

Castle Private Equity AG, Freienbach

Buyback of own shares for the purpose of a capital reduction

The share capital of Castle Private Equity AG (with its registered office in Freienbach), Schützenstrasse 6, 8808 Pfäffikon (Canton Schwyz) currently registered in the commercial register amounts to CHF 167,320,000 and is divided into 33,464,000 registered shares with a nominal value of CHF 5 each. The Annual General Meeting of 11 May 2016 voted in favour of reducing the share capital by CHF 21,177,695 to CHF 146,142,305 through the cancellation of 4,235,539 registered shares. This capital reduction will be entered in the commercial register upon closing of the period for the filing of claims.

The Annual General Meeting of Castle Private Equity AG of 11 May 2016 also authorised the Board of Directors to buy back registered shares totalling a maximum of 10% of the share capital for the purpose of a capital reduction as part of a share buyback programme via a second trading line or via the issue of put options. On that basis, the Board of Directors of Castle Private Equity AG decided to launch a new share buyback programme with effect from 1 July 2016 via a second trading line following the end of the buyback programme of own shares on 1 July 2016 via the issue of tradable put options.

As part of the buyback programme of own shares via the issue of tradable put options that ended on 1 July 2016, Castle Private Equity AG will, as of 4 July 2016, buy back 1,193,914 own registered shares (3.57% of the capital and the voting rights of the share capital currently registered in the commercial register, or 4.08% of the capital and voting rights of the share capital registered in the commercial register after completion of the capital reduction). As a result, a maximum of 1,728,932 registered shares, each with a nominal value of CHF 5, can be bought back under this share buyback programme. This corresponds to a maximum of 5.17% of the share capital and voting rights registered in the commercial register or a maximum of 5.92% of the capital and voting rights of the share capital registered in the commercial register after completion of the capital reduction. The actual volume of the share buyback programme will be determined at the discretion of the Board of Directors on the basis of the amount of freely available liquidity held by Castle Private Equity AG and market conditions. At the next annual general meeting, the Board of Directors of Castle Private Equity AG will propose a capital reduction by cancelling share capital in the amount of the buyback volume under this buyback programme.

The conditions applicable to buyback programmes stipulated in TOB Circular no. 1 dated 27 June 2013 are met. In accordance with Art. 123 (1) (c) FMIO, the maximum daily buyback volume will be published on the website of Castle Private Equity AG at the following address: <http://www.castlepe.com/en/cpe/second-line-transactions.html>

Trading on the second line of SIX Swiss Exchange

A second line continues to be in place for the shares of Castle Private Equity AG on SIX Swiss Exchange in accordance with the Standard for Investment Companies. Only Castle Private Equity AG is permitted to assume the role of buyer on this second line (via the bank mandated to conduct the share buyback) and to purchase own shares for the purpose of a capital reduction at a later date. Fair and orderly trading in the registered shares of Castle Private Equity AG under the current security no. 4.885.474 shall not be affected by this measure and shall continue as usual. Any shareholder of Castle Private Equity AG wishing to sell his/her shares thus has the option of either selling the shares of Castle Private Equity AG through the normal trading line or of tendering them to Castle Private Equity AG on the second line for the purpose of a later capital reduction.

In the event of a sale on the second line, 35% federal withholding tax shall be deducted on the difference between the buyback price of the shares of Castle Private Equity AG and their nominal value of CHF 5 (“net price”), insofar as the buyback price is above the nominal value.

Buyback price

The buyback prices and the prices on the second line shall be determined in relation to the prices of the shares of Castle Private Equity AG traded on the first line.

Payment of the net price and delivery of the shares

Trading on the second line represents normal stock exchange transactions. Consequently, the payment of the net price and the delivery of the repurchased shares of Castle Private Equity AG shall take place two trading days following the trading date, according to customary practice.

Mandated bank

Castle Private Equity AG has mandated Zürcher Kantonalbank to carry out the share buyback. Zürcher Kantonalbank shall be the sole stock exchange member setting bid prices for registered shares of Castle Private Equity AG on the second line on behalf of Castle Private Equity AG.

Delegation agreement

Castle Private Equity AG and Zürcher Kantonalbank have concluded a delegation agreement pursuant to Art. 124 (2) (a) and (3) FMIO. Under the agreement, Zürcher Kantonalbank may repurchase shares independently, subject to certain criteria. Castle Private Equity AG is, however, entitled to terminate the delegation agreement at any time without stating its reasons.

Duration of the buyback

Trading in the registered shares of Castle Private Equity AG shall take place on the second line from 5 July 2016 and shall continue until 4 July 2019 at the latest. Castle Private Equity AG reserves the right to terminate the buyback programme at any time and shall be under no obligation to repurchase its own shares on the second line as part of this buyback programme.

On-market obligation

According to the regulations of SIX Swiss Exchange, off-exchange transactions on the second line are prohibited during share buyback programmes.

Publication of transaction details

Castle Private Equity AG shall provide constantly updated information on the development of the share buyback programme on its website at the following address: <http://www.castlepe.com/en/cpe/second-line-transactions.html>

Taxes and charges

The buyback of a company’s own shares for the purpose of a reduction in capital is treated, both in terms of federal withholding tax and direct taxes, as a partial liquidation of the repurchasing company. Specifically, this has the following implications for the selling shareholders:

1. Swiss Withholding tax

Federal withholding tax is levied at 35% on the difference between the repurchase price of the share and its par value. This tax is deducted from the repurchase price by the repurchasing company or by the entrusted bank on behalf of the Swiss federal taxation authorities.

Persons domiciled in Switzerland are entitled to have any tax withheld reimbursed as long as they had the usufruct of the shares on the date of the shares’ sale (Art. 21 Withholding Tax Act). No entitlement occurs in situations deemed to be tax evasion by the federal taxation authorities. Persons domiciled abroad are allowed to claim reimbursement of this tax to the extent allowed under any double taxation treaties.

2. Direct taxes

The following explanations relate to the levying of direct federal taxes. As a rule, the same practice applies to cantonal and municipal taxes as to direct federal taxes.

- a. Privately held shares:
In the event of a share buyback by the company, the difference between the repurchase price and the nominal value of the shares represents taxable income (nominal value principle).
- b. Shares forming part of a company’s assets:
In the event of a share buyback by the company, the difference between the repurchase price and the book value of the shares represents taxable profits (book value principle).

Persons domiciled abroad are taxed in accordance with the applicable law of the country concerned.

3. Duties and charges

The buyback of own shares for the purpose of a reduction in capital is not subject to transfer stamp tax. The fees of the SIX Swiss Exchange Ltd are nevertheless payable.

The tax ruling obtained and in particular the disclosures under 2 above are of a general nature and reflect the tax treatment for shareholders domiciled in Switzerland. As Castle Private Equity AG does not have information about the specific situation of individual investors, shareholders are advised to clarify their specific situation with their own legal, financial or tax adviser.

Non-public information

Castle Private Equity AG confirms that it is not in possession of any non-public information that may have a material influence on any shareholders’ decisions.

Own shares

- As of 30 June 2016, Castle Private Equity AG held the following registered shares:
- 4,235,539 registered shares (12.66% of the capital and voting rights), which will be cancelled, as mentioned above, upon closing of the period for the filing of claims; and
 - 165,361 registered shares (0.49% of the capital and voting rights), which have been bought back on a second line for the purpose of a later capital reduction.

Shareholders with more than 3% of voting rights

In accordance with the notifications received by Castle Private Equity AG up to 30 June 2016, the following beneficial owners held more than 3% of the capital and voting rights of Castle Private Equity AG:

- Lansel Luxembourg S.à.r.l., Luxembourg, Vintage VI Mgr Hlds, George Town, Grand Cayman, Cayman Islands, Ubar Investment Holdings Limited, Saint Helier, Jersey Channel Islands (indirect holder: The Goldman Sachs Group, Wilmington, USA)
24.29% of the capital and voting rights
- Adroit Investment (Offshore) Ltd, Grand Cayman, Cayman Islands (indirect holder: Swiss Life Holding AG, Zürich)
10.66% of the capital and voting rights
- BAEK Fund (indirect holder: Warburg Invest Luxembourg S.A., Luxembourg, Luxembourg)
7.99% of the capital and voting rights
- Personalvorsorgestiftung der LGT Gruppe, Schweiz und Liechtenstein
5.42% of the capital and voting rights
- LGT Group Foundation, Vaduz, Liechtenstein
4.93% of the capital and voting rights
- Deka-StBV-NW-AI II, Luxembourg (indirect holder: Deka International S.A., Luxembourg)
3.48% des Kapitals und der Stimmrechte
- Castle Private Equity AG has no knowledge of the intentions of these shareholders regarding the sale of registered shares under this share buyback programme.

Applicable law and place of jurisdiction

Swiss law. The exclusive place of jurisdiction is Zurich.

Swiss security no. / ISIN / ticker symbol

- Registered shares of Castle Private Equity AG
4.885.474 / CH0048854746 / CPEN
- Registered shares of Castle Private Equity AG (share buyback second line)
18.458.715 / CH0184587159 / CPENE

This notice does not constitute an issue prospectus within the meaning of Art. 652a and/or Art. 1156 of the Swiss Code of Obligations.

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