

THE FINE ART FUND GROUP

“But perhaps the Fund’s greatest advantage of all is expertise. An individual could never match such resources.” *FT Adviser, November 24, 2008*

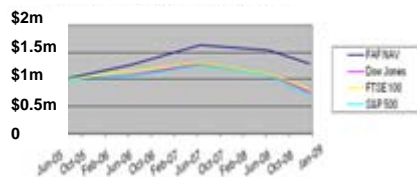


Mohammed Ehsai,
He is the merciful, 2007
 Estimated: \$100,000 – \$150,000
Sold: \$1.2m
 Christie's Dubai, April 30, 2008

COMPARING MARKETS

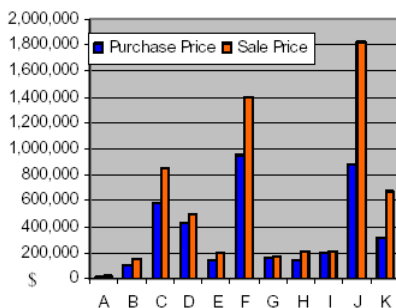
June 2005 - January 2009

Cross Market Comparison of \$1m investment in The Fine Art Fund I* and in European and US Equities



*If \$1m was fully invested in The Fine Art Fund I, in the art acquired since June 2005, this is what the Net Asset Value equivalent would have been.

Examples of Asset Sales: The Fine Art Fund I



Uniquely Qualified Management Team:

Philip Hoffman (CEO), Ruth Johnson (Head of Operations and Client Relations), Maneli Keykavoussi (Head of Middle Eastern Markets), Morgan Long, (Head of Art Services), Rhea Papanicolaou (Business Development & Communications) and Charlotte Cooper (PA to Philip Hoffman)

Supervisory Board: Lord Gowrie (Chairman), Bruno Schroder, Charles Dupplin

Management Board of Directors: Philip Hoffman, Edward Schneider (Non-Executive Director The Fine Art Fund), Yousef S. Al Essa (Chief Executive Addax Bank) and Johannes Glas (Vice President - Corporate Finance Addax Bank)

Art Advisors: Saleh Barakat

Art Buyers: Dia Azzawi

THE MIDDLE EASTERN FINE ART FUND

OBJECTIVE

Following the success of our first Fund, **The Fine Art Fund**, an investment vehicle that invests in art to achieve long term capital growth, as well as the launch of **The Fine Art Fund II** and **The Chinese Fine Art Fund**, **The Fine Art Fund Group** and Addax Bank launched **The Middle Eastern Fine Art Fund** in July 2008. This Fund had its first closing in November 2008.

The historical returns in the sectors of the art market in which we invest have average annual compound returns of between 8% and 12%. We seek to outperform these returns with a **target return for the Fund of 10-20%**.

MANAGEMENT TRACK RECORD

The Fine Art Fund was launched in January 2003, with an initial close in March 2004 and a final close in July 2005. This Fund is the most recent and most successful example of a global art fund open to investors. The track record of this Fund to date has shown reasonable results and the Manager believes that this Fund will ultimately exceed the targeted returns of 10-20%. **As at February 2009, the average return on the Fund’s realised assets was 31.29%.**

MODERN AND CONTEMPORARY MIDDLE EASTERN ART MARKET

- The Middle Eastern Art Market is rich with opportunity offering first class works of art at affordable prices.
- The leading auction houses Christie’s, Sotheby’s, Bonham’s and Phillips de Pury have established a permanent presence in the region and regularly host dedicated Middle Eastern auctions in their London premises.
- Western buyers have developed a taste for Middle Eastern Art.
- Buyers: 59% Middle Eastern, 31% European, 8% American, 2% Other.
- The annual turnover of the Middle Eastern art market is \$15m-\$30m.

STRATEGY, EXPERTISE AND EXPERIENCE

The attraction of fine art as an investment is that it provides an opportunity for portfolio diversification into an area that has historically provided high returns. Whilst there is a huge degree of uncertainty in the financial markets, The Manager believes that art is a long term store of value.

In today’s tough economic climate, **The Fine Art Fund Group**, a long term investment vehicle, will not be pressured into selling its assets but, by being a cash buyer, will remain in a strong position. We are currently holding a significant amount of cash in our funds, are actively managing our portfolio and plan to be taking advantage of very attractive deals in the months to come.

With the **expertise of our 30 person strong team** and the knowledge and experience gained from running **The Fine Art Fund**, **The Fine Art Fund II** and **The Chinese Fine Art Fund** we expect to be able to generate attractive returns for investors.

STRUCTURE

The Middle Eastern Fine Art Fund by Addax is a registered U.S. Delaware Limited Partnership (LP), managed in the U.K. by Middle Eastern Fine Art Management Services Limited, with the same Directors and Manager of **The Fine Art Fund I & II** together with Addax Bank. The Fund has structural and investment characteristics that will be familiar to investors in private equity partnerships. Key characteristics include:

- Minimum investment of \$100,000, with a target Fund size of up to \$35 million.
- Management fees of 2% p.a. with a 20% performance fee, payable at the end of the life of the fund.
- A 5 year closed-ended fund with a possible two 1 year extensions, one at the discretions of the Manager, and one subject to approval by a majority vote of Limited Partners.
- Divestment from year 3 onwards.

OTHER OPPORTUNITIES

- **Art Rental:** The Manager has the discretion to allow Investors to rent works of art held by the Fund valued up to three times their investment. A portion of the rental fee is reinvested in the fund as a dividend yield.
- **Co-Investment:** The Fund and partners can share in the purchase of a specific work. This allows for short-term yield growth with no lock up period.