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Information on Alternative Investment Fund Manager (AIF Manager) under AIFMD

CapMan AIFM Ltd* (referred to as “CapMan AIFM”) is a licensed alternative investment fund manager (“AIF Manager”) in accordance with Directive 2011/61/EU on Alternative Investment Fund Managers (the “AIFMD”). CapMan AIFM has a license to act as an AIF Manager to alternative investment funds (“AIFs”) in Private Equity, Real Estate and investment strategies and it shall act as an AIF Manager to all AIFs established within CapMan Group (meaning CapMan Plc and its subsidiaries) as of January 2019.

This document is a briefing of the CapMan AIFM’s role and responsibilities in relation to

CapMan Nordic Real Estate II FCP-RAIF* (“CMNRE II”), CapMan Nordic Property Income Non-UCITS* (“CMNPI”), CapMan Growth Equity Ky* (“CMGE”) and CapMan Nordic Infrastructure I SCSp (“CMNI”) as well as the soon to come CapMan Buyout XI SCSp (“CMBOXI”). The funds under CapMan AIFM’s management are referred to as “Fund(s)”.

Portfolio management

Portfolio management involves the process of selecting, acquiring, managing and disposing of the assets of the funds in accordance with the funds’ rules and/or agreements, including the

investment strategy, objectives and policy and applicable investment restrictions.

AIF Manager may appoint advisory companies to assist in portfolio management. Due the Nordic focus of the Funds, CapMan AIFM has appointed its affiliates as advisory companies to assist CapMan AIFM in the investment operations of the Funds. The advisory companies shall assist CapMan AIFM for instance in deal sourcing, management of fund assets and producing the financial analysis.

The Board of Directors of the CapMan AIFM oversees the portfolio management function, and makes the final decisions on the



investments. Prior to the Board decision, the Investment Committee of the investment strategy in question shall discuss on the investment proposal and give their recommendation to the case.

Risk Management

The Board of Directors has the overall responsibility of the risk management system of the AIF Manager and the Funds under management. The Board of Directors has appointed a Risk Manager to oversee the risk management function. The Risk Manager's role is independent of the portfolio management function and the Risk Manager reports directly to the CEO and the Board of Directors of CapMan AIFM.

Risk Management function shall ensure that the AIF Manager is able to identify, measure, manage and monitor on an ongoing basis all risks relevant to each AIF's investment strategy. The Risk Manager's tasks include ensuring, at a detailed operating level, the implementation of effective risk management policies both in AIF Manager and AIF levels.

Further, the Risk Manager's responsibilities includes ensuring that the reporting to each Funds' investors complies with the AIFMD, monitoring that the Fund's risk profile complies with the risk limits and reporting to the Board of Directors of inconsistencies observed and of the adequacy and effectiveness of the risk management process to ensure prompt and appropriate action can be taken.

Internal Control system

The internal control systems of CapMan AIFM consist of the management supervision executed by the Board of Directors and of the control functions (compliance, risk management and internal audit) appointed by the Board of Directors.

CapMan AIFM has delegated the compliance function to their parent company CapMan Plc and the Group Compliance Officer is responsible for the compliance function of CapMan AIFM. Internal audit function is outsourced to KPMG Oy Ab (Finland).

Internal Valuation

The AIF Manager is responsible for the proper valuation of fund assets and, therefore, a formal



valuation procedure shall take place when valuing the assets of the funds under management. With clear valuation process, CapMan AIFM pursues to ensure that the valuation is based on the correct information and executed with appropriate methods.

The investment properties of Real Estate AIFs are valued by independent professionally qualified valuers who hold a recognized relevant professional qualification. These external valuations of individual investments, as well as the inputs, models and methodologies used in preparing them, are reviewed and afterwards verified by a Valuation Controller.

The valuations of portfolio companies of the Private Equity AIFs are prepared by the CapMan Plc's Back office & Monitoring team and

reviewed and confirmed by the Valuation Committees appointed by CapMan AIFM.

Additional and support functions

The AIF Manager reserves a right to delegate parts of the additional functions to external service providers. Despite the delegation, the AIF Manager will be responsible for ensuring that the delegated functions meet the requirements under AIFMD.

CapMan AIFM has decided to use external delegates to assist the fund administration. The administrative activities of CMNRE II are delegated to Alter Domus Luxembourg S.á.r.l. The risk management function and part of administrative tasks of CMNPI are delegated to Elite Rahastohallinto Oy.

Furthermore, CapMan AIFM outsourced parts of its support and control functions to CapMan Group and appointed its affiliated as its advisory companies as described above. CapMan Group functions, servicing CapMan AIFM and other CapMan business functions and subsidiaries, consist of Back office and Monitoring, Legal and Compliance, IT, Communication and IR, HR and Finance & Accounting.

Remuneration

As a licensed AIF Manager, CapMan AIFM shall follow the remuneration principles under AIFMD/R which means that a specific remuneration policy is applied to the persons employed by the AIF Manager on beside the CapMan Group's general remuneration policy. CapMan AIFM's Board of Directors oversees the





remuneration arrangements and have decided that CapMan's HR Committee shall act as an initiative function for remuneration matters.

In general, the fixed and variable remuneration components are balanced in order to ensure balanced and fair rewarding and sound and effective risk management. To comply with the remuneration rules of AIFMD/R, the AIF Managers have for example considered certain employees as risk takers and implemented ex-post risk adjustment arrangements, prohibited guaranteed bonuses and banned variable remuneration from the employees with non-compliant behaviour.

Pursuant to the proportionality principle and the current business operations of CapMan AIFM, not all the remuneration rules under the

AIFMD/R are fully applied within the company because is newly established and the amount of the assets under management are relatively low.

Best Execution

In general, the order handling/best execution rules do not apply to AIF Managers managing real estate or private equity type AIFs, which shall give the orders under a very detailed process and make the investment decisions after extensive negotiations on the terms of the agreement. In addition, there are no choice of different execution venues for the real estate transaction.

In general, the AIF Manager shall organize the order handling in prompt and accurate way and

ensure that all orders are executed sequentially and recorded together with the due diligence material of the investment. The AIF Manager shall always take reasonable steps to obtain the best possible result for the AIF and its investors and consider the relevant execution of the order. In private equity, best execution can be seen as a detailed due diligence evaluation of the counterparty and of the investment and as a well-established decision-making procedure.

Conflicts of interest

The AIF Manager shall establish a procedure to identify, prevent, manage and monitor conflict of interest situations which may arise in the course of managing AIFs. CapMan AIFM's conflict of interest policy sets out the procedures to be followed and measures to be

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adopted in order to handle possible conflict of interest situations and the fund agreements contain also clauses on handling of conflict of interests.

The general rule in managing the conflicts of interests is that if the conflict of interest cannot be avoided, it should be disclosed to relevant counterparties (including investors). The LPAs of certain Funds require also that the Fund's Advisory Board will approve the suggested solution of the conflict of interest situation. All conflict of interest situations are listed in the conflict of interest register held by the Compliance Officer of the CapMan Group and reported annually to the Board of Directors.

Investor categorization

AIF Managers are required to categorize their investors as non-professional investors or professional investors in accordance with the AIFMD. Most of the funds managed by CapMan AIFM are offered exclusively to professional and institutional investors.

CMNPI and a limited number of private equity-style funds are available for non-professional investors. In some cases, a non-professional investor may request to be treated as a professional investor in accordance with the local AIFM laws.

KYC, FATCA & CRS

Prior to investing in any Fund managed by the CapMan AIFM, an investor is requested to fill in

a Client Information Form ("CIF") containing information on investor itself, business and source of wealth and tax residence in accordance with applicable laws and regulations.

Know Your Client (KYC) refers to anti-money laundering (AML) regulations which require the financial institutions to establish procedures for identifying and verifying the potential investors and keeping the KYC information of existing investors up to date. CapMan Group has prepared a comprehensive AML Risk Assessment and analysed the potential money laundering risks of its operations and implemented a KYC procedure which ensures compliance with the 4th Anti-Money



Laundering Directive (EU 2015/849) and the local AML laws.

Certain tax information is requested as a part of KYC procedure because Foreign Account Tax Compliance Act ("FATCA") and Common Reporting Standard ("CRS") require financial institutions to identify the taxation countries of each client. The financial institutions must report annually the accounts of the clients who are tax residents outside of Finland to Finnish Tax Authority.

Inducements

The AIF Manager may pay inducements to third party service providers acting on behalf of the AIF Manager in case the quality enhance criteria are met, the amount/calculation of the

inducement can be justified and the existence, nature and amount/calculation method of the inducement can be disclosed to investors upon their request. Any inducement shall not give rise to conflicts with the AIF Manager's duties to act honestly, fairly and in accordance with the best interests of the AIF it manages or the investors of the AIF. Currently, CapMan AIFM pays inducements only in relation to CMNPI. More information about inducements paid by CapMan AIFM in relation to CMNPI can be found in CMNPI's Regulatory Disclosure document.

Internal procedures and guidelines

CapMan AIFM has detailed internal policies and procedures to ensure compliance with the AIFMD.

More information

Should you need more information, please contact:

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