Ordinance.

This report has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this report and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of interests may not be circulated or distributed, nor may interests be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor pursuant to Section 304 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") or (ii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.