Valuation Policies & Procedures

E3 Holding SE

(complies with the International Private Equity and Venture Capital Valuation Guidelines in the last current version released December 2022)

General hints for valuation policy preparation

1. *A valuation policy is an outline of the approach which a fund takes to determine the fair value of its portfolio company assets for financial reporting.*
2. *Rather than being hard-and-fast rules, fund valuation policies are usually flexible frameworks that funds create for their portfolio company investments.*
3. *The policy is an important part of funds' standard documents – therefore it must be approved by funds' governing bodies, as well as by each of the shareholders who subscribe to the fund. Furthermore, a valuation policy facilitates shareholders reporting and the fund auditing process. Although the IPEV guidelines were initially developed with a primary focus on private equity and venture capital, their principles and methodologies are versatile and can be applies to industry holdings' and family offices' investments as well as wider range of illiquid and alternative investments*
4. *Investors will always want to know the fair value of their investment holdings, which usually represents different investment instruments (e.g. different equity classes, convertible or quasi-credit instruments) – consequently determining an implied enterprise value for each company in the funds' portfolio is a step towards determining the investment holdings' value, which needs appropriate consideration of all value relevant positions.*
5. *Therefore, a valuation policy, despite the general/organizational framework, should include two corresponding parts: a paired valuation approach and an allocation method – while the valuation approach determines the implied enterprise value of a portfolio company, the allocation method allocates that value across all classes of equity in the company.*
6. *The definitions of key terms used in this document are presented in the Appendix to this policy.*

A. Overview

E3 Holding SE ("**E3**" or the "**Firm**") has developed the following policies and procedures (together the "**Policy**") to act as a consistent framework for measuring Fair Value, to be defined below, and to codify a set of procedures through which such assessment is conducted. The Policy is intended to be applied consistently to estimate the Fair Value of certain portfolio positions at the time of initial investment ("**Initial Measurement**") and at the time of periodic reviews after initial investment ("**Subsequent Measurement**"). Both dates are herein also referred to as the '**Measurement Date**'.

The Policy applies to all current and future investments of E3.

The Policy shall be reviewed by E3 Investment Committee at least annually to evaluate the Policy and review any material valuation matters that have occurred since the last review. If necessary, the Investment Committee will make changes or enhancements to the Policy.

See Definitions presented in **Appendix** for definitions of the main terms used.

B. General Framework

1. Guiding Principles

E3 values its investments using the concept of Fair Value, as defined below, and E3 aims to apply industry-standard valuation techniques to estimate Fair Value.

In this regard, this Policy is designed to comply with the International Private Equity and Venture Capital Valuation ("**IPEV**") Guidelines in the last current version released December 2022 (the "**IPEV Guidelines**"), published by the IPEV Board, which set out recommendations intended to represent current best practice on the valuation of private capital investments.[1] Due to their standardization, transparency and wide acceptance the IPEV Guidelines are applicable to industry holdings' and family offices' investments too. Note that Fair Value measurements that are conducted in line with the IPEV Guidelines are compliant with both the International Financial Reporting Standards 13, Fair Value Measurement ("**IFRS 13**"), published by the International Accounting Standards Board ("**IASB**").[2] By following the IPEV Guidelines, the Policy stands up to regulatory and auditor scrutiny and is also compliance with the Alternative Investment Fund Managers Directive (the "**AIFM Directive"**), aiming to create a harmonized regulation framework for alternative funds in the European Union.[3]

The IPEV Guidelines confirm that Fair Value is the best measurement for valuing investments. Further, the IPEV Guidelines define Fair Value as the "*price that would be received to sell an asset in an orderly transaction between market participants at the measurement date*", assuming that the transaction "*takes place in the principal market or in its absence, the most advantageous market for the asset*".[4]

In estimating Fair Value for investments, this Policy aims to lay out the use of valuation techniques that are appropriate considering the nature, facts, and circumstances as of the certain date and that use reasonable current market data, inputs, and assumptions. The goal is to recreate the circumstances that other hypothetical market participants would use in valuing securities.

For unquoted securities or instruments, there are inherent uncertainties arising from limited information about the instruments, about the underlying business of the issuing company, and about the behavior of market participants. Assessing private capital investments often relies on utilizing confidential, non-public information which is often limited. Because of this, there are also inherent uncertainties in measuring Fair Value, and measuring or estimating Fair Value involves subjectivity and judgment.

[1] *https://www.privateequityvaluation.com/Valuation-Guidelines*
[2] *https://www.ifrs.org/issued-standards/list-of-standards/ifrs-13-fair-value-measurement/*
[3] *https://finance.ec.europa.eu/regulation-and-supervision/financial-services-legislation/implementing-and-delegated-acts/alternative-investment-fund-managers-directive_en*
[4] *IPEV Guidelines, Section I, 1.1 and 1.2*

While care should be applied in exercising judgment and in making the necessary estimates, this does not necessarily imply that determining Fair Value should be excessively cautious. For unquoted securities, the price of an identical asset is usually not observable. However, because Fair Value is a market-based measurement, it can be measured using assumptions that market participants would use when pricing the asset, including assumptions about risk. Sometimes the valuer has to make use of proxies for these assumptions if they are not directly known. Under these circumstances, we measure Fair Value using a valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

An additional goal of this Policy is to outline the specific roles and responsibilities of various parties involved in valuation.

2. Parties, Roles and Responsibilities

Several parties are involved in the valuation and are covered by this Policy.

2.1 Investment Team

E3 adheres to a structured investment process, actively managing the various steps along the way, from deal sourcing to due diligence and contract negotiations. One or more investment professionals, generally internal to E3, keeps the Investment Committee informed about the investment progress and recommends a particular investment will complete a valuation analysis of each investment and document the supporting materials, such as financial reports, performance analysis, market comps, and third-party valuation reports. These analyses are documented as a part of the Investment Memorandum which also describes the company profile, and the risks and opportunities identified in the due diligence process. The aim of this process is to conduct a structured due diligence exercise to verify Firm's investment thesis.

2.2 Investment Committee

The purpose of the Investment Committee is to oversee the investment transactions, management, policies, and guidelines, including review of investment performance and oversight of investment risk management exposure policies relating to funds managed by E3. The Investment Committee, consisting of four to five persons appointed by the Supervisory Board and the management of E3, recommends that the Supervisory Board approves the investment.

As such, the Investment Committee is responsible for reviewing and maintaining this Policy and must approve any changes to the Policy. The Policy shall be reviewed by the Investment Committee at least annually to evaluate it and determine if any material valuation matters that occurred since the last meeting necessitate updates to the Policy. If necessary, the Investment Committee will make changes or enhancements to the Policy. If a valuation issue arises that is not covered by this Policy, the Investment Committee shall use appropriate means to obtain relevant information to determine a Fair Value and may consult with third-party professionals in this effort.

The Investment Committee elects a chairperson from among its members. The Investment

Committee may delegate investment functions to the manager's investment personnel, as it deems appropriate.

The Investment Committee reviews the valuation analysis produced by the Investment Team as of the Investment Date as an integrated part of the investment process before initiating an investment. Third-party Valuation Agents may periodically provide independent estimates of valuation as an independent check, however, ultimate responsibility and approval authority for valuation analysis as of the Investment Date rests with the Investment Committee.

2.3 Third-Party Valuation Agents

Third-Party Agents with expertise in valuing Unquoted securities will be engaged at least annually to independently estimate a range of Fair Value for each investment held by E3. Third-party estimates will be used, together with additional information, in the preparation and timely completion of certain periodic reporting requirements by E3, particularly the annual audit by E3's auditor.

The Third-Party Valuation Agents will review information and supporting documentation about Fair Value measurement, including but not limited to historical financials; business plans; management presentations; legal documentation relating to terms, rights, and capital structure; and narratives on trends in growth and profitability. They will also consider general economic and industry trends and the impact that they may have on the Fair Value of each investment. They may hold calls and/or meetings with the Investment Committee to understand the Investment Committee's expectations and intent regarding each investment, and to discuss the underlying portfolio company's strategy, performance, and relevant updates.

The Third-Party Valuation Agents will select appropriate valuation approaches considering the investment being valued and the availability of data and determine and document a reconciliation of approaches where more than one approach is used.

2.4 Fund Administrator

The Fund Administrator is responsible for recordkeeping and accounting services relating to E3. They are responsible for maintaining and updating the accounting books and records and producing financial statements (Balance Sheet, Statement of Operations, Schedule of Investments, and Statement of Partners' Capital Account) and production of the funds' Net Asset Value (NAV) on at least an annual basis.

2.5 Regulated Entity

The Regulated Entity an industrial holding company, in particular E3 Holding SE.

2.6 Auditor

Auditor is responsible for performing an audit in accordance with auditing standards in the relevant jurisdiction. The objective of an audit conducted following these standards is to express an opinion on whether E3 financial statements are presented fairly, in all material respects, in line with generally accepted accounting principles.

3. Investment Strategy

The Firm focuses on building and growing family-owned subsidiaries in the SME segment. The goal is to develop the portfolio companies and support them over the long haul. Therefore, key elements of E3's investment strategy are:

- the funds for E3 investments originate entirely and permanently from private and institutional investors based in Germany;
- the Firm focus on qualified non-controlling investments – or on controlling investments – in SMEs;
- driven by E3 own entrepreneurial spirit, preference to invest in family-owned or founder-led businesses;
- leveraging the expertise of key members of staff, E3 makes sure that core ESG and tech skills are integrated into the process right from the beginning.

E3's investment program analyzes companies across multiple metrics, including

I. Management Evaluation – (i) clear strategy; (ii) ambition; and (iii) integrity.

II. Industry Analysis – (i) sustainable growth; (ii) market leader or "hidden champion" in a niche ; and (iii) high entry barriers.

III. Operational Assessment – potential for efficiency and value enhancement through (i) value-added management; (ii) digital transformation; and (iii) ESG.

IV. Financial Analysis – (i) revenue of €10-100 million, high share of recurring revenue; (ii) EBITDA of at least €1 million; (iii) sustainably high free cash flows (cash conversion); and (iv) positive net working capital.

The Firm defined itself as a strategic management holding and financial investor, which is more than just a passive financial backer of its portfolio. By working closely with the portfolio companies, E3 invests in and plays an active strategic role in how these companies perform. For these purposes, the Firm develops and follows comprehensive operating frameworks as well as an ESG strategy.

C. Framework for Measuring Fair Value

1. Valuation Overview

E3 has developed this Policy based upon the principles outlined in the IPEV Guidelines, which defines Fair Value and establish a framework for measuring Fair Value.

The IPEV Guidelines give a consistent definition of Fair Value and provide a consistent framework for its measurement. Despite Fair Value definition IPEV Guidelines emphasize that Fair Value is a market-based measurement, not an entity-specific measurement. Because Fair Value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing an asset, including assumptions about risk.

2. Fair Value Hierarchy

The nature of E3's Investment Strategy will lead it to invest in two types of securities: Unquoted and Quoted. Unquoted securities or instruments are those that are not actively traded and for which no market prices are available. Quoted securities or instruments are those that are actively traded and for which market prices are available. The nature of the Investment Strategy is such that most of the assets involved will be Unquoted securities.

Furthermore, E3 uses a hierarchy of assets in determining appropriate methods of measuring Fair Value in alignment to Fair Value Measurement Categories in accordance with IFRS 13.

2.1 Valuation of Unquoted Instruments

Valuation of Unquoted securities and instruments usually cannot use quoted prices to measure Fair Value. If there is little or no market activity for a security, Fair Value measurement must instead rely on unobservable inputs as of the Measurement Date. However, the Fair Value measurement objective remains the same, that is, an exit price at the Measurement Date from the perspective of a Market Participant that holds the asset. Therefore, unobservable inputs shall reflect the assumptions that Market Participants would use when pricing the security, including assumptions about risk.

Assumptions about risk include the risk inherent in a particular valuation technique used to measure Fair Value (such as a pricing model) and the risk inherent in the inputs to the valuation technique. A measurement that does not include an adjustment for risk would not represent a Fair Value measurement if market participants would include one when pricing the security. For example, it might be necessary to include a risk adjustment when there is significant measurement uncertainty.

Valuation under this Policy will aim to develop unobservable inputs using the best information available in the circumstances, which might include the reporting of confidential data from the Portfolio Company or E3's own data, in addition to publicly available data.

In developing unobservable inputs, the valuation procedures shall consider all information about market participant assumptions that are reasonably available. Unobservable inputs developed in this manner are considered Market Participant assumptions and meet the objective of Fair Value measurement. An example of an unobservable input is a financial forecast (for example, of cash flows or earnings) developed using E3's data if no reasonably available information indicates that market participants would use different assumptions.

2.2 Valutation of Quoted Instruments

E3's investment strategy will only initiate investments in Private Capital Investments. However, the generally Unquoted securities owned after investment may convert to Quoted securities (such as at an IPO) or may be exchanged for Quoted securities (such as in an acquisition). So, while not the focus, E3 Funds may end up owning Quoted securities under certain circumstances.

Valuation of Quoted securities will use quoted, unadjusted prices in active markets for identical assets that E3 can access as of the Measurement Date. If Quoted prices for identical assets are not available, Fair Value Measurements may use quoted prices from similar assets in active markets. An example of inputs to Fair Value Measurement using similar assets would be a valuation multiple (for example, a multiple of earnings or revenue or a similar performance measure) derived from observable market data, for example, multiples derived from prices in observed transactions involving comparable (that is, similar) businesses, taking into account operational, market, financial, and nonfinancial factors.

3. Valuation Techniques

Fair Value measurement requires the valuer (either E3 or a Third-party Valuation Agent) to use valuation technique(s) appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that Market Participants would use when pricing the asset and the level of the fair value hierarchy within which the inputs are categorized.

Where the Investment being valued was initiated recently (within less than one year), cost basis may provide a good starting point for estimating Fair Value. In cases where the Portfolio Company has received more recent investments, including those from other investors, the price of those investments may provide a basis for recalibrating inputs to the valuation model. By this it should be noted that in instances where recent investment rounds are led by existing investors without external validation of the pricing of the round (applicable to secondary transactions as well as transactions appearing not significant or not at arms length level), it may be appropriate to discount the valuation of this round within the internal valuation process applying additional adjustments if necessary. Use of the transaction price as a starting point for Fair Value assumes that the price reflects Fair Value in the market and that it reflects the impact of any changes in the market and the Portfolio.

The judgments applied in different valuation situations may be different. In some cases, a single valuation technique will be appropriate; in other cases, multiple valuation techniques may be necessary. When more than one valuation technique is used, the results from one technique may be used as a cross-check of values or to corroborate the results from other techniques to measure the

Fair Value of the investment.

Valuation techniques may include, but are not limited to:

3.1 Market Approach

Market approaches to Fair Value measurement include techniques that use multiples, industry valuation benchmarks, and other relevant information generated by market transactions involving comparable assets. Market Approach techniques include using guideline transactions and guideline public companies. In this context, the valuer considers the applicability of transactions and comparables and applies judgment to arrive at any discount or premium to the multiples to account for structural differences.

Depending on the stage of development of a Portfolio Company, its industry, and its geographic location, Market Participants may apply a multiple of earnings or revenue or other specific metrics used within the industry. The valuer may use combinations of more than one metric.

The Investment Team relies usually primarily on the Market Approach in determining Fair Value at initial investment. However, due to the relative bargaining power between buyers and sellers, the actual value of an investment transaction may vary from Fair Value suggested by the Market Approach.

3.2 Income Approach

Income approaches to Fair Value measurement include techniques to convert estimated future cash flows into a single discounted present value amount. These valuation techniques include, for example, present value techniques and option-pricing models. While E3 as of date of this Policy does not plan to hold options directly, private securities, such as convertible preferred stock, often include option-like payout structures that are amenable to analysis by option-pricing methods.

Present value (that is, an application of the income approach) is a tool used to link future amounts (for example, cash flows) to a present amount using a discount rate. A Fair Value measurement of an asset using a present value technique captures all of the following elements from the perspective of Market Participants at the Measurement Date:

I. An estimate of future cash flows for the asset or liability being measured.

II. Expectations about possible variations in the amount and timing of the cash flows, representing the uncertainty inherent in the cash flows.

III. The time value of money, represented by the rate on risk-free monetary assets that have maturity dates or durations that coincide with the period covered by the cash flows and pose neither uncertainty in timing nor risk of default to the holder (that is, a risk-free interest rate).

IV. The price for bearing the uncertainty inherent in the cash flows (that is, a risk premium).

V. Other factors that Market Participants would take into account in the circumstances.

3.3 Coast Approach

These include valuation techniques based on the amount that currently would be required to replace the service capacity of an asset.

3.4 Calibration

Calibration here refers to re-analyzing the valuation analysis done at the time of investment (initial measurement) with updated inputs at subsequent Measurement Dates (subsequent measurement) as a means of measuring updated Fair Value.

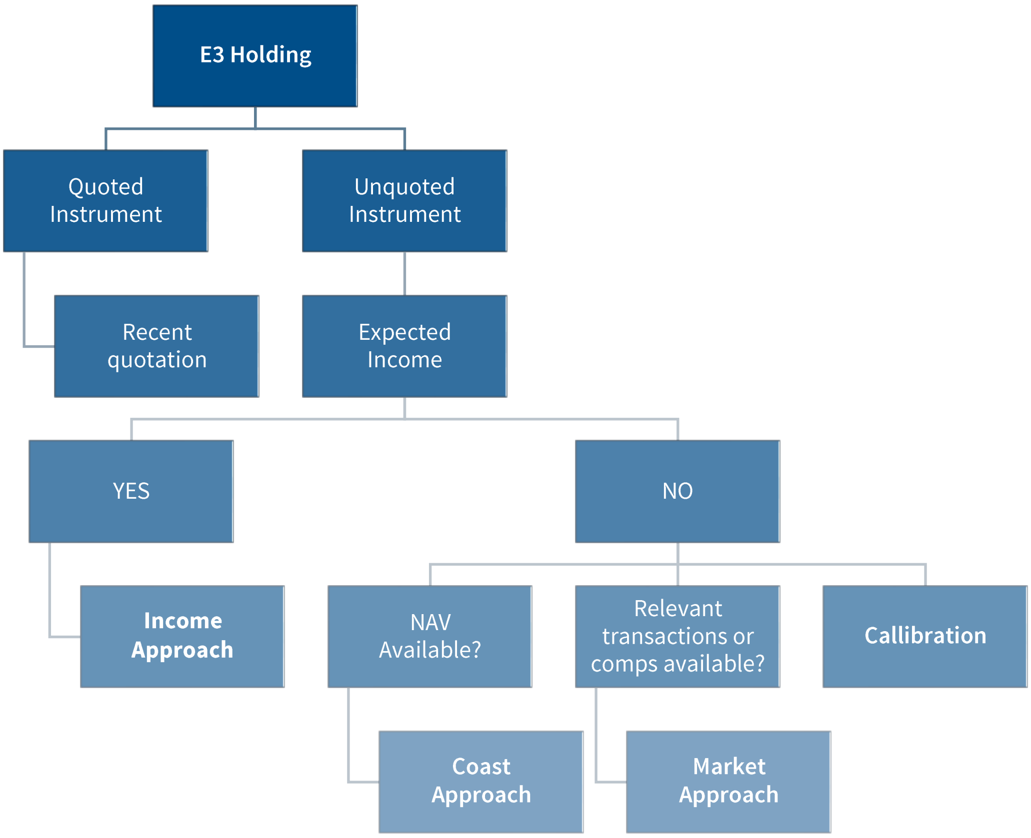
The idea is that if the price paid for an investment as of the Investment Date was deemed Fair Value and was measured using a particular approach or set of approaches (Market Approach, Income Approach, Cost Approach, etc.), the valuer attempts to update the analysis with contemporary inputs, to the extent that data availability will allow, and re-run the original approach for measuring Fair Value.

3.5 Backtesting

During the valuation process the Firm would seek to understand the substantive differences that legitimately occur between the realized exit price (implied by a sale or liquidity event like e.g. IPO) and the previous Fair Value assessment. This concept is known as Backtesting and the key steps of it are to articulate (i) what information was known or knowable as of the Measurement Date; (ii) evaluate how such information was considered in coming to the most recent Fair Value estimates; and (iii) determine whether known or knowable information was properly considered in determining Fair Value given the actual exit price results.

3.6 Decision Tree

Fair Value Measurement must consider the totality of available information and the relevance of all inputs when selecting the most relevant methodology(ies). An indicative summary of the decision tree process is presented below:


E3 Holding
Quoted Instrument
Unquoted Instrument
Recent quotation
Expected Income
YES
NO
Income Approach
NAV Available?
Relevant transactions or comps available?
Callibration
Coast Approach
Market Approach

D. Framework for Allocating Implied Value

1. General Allocation Rules

After establishing the enterprise value of a portfolio company, the next step is to allocate the enterprise value across each share class. This should allow to give fund's investors an accurate estimate of the current value of their holdings. Thereby it is important to recognize the subjective valuation nature here as it is inherently based on forward-looking estimates and judgements about the Investee Company itself: its market and the environment in which it operates; the state of the mergers and acquisitions market; stock market conditions and other factors and expectations that exist at the Measurement Date.

Due to the complex interaction of these factors and often the lack of directly comparable market transactions, E3 will apply appropriate care when using publicly available information regarding other entities in deriving a valuation. In order to measure the Fair Value of an investment, the Firm will exercise judgement and make necessary estimates to adjust the market data to reflect the potential impact of other factors such as geography, credit risk, foreign currency, rights attributable, equity prices and volatility.

According to IPEV, generally for Private Capital Investments, Market Participants determine the price they will pay for individual equity instruments using Enterprise Value estimated from a hypothetical sale of the equity which may be determined by considering the sale of the Investee Company, as follows:

I. Determine the Enterprise Value of the Investee Company using the Valuation Techniques;

II. Adjust the Enterprise Value for factors that a Market Participant would take into account such as surplus assets or excess liabilities and other contingencies and relevant factors, to derive an Adjusted Enterprise Value for the Investee Company;

III. Deduct from this amount the value, from a Market Participant's perspective, of any financial instruments ranking ahead of the highest-ranking instrument of the Fund in a sale of the Investee Company;

IV. Take into account the effect of any instrument that may dilute the Fund's Investment to derive the Attributable Enterprise Value;

V. Apportion the Attributable Enterprise Value between the Investee Company's relevant financial instruments according to their ranking;

VI. Allocate the amounts derived according to the Fund's holding in each financial instrument, representing their Fair Value.

2. Common Allocation Methods

The most common allocation methods for valuing equity holdings are simplified scenario analysis, the current value method (CVM), and the option pricing method (OPM).

2.1 Scenario-Based Method

It represents a forward-looking method that considers one or more possible future scenarios. These methods include Simplified Scenario Analysis and Relative Value Scenario Analysis, which tie to the fully-diluted ("post-money") equity value, as well as full scenario analysis, also known as the probability-weighted expected return method (PWERM).

2.2 Current Value Method

This method allocates the equity value to the various equity interests in a business as though the business were to be sold on the Measurement Date. Also known as the waterfall method, the CVM allocates the company's current value among equity owners based on liquidation preferences and other economic rights.

2.3 Option Pricing Method

It is a forward-looking method that considers the current equity value and then allocates that value to the various classes of equity considering a continuous distribution of outcomes, rather than focusing on distinct future scenarios. This model uses various inputs – such as the company's capital structure, and rights and preferences, the expected time to exit, the market volatility, and the risk-free interest rate – to allocate the company value to each class of stock. The OPM assumes normally distributed returns and models future outcomes according to an estimated timeframe to liquidity.

2.4 Hybrid Method

In certain situations hybrid methods (where different valuation approaches and allocation methods described above will be considered) could be used to arrive at the fair value of a specific investment. The weights used under hybrid method could account for the probability of a company reaching different outcomes, such as going public (post-money/scenario based) and staying private (backsolve/OPM). Using such methods the weighting methodology could be adjusted as the specific portfolio company matures; meets specific criteria, such as revenue milestones; approaches liquidity events; or as time elapses from a company's most recent round of financing. At the end through backtesting, it will be ensured that the weightings in the hybrid method continue to align with actual results as the portfolio companies realize more exits.

E. Further Procedures

1. Procedures at the Time of the Investment

In this section, we describe the procedure for Measuring Fair Value at the time of initial investment (initial measurement).

I. One or more Investment Team members complete a valuation analysis of each investment and document all the supporting materials (e.g., financial reports, performance analysis, market comps, and/or third-party reports, etc.). The Investment Team will determine Fair Value using various valuation techniques. What technique or techniques are used is determined by the Investment Team, in consultation with the Investment Committee. The choice of technique or techniques will depend on the circumstances of the transaction and data availability.

II. The Investment Committee reviews and discusses the analysis and makes changes, as necessary.

III. The final valuation analysis is reviewed by the Investment Committee ahead of or concurrent with the initial investment. Investment Team members and/or additional third-party professionals may be consulted to respond to any of the Investment Committee's comments or inquiries. The Investment Committee may also review inputs from service providers, including Third-party Valuation Agents.

IV. E3's Investment Committee approves the investment.

The Policy for initial holding value following investment is to use the Cost Approach, recognizing the relative illiquidity of markets used to source replacement assets.

2. Procedures After Investment

In this section, we describe the procedure for Measuring Fair Value after initial investment (subsequent measurement).

I. One or more Investment Team members complete a valuation analysis on a timeline aligned with NAV reporting to shareholders and with a particular focus on significant updates since the time of initial investment. Significant updates may include milestones achieved by the Portfolio Company, more recent benchmark transactions completed by the Portfolio Company, or significant market moves.

II. Third-party Valuation Agents complete a valuation analysis at least annually to independently estimate a range of Fair Value for each investment. Third-party estimates are used, together with additional information, in the preparation and timely completion of certain periodic reporting requirements by E3 Holding SE, particularly annual audits. The Third-Party Valuation Agents will review inputs and supporting documentation used in Fair Value measurement, such as historical financials; business plans; management presentations; legal documentation relating to terms, rights, and capital structure; and narratives on trends in growth and profitability. They will also consider general economic and industry trends and the impact that they may have on each investment. They may hold calls and/or meetings with the Investment Committee to understand the Committee's expectations and intent regarding each investment, and to discuss the underlying Portfolio Company's strategy, performance, and relevant updates. The Agents select appropriate valuation approaches considering the investment being valued and the availability of data and determine and document a reconciliation of approaches where more than one approach is used.

III. The Investment Committee reviews and discusses the analysis and makes changes, as necessary.

IV. The final valuation analysis is reviewed by the Investment Committee for approval on a timeline aligned with NAV reporting to shareholders.

F. Appendix

1. Definitions

— Fair Value Measurement Categories – in accordance with IFRS 13, Fair Value measurements are categorized into Level I, II, or III based on the degree to which the inputs to the Fair Value measurements are observable and the significance of the inputs to the Fair Value measurement in its entirety. These are described as follows:

I. *Level I Fair Value measurements* are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

II. *Level II Fair Value measurements* are those derived from inputs other than quoted prices included within Level I that are observable for the assets or liability, either directly or indirectly.

III. *Level III Fair Value measurements* are those derived from inputs that are not based on observable market data. The inputs into the determination of Fair Value require significant management judgement or estimation and are subjective in nature. The types of financial instruments generally included in this category are private portfolio companies, real assets investments, and credit investments.

— *Investment Date* – a specific point in time as of which the valuator's opinion of value applies and/or date on which funds are disbursed for an investment.

— *Market Participant* – Market Participant means willing buyers and sellers of Private Capital Investments. Because private capital markets are generally illiquid, actual Market Participants either do not exist or if they do exist, the specifics of their transactions are confidential. Therefore “Market Participant” may mean an assumed hypothetical party to a purchase or sale, taking into account current market conditions and risk assessment for buying and selling of the relevant assets.

— *Measurement Date* – Measurement Date means either the date of initial investment or the date of a later review.

— *Quoted and Unquoted Instruments* – Quoted securities or instruments are those that are actively traded and for which market prices are available. Unquoted securities or instruments are those that are not actively traded and for which no market prices are available.

— *Orderly Transaction* – This means a transaction that is not forced or done under distressed conditions (such as when required by a regulatory mandate; where the owner of a security is required by circumstances to dispose of the security immediately; or where the seller is near bankruptcy or receivership). An Orderly Transaction is not an outlier but is generally considered to be representative of other similar transactions undertaken under similar conditions. Subjective judgment may be required to determine whether or not a transaction is Orderly.

— *Portfolio Company* – Portfolio Company refers to either the issuer of securities or instruments or to the underlying operating business.

- *Private Capital Investment* – Investing that involves privately held (unlisted) investments in early-stage ventures and investments in funds making such investments.
- *Unit of Account* – represents the specific Investment that is being measured at Fair Value. Furthermore is an accounting term which identifies the level at which an asset is aggregated or disaggregated for Fair Value recognition purposes. Usually funds make Investments in multiple types of Investment instruments within an entity (such as common stock, various classes of preferred stock, various debt tranches and equity-based options). US and International financial reporting standards require the Fair Value of an Investment to be measured consistently with the level of aggregation (Unit of Account) dictated by the accounting standard requiring or permitting its measurement at Fair Value. Following terms are defined by IPEV for valuation considerations between Enterprise Values and Investment levels:

I. *Enterprise Value* – is the total value of the financial instruments representing ownership interests (equity) in a business entity plus the value of its debt or debt-related liabilities, minus any cash or cash equivalents available to meet those liabilities.

II. *Adjusted Enterprise Value* – is the Enterprise Value adjusted for factors that a Market Participant would take into account, including but not limited to surplus assets, excess liabilities, contingencies and other relevant factors.

III. *Attributable Enterprise Value* – is the Adjusted Enterprise Value attributable to the financial instruments held by the fund and other financial instruments in the entity that rank alongside or beneath the highest-ranking instrument of the fund.

IV. *Investment* – refers to the individual financial instruments held by the fund in an Investee Company.

V. *Investee Company* – refers to a single enterprise or group of enterprises in which a fund is invested either directly or through a number of dedicated holding companies.

This Valuation Policy has been drawn up in both German and English. Only the German version is legally binding; the English translation is provided for information purposes only. In the event of any discrepancies, the German version of the Valuation Policy shall prevail over the English version.