

because purchasers of investments held directly or indirectly by the Fund typically require acquisition financing to fund a portion of the purchase price, these conditions may adversely affect the availability of favourable exit opportunities for such investments. This could have a serious adverse effect on the Fund's ability to implement its investment strategy and generate returns. The continuation or worsening of the disruptions in the debt markets could have an adverse impact on the availability of credit to businesses generally. Under the Dodd-Frank Act (defined below), and under other international bank regulatory frameworks, such as Basel III, banking organisations and other financial institutions are required to hold additional regulatory capital and to meet more stringent liquidity, leverage and other similar tests. The timing, scope and cumulative effect of these regulatory developments is not fully known, but they may result in lenders being less willing and able to extend credit to borrowers like the Fund and/or increased costs to lenders, which are passed on to borrowers such as the Fund. In addition, as noted below, under the Volcker Rule (defined below), the Fund may be prohibited from borrowing from Deutsche Bank and its affiliates.

Dodd-Frank Wall Street Reform and Consumer Protection Act and the Volcker Rule

Deutsche Bank is subject to a broad array of US and German banking laws and regulations. As a result of both Deutsche Bank's investment in the Fund, if any, and the Manager being an affiliate of Deutsche Bank, the Fund and the Manager also are likely to be subject to the banking laws and regulations that are applicable to Deutsche Bank. Such laws and regulations may, among other things, impose restrictions on the types and amounts of investments that the Fund may make, the types of activities in which the Fund may engage and the amount of influence and control the Manager and the Fund may have over the operations of the Fund's portfolio companies. Thus, though Deutsche Bank intends to commit capital to the Fund, its ability to do so will depend on the operation of such laws and regulations.

For example, in the United States, Deutsche Bank is treated as a bank holding company under the Bank Holding Company Act of 1956, as amended, and the rules and regulations promulgated thereunder (the "**BHC Act**"). Deutsche Bank has elected to be treated as a financial holding company within the meaning of the BHC Act. To comply with the BHC Act, and the rules applicable to financial holding companies and their affiliates, the Fund may be required to dispose of investments within 10 years of their acquisition or to obtain US regulatory approval for an extension. If it were to apply for an extension, there is no guarantee that an extension would be obtained. Furthermore, Deutsche Bank may choose not to seek an extension if doing so would, in Deutsche Bank's view, lead to certain adverse consequences to Deutsche Bank.

In addition, certain bank regulatory limits may apply to Deutsche Bank, its affiliates and the Fund on an aggregate basis. As a result, investments made by Deutsche Bank in the ordinary course of business may limit the investments or the size of the investments the Fund can make or the degree of influence and control the Manager and the Fund may have with respect to an investment. As a result of such limitations, the Fund may be required to invest in a manner that would be less advantageous than it if were not subject to such laws and regulations and some otherwise suitable investments may not be available to the Fund, or may be unprofitably disposed of by, the Fund.

In addition to these limits and restrictions, new laws have been enacted in the United States and Europe that govern banks and their affiliates. Changes in applicable banking laws or regulations or in the interpretation or application thereof could require the Fund to dispose of some or all of its investments under unfavourable market conditions, thus causing the Fund to recognise a loss that it might not otherwise have recognised, and could cause the Manager to discontinue activities with respect to certain of the investment activities of the Fund. The discontinuance of such activities by the Manager could have a material adverse effect on the Fund.

One significant new law was enacted in the United States on July 21, 2010, when President Obama signed into law the US Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"), certain provisions of which will apply new capital, prudential, credit and other new limits to bank holding companies and financial holding companies. The full scope, nature and extent of these new limits – and any potential impact on the Fund – are to be determined by regulations, some of which have only recently been finalised and are, therefore, subject to ongoing analysis following the recent completion of certain aspects of the rulemaking process.

Volcker Rule

Section 619 of the Dodd-Frank Act established a new section 13 of the BHC Act, commonly referred to as the "Volcker