JULY 2017

NOTICE TO ALL PROSPECTIVE INVESTORS

THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM ("***MEMORANDUM***") IS BEING FURNISHED TO ACCREDITED INVESTORS FOR THE PURPOSE OF PROVIDING CERTAIN INFORMATION ABOUT AN INVESTMENT IN SHARES (THE **"SHARES"**) OF PARNASA 62 BASAD LTD, AN ISRAELI LIMITED LIABILITY COMPANY (THE **"COMPANY"**). THE SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE **"SEC"**) OR BY THE SECURITIES REGULATORY AUTHORITY OF ANY STATE OR ANY OTHER JURISDICTION, NOR HAS THE SEC OR ANY SUCH SECURITIES REGULATORY AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE SHARES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE **"1933 ACT"**), THE SECURITIES LAWS OF ANY STATE, OR ANY OTHER JURISDICTION, NOR IS SUCH REGISTRATION CONTEMPLATED. THE SHARES WILL BE OFFERED AND SOLD UNDER THE EXEMPTION PROVIDED BY SECTION 4(a)(2) OF THE 1933 ACT, RULE 506(c) OF REGULATION D PROMULGATED THEREUNDER, REGULATION S PROMULGATED THEREUNDER, AND OTHER EXEMPTIONS OR EXCLUSIONS OF SIMILAR IMPORT IN THE LAWS OF THE STATES WHERE THIS OFFERING WILL BE MADE. THE SHARES MAY NOT BE SOLD OR TRANSFERRED UNLESS THEY ARE REGISTERED UNDER THE 1933 ACT OR AN EXEMPTION FROM SUCH REGISTRATION THEREUNDER AND UNDER ANY OTHER APPLICABLE SECURITIES LAW REGISTRATION REQUIREMENTS IS AVAILABLE. THE COMPANY WILL NOT BE REGISTERED AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE **"1940 ACT"**), PURSUANT TO EXEMPTIONS OR EXCLUSIONS THEREFROM. PARNASA NIHUL BASAD LTD (THE **"INVESTMENT MANAGER"**) HAS NO INTENTION TO REGISTER WITH THE SEC AS AN INVESTMENT ADVISER UNDER THE INVESTMENT ADVISERS ACT OF 1940, AS AMENDED (THE **"ADVISERS ACT"**) IN RELIANCE ON AN EXEMPTION FROM REGISTRATION UNDER SECTION 203 OF THE ADVISERS ACT, AS AMENDED BY THE DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT (THE **"DODD-FRANK ACT"**).

POTENTIAL INVESTORS SHOULD PAY PARTICULAR ATTENTION TO THE INFORMATION UNDER THE CAPTIONS "*RISK FACTORS"* AND *"POTENTIAL CONFLICTS OF INTEREST*" IN THIS MEMORANDUM. AN INVESTMENT IN THE COMPANY REQUIRES THE FINANCIAL ABILITY AND WILLINGNESS TO ACCEPT THE HIGH RISKS AND LACK OF LIQUIDITY INHERENT IN AN INVESTMENT IN THE COMPANY. INVESTORS IN THE

COMPANY MUST BE PREPARED TO BEAR SUCH RISKS FOR AN INDEFINITE PERIOD OF TIME. THE COMPANY'S INVESTMENT OBJECTIVE MAY NOT BE ACHIEVED AND INVESTORS MAY NOT RECEIVE A RETURN OF THEIR CAPITAL.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS LEGAL, TAX, INVESTMENT, OR ACCOUNTING ADVICE. PROSPECTIVE INVESTORS ARE URGED TO CONSULT WITH THEIR OWN ADVISORS WITH RESPECT TO THE LEGAL, TAX, REGULATORY, FINANCIAL, AND ACCOUNTING CONSEQUENCES OF THEIR INVESTMENT IN THE COMPANY.

IN THE EVENT THAT DESCRIPTIONS OR TERMS IN THIS MEMORANDUM ARE INCONSISTENT WITH OR CONTRARY TO THE DESCRIPTION IN OR TERMS OF THE COMPANY'S ARTICLES OF INCORPORATION (A COPY OF WHICH WILL BE FURNISHED TO ANY PROSPECTIVE INVESTOR UPON REQUEST), SUCH ARTICLES OF INCORPORATION SHALL CONTROL.

EACH PROSPECTIVE INVESTOR IS INVITED TO MEET WITH A REPRESENTATIVE OF THE COMPANY AND TO DISCUSS WITH, ASK QUESTIONS OF, AND RECEIVE ANSWERS FROM SUCH REPRESENTATIVE CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING, AND TO OBTAIN ANY ADDITIONAL INFORMATION, TO THE EXTENT THAT SUCH REPRESENTATIVE POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE, NECESSARY TO VERIFY THE INFORMATION CONTAINED HEREIN.

THE INFORMATION CONTAINED HEREIN IS THE CONFIDENTIAL AND PROPRIETARY INFORMATION OF THE INVESTMENT MANAGER OF THE COMPANY AND ITS AFFILIATES. THE INFORMATION CONTAINED HEREIN MAY BE USED SOLELY FOR THE PURPOSE OF THE DECISION OF MAKING AN INVESTMENT IN THE COMPANY AND MAY NOT BE USED OR REPRODUCED IN WHOLE OR IN PART FOR ANY OTHER PURPOSE.

NO PERSON HAS BEEN AUTHORIZED IN CONNECTION WITH THIS OFFERING TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS OTHER THAN AS CONTAINED IN THIS MEMORANDUM, AND ANY REPRESENTATION OR INFORMATION NOT CONTAINED HEREIN MUST NOT BE RELIED ON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR ANY OF ITS MEMBERS OR AFFILIATES. THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY IN ANY STATE OR OTHER JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION IN

SUCH STATE OR JURISDICTION. THE DELIVERY OF THIS MEMORANDUM DOES NOT IMPLY THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THIS DATE.

THIS OFFERING IS BEING CONDUCTED PURSUANT TO RULE 506(c) OF REGULATION D PROMULGATED UNDER THE 1933 ACT. UNDER RULE 506(c) THE COMPANY IS REQUIRED TO TAKE REASONABLE STEPS TO VERIFY THE ACCREDITED STATUS OF ALL INVESTORS PARTICIPATING IN THE OFFERING. THEREFORE, EACH INVESTOR IN THIS OFFERING SHALL BE REQUIRED TO PROVIDE PROOF OF HIS/HER/ITS ACCREDITED STATUS IN ANY MANNER THE COMPANY MAY DEEM APPROPRIATE AT ITS OWN DISCRETION. NO INVESTOR SHALL BE PERMITTED TO PARTICIPATE IN THIS OFFERING WITHOUT PROOF OF SUCH ACCREDITED STATUS SATISFACTORY TO THE COMPANY. EVEN IF SATISFACTORY PROOF OF ACCREDITED STATUS IS PROVIDED, THE COMPANY STILL RESERVES THE RIGHT TO REJECT INVESTMENTS FOR ANY REASON OR FOR NO REASON AT ALL, IN ITS SOLE DISCRETION.

NOTICE TO RESIDENTS OF FLORIDA

The shares being offered have not been registered with the Florida Division of Securities. If sales are made to five or more Florida purchasers, each sale is voidable by the purchaser within three days after the first tender of consideration is made by such purchaser to the issuer, an agent of the issuer or within three days after availability of that privilege is communicated to such purchaser, whichever occurs later.

NOTICE TO RESIDENTS OF ALL U.S. STATES

In making an investment decision, investors must rely on their own examination of the Company, the Investment Manager and the terms of the offering, including the merits and risks involved. These securities are subject to restrictions on transferability and resale and may not be transferred or resold except with the prior written consent of the Investment Manager, which it may withhold as described herein, and as permitted under the Securities Act and the applicable state securities laws, pursuant to registration or exemption therefrom. Investors in the Company should be aware that they may be required to bear the financial risk of this investment for an indefinite period of time.

General inquiries should be directed to:

PARNASA NIHUL BASAD LTD

Baruch Eliezer Gross, Investment Manager

729 Ocean Parkway

Brooklyn, NY 11230

[EMAIL] _____

[PHONE] _____

[FAX] _____

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I. EXECUTIVE SUMMARY

Fund Overview

Parnasa 62 Basad Ltd, an Israeli limited liability company (the "**Company**"), is managed by Parnasa Nihul Basad Ltd (the "**Investment Manager**"). The Investment Manager is controlled by Eliezer Gross (the "**Principal**") who also controls The Besadno Group ("**Besadno**"). The Investment Manager will be responsible for the Company's investment strategy and the management of the Company. The Investment Manager will perform all day-to-day investment and asset management functions for the Company, subject to the supervision and direction of the Company's Board of Directors. The Company has been formed to make seed and early-stage investments in the common stock and preferred stock of certain start-up technology ventures located in Israel focusing on medical companies. The Company is seeking to raise USD 2.25 million in equity capitalization.

Sponsor Overview

Besadno is the sponsor of the Company and the Investment Manager, and an investor in and a sponsor of other vehicles established or to be established for purposes of investing in start-up ventures. Besadno operates under the guidance of seasoned business professionals whose accomplishments span the globe. Offices in New York and Jerusalem provide resources for both inventors and investors.

Besadno was originally launched to discover, develop and unite innovative ideas with community minded investors. Today the Besadno approach has successfully paired likeminded inventors and investors together in one interconnected hub. Besadno believes that this approach is revolutionizing how people can achieve their short and long term investment goals. At Besadno, investors benefit by investing in products that enhance the lives of many people, across the globe.

Besadno and its investment professionals have invested in and founded a variety of start-up enterprises in Israel and elsewhere. The Company and its portfolio companies will have the benefit of Besadno's collective experience as well as access to Besadno's network of inventors, investors and service providers, thereby helping the companies in which the Company invests survive, thrive and grow.

Communal Responsibility

Besadno strongly adheres to the moral standards of the observant Jewish community. These standards and principles rest at the forefront of all operations. At Besadno, we integrate the proverb "With Divine assistance we will succeed and prosper," into every aspect of our operations.

Besadno is managed by a team of Orthodox professionals and operates under the guidance and with the blessing of leading Rabbinic luminaries. Our unwavering commitment to Halacha and Torah values, coupled with our proven business expertise, is the core of our corporate approach.

Corporate Mission Statement

- Give promising entrepreneurs and inventors the tools, knowledge and information necessary for them to take their ideas to the next level, including funding services for potentially promising ventures.
- Offer investors, both large and small-scale, the opportunity to earn profits while providing them with regular updates on the status of their investments.
- Treat every human being, whether they are a supplier, customer, service provider or consumer, fairly, with complete transparency, honesty and integrity in every aspect of a transaction.
- Usage of our team's skills and talents to assist the public in general and the Orthodox Jewish population in particular, while sharing Besadno's resources for the benefit of the community as a whole.

Past Investments in the Company

From inception through February 16, 2017 the Company raised 2,412,500 New Israeli Shekels (NIS) in the form of units of shares combined with capital notes. Each unit of shares included 3,000 non-voting shares of the Company (each such unit, a "**Unit**"). The prices for which such Units were issued ranged from 50,000 NIS to 61,000 NIS each. 30 NIS of each such Unit was allocated to the Shares and the balance to the capital note. Also, as of February 16, 2017 the Company had 105,000 NIS in outstanding loans. As of April 30, 2017 the Company had 130,500 Shares issued and outstanding out of a total of 894,000 authorized Shares.

Investments by the Company

Past investments

From inception through March 27, 2017 the Company invested the following sums in its portfolio companies:

- Jetta: 722,634 NIS.
- Jacana: 307,040 NIS; the company has an option to invest additional USD 100,000 pursuant to the terms of a Convertible Loan Agreement dated September 11, 2016.
- Croosing: 1,449,720 NIS.
- Connectoo: 1,156,915 NIS out of a maximum total of 2,121,280 NIS offered in accordance with the terms of a Share Purchase Agreement dated March 30, 2016 and an addendum to it signed on March 27, 2017.

Future Investments

The Company intends to invest substantially all of the proceeds of the sale of Shares offered in this Memorandum in the same portfolio companies in which it already holds portfolio investments, the descriptions of which can be found below. In addition, the Company may opportunistically invest (or reinvest proceeds of exited investments) in one or more other start-up technology ventures from time to time subject to the availability of resources. The Company intends to have multiple closings, so that any money that comes in could immediately be used by the Company even if it is below the total amount of capital sought to be raised pursuant to this Memorandum.

All companies considered by the Company for investment are evaluated by Shmulik Angel, Head of Development at Besadno Group. An analysis of each potential investment recommended by Shmulik is brought before the Board of Directors. The Company's Board of Directors ultimately decides whether to enter into an investment.

Reference is made to "*Risk Factors*" and "*Conflicts of Interest,*" which contain important information pertaining to the descriptions of the Company's investments, below.

Croosing

Croosing was founded in Israel in 2013. Its goal is to shift the internet from manual to automatic – and accelerate the conversion of followers into business. Croosing evolves the active and solo experience of surfing into the passive and mass experience of Croosing, allowing people to lead and share their internet browsing with unlimited number of followers that lean back and enjoy the journey, Live or On-Demand, navigating, scrolling, searching and playing and pausing videos – it's all happening locally on the followers' machines, on their browsers, according to the leaders' moves. The followers actually go there, are counted

as traffic and can take actions of their own. Leaders can edit and improve their creation using the first-of-a-kind browsing editor – Adding personal touch, commentary, sound track and more.

Croosing's business model is based on:

- Utilizing commonly used affiliation models;
- The value of the big data/analytics derived from navigating along with the users;
- Leaders/channels upgrading from freemium to premium services, mainly gaining advanced statistics abilities, in order to better monetize the traffic they lead.
- Viewers paying for premium channels.

Croosing is the first platform to implement the Croose-Control Technology – that uniquely enables collecting, recording, editing, broadcasting and recreating browsing actions (navigating, scrolling, searching, playing and pausing videos, etc.). The Croose-Control Technology takes sharing and broadcasting to a new height while eliminating the huge costs of broadband and storage, with no limitation on the amount of followers, even on a live croose. Croosing lets third party developers create an innovative Croose-Control-based applications.

Jacana

Jacana is a SaaS platform that uniquely identifies top passive talents, engages with them in the recruiting process and empowers companies to efficiently find the best-fit candidates for their talent needs. Jacana service derives best-fit candidates by scanning over 100 million candidates with 5,000 data points on each. Then it activates Jacana's Talent360™ algorithm to compare candidates over four recruitment dimensions, which are tailor-made for the specific hiring company. Jacana's service makes the candidates accessible by finding those who are most likely to be receptive to apply for the new position, obtaining their contact details and generating a personal and automatic contact. Jacana uses state-of-the-art technologies in Predictive Analytics, Big Data and Artificial Intelligence.

Jacana's marketing and sales tactics consist of two layers. First is Account-Based Marketing, in which customers are accessed through cold calling and social selling after identifying relevant target accounts via its technology. Second is Inbound Lead Generation, in which customers are reached through search and content marketing to attract them to convert on the website. Jacana's revenue model is based on charging a monthly subscription fee for its various services.

Jetta

JettaPlus.com is a marketplace where travelers with nonrefundable but transferrable flight tickets can recoup some of their costs by selling them to online shoppers in search of great deals.

2016 milestones achieved include the following:

- Jetta expanded its activity in Israel with a significant increase in users.
- Marketing: Intensification of exposure to the public via marketing on social networks and Google, PR, experiments with marketing strategies aimed at 'energizing the field', in order to understand which strategy best suits Jetta and is capable of maximizing the company's metrics.
- New collaborations with key players in relevant industries were created and discussions about additional collaborations are ongoing.

Targets for 2017:

- Preparation for further investment: At the beginning of 2017 Jetta Plus will begin searching for an investment in the range of at least USD 1 million.
- Collaborations: We are preparing to close agreements with the partners mentioned in the description of the milestones and to act on them.
- Marketing: Implementation of a marketing strategy chosen based on the lessons learned in the field as to what is right and what works for Jetta Plus.
- Foreign export: We are preparing an export strategy. This will be possible with the recruitment of the appropriate specialists in their fields when it comes to penetration of international and internal markets in the relevant countries.

Connectoo

Connectoo is a simple and intuitive mobile communication platform that can easily be modified to fit various markets: kindergartens, schools, homes for the elderly, summer schools and even personal trainers and hospitals. The main focus of Connectoo at this time is on improving the connection between kindergarten teachers and parents.

The application offers a variety of possibilities, including (i) Safety: check-in monitoring system with an automatic messaging system for latecomers to prevent children being forgotten in the car. The application even prepares attendance list for Kindergarten staff. (ii) Secure transfer of pictures and information: the pictures are tagged and sent only to the parents of children who appear in them, by way of private and secure system, instead of posting photos to WhatsApp or other social networks which don't allow parents to control the images. (iii) Stay up-to-date at all times: one glimpse at the app provides parents with information about their children's day in the kindergarten so they no longer have to wait for the kindergarten staff to be available for a conversation. Now parents can stay up-to-date at all times while the school staff can focus on what they do best – investing in our future generation.

<u>Notable achievements</u>

- Agreement with C.A.L. Co, - clearing of payments using the application.

- Agreement with Oniya Shapira printing - printing of pictures.
- Collaboration agreement with Association of Private Kindergartens in Israel.
- Negotiations with local authorities – Modi'in, Rehovot, Petach Tikva, Holon.
- Committee on Children's Rights in Knesset - the application was presented to the chair of the Committee (Yifat Shasha-Biton) and steps are being taken to evaluate the Committee's recommendation of the application (assistance to prevent children being forgotten in vehicles).
- The Beterem Organization - steps towards consideration of the possibility that they will market the application (assistance in prevention of children being forgotten in vehicles).

Targets for 2017

- Establishment in the Israeli market.
- Implementation of collaboration for payment clearing using the application and commencement of generation of income.
- Implementation of collaboration for printing of pictures.
- Pilot in USA.

II. SUMMARY OF PRINCIPAL TERMS

*This Summary of Principal Terms summarizes the principal terms of an investment in Parnasa 62 Basad Ltd, an Israeli limited liability company (the "**Company**"), and is subject to, and qualified in its entirety by reference to, the Articles of Incorporation of the Company (the "**AoI**"). To the extent that the terms of this summary are inconsistent with the terms of the AoI, the terms of the AoI control.*

The Company:	Parnasa 62 Basad Ltd, an Israel limited company (the "**Company**").
Investment Objective:	The Company's investment objective will be to generate superior long-term capital appreciation through private equity investments in early-stage private companies based in Israel (each such investment, a "**Portfolio Investment**", and each company in which a Portfolio Investment is made, a "**Portfolio Company**").
Investment Amount:	Each investor meeting certain qualifications as set forth below (each, an "**Investor**" and collectively, the "**Investors**") will irrevocably subscribe for one or more Units consisting of non-voting shares of the Company (the "**Shares**"). Each Unit consists of 3,000 non-voting shares of the Company. Subscription amounts must be paid in readily available funds by wire transfer or by bank check delivered to the Investment Manager (as defined below) and must be received prior to the Closing Date (as defined below). The subscription for Units of Shares is subject to acceptance or rejection by the Company, in whole or in part in its sole discretion. No Investor will be admitted to the Company unless the Company receives such Investor's entire subscription amount prior to the Closing Date. The price of each Unit is $16,994 and the minimum number of Units offered by the Company for Subscription by any Subscriber is two (2). Subscribers will subscribe for a whole number of Units. No fractions of Units will be offered by the Company for Subscription.
Investment Manager:	Parnasa Nihul Basad Ltd, an Israeli limited liability company (the **"Investment Manager"**), is the investment manager of the Company. The Investment Manager is controlled by Baruch Eliezer Gross (the "**Principal**") and holds all the voting shares of the Company (6,001 shares). The Principal holds directly or indirectly 83.5% of the initial capital of the Company. The Investment Manager will be responsible for the investment objectives of the Company and will also perform certain administrative functions for the Company.

Board of Directors:	The Company currently has one director, the Investment Manager, which is represented by the Principal. All investments are subject to the approval of the Board of Directors. The Board of Directors shall decide whether to enter into a potential investment based on information provided to it with respect to any such potential investment by the Investment Manager. The Board of Directors shall approve investments that it finds, in its sole discretion, to be in the best interests of the Company. There is no expectation that such structure would change in the foreseeable future.
Investor Qualification:	Only Investors that are "accredited investors", as such term is defined in Rule 501 of Regulation D under the Securities Act of 1933, as amended may acquire Shares in the Company. The Company reserves the right to reject any subscription for Shares in its sole discretion.
Term:	The term of the Company will terminate on the tenth anniversary of the initial Closing Date (as defined below), subject to up to two consecutive one-year extensions in the sole discretion of the Board of Directors.
Drawdown:	All of each Investor's subscription amount will be drawn down (each such drawdown, a "**Capital Contribution**", and the aggregate amounts drawn down from all Investors, the "**Capital Contributions**") as of the closing of each Investor's subscription to the Company (the date of each such closing, a "**Closing Date**").
Management Fee:	The Investment Manager will not be entitled to receive a management fee from the Company.
Indebtedness:	The Company has previously incurred and in the future may incur, at the sole discretion of the Board of Directors, indebtedness to finance operations of the Company or to make new or follow-on investments in Portfolio Investments. In addition, the Company may enter into short-term indebtedness for the purpose of extending bridge financing to Portfolio Investments (such financing not to exceed 180 days in duration). Payments of principal and interest as well as any payments in respect of any Lender's Excess (as defined below) will be payable by the Company and shall constitute Company Expenses (as defined below).
Prior Loans:	Prior to the date hereof the Company incurred certain loans for the purposes set forth above in "*—Indebtedness*" (collectively the "**Prior Loans**" and each, a "**Prior Loan**"). Each Prior Loan is subject to an annual

	interest rate of 4% and a term of thirty (30) months. In addition, the lender under each Prior Loan (a "**Prior Lender**") is entitled on the stated maturity of such Prior Loan to receive, in addition to the principal and interest payable thereon on such date, a portion (determined as described below) of twenty percent (20%) of the excess of (i) the fair value of the Company's assets as of such date (as determined by a third party appraiser experienced in appraising the value of such assets) over (ii) 15,000,000 NIS (the "**Lender Excess**"). For the purposes of determining the amount of any Lender Excess (if applicable) payable to a Prior Lender on the stated maturity date of the related Prior Loan, (x) such Prior Lender shall be deemed to hold as of the stated maturity date of such Prior Loan a number of shares of the Company equal to the principal amount of the related Prior Loan divided by the fair value per share of the Company's assets as of such date (the "**Prior Lender's Shares**"), and (y) the percentage of the Lender Excess attributable to any Prior Lender's Shares shall be equal to the number of Prior Lender's Shares attributable to such Prior Lender divided by the aggregate number of all Prior Lender's Shares deemed to exist as of such stated maturity date. All Prior Loans are subject to early repayment at the sole discretion of the respective Prior Lenders thereunder. Upon a demand for early repayment by a Prior Lender, the Company will pay the principal and accumulated interest on such Prior Loan within ninety (90) days of such demand; *provided* that no Prior Lender who demands early repayment of a Prior Loan shall be eligible to receive any portion of any Lender Excess to which it may otherwise be entitled. In addition, the Company may redeem any Prior Loan prior to the stated maturity date thereunder at any time in its sole discretion, and upon any such early redemption the Company will repay the principal and accumulated interest on such Prior Loan within ninety (90) days; *provided* that if all Prior Loans are repaid within one year after any such early redemption by the Company, the Prior Lender on a Prior Loan prepaid by the Company will be entitled to its share of any Lender Excess determined as if such Prior Loan were being repaid as of the date on which the final outstanding Prior Loan is being repaid.
Distributions:	Current cash or disposition proceeds received by the Company relating to a Portfolio Investment, net of expenses allocated to such Portfolio Investment and any payments due to the loan holders ("**Distributable Proceeds**"), will be distributed to the Investors at least annually, but not later than forty-five (45) days following the end of any fiscal year in which the Distributable Proceeds are received by such Portfolio

	Investment. Distributions of Distributable Proceeds relating to a Portfolio Investment will be apportioned and distributed to the Investors along with the rest of the Company's shareholders *pro rata* based on their respective ownership of the Shares and subject to the allocation described below. Amounts so apportioned to each Investor will be distributed to such Investor, on the one hand, and the Investment Manager, on the other hand, as follows: (i) *first*, one hundred percent (100%) to such Investor until it has received cumulative distributions pursuant to this clause (i) in an amount equal to its aggregate Capital Contribution; (ii) *second*, one hundred percent (100%) to such Investor until it has received cumulative distributions pursuant to this clause (ii) in an amount representing a four percent (4%) return on its aggregate Capital Contribution; (iii) *third*, twenty two percent (22%) of the amounts distributable pursuant to this clause (iii) to the Investment Manager, and seventy eight percent (78%) of such distributable amounts to such Investor (the amounts payable to the Investment Manager: the "**Carried Interest**").
Offering Expenses:	The Company will bear all costs and expenses incurred in connection with the offering of the Shares (collectively, the "**Offering Expenses**").
Company Expenses:	The Company will be responsible for (a) all expenses relating to its own operations and (b) all expenses relating to Portfolio Investments ("**Company Expenses**").
Transfer of Shares:	Transfer of shares shall be subject to approval to do so by the Board of Directors of the Company. A request to transfer the shares shall not be unreasonably denied. Each Investor shall be personally responsible to find a buyer for its Shares.
Taxes:	The Company is being treated as a corporation under the Israeli tax laws and regulations and as a partnership for the purposes of United States tax laws and regulations. Please see "*Certain Tax Considerations*" for further information.

Indemnification:	The Company will indemnify and hold harmless each of the Investment Manager, its affiliates and its respective members, managers, quotaholders, partners, officers, directors, shareholders, agents, employees and other related parties (each, an "**Indemnified Party**") in connection with any actions that arise out of or in connection with the affairs of the Company (other than an internal dispute among the interest holders of the Investment Manager), but only to the extent that such person's conduct did not constitute fraud, willful misconduct, the commission of a felony, a violation of applicable securities laws or gross negligence. Expenses incurred by an Indemnified Party in defense or settlement of any claim that will be subject to a right of indemnification may be advanced by the Company prior to the final disposition thereof upon receipt of a written undertaking by or on behalf of the Indemnified Party to repay such amount to the extent that it will be determined ultimately that such Indemnified Party is not entitled to be indemnified, *provided* that the foregoing advancement of expenses will not be available to any Indemnified Party with respect to a claim filed by a majority in interest of the owners of the Shares. No advances will be made by the Company without the prior written approval of the Investment Manager.
Fiscal Year End:	The Company's fiscal year ends on December 31.
Legal Counsel:	DLA Piper LLP (US) ("**DLA**") will act as special U.S. counsel to the Company and the Investment Manager. DLA has not acted as counsel to the Company or the Investment Manager with respect to Israeli law. Please refer to "*Risk Factors—Representation by DLA Piper LLP (US)*" for additional information. No independent counsel has been retained to represent Investors.
Independent Auditors:	The Company engaged Weinstein & Co., a U.S. Public Company Accounting Oversight Board (PCAOB) member in good standing. Weinstein & Co. is a member of TIAG – The International Accounting Group, a worldwide network of independent accounting firms. www.wcpa.co.il
Voting and Reports:	Shares purchased by Investors in this offering do not have voting rights. Therefore, Investors in this offering will not be entitled to vote on proposals brought before the general assembly of shareholders of the

	Company. Investors will receive within 120 days of the end of each fiscal year (subject to reasonable delays in the event of the late receipt of any necessary financial statements from the Portfolio Investment), an annual financial report of the Company audited by the independent auditors. Financial information provided in the audited reports to Investors will include the valuation of illiquid investments based on a generally acceptable method under the standard by which the financial statements of the Company will be audited**.**
Liquidation:	Upon liquidation and winding up of the Company, each holder of Shares of the Company shall have the right, after receiving cumulative distributions in an amount equal to the sum of (i) such holder's Capital Contributions and (ii) an amount equal to a four percent (4%) return on such holder's aggregate Capital Contributions, to participate, on a *pro rata* basis, in 78% of the Company's profits and excess assets distributable upon liquidation of the Company. The balance of 22% will be distributed to the Investment Manager.

III. MANAGEMENT

Eliezer Gross, Founder and Chairman

With over 30 years of experience launching business ventures in Israel, the United States, and Europe, Mr. Gross is a true sales and marketing expert. He was a founding partner of the American GBM Group, and of the largest retail chains in Israel. Active in dozens of startup initiatives and companies worldwide, he knows the U.S market inside and out and has been influential in developing many new products. His keen business acumen has led him through the doors of dozens of leading companies – primarily from the Fortune 100 including: Johnson & Johnson Corporation, CBS Studios, Goodyear Tires, et al.

Oded Eliashiv – Head of Development, Besadno Group

Mr. Eliashiv (LLB) is the Head of Development in the Besadno Group. Oded has vast experience in the Israeli startup industry, having led numerous ventures in leading companies including Excellence Capital Group (Singapore), Excellence AgriTech Solutions (Cambodia), Slyde, ElectroPep, Beyond Interactive and Epos Technologies. Using his strong experience in the startup ecosystem, Oded is now advising early-stage startups and providing them with the mentoring and fundraising assistance.

Gabby Hasson – US Investor Relations Officer, Besadno Group

Mr. Hasson (MBA) is the Head of US investments in the Besadno Group. Gabby is the CEO and Co-Founder of Bseed Investments. Previously, Gabby held management, investment, and business development positions, at CB Alliance (VC), IBM, and HP, as well as Mashik Consulting and CTI. He specialized in uncovering and enhancing solutions for mobile telecom, banking, and online marketing. Gabby gained vast experience with IBM's Global Technology Unit (GTU) that focused on startups and innovations.

Cobi Bitton – CEO, Besadno Group

Mr. Bitton is an entrepreneur, organizational consultant, and expert in business development and the study of entrepreneurial business models. He holds a Bachelor's degree in Industrial and Management, a MBA and is highly knowledgeable about conventional industrial production, environmental issues, and safety and security products. He has been counseling businesses, entrepreneurs, startups and corporations for the past 25 years, empowering clients in the American, Eastern and Central European, Latin, Russian, and East Asian markets, among other locations.

IV. RISK FACTORS

An investment in the Company involves a significant amount of risk and is suitable only for investors of substantial means who have no foreseeable need for liquidity in the amount invested and who can afford to lose all or a substantial portion of their investment. An Investor may not receive a return of any of its capital contributions. The risks and uncertainties below are not the only ones we face. In addition, potential Investors should be aware that there will be occasions when the Investment Manager and its affiliates may encounter potential conflicts of interest in connection with the Company. Accordingly, you should carefully consider the following risks before making an investment in the Company.

The following potential risks related to an investment in the Company remain subject to and are qualified in their entirety by any agreement entered into between the Investment Manager and any Investor relating to the purchase of Shares, which may include terms that differ materially from the terms contemplated in this Memorandum, and should be reviewed carefully prior to making an investment decision.

INVESTMENTS IN EARLY-STAGE TECHNOLOGY COMPANIES ARE HIGH-RISK

The Company generally will invest in smaller, early-stage technology companies (although it may also invest in other funds for strategic purposes). Investments in such companies involve greater risk than that generally associated with investments in more established companies. Less established companies tend to have lower capitalization and fewer resources and, therefore, often are more vulnerable to financial failure. Typically there is an illiquid market for the securities of such companies. Such companies also may have shorter operating histories on which to judge future performance. The Investment Manager may rely on its own or a Portfolio Company's projections concerning such company's future performance as well as certain factors beyond the control of the Investment Manager and the Portfolio Company. A Portfolio Company may fail to manage effectively its own growth. The marketability and value of any such investments will depend on many factors beyond the control of the Investment Manager. Portfolio Companies may have new or unproven technologies or business models that ultimately may not be successful. Early-stage technology companies often face intense competition in attracting and retaining talented executives or technologists. Portfolio Companies may experience failures or substantial declines in value at any stage and may face intense commercial competition from other companies, including established companies with significantly greater resources. Accordingly, the Portfolio Companies may not be profitable and may not be able to obtain liquidity for the holders of their securities (including the Company), which may make it difficult or even impossible for the Company to realize its investments.

ECONOMIC AND EQUITIES MARKETS RISKS

The public and private equity markets have recently experienced significant volatility in value. There is substantial risk that such volatility may continue and that investment values may decline substantially in the future. Portfolio Companies will be sensitive to general downward swings in the overall economy or in the technology industry, which may in turn negatively affect the Company's Portfolio Investments, reduce or eliminate returns to the Investors, and/or result in a complete loss of an Investor's capital contributions. In addition, factors specific to a Portfolio Company may have an adverse effect on the Company's Portfolio Investment in such Portfolio Company. An economic recession or adverse developments in the securities markets, including the volatility of public markets for the securities of technology companies, might have a negative effect on some or all of the Portfolio Companies, including the inability of Portfolio Companies to access additional capital necessary to sustain growth or conduct operations. This would, in turn, negatively affect the Company's Portfolio Investments in such companies, reduce or eliminate returns to the Investors, and could result in a complete loss of an Investor's Capital Contribution. The inability to secure additional capital may result in the need for the Company to make larger investments in a particular portfolio company than it might otherwise make and to make follow-on investments in a particular company in order to sustain growth or continue operations.

NEED FOR FOLLOW-ON INVESTMENTS

The Investment Manager anticipates that the Company will be called upon frequently to provide additional funds to such Portfolio Companies or will have the opportunity to increase its Portfolio Investment in a successful Portfolio Company. As previously stated, an economic recession or adverse developments in the securities markets or technology industry might have a negative effect on the ability of Portfolio Companies to access additional capital necessary to sustain growth or conduct operations. The Company may not be able or willing to make follow-on investments and has broad discretion not to do so. This may have a substantial negative effect on Portfolio Companies in need of such an investment, which in turn may negatively impact the Company's investments in such companies, reduce or eliminate returns to the Investors, and result in a complete loss of an Investor's Capital Contribution.

NON-CONTROLLING INVESTMENTS

Although the Investment Manager generally expects to negotiate appropriate shareholder rights as it determines appropriate at the time of the Company's investment, including rights with respect to future financings, liquidity events, and board matters, to protect the Company's interests in a Portfolio Company, such rights may be limited or may not exist at all with respect to certain or any Portfolio Companies. In addition, the Company may hold a non-controlling interest in any particular Portfolio Company and,

therefore, may have a limited ability to direct the actions of such Portfolio Company's board of directors (or equivalent) in order to better protect or manage its Portfolio Investment in such a Portfolio Company.

LEVERAGE

Early-stage technology companies may be highly leveraged, and the Company's investments in such companies may be made at levels in the capital structure subordinate to senior equity or debt securities of such companies. The leveraged capital structure of such companies will increase the exposure of these companies to adverse economic factors such as rising interest rates, high unemployment rates, difficulty accessing capital or credit, or deterioration in the condition of the portfolio company or its industry. In addition, the Company may use short-term leverage (not to exceed 180 days) in an investment in a Portfolio Company, which may further expose such company and the Company to the risks of leverage described above.

HIGHLY COMPETITIVE MARKET FOR INVESTMENT OPPORTUNITIES

The venture capital business is intensely competitive and involves a high degree of uncertainty. The Company and the Investment Manager will be competing with other established investors and funds with substantial resources and experience. The number of appropriate investment opportunities for the Company is limited, and intense competition for such opportunities may result in an increase in the price of such investments for the Company or even the inability of the Company to consummate investment opportunities in certain companies. The Company may not be able to identify appropriate investments for all of the Company's committed capital and any or all of such capital may not be invested within a specified period.

NO MARKET FOR INVESTOR SHARES

An Investor's investment in the Company will be illiquid and subject to substantial restrictions upon transferability. There is no market for Shares in the Company and none is expected to develop. An Investor will not be permitted to assign, transfer, pledge, mortgage or otherwise dispose of its Shares without the prior written consent of the Board of Directors of the Company, which consent shall not be unreasonably denied.

ILLIQUID AND LONG-TERM INVESTMENTS

Although Portfolio Companies in which the Company holds Portfolio Investments may generate some current income, the return of capital and the realization of gains, if any, from any Portfolio Investment will generally occur only upon the partial or complete disposition of such Portfolio Investment. While a Portfolio Investment may be sold at any time, it is not generally expected that this will occur for a number

of years after the investment is made. It is unlikely that there will be a public market for the securities held by the Company at the time of the Company's acquisition thereof. The Company generally will not be able to sell securities of underlying Portfolio Companies unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, in some cases the Company may be prohibited by contract from selling such securities for a period of time.

DILUTION OF EXISTING INVESTORS AS A RESULT OF ADDING INVESTORS

The Company may use funds received pursuant to any accepted subscription immediately. Investors who invest earlier than other Investors may have their economic interest in any Portfolio Investments diluted as a result of additional Investors gaining Shares of the Company at a later time. It is anticipated that Investors joining at a later time will receive proportionate interests in any Portfolio Investments made prior to such Investors subscribing for Shares of the Company, diluting the existing Investors' interests. In addition, there can be no assurance that the amount paid for Shares by Investors joining at a later time will reflect the fair value of the Company's existing investments at the time such additional Investors subscribe for Shares, which may result in further dilution than would otherwise have occurred. Any such dilution may have a negative effect on any returns received by those Investors who invested in the Company prior to other Investors.

"DOWN ROUNDS" AND VALUATION OF PORTFOLIO COMPANIES

As noted above in "*—Need for Follow-On Investments*" the Investment Manager anticipates that the Company will be called upon frequently to provide additional funds to Portfolio Companies or will have the opportunity to increase its Portfolio Investment in a successful Portfolio Company. If and to the extent the Company is called upon to provide additional funds to a Portfolio Company there can be no assurance that the value of such Portfolio Company will be equal to or greater than the valuation of such Portfolio Company at the time the Company made its initial investment therein (a "**down round**"). If a down round occurs the value of the Company's Portfolio Investment in such Portfolio Company will decrease. In addition, the Company may experience dilution with respect to its Portfolio Investment in such Portfolio Company in excess of the dilution that would otherwise occur as a result of such financing.

POSSIBLE LACK OF DIVERSIFICATION

The Company may participate in a limited number of Portfolio Investments focused on a limited sector of the economy. The Company intends to focus on seed and early-stage investments in medical companies

and is not expected to benefit from the reduced risks generally provided by a broadly diversified portfolio. A specific investment focus is inherently more risky and could cause the Company's investments to be more susceptible to particular economic, political, regulatory, technological or industry conditions or occurrences compared with a company, fund, or a portfolio of funds, that is more diversified or has a broader industry focus.

RELIANCE ON THE INVESTMENT MANAGER AND KEY INDIVIDUALS

The Investment Manager will have exclusive responsibility for the Company's activities, and, other than as may be set forth herein, Investors will not be permitted to evaluate investment opportunities or relevant business, economic, financial or other information that will be used by the Investment Manager in making decisions. The Company will be particularly dependent on the Principal. If the Principal were to resign from the Investment Manager or become unable to perform his duties on behalf of the Company, including the ability to identify future investment opportunities for the Company, the Investment Manager, the Company and the Portfolio Investments may be negatively affected, which in turn may have a negative effect on returns to the Investors.

CONFLICTS OF INTEREST

The Principal will continue to devote a portion of his time to the business of activities unrelated to the Company. This could create a conflict of interest when allocating time between the Company and the activities unrelated to the Company and could limit the ability of the Principal to devote adequate time to the Company's affairs. In certain situations, our Principal, investment professionals or others affiliated with us may personally invest in Portfolio Companies in which the Company then holds a Portfolio Investment, which may create conflicts of interest in allocating time or evaluating investment decisions. Please review carefully the description of certain risks related to conflicts of interest of the Investment Manager, Principal and the Company in the Section of this Memorandum entitled "*Potential Conflicts of Interest*."

LIMITED OPERATING HISTORY

The Company was incorporated in January 2016 and therefore has limited operating history upon which prospective Investors may evaluate its performance. Although the relevant professionals have prior experience, both together and separately, relating to the type of investments the Company has pursued and will continue to pursue, the Company has limited operating history upon which prospective Investors may evaluate its likely performance. There can be no assurance that the Company will achieve its investment objectives. Further, prior performance is not indicative of future results. All prior investment

results of the Principal are provided for illustrative purposes only and are not indicative of the Company's future investment results. The nature of, and risks associated with, the Company's future investments may differ substantially from those investments and strategies undertaken historically by the Principal and even from those already undertaken by the Company. The Company's investments may not perform as well as the past investments of the Principal and the Company and the Company may not be able to avoid losses.

SIDE AGREEMENTS

The Board of Directors may, on behalf of the Company, enter into one or more "side letters" or similar agreements with certain investors pursuant to which the Board of Directors grants to such investor(s), on behalf of the Company, specific rights, benefits or privileges that may not be made available to other Investors. As a result, you may not be in the same position as other investors to protect your investment in the Company and may face a disproportionate risk of loss in comparison to investors granted such rights, benefits, or privileges.

DISTRIBUTIONS IN KIND

The Board of Directors may distribute the proceeds of certain of the Company's Portfolio Investments in securities or other non-cash property. Any such distribution could put downward pressure on the price of the underlying Portfolio Company's securities. Such securities also may be subject to restrictions on transfer and the Investors may incur costs and delays in converting securities into cash.

TAXATION

THE COMPANY URGES ALL PROSPECTIVE INVESTORS, INCLUDING TAX-EXEMPT INVESTORS, TO CONSULT THEIR TAX ADVISORS WITH RESPECT TO THEIR OWN TAX SITUATIONS AND CONSEQUENCES OF THIS INVESTMENT. Please see Appendix B, "*Certain Tax Considerations*", for further information.

SERVICE ON BOARDS OF DIRECTORS

The Company may seek to obtain observation or visitation rights or the right to designate directors to serve on the boards of directors of the Portfolio Companies in which the Company holds Portfolio Investments. The foregoing rights and activities, especially in light of new statutes and regulations relating to corporate governance and increased scrutiny of corporate boards, could expose the Board of Directors, the Investment Manager, its affiliates, and the assets of the Company to regulatory action and/or claims by a Portfolio Company, its security holders and its creditors. In addition, the Company may be prohibited from selling publicly traded securities of a Portfolio Company if the Board of Directors or the Investment Manager is in possession of material non-public information relating to such Portfolio Company. While

the Investment Manager intends to manage the Company in a way that will minimize exposure to these risks, the possibility of successful claims or adverse regulatory action cannot be eliminated, and such events may have a significant adverse effect on the Company.

MATERIAL NON-PUBLIC INFORMATION

By reason of their responsibilities in connection with their other activities, certain of the members of the Board of Directors and the Investment Manager's personnel may acquire confidential or material non-public information or be otherwise restricted from initiating transactions in certain securities. The Company may not be free to act upon any such information. Due to these restrictions, the Company may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

INDEMNIFICATION

The members of the Board of Directors, the Investment Manager, and their respective members, partners, officers, directors, shareholders, employees, advisors, agents, affiliates and personnel will be entitled to indemnification from the Company, except in certain limited circumstances. The assets of the Company will be available to satisfy these indemnification obligations.

COMPANY NOT REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940

The Company is not registered under the 1940 Act, and neither the Investment Manager, nor the Principal is expected to be registered as an investment advisor under the Advisers Act. The 1940 Act and the Advisers Act provide certain protection to investors and impose certain restrictions on registered investment companies and registered investment advisers (for example, the 1940 Act requires investment companies that are subject to its provisions to have disinterested directors on their boards and regulates the relationships between the adviser and the investment company), none of which will be applicable to the Investors, the Company, the Investment Manager, or the Principal, respectively. For further information, please refer to the discussions of the 1940 Act and the Advisers Act in Appendix A. In addition, neither the Investment Manager nor the Principal is registered as a broker/dealer under the Securities Exchange Act of 1934, as amended, or with the Financial Industry Regulatory Authority (FINRA) and, thus, is not subject to the record keeping or specific business practices of such Act and Authority, respectively.

LEGISLATIVE AND REGULATORY RISK

Abuses within the investment management industry have resulted in a number of recent and ongoing legislative and regulatory initiatives affecting such business practices. New or proposed laws and

regulations may result in significant and costly burdens being placed on the Company or Portfolio Companies in which the Company holds Portfolio Investments, and may impede their ability to go public and/or be acquired by an existing public company.

CERTAIN LITIGATION RISKS

The Company will be subject to a variety of litigation risks, particularly due to the substantial likelihood that one or more Portfolio Companies will face financial or other difficulties. The Company may also invest in Portfolio Companies at implicit valuations lower than the valuations implicit in preceding rounds of financing. Legal disputes involving any or all of the Company, the Investment Manager, or their affiliates may arise from the foregoing activities (or any other activities relating to the operation of the Company or the Investment Manager) and could have a significant adverse effect on the Company including, for example, occupying the time of the Principal and/or causing the Investment Manager and/or the Company to owe damages or otherwise incur liability.

INVESTMENTS IN ISRAELI COMPANIES

Our investments in Israeli, or Israeli-affiliated, companies may involve significant risks in addition to the risks inherent in investments primarily in U.S. companies. We intend to invest most, if not all, of our assets in debt or equity of Israeli or Israeli-affiliated startup companies. Such companies may be directly influenced by the political, economic and security conditions affecting Israel. Any major hostilities involving Israel, the interruption or curtailment of trade between Israel and its trading partners, or a significant downturn in the economic or financial condition of Israel could have a material adverse effect on such companies' business condition or results of operations, which could significantly decrease the value of our investments. There can be no assurance that ongoing or revived hostilities in the Middle East or other factors related to the political or economic status of Israel will not have an adverse impact on our investments in securities of Israeli, or Israeli-affiliated, companies. These companies may also be subject to risks related to other jurisdictions, because their jurisdiction(s) of operation may be other than, or in addition to, Israel. Therefore, our investments in Israeli, or Israeli-affiliated, companies may also be subject to additional risks related to other jurisdictions in which they may operate.

THE COMPANY IS ORGANIZED UNDER THE LAWS OF THE STATE OF ISRAEL

The Company is organized under the laws of the state of Israel and its principal office and place of business are located in Israel. Therefore, the Company is subject to the same risks described above under "*—Investments in Israeli Companies*." Moreover, since the Company is incorporated in Israel it is subject to Israeli laws, which may substantially differ from the laws of the United States or any of its states.

REPRESENTATION BY DLA PIPER LLP (US)

DLA Piper LLP (US) ("**DLA Piper**") has acted as special United States counsel for the Company and the Investment Manager. DLA Piper does not represent and has not represented either the Company or the Investment Manager relating to matters of Israeli law. DLA Piper may also act as counsel to a Portfolio Company in which the Company currently holds a Portfolio Investment, other equity investors in a Portfolio Company, creditors in a Portfolio Company or an agent therefor, a party seeking to acquire some or all of the assets or equity of a Portfolio Company, or a person engaged in litigation with a Portfolio Company. In connection with the Company, DLA Piper will not be representing the investors. No independent counsel has been retained to represent the investors or potential Investors. Representation by DLA Piper of the Company and the Investment Manager is limited to specific matters as to which DLA Piper has been consulted. There may exist other matters which could have a bearing on the Company as to which the Company has not been consulted. In addition, DLA Piper does not undertake to monitor the compliance of the Company and the Investment Manager with the investment objectives, investment strategies, investment restrictions and other guidelines and terms set forth in this Memorandum and in the Company's governing documents, nor does DLA Piper monitor compliance with applicable laws. DLA Piper has not investigated or verified the accuracy and completeness of any information set forth in this Memorandum. Prospective Investors should seek their own legal, tax and financial advice before investing in the Company.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Memorandum may contain forward-looking statements relating to future events or the future performance of the Company or its portfolio companies. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "could," "expect," "plan," "intend," "anticipate," "believe," "estimate," "predict," "potential" "project," "seek," and "continue," the negative of such terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially. In evaluating these statements, prospective Investors should specifically consider various factors, including the risks outlined in the Risk Factors section above. These factors may cause actual events or results to differ materially from any forward-looking statement.

Although the Investment Manager believes that the assumptions, assessments, and expectations reflected in the forward-looking statements are reasonable, future results, levels of activity, performance, developments, business decisions, or achievements cannot be guaranteed. Moreover, neither the Company, the Investment Manager, the Principal, nor any of their affiliates assume responsibility for the

accuracy and completeness of the forward-looking statements. The Company, the Investment Manager, the Principal and their affiliates are under no duty to update any of the forward-looking statements after the date of this Memorandum to conform such statements to actual results or to changes in expectations.

V. POTENTIAL CONFLICTS OF INTEREST

EXISTING BUSINESS ACTIVITIES

The Principal currently manages or performs services for other entities affiliated with Besadno. Investments by the Company in portfolio companies of such other entities may create a conflict of interest for the Principal and the Investment Manager, given their respective duties to each of such other entities.

THE PRINCIPAL RETAINS VOTING CONTROL OVER THE COMPANY

The Principal controls the Investment Manager, which controls the voting shares of the Company. As a result, the Principal effectively controls the Company. This may result in a conflict of interest for the Principal and the Investment Manager, as the Investment Manager will have duties both to the Investors and to the Principal. In addition, the Shares are nonvoting and have no control rights relating to the Company. If the Investment Manager or the Principal elects to take action with which an Investor disagrees the Investor will have no consent right to such action nor will it have any right to replace the Investment Manager.

PAYMENT OF CARRIED INTEREST

The existence of the Investment Manager's Carried Interest may create an incentive for the Investment Manager to make riskier or more speculative investments on behalf of the Company than would be the case in the absence of this arrangement. If distributions are made of property other than cash, the amount of any such distribution will be accounted for at the fair market value of such property as determined by the Investment Manager in accordance with procedures set forth in the governing documents of the Company. An independent appraisal generally will not be required and is not expected to be obtained. Further, if and to the extent a Portfolio Company is subject to a down round the expected Carried Interest payable to the Investment Manager upon a successful exit will be higher than would have been the case had no down round occurred. Please see "Ris*k Factors—"Down Rounds" and Valuation of Portfolio Companies*" for additional information.

PRINCIPAL'S COMMITMENT TO THE COMPANY AND ITS OPERATIONS

The Investment Manager and the Principal will devote such portion of its or his respective time as is necessary and appropriate for managing and liquidating the Company's Portfolio Investments consistent with its or his fiduciary obligations to the Company and its investors. Notwithstanding this commitment of time and efforts by the Investment Manager and the Principal, the Principal will devote time to one or more of the following activities: (i) membership on any board of directors of, or serving as officers,

advisors or agents to, any public or private company, whether or not the Company holds an investment therein, or non-profit institution, *provided* that with respect to any such membership or services with respect to (x) private companies that are not affiliates of the Principal or (y) any public company, the Principal is serving in such roles as of the initial closing date of this offering or such positions are taken or assumed after the initial closing date; (ii) purchasing, managing and selling, directly or indirectly through investment funds or similar entities, real estate or publicly traded securities as personal investments; (iii) purchasing and selling non-publicly traded securities or other assets as personal investments that are outside the scope of the Company's investment purposes and objectives as provided in this Agreement or that the Principal have determined to be not appropriate for the Company's investment; (iv) other non-profit activities, including, but not limited to, participation on boards of investor organizations, educational institutions or governmental or quasi-governmental entities; (v) the promotion or sponsoring of, or other participation in connection with, foreign investment entities, (vi) the promotion, sponsoring, organization and management of an investment opportunity fund designed to make investments outside of the investment scope and focus of the Company; and (vii) the taking of preparatory steps in connection with the formation of successor funds.

In addition to the foregoing, the Principal, the Investment Manager and their Affiliates may be prohibited from taking action for the benefit of the Company (i) due to confidential information acquired or obligations incurred in connection with an outside activity of such party; (ii) due to the fact that the Principal or Affiliate may serve as an officer or director of a Portfolio Company or by being treated as an affiliate or insider of such Portfolio Company; or (iii) in connection with activities undertaken by the Principal or affiliate prior to the initial closing date of the Company.

OTHER ACTIVITIES OF PRINCIPAL

The Principal dedicates a portion of his business time to activities outside of the Company as of the date of this Memorandum and is expected to continue doing so in the future.

ADDITIONAL COMPANIES

The formation and operation of additional investment companies managed by the Principal may conflict with their duties and obligations to the Company and its investors.

EXISTING AFFILIATED ENTITIES

Simultaneously with the offering of securities pursuant to this Memorandum and the continued operation of the Company, the Principal and the Investment Manager are anticipated to continue managing or

providing services to other entities affiliated with them and have securities of such other entities offered to potential investors.

RELATED-PARTY TRANSACTIONS

The fact that the Investment Manager, Besadno, the Principal or any related persons are directly or indirectly interested in or connected with any company or person with which or with whom the Company may have dealings will not by itself preclude such dealings, and neither the Company nor any of the Investors will have any rights in or to such dealings or any profits derived therefrom. Furthermore, the Company may make Portfolio Investments in companies in which the Investment Manager, Besadno, the Principal or their affiliates or related persons own investments of greater than USD 100,000 and they may remain invested after the Company's investment in such companies. The value of any such target company may increase as a result of the Company's investment therein, which may increase the value of the holdings of such related persons or affiliates of the Company. Neither the Company nor any Investor therein shall have any right to, or any benefit as a result of, any of such resulting increase in value.

The Principal or affiliates of the Investment Manager may, from time to time, enter into transactions with or be appointed officers or directors of Portfolio Companies; *provided*, *however*, that the terms and conditions of such transactions and appointments shall be commercially comparable to those that would be offered to unrelated third parties having similar expertise and experience.

INVESTMENT OPPORTUNITIES

The Investment Manager and the Principal shall make all investment opportunities that are within the Company's primary investment objective and that come to their attention available to the Company before the Investment Manager or the Principal invests in any such opportunity for its or his own account; *provided that* the foregoing shall not apply to the following: (a) purchases of securities that are traded on a public securities market, (b) investment opportunities in entities (or successors to such entities) in which the Principal has an existing investment, (c) investments of an amount less than USD 1,000,000, (d) purchases of securities pursuant to options or warrants received in connection with services rendered, (e) any passive investments in any pooled-investment fund or similar entity that the Investment Manager determines, in its sole discretion, would not be consistent with the investment objectives of the Company or would not be likely to further the interests of the Company; (f) any real estate investment; or (g) investment opportunities presented to private or public companies that are not Portfolio Companies and of which the Principal serves as a director or officer or to which the Principal has preexisting fiduciary duties**.** For the avoidance of doubt, the Investment Manager and the Principal are not obligated to

allocate any investment opportunities to the Company other than as expressly set forth in this Memorandum.

The Investment Manager and the Principal currently manage existing funds, and may manage additional funds and accounts in the future (collectively, "**Other Besadno Funds**"), that may have investment mandates that overlap with those intended for the Company. In addition, the investment policies, fee arrangements and other circumstances of the Company may vary from those of Other Besadno Funds. While the Investment Manager, the Principal and their affiliates will seek to manage any resulting conflicts of interest in good faith, there may be situations in which the interests of the Company with respect to the allocation of investment opportunities will conflict with the interests of one or more of the Other Besadno Funds. In such circumstances, the Investment Manager and the Principal expect to allocate such opportunities among the Company and such Other Besadno Funds on a basis that the Investment Manager and the Principal determine in good faith is appropriate, taking into consideration such factors as the Investment Manager and the Principal determine, including but not limited to the capital available to the Company and such Other Besadno Funds, any restrictions on investment, fiduciary duties owed to Other Besadno Funds, the sourcing of the transaction, the size of the transaction, the amount of potential follow-on investing that may be required for such investment and the other investments of the Company and such Other Besadno Funds, the relation of such opportunity to the investment strategies of the Fund and such Other Besadno Funds and other considerations deemed relevant by the Investment Manager and the Principal in their discretion.

INVESTMENTS BY THE PRINCIPAL IN OTHER BESADNO FUNDS

The Principal may invest for his own account in one or more Other Besadno Funds, and is not required to invest in the Company in the same amount or at the same time at which the Principal invests in any such Other Besadno Funds.

CO-INVESTMENT OPPORTUNITIES

The Investment Manager may, in its discretion, itself invest and offer related parties, including certain Investors, the opportunity to invest directly in companies in which the Company has made or intends to make an investment in the event the Investment Manager determines that such co-investment is in the best interests of the Company, would be beneficial to the consummation of the investment by the Company and is made on terms no better than those made available to the Company.

APPENDIX A: CERTAIN U.S. REGULATORY CONSIDERATIONS

INVESTMENT COMPANY ACT OF 1940

The Company will not be subject to the provisions of the Investment Company Act of 1940, as amended (the "**1940 Act**"), in reliance upon Section 3(c)(1) of the 1940 Act, which excludes from the definition of "Investment Company" issuers whose outstanding securities are beneficially owned by not more than 100 persons who meet the conditions with respect to "beneficial ownership" contained in Section 3(c)(1). With respect to the determination of beneficial ownership and accredited investor status, the Company will obtain appropriate representations and undertakings from purchasers in order to ensure that such purchasers meet the conditions of the exemption on an ongoing basis.

INVESTMENT ADVISERS ACT OF 1940

The Investment Manager has no intention to register with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended (the **"Advisers Act"**) in reliance on an exemption from registration under Section 203 of the Advisers Act, as amended by The Dodd-Frank Wall Street Reform and Consumer Protection Act (the **"Dodd-Frank Act"**).

An entity such as the Investment Manager, advising a pooled investment vehicle, such as the Company, in the absence of an applicable exemption, would need to register as an investment adviser under the Advisers Act. An exemption that may apply to the Investment Manager is the exemption available to an adviser solely to one or more venture capital funds under Section 203(l) of the Advisers Act (commonly referred to as the "venture capital fund exemption").

The Investment Manager believes that it and its affiliates will be eligible to rely on the venture capital fund exemption as of the initial closing. No assurance can be given, however, that the Investment Manager and its affiliates will be able to rely on the exemption on an ongoing basis, as the exemption requires continuous re-evaluations. Moreover, reliance on this exemption may necessitate the Investment Manager or its affiliates changing the operations of its business or the investment activities of the pooled vehicles advised by the Investment Manager or its affiliates. If the Investment Manager and its affiliates are able to rely on such an exemption, the Investors in the Company will not be entitled to the benefits of certain protections under the Advisers Act.

Even if the Investment Manager and its affiliates are able to rely on the venture capital fund exemption, they will nonetheless be required to provide the SEC with some information as an exempt reporting adviser. That information will be made publicly available by the SEC. In addition, the Investment Manager, its affiliates and the Company may be subject to SEC examination authority, certain other Advisers Act compliance obligations, and may nonetheless be required to register with a state agency.

If the Investment Manager and its affiliates cannot qualify under an exemption from Advisers Act registration, they may need to register with the SEC as an investment adviser. Registration under, and compliance with, the Advisers Act would be costly. Such a registration obligation also would require the Investment Manager and its affiliates to report to the SEC detailed information regarding the Investment Manager, its affiliates, and the Company. The additional time required to comply with Advisers Act obligations could divert attention of the Company's management team from Company operations.

To ensure compliance with the Advisers Act in the event the Investment Manager and its affiliates are no longer exempt from registration, the Company may only accept subscriptions for Interests from investors that are "qualified clients" as that term is defined in the SEC's rules promulgated pursuant to the Advisers Act. Generally, individual investors need to have a USD 2.1 million net worth exclusive of any equity in their personal residence or invest USD 1 million in the Company in order to be considered a "qualified client."

SECURITIES ACT OF 1933

The offer and sale of the Shares offered pursuant to this Memorandum will not be registered under the Securities Act of 1933, as amended (the **"1933 Act"**) in reliance upon the exemption from registration provided by Section 4(a)(2) and Regulation D promulgated thereunder and/or Regulation S promulgated under the 1933 Act. Each purchaser must be a U.S. person that is an "accredited investor" (as defined in Regulation D) or a non-U.S. person that meets the requirements of Regulation S. Each Investor will be required to represent, among other customary private placement representations, that he, she or it is acquiring his, her or its Shares for investment purposes only and not with a view to resale or distribution.

Prior to the sale of Shares, Investors and their advisors are invited to ask questions of and obtain additional information concerning the Shares described herein, the terms and conditions of the offering and any other relevant matters (including, but not limited to, additional information to verify the accuracy of the information set forth herein).

APPENDIX B: CERTAIN TAX CONSIDERATIONS

The following is a general summary of certain U.S. federal income tax consequences relating to the acquisition, ownership and disposition of interests in the Company. This summary is based on existing provisions of the Code, existing and proposed regulations promulgated thereunder, and current administrative rulings and court decisions, all of which are subject to changes that could be applied retroactively.

This summary does not address all of the U.S. federal income tax consequences that may be relevant to a particular Investor in view of such Investor's particular circumstances or (unless otherwise indicated) to certain Investors subject to special treatment under U.S. federal income tax laws. For example, this summary generally does not discuss the special tax rules applicable to regulated investment companies, personal holding companies, trusts, tax-exempt organizations, banks, thrifts, securities dealers or brokers, insurance companies and certain other financial institutions. The discussion deals only with Investors who invest in connection with this offering and does not address any aspect of state, local, estate or non-U.S. tax law. This discussion assumes that (i) each Investor (and each of its beneficial owners, as necessary under U.S. federal income tax withholding rules) will provide all appropriate certifications to the Company in a timely fashion to minimize withholding (or backup withholding) on each Investor's distributive share of the Company's gross income and (ii) the Investors will hold their interests in the Company as capital assets for U.S. federal income tax purposes. For purposes of this discussion, a "**U.S. person**" means an individual citizen or resident of the United States, a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the Laws of the United States, any state thereof or the District of Columbia, an estate, the income of which is subject to U.S. federal income taxation regardless of its source or a trust if a court within the United States is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. For purposes of this discussion, a "**U.S. Investor**" means any Investor that is a U.S. person, and the term "**Non-U.S. Investor**" means an Investor that is not a U.S. person.

For Investors who own their interests in the Company through a partnership or an entity treated as a partnership for U.S. federal income tax purposes, the U.S. federal income tax consequences relating to the acquisition, ownership and disposition of interests in the Company will generally depend upon the status

of the partner and the activities of the partnership. Such Investors should consult their own tax adviser as to their particular tax consequences.

No advance rulings have been or will be sought from the U.S. Internal Revenue Service ("**IRS**") regarding any matter discussed in this Memorandum. Each prospective Investor should also note that, except as otherwise provided herein, this summary does not address the interaction of U.S. federal tax laws and any income or estate tax treaties between the United States and any other jurisdiction. Counsel to the Company has not rendered and will not render any legal opinions with respect to any U.S. federal income tax consequences relating to the Company or an investment therein. None of the Investment Manager, the Company or their respective partners, members, directors, officers, employees, agents, representatives, legal counsel, auditors or associates or affiliates of any of the foregoing assume any responsibility for the tax consequences of an investment by an Investor in the Company. Accordingly, prospective investors are urged to consult their tax advisors to determine the federal, state, local and foreign income and other tax consequences to them of acquiring, holding and disposing of interests in the Company, including the application of the U.S. federal alternative minimum tax.

GENERAL MATTERS

Classification of the Company

It is intended that the Company will be classified as a partnership, rather than a corporation, for U.S. federal income tax purposes. The Company will take all available actions, including the filing of IRS Form 8832, necessary to ensure that the Company is treated as a partnership. In certain cases under Section 7704 of the Code, a partnership which is classified as a "publicly traded partnership" may be taxed as a corporation for U.S. federal income tax purposes. The Investment Manager, in reliance on representations provided by Investors of the Company and by transferors and transferees of interests in the Company, intends to conduct the activities of the Company so as to ensure that the Company will not be treated as a "publicly traded partnership."

Taxation of Fund Operations Generally

As a partnership, the Company itself will not be subject to U.S. federal income tax. The Company generally will be required to file an annual U.S. partnership information return with the IRS, which will report the results of its operations, if it has either (i) gross income that is effectively connected with the conduct of a trade or business within the United States; or (ii) gross income derived from sources within the United States, which is not expected to be the case . Each U.S. Investor will be required to report its distributive

share (whether or not distributed) of the Company's income, gains, losses, deductions and credits of the character specified in Section 702 of the Code for the taxable year of the Company ending within or with such taxable year of such U.S. Investor, regardless of whether such U.S. Investor has received any distributions from the Company. It is possible that Investors could incur U.S. federal income tax liabilities without receiving from the Company sufficient distributions to defray such tax liabilities. The Company's taxable year will be the calendar year, or such other period as required by the Code.

The Company may make investments in partnerships. Investing in an entity treated as a partnership will cause the Company to take into account its allocable share of all of the items of the partnership's income, gain, loss, deduction and credit, regardless of whether the Company has received any distributions from the partnership. Thus, the U.S. Investors will be required to take into account all such items of income, gain, loss, deduction and credit on a current basis because the Company itself will be treated as a partnership for U.S. federal income tax purposes.

Election to Adjust Basis of Fund Assets

The Investment Manager will have the authority to cause the Company to elect under Section 754 of the Code to adjust the basis of the Company's assets ("tax basis adjustments") in connection with certain distributions to Investors or certain transfers of interests in the Company. Although the Investment Manager has no present intention of making an election under Section 754 of the Code, tax basis adjustments to the Company's assets may be mandatory under certain circumstances. These tax basis adjustments could affect the allocation of the Company's income, gain, loss or deduction among the Investors for U.S. federal income tax purposes, with the result that some taxable Investors might incur greater tax liability as a result of the tax basis adjustments.

The Investment Manager will also have the authority to cause the Company to elect to be treated as an "electing investment partnership" under Section 743 of the Code. If such election is made, tax basis adjustments that would otherwise be mandatory will not be required. As a consequence of the election, however, Investors who acquire their interests in the Company by transfer from an existing Investor who recognized a tax loss on the transfer will be limited in their ability to deduct their shares of any future losses allocated to them by the Company. There is no assurance that the Company will satisfy the requirements for electing to be an electing investment partnership.

Under the Company's governing documents, the Investment Manager will have the authority to require any Investor engaged in a transaction that requires the Company to make tax basis adjustments (for example, transferors and, in some cases, transferees of interests in the Company) to bear the Company or its Investors' incremental accounting and administrative expenses related to current and future tax basis adjustments resulting from the transfer. These costs, which could be significant, may be charged to the Investor without regard to whether the Investment Manager has made either of the elections described above. Furthermore, each Investor will be required to cooperate reasonably with the Investment Manager and to provide the Company with any information necessary to allow the Company to comply with its obligations to make tax basis adjustments or its obligations as an electing investment partnership.

Sale or Taxable Exchange of Interests

Upon the sale or taxable exchange of a U.S. Investor's interest in the Company or a complete withdrawal from the Company, a selling or withdrawing U.S. Investor generally will recognize gain or loss in an amount equal to the difference between the amount of the consideration received and the U.S. Investor's allocable adjusted tax basis for its interest in the Company. Such U.S. Investor's adjusted tax basis will be adjusted for this purpose by its allocable share of the Company's taxable income or loss for the year of such sale or withdrawal. Subject to the discussion under "*—Investments in Non-United States Companies*" below, any gain or loss recognized with respect to such a sale, exchange or withdrawal (or, as discussed in "*—Treatment of Cash Distributions: Withdrawals: Liquidations*" below, upon certain distributions), generally will be treated as a long-term or short-term capital gain or loss, depending upon the U.S. Investor's holding period.

Treatment of Cash Distributions; Withdrawals; Liquidation

Cash distributions, to the extent they do not exceed a U.S. Investor's adjusted tax basis in such U.S. Investor's interest in the Company, will not result in taxable income to such U.S. Investor but will reduce (but not below zero) such U.S. Investor's adjusted tax basis in such U.S. Investor's interest in the Company. Subject to the discussion under "Investments in Non-United States Companies" below, cash distributions in excess of a U.S. Investor's adjusted tax basis in such U.S. Investor's interest in the Company immediately prior thereto will result in the recognition of gain to the extent of such excess and generally will be treated as gain from a sale of a capital asset. A U.S. Investor will recognize a loss only to the extent of the excess of its adjusted tax basis over the amount of cash distributions received following the complete withdrawal of its interest in the Company. A complete withdrawal of a U.S. Investor's interest in the Company will

generally be treated as if the U.S. Investor sold his interest in the Company. See also *"—Sale or Taxable Exchange of Interests*" above.

TAX-EXEMPT U.S. INVESTORS; UNRELATED BUSINESS TAXABLE INCOME

Income of an otherwise tax-exempt entity will be subject to U.S. federal income tax to the extent that it constitutes "unrelated business taxable income" ("**UBTI**") within the meaning of Section 512 of the Code. UBTI generally is defined as income from a trade or business regularly carried on by a tax-exempt entity that is unrelated to its exempt purpose, or income from such a trade or business that is regularly carried on by a partnership of which the entity is a partner. Although passive investment income, such as interest, dividends and capital gains, generally is excluded from the definition of UBTI, such passive investment income will be taxable as UBTI if the investment that gives rise to the income is "debt-financed." The Company may realize UBTI if a company in which it makes a Portfolio Investment is a pass-through entity rather than a corporation for U.S. federal income tax purposes. The Company may also realize UBTI if any of its own activities are characterized as regularly carrying on a business. For example, if the Company realizes income in the form of fees for services, that income would be treated as UBTI.

It is possible that, as a result of these activities or arrangements or otherwise, the Company will realize income which would constitute UBTI and, in that event, each tax-exempt U.S. Investor would be subject to U.S. federal income tax on its share of such income and could be required to file a U.S. federal income tax return with respect to such income.

TAXABLE U.S. INVESTORS

Limitations on Allowable Deductions

Under Section 67 of the Code, U.S. persons who are individuals may deduct certain miscellaneous expenses only to the extent that such deductions exceed, in the aggregate, two percent (2%) of the individual's adjusted gross income. Further, Section 68 of the Code separately disallows certain itemized deductions otherwise allowable to taxpayers who are individuals; the amount disallowed varies based on the individual's adjusted gross income. Part or all of the Company Expenses allocated to a U.S. Investor who is an individual may be disallowed as deductions under these provisions. Moreover, if an Investor is subject to the alternative minimum tax, such deductions will not be deductible in determining the Investor's "alternative minimum taxable income" that is subject to the alternative minimum tax.

Investors in the Company may be subject to limitations on the deductibility of their shares of any losses generated by the Company. For example, an Investor generally will not be able to deduct losses in excess

of its tax basis for its interest in the Company. In addition, U.S. Investors who are individuals, estates, trusts, personal service corporations and closely-held C corporations may be limited in their ability to offset income from the Company with losses from other investments or activities. Further, to the extent that the Company distributive share allocated to a U.S. Investor who is an individual, trust or a closely-held C corporation, consists of a taxable loss, such U.S. Investor may only deduct such taxable loss to the extent such U.S. Investor has an amount "at risk" with respect to its interest in the Company. The deductibility of net capital losses is also subject to limitations.

The organizational expenses of the Company are not currently deductible for federal income tax purposes, but the Company expects to take advantage of an election to deduct such expenses over a 180-month period. The Company's syndication expenses, i.e., the expenses incurred in connection with the offer and sale of interests in the Company, including placement fees, are not deductible by the Company or any Investor.

MEDICARE TAX ON INVESTMENT INCOME

U.S. persons who are individuals, estates and trusts may be required to pay a 3.8% Medicare tax on their net investment income, or in the case of estates and trusts, on their net investment income that is not distributed. For purposes of this tax, net investment income will include any interest, dividends and capital gains attributable to an investment in the Company. This tax applies, however, only to the extent that the U.S. person's total adjusted gross income exceeds certain income thresholds.

INVESTMENTS IN NON-UNITED STATES COMPANIES

The Company may make investments in "passive foreign investment companies" ("**PFICs**") or "controlled foreign corporations" ("**CFCs**") as those terms are defined under the Code.

Passive Foreign Investment Companies. A Portfolio Investment by the Company in the stock of a non-U.S. corporation that is classified as a PFIC will cause U.S. Investors to be subject to a special tax regime. In general, a non-U.S. corporation is deemed to be a PFIC if either 75% or more of its gross income constitutes "passive income" (generally, interest, dividends, annuities and other investment income) or 50% or more of its assets produce, or are held for the production of, passive income. In determining whether a non-U.S. corporation is a PFIC, such corporation is treated as if it directly owned its proportionate share of the assets and received its proportionate share of the income of any other corporation of which it is a 25% or greater shareholder (by value).

A U.S. shareholder of a PFIC (directly, indirectly or by attribution), including a U.S. Investor, either (i) includes its distributive share of certain distributions from a PFIC and gain from the disposition of interests in a PFIC (or gains from the sale by a U.S. Investor of its interest in the Company) as ordinary income at the maximum applicable rate, and pays an interest-like charge on the tax liability over the period the stock was owned by the U.S. shareholder, or (ii) may make a "qualified electing fund" ("**QEF**") election to include in its income annually its share of the PFIC's ordinary earnings and net capital gains even if not distributed (and would not be able to deduct losses of the PFIC currently), but would avoid the interest charge and ordinary income treatment as to distributions and gains described above. Where stock in a PFIC is held by a foreign partnership, such as the Company, the QEF election generally is made by the first U.S. person in the chain of ownership, i.e., the U.S. Investor. However, there can be no assurance that the QEF election will be available or will be made with respect to any PFIC in which the Company invests, or that the PFIC will provide the necessary information for a U.S. Investor to make or maintain such QEF election.

Controlled Foreign Corporation Considerations. The Company may invest in equity, including options, warrants and convertible securities, of non-U.S. corporations treated as CFCs. A U.S. Investor could have current inclusions of certain undistributed income of a CFC if the Company or such U.S. Investor owns, directly or indirectly (or through certain attribution rules), 10% or more of the total combined voting power of the CFC. Furthermore, gain from the disposition by the Company of an interest in a CFC, or gain recognized by certain U.S. Investors on the disposition of an interest in the Company could be characterized as a dividend, rather than capital gain, in whole or in part.

A non-U.S. corporation generally is treated as a CFC if more than 50% of the total combined voting power or total value of its stock is owned or treated as owned, directly, indirectly, or by attribution, by "U.S. Shareholders." In general, a U.S. Shareholder is any U.S. person that owns or is treated as owning 10% or more of the total voting power of a non-U.S. corporation. A U.S. Investor may be a U.S. Shareholder of the CFC if the U.S. Investor owns or is treated as owning 10% or more of the voting power of the CFC, taking into account such U.S. Investor's ownership through the Company and apart from the Company, applying constructive ownership rules. The applicable constructive ownership rules are broad and complex, applying generally to family members, partnerships, estates, trusts, controlled corporations, and holders of certain options.

The rules applicable to CFCs are complex, and the foregoing summary of the U.S. federal income taxation of U.S. Investors indirectly owning an interest in a CFC is general in nature. The Investment Manager

cannot provide any assurance that any non-U.S. corporation in which the Company invests will not be CFCs.

Qualified Dividend Income Considerations. With respect to non-corporate U.S. persons, dividends paid by non-U.S. corporations may be "qualified dividend income" that is taxed at a lower applicable capital gains rate provided that (1) the non-U.S. corporation paying such dividend is neither a PFIC nor treated as such with respect to such U.S. persons for either the corporation's taxable year in which the dividend is paid or the preceding taxable year, (2) certain holding period requirements are met, and (3) the non-U.S. corporation paying such dividend is eligible for the benefits of a comprehensive U.S. income tax treaty which provides for the exchange of information. The Company may acquire interests in non-U.S. corporations that are eligible for the benefits of a comprehensive U.S. income tax treaty that provides for the exchange of information. However, the Company is not obligated to seek out or otherwise make investments that qualify for qualified dividend income treatment. As a result, there can be no assurance that the Company's dividend income will be qualified dividend income. Each non-corporate U.S. Investor is urged to consult his own tax advisor concerning application of the qualified dividend income rules to their particular situations.

WITHHOLDING TAXES; FOREIGN TAX CREDITS

The Company intends to make investments in, among other entities, entities that are formed and operating under the laws of countries other than the United States. The countries in which these entities are organized and operate may impose withholding taxes and other taxes on the income of, and distributions made by, these entities. Although an income tax treaty in effect between the foreign country and the United States may reduce or eliminate such taxes, there can be no assurance that such a treaty will apply to the income realized by the Company from its foreign investments.

Subject to applicable limitations on foreign tax credits, a U.S. Investor that is subject to U.S. federal income taxation may be entitled to elect to treat withholding and other non-U.S. taxes as foreign income taxes eligible for credit against such U.S. Investor's U.S. federal income tax liability. Similarly, each such U.S. Investor's share of any non-U.S. taxes, which may be imposed on capital gains or other income realized by the Company, generally should be treated as creditable foreign income taxes. Complex limitations also may apply which would result in reductions in the amount, or the elimination, of foreign tax credit otherwise allowable to a U.S. Investor with respect to its share of the income of the Company. Because of these limitations, U.S. Investors may be unable to claim a credit for the full amount (or,

possibly, any amount) of their proportionate shares of any non-U.S. taxes paid by the Company. U.S. Investors that do not elect to treat their distributable shares of foreign withholding and gains taxes as creditable generally may claim a deduction against U.S. federal taxable income for such taxes. However, since the availability of a credit or deduction depends on the particular circumstances of each U.S. Investor, prospective investors are advised to consult their own tax advisors.

FOREIGN CURRENCY ISSUES

The Company is expected to engage in transactions involving foreign currencies. As such it is expected that the Company and the U.S. investors will experience foreign currency gain or loss with respect to an investment in the Company. In general, foreign currency gain or loss is treated as ordinary income or loss.

NON-U.S. INVESTORS

The Investment Manager will use commercially reasonable efforts to ensure that the Company does not engage in transactions that are expected to cause the Company to be engaged in the conduct of a U.S. trade or business for U.S. federal income tax purposes (a "**U.S. trade or business**"). However, no assurance can be given in this regard. This commercially reasonable efforts undertaking does not apply to the realization by the Company of income attributable to certain fee reductions or offsets. The Investment Manager may satisfy its commercially reasonable efforts undertaking with respect to a Portfolio Investment if the Investment Manager offers Non-U.S. Investors the opportunity to invest in the Portfolio Investment through a blocker corporation. The Company's activities will consist primarily of investing in stocks and securities of portfolio companies for capital appreciation and ancillary activities (such as making short-term investments in or loans to non-U.S. portfolio companies until permanent financing can be obtained), and it is intended that any income attributable to such ancillary activities will constitute investment income. Under the decided cases, investing in corporate stocks and securities for capital appreciation and receiving returns solely in the form of interest, dividends and capital gains attributable to enhancements in the value of those investments generally should not constitute engaging in a trade or business for U.S. federal income tax purposes.

Provided that the Company is not engaged in the conduct of a U.S. trade or business, and subject to any withholding taxes that may be imposed under FATCA (as described below), the U.S. federal income tax liability of a Non-U.S. Investor with respect to the Investor's interest in the Company generally will be limited to withholding tax on certain gross income from United States sources generated by the Company as long as the Non-U.S. Investor undertakes no activities in the United States (determined without regard to its investment in the Company) that would cause that Investor to be engaged in a U.S. trade or

business. Further, if the Company withholds and pays over the proper amounts of tax to the United States government, Non-U.S. Investors that are individuals or corporations will not be required to file U.S. federal income tax returns or pay additional U.S. federal income taxes solely as a result of their investment in the Company. If neither the Company nor its Non-U.S. Investors are engaged in a U.S. trade or business, those Non-U.S. Investors' shares of income and gains from sources other than the United States (generally, interest or dividends paid by non-U.S. portfolio companies and gains realized on the disposition of securities) will not be subject to U.S. federal income tax.

Certain categories of income (including interest and dividends) from United States sources realized by the Company generally will be subject to U.S. federal income tax, collected by withholding, at a 30% rate on the gross amount of that income, when included in the distributive shares of Non-U.S. Investors. A Non-U.S. Investor whose distributive share of such income is subject to U.S. withholding tax may be able to claim an exemption or a reduced rate of withholding under a tax treaty or convention between the United States and that Non-U.S. Investor's country of residence. However, there can be no assurance that a tax treaty will be available or that a treaty will be applicable to reduce or eliminate tax in the case of any particular Non-U.S. Investor. Notwithstanding the foregoing, certain other exemptions from withholding may be available, including on "portfolio interest".

Capital gains attributable to sales by the Company of the securities of U.S. corporations generally will not be subject to U.S. taxation or tax withholding when allocated to a Non-U.S. Investor unless that Non-U.S. Investor is an individual who is present in the United States for 183 days or more during the taxable year in which such gains are realized and certain other conditions are satisfied. This general rule of non-taxability of capital gains of non-residents does not apply to gains attributable to a U.S. trade or business. Also, this general rule of non-taxability does not apply to gains attributable to dispositions of securities of any "United States real property holding corporation" ("**USRPHC**"), defined, in general, as a corporation with 50% or more of the fair market value of its business assets consisting of interests in real property located in the United States and related assets. Capital gains attributable to sales by the Company of the securities of a USRPHC (other than debt securities with no equity component) may be subject to U.S. federal income tax, collected initially by withholding, when allocated to a Non-U.S. Investor. Non-U.S. Investors would also be required to file U.S. federal income tax returns, and might be liable for U.S. federal income tax in excess of the amount collected by withholding. Similarly, Non-U.S. Investors may become subject to U.S. federal income tax, and U.S. federal income tax return filing obligations, as a result of

transfers of their interests in the Company at a time when the Company owns stock of any USRPHC, unless an exception applies.

The discussion above of the U.S. federal income tax treatment of Non-U.S. Investors is based on the assumption that neither the Company nor any Non-U.S. Investor will be treated as engaged in the conduct of a U.S. trade or business. Notwithstanding the Investment Manager's undertaking to ensure that the Company does not engage in transactions that are expected to cause the Company to be engaged in the conduct of a U.S. trade or business, however, it is possible that the Company could undertake activities that would be regarded as engaging in conduct of a U.S. trade or business. If it were ultimately established that the Company is engaged in a U.S. trade or business, the Company generally would be required to withhold and pay over to the United States government a percentage of the Company's net income and gains that are both effectively connected with that trade or business and allocated to Non-U.S. Investors, and would be liable for interest and penalties with respect to any amounts which were not so withheld. The relevant withholding percentage is the maximum applicable U.S. federal income tax rate, currently 39.6% for individuals and 35% for corporations. In addition, Non-U.S. Investors generally would be (i) required to file U.S. federal income tax returns and pay tax in respect of their shares of the Company's effectively connected income including capital gains and (ii) would be allowed a credit against U.S. federal income tax liability for amounts of U.S. federal income tax withheld by the Company on their behalf. Non-U.S. Investors that are non-U.S. corporations might also be subject to an additional "branch profits" tax on certain earnings of the Company deemed to have been repatriated to those investors.

WITHHOLDING AND INFORMATION REPORTING UNDER FATCA AND OTHER REPORTING REGIMES

Sections 1471 through 1474 of the Code (together with any regulations, rules and other guidance implementing such Code sections and any applicable intergovernmental agreement or information exchange agreement and related provisions of law (including without limitation statutes, regulations, rules and court decisions) and other guidance thereunder, referred to as "**FATCA**") imposes a withholding tax of 30% on certain gross amounts not effectively connected with a U.S. trade or business paid to certain non-U.S. entities unless various information reporting requirements are satisfied. Amounts subject to withholding under these rules generally include gross dividend and interest income from United States sources, gross proceeds from the sale of property that produces dividend or interest income from United States sources paid on or after January 1, 2019 and certain other payments made by "participating foreign financial institutions" to "recalcitrant account holders" not before January 1, 2019 (so called "foreign pass

thru payments"). To prevent a non-U.S. entity from being subject to withholding under FATCA, such entity may be required to comply with certain information reporting and disclosure requirements which may include, among other things, entering into an agreement with the IRS and requesting additional information from its investors that may be disclosed to the IRS or, alternatively, disclosing information and meeting other requirements imposed under the terms of an intergovernmental agreement (and local laws promulgated pursuant thereto) between the United States and non-U.S. jurisdiction.

In addition, the Company will be required to deduct and withhold 30% from "withholdable payments" allocable to a Non-U.S. Investor who invests in the Company if that investor fails to comply with the reporting requirements imposed by the IRS or foreign jurisdiction under an intergovernmental agreement in respect of its direct and indirect U.S. investors. Each investor will be required to provide the Investment Manager with information such that the Company can comply with the reporting requirements under FATCA and if an investor fails to provide such information, the investor will be required to bear the costs of such non-compliance. Prospective investors are encouraged to consult their own advisors regarding the possible application of FATCA to an investment in the Company.

The Company may also be subject to tax information and reporting regimes similar to FATCA and may require Investors to provide additional information to ensure the Company's compliance with such additional regime or regimes.

TAX INFORMATION

The Company will file an annual partnership information return that will report the results of its operations. The Company has certain discretion regarding how to report partnership items on the its U.S. federal income tax returns and all Investors are generally required to treat the items consistently on their own U.S. federal income tax returns. The Company will provide the Investors with Schedules K-1 setting forth the U.S. federal income tax information necessary for them to file their U.S. federal income tax returns.

TAX AUDITS

Under the Code, adjustments in tax liability with respect to the Company's U.S. federal income tax items generally will be made at the Company level in a single partnership proceeding rather than in separate proceedings with each Investor. The Investment Manager will represent the Company as the "tax matters partner" during any audit and in any dispute with the IRS. Each Investor will be informed by the Investment Manager of the commencement of an audit of the Company. In general, the Investment

Manager may enter into a settlement agreement with the IRS on behalf of, and binding upon, the Investors. Prior to settlement, however, an Investor may file a statement with the IRS providing that the Investment Manager does not have authority to settle on behalf of such Investor.

Generally, the period for assessing a deficiency against a partner in a partnership, such as the Company, with respect to a partnership item is the later of three (3) years after the partnership files its returns or the last day for filing such return for such year (determined without regard to extensions). The Investment Manager may consent on behalf of the Company to an extension of the period for assessing a deficiency with respect to the Company's U.S. federal income tax matters. As a result, an Investor's U.S. federal income tax return may be subject to examination and adjustment by the IRS for a Company U.S. federal tax income item more than three (3) years after such return has been filed

Pursuant to the Bipartisan Budget Act of 2015, if the IRS makes audit adjustments to the U.S. federal income tax returns of the Company for tax years beginning after 2017, it may collect any resulting taxes (including any applicable penalties and interest) directly from the Company. The Company intends to take the steps necessary to shift any such tax liability to the Investors in accordance with their interests in the Company, but there can be no assurance that the Company will be able to do so under all circumstances. If the Company is required to make payments of taxes, penalties and interest resulting from audit adjustments, the Company's cash available for distribution to the Investors might be substantially reduced.

Pursuant to this new legislation, the Company will be required to designate a person to act as the partnership representative who shall have the sole authority to act on behalf of the Company with respect to dealings with the IRS under these new audit procedures.

POSSIBLE TAX LAW CHANGES

The foregoing discussion is only a summary and is based upon existing U.S. federal income tax law. Prospective investors should recognize that the U.S. federal income tax treatment of an investment in an interest in the Company may be modified at any time by legislative, judicial or administrative action. Any such changes may have retroactive effect with respect to existing transactions and investments and may modify the statement made above.

CERTAIN STATE AND LOCAL TAX CONSEQUENCES; FOREIGN TAXES

State, local and non U.S. taxing jurisdictions may impose income taxes and estate, inheritance and intangible property taxes on income from, or an investment in, the Company. These tax laws may differ substantially from the U.S. federal tax laws. As a result of participating in the Company, an Investor may be required to file tax returns with, and pay taxes to, any state, local, or non-U.S. jurisdiction in which the Company conducts its activities. In addition, an Investor's distributive share of the Company's taxable income, gain, loss, deduction and credit is normally included in the income reported to the state, local and non-U.S. jurisdiction(s) in which the Investor is a resident or does business. Prospective investors should consult their own tax advisors about state, local and non-U.S. taxes.

APPENDIX C: 2016 FINANCIAL STATEMENTS