Jade Road Investments Limited

Valuation Policy

2021

1. Background

Jade Road Investments Limited ("**Jade Road**" or the "**Company**") applies the International Private Equity and Venture Capital Valuation ("**IPEV**") Guidelines in its valuation practices. IPEV set out recommendations intended to represent current best practices on the valuation of private capital (unlisted) investments. The IPEV Valuation Guidelines have been prepared with the goal that Fair Value measurements, derived when using these guidelines, are compliant with the International Financial Reporting Standards ("**IFRS**"). Further information on Fair Value is in section 2 of this Policy. For detailed information on IPEV's principles to which Jade Road adheres when arriving at its valuation conclusions, refer to Appendix I.

2. Valuation Methodologies and Information Sources

The document sets out the valuation principles applied by Jade Road with respect to its portfolio of investments.

2.1 Fair Value Measurements

Pursuant to Section 1.1 of the IPEV Valuation Guidelines, Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between Market Participants at the Measurement Date[1] under current market conditions.

The Fair Value of investments is first based on quoted prices, where available. Where quoted prices are not available, the Fair Value is estimated in line with Section 1.4 and 1.6 of the IPEV Valuation Guidelines requiring the use of consistent Valuation Techniques across periods of measurement.

Jade Road's private credit and equity investments are recorded at Fair Value or at amounts whose carrying values approximate Fair Value. Net gains and losses, including any interest or dividend income, are recognised in its profit or loss statement.

In accordance with IFRS 13, Fair Value measurements are categorised 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:

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

2.1.2 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.

2.1.3 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. The majority of Jade Road's current and expected investments are likely to be credit instruments and as such are likely to be valued based on Level III principles. Details of Jade Road's Level III valuation methodologies per investment type are as follows:

[1] Measurement Date is defined as each time Fair Value based Net Asset Value ("NAV") is reported to investors.

2.1.3.1 Private Credit Investments: For credit-focused investments that are not publicly traded or whose market prices are not readily available, Jade Road may utilise the Discounted Cash Flow ("**DCF**") method or a Market Approach. In valuing credit-focused investments, per Section 2.5 of the IPEV Guidelines, Jade Road will exercise prudent judgement. In addition, pursuant to Section 3.2, Jade Road exercises judgement in selecting the appropriate Valuation Technique(s) most appropriate for a credit-focused investment.

- The DCF method projects the expected cash flows of the credit instrument based on contractual terms and discounts such cash flows back to the valuation date using a market-based yield. The market-based yield is estimated using yields of publicly-traded credit instruments issued by companies operating in similar industries as the subject investment, with similar leverage statistics and time to maturity.
- The Market Approach is generally used to determine the enterprise value of the issuer of a credit investment and considers valuation multiples of comparable companies or transactions. The resulting enterprise value will dictate whether or not such credit investment has adequate enterprise value coverage. In cases of distressed credit instruments, the market approach may be used to estimate a recovery value in the event of a restructuring.

2.1.3.2 Private Equity Investments: The Fair Value of equity investments are determined by reference to projected net earnings, earnings before interest, taxes, depreciation and amortisation ("**EBITDA**"), the DCF method, public market or private transactions, valuations for comparable companies, and other measures which, in many cases, are based on unaudited information at the time received.

Valuations may be derived by reference to observable valuation measures for comparable companies or transactions (for example, multiplying a key performance metric of the investee company such as EBITDA by a relevant valuation multiple observed in the range of comparable companies or transactions), adjusted by management for differences between the investment and the referenced comparables, and in some instances by reference to option pricing models or other similar methods. Where a DCF method is used, a terminal value is derived by reference to EBITDA or price/earnings exit multiples. In valuing equity investments, per Section 2.5 of the IPEV Guidelines, Jade Road will exercise prudent judgement. In addition, pursuant to Section 3.2, Jade Road exercises its judgement in selecting the appropriate Valuation Technique(s) most appropriate for an equity investment.

2.1.3.3 Private Convertible & Quasi-Credit Instruments: Private convertible and quasi-credit instruments are hybrids of credit and equity financing. The Fair Value of convertible credit instruments, such as a convertible bond, may be determined as a normal private credit instrument (taking into account features such as mandatory / non-mandatory conversion features) or by (i) adding the independent value of the straight credit instrument and (ii) the independent value of the conversion option.

The independent value of the straight credit instrument may be assessed using the DCF method or Market Approach described in 2.1.3.1 above (Private Credit Investments).

The independent value of the conversion option can be determined by first deriving the terminal value of the Company using the DCF method or the comparables method described in 2.1.3.2 above (Private Equity Investments), then adjusting for any conversion premium or discount, the conversion ratio, and other conversion mechanisms.

Similarly, the Fair Value for quasi-credit instruments, such as mezzanine financing, can be determined by adding the independent value of the straight credit and the independent value of the conversion option and/or embedded equity instrument features, such as warrants. In valuing both private convertible and quasi-credit instruments, per Section 2.5 of the IPEV Guidelines, Jade Road will exercise its prudent judgement. In addition, pursuant to Section 3.2, Jade Road exercises judgement in selecting the appropriate Valuation Technique(s) most appropriate for private convertible and quasi-credit instruments.

2.1.3.4 Private Warrants, Options, Revenue Shares, Royalties, and Other Derivatives: The estimation of Fair Value of Warrants and Options is undertaken on the assumption that warrants and options are exercised, where the Fair Value is in excess of the exercise price. An option-based pricing model (such as the Black Scholes methodology) may be used to determine the Fair Value of the warrants and options. The value of warrants and options may be disaggregated from the underlying credit instrument and valued separately.

The estimation of Fair Value of Revenue Shares, Royalties, and Other Derivatives may be determined using the DCF method. By utilising the DCF method, the expected cash flows taking into account relevant contractual terms of the derivative (e.g. duration, share percentage, caps/floors) are discounted back to the valuation date using a market-based yield to derive the Fair Value. In valuing private warrants, options, revenue shares, royalties, and other derivatives, per Section 2.5 of the IPEV Guidelines, Jade Road will exercise its prudent judgement. In addition, pursuant to Section 3.2, Jade Road exercises judgement in selecting the Valuation Technique(s) most appropriate for a private warrant, option, revenue share, royalty, or other derivative.

2.2 Non-USD Investments

Jade Road reports its performance in USD. Where this is different from the currency in which the investment is denominated, translation into USD for reporting purposes is done using the exchange rate prevailing at the Measurement Date.

3. Credit Investments

3.1 Expected Credit Loss and Likely Credit Loss Provisions

Jade Road has a disciplined risk management and surveillance process. The allocation of an Expected Credit Loss (**"ECL"**) is in accordance with IFRS 9 "Financial Instruments: Classification and Measurement".

Jade Road recognises that under the IFRS 9 impairment model allowances need to be considered for all loan exposures. If the credit risk has not increased significantly (Stage 1), allowances based on 12 month expected losses are provisioned. If the credit risk has increased significantly since initial recognition (Stage 2) and/or if the financial asset is 'credit impaired' (Stage 3), allowances based on lifetime expected losses are provisioned. Thus, Jade Road carefully monitors for both 12-month ECL where the loan is expected to default in the next 12 months as well as for a Lifetime ECL where the borrower defaults on its obligation throughout the life of the loan and under all possible default events over the expected life of a financial instrument.

An ECL reserve may be established for a credit investment based on the perceived statistical probability of loss weighted against all possible default scenarios. Jade Road monitors all its investments on a regular basis and if, whether as a result of regular monitoring or as a result of some event or action, credit deterioration is observed, the investment will be reviewed for possible downgrade. If an investment is downgraded, it will attract a higher level of ECL reserve because the risk of loss on that investment has increased.

When measuring impairment using 12-month and Lifetime ECL for the financial instrument, the following factors are considered:

- The borrower's risk of default
- The borrower's short-term capacity to meet its obligations
- The borrower's longer-term ability to fulfill its obligations given changes in the economic and business conditions.

When determining whether the credit risk of a financial asset has increased, Jade Road compares the risk of default as at the reporting date with the risk of a default occurring for the financial instrument as at the date of initial recognition. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on its historical experience and informed credit assessment.

The main considered factors include material financial deterioration of the borrower, breach of contract such as default or delinquency in interest or principal repayments, the probability that a borrower will enter bankruptcy or financial re-organisation, and material decline in the value of the underlying applicable security. An actual or expected significant change in the financial instrument's external credit rating and/or information from credit insurers, where applicable, is also considered.

The risk assessment which Jade Road conducts also takes into account forward-looking information which comes in a variety of forms, including, but not limited to:

- Macro-economic forecasts, including GDP, industry-sector growth rates, unemployment (national and regional), inflation, interest rates, property price indexation, the status and extend of coronavirus infections in geographies relevant to the credit risk of the entity's credit exposures at the reporting period.
- The Borrower's probability of non-payment in response to macro-economic factors that specifically relate to the borrower, noting that borrowers may prioritise payments of some debt obligations over others and so the credit risk of amounts owed by the same borrower can vary.
- The Borrower's behaviour in respect of the timing of prepayment or extension options or use of undrawn facilities that impact the Company's exposure.

ECL reserves are distinguished from Likely Credit Loss ("**LCL**") reserves based on the expectation of a loss. An LCL reserve is established when a loss is both probable and the amount is known.

Jade Road assumes that the credit risk of a financial asset begins to increase from the point it is 30 days past due.

3.2 Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Under the ECL model, Jade Road calculates the allowance for credit losses by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. When assessing the possible outcome of different scenarios, the Company also recognises that the credit loss outcomes of scenarios are not necessarily linear. The allowance is the sum of these probability-weighted outcomes. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that Jade Road expects to receive) with a discount factor applied so such overdue amounts

- Thus, the actual ECL measurement includes: an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions that is available without undue cost or effort at the reporting date.

The scenario probability analysis below will be applied to derive an ECL for overdue amounts from a credit investment:

Main scenarios considered by Jade Road
Default Scenario 1 - default but collateral sale possible at the exit date (principal amount and interest recovered)

Default Scenario 2 - default but collateral sale possible at the exit date (principal amount recovered)
Default Scenario 3 - business goes into administration (partial collateral recovered only)
No Default Scenario 4 - interest payments are made within 12 months to clear due interest

The Valuation Committee reserves the right to exercise its discretion in the consideration of further scenarios depending on each individual case . This would be based on extenuating circumstances that may apply from time to time to the Company's Portfolio or specific credit investments. An example of such an extenuating circumstance may occur when an overdue amount has been collected post a reporting or measurement date.

3.3 Underlying Collateral

While Jade Road may invest in credit instruments that are secured or enjoy collateral value in excess of their initial face value, it may nonetheless be exposed to losses resulting from default and foreclosure under the terms of those investments. The Fair Value of the underlying collateral, creditworthiness of the borrower, and the priority of the credit against the claim of other creditors are each taken into consideration in the scenario probability analysis.

3.3.1 Estimating the Value of the Underlying Collateral

The value of the underlying collateral is an important component of evaluating a credit instrument.

3.3.1.1 Tangible Assets: When the investment is secured against physical assets, Jade Road evaluates the collateral based on the original asset cost minus accumulated depreciation, where observable. The Market Approach, which is based on the observable values of comparable assets, which are of similar size and industry, may also be used. The valuation established by the Market Approach may also be verified with the help of an independent valuation firm, at the discretion of the Valuation Committee.

3.3.1.2 Traded Financial Securities: When the investment is secured against exchanged-traded shares, Jade Road uses the share price at the relevant measurement date to determine the value of the underlying collateral pledged to the relevant security. In the case of warrants or options, the strike price and the maturity date of the instrument will be used in order to derive a value, unless these derivatives are themselves traded and have an observable market price. Other valuation methodologies that may be utilized include projected net earnings, earnings before interest and taxes, EBITDA, the DCF method, public market or private transactions, and valuations for comparable companies.

3.3.1.3 Intangible Assets: When the investment is secured against an intangible asset such as intellectual property rights, Jade Road follows the Relief from Royalty Method (**"RRM"**), which combines components from both the Income Approach and Market Approach. The RRM establishes the value of the intangible asset based upon the royalty payments which would be saved by owning the asset as opposed to licensing it. The RRM method operates using Market Approach assumptions, such as the royalty rate an intangible asset would achieve, and Income Approach inputs, such as revenue, growth, tax, and discount rates. The Valuation Committee also retains the right to utilise specialist independent valuers for these forms of assets.

4. Oversight and Accountability

4.1 Valuation Committee

The Company's Valuation Committee reviews the valuation process for all investments, including the application of appropriate valuation standards, based on the input of Jade Road's Investment Manager. Its members are sourced from independent Non-Executive Directors of the Jade Road Board only. The Committee comprises a minimum of two members and reports directly to the Board.

4.2 Use of External Advisors

The Valuation Committee reviews the Company's valuation procedures and assessments. Whilst it receives advice from its Investment Manager, it has the discretion to retain the services of an external advisor as and when it deems appropriate. The ultimate determination of the value of an investment vests with the Valuation Committee and the Board of the Company.

4.3 Investment Owner

Jade Road's Investment Manager actively manages the Company's investment activities and Portfolio. Each investment by Jade Road has a professional "owner" (the "**Investment Owner**"). The Investment Owner will be a member of the Investment Manager's team of investment professionals. The Investment Owner monitors the investment on an ongoing basis, interacts directly with the local management team on the ground, and provides regular commentary to the Valuation Committee. Each Investment Owner also monitors the asset's performance for any external factors which might trigger a material change in valuation. Those changes are reported in a timely and detailed manner to the Investment Manager's senior management.

4.4 Multi-Step Valuation Process and Frequency of Evaluation

The following steps are taken when evaluating a company's investment:

4.4.1 Jade Road's annual valuation process begins with each portfolio company or investment being initially valued by the Investment Owner responsible for the portfolio investment and/or in conjunction with an independent valuation firm, with the latter being at the discretion of the Valuation Committee

4.4.2 Preliminary valuation conclusions are then documented and discussed with the senior management of Jade Road's Investment Manager. Agreed upon valuation recommendations are presented to the Valuation Committee.

4.4.3 The Valuation Committee reviews the valuations presented and recommends values for each of the investments to the Board.

4.5 Quarterly Reviews of the Portfolio

In addition to the annually prepared Valuation Reports, the Investment Manager will report any material changes and recommended adjustments within the Company's Portfolio to the Valuation Committee on a quarterly basis.

4.6 Review of the Valuation Policy

The Valuation Committee retains the discretion to review and modify this Valuation Policy from time to time in order to keep the Company's practices in line with the best industry standards.

APPENDIX I

PRINCIPLES OF THE INTERNATIONAL PRIVATE EQUITY AND VENTURE CAPITAL VALUATION GUIDELINES:
Fair Value, Principles of Valuation, Valuation Methodologies and the Valuation of Fund Interests

Jade Road adheres to the International Private Equity and Venture Capital Valuation (**"IPEV"**) Guidelines in its valuation practices. These are listed below:

1. The Concept of Fair Value

1.1 Fair Value is the price that would be received to sell an asset in an Orderly Transaction between Market Participants at the Measurement Date.

1.2 A Fair Value measurement assumes that a hypothetical transaction to sell an asset takes place in the Principal Market or in its absence, the Most Advantageous Market for the asset.

1.3 For actively traded (quoted) Investments, available market prices will be the exclusive basis for the measurement of Fair Value for identical instruments.

1.4 For Unquoted Investments, the measurement of Fair Value requires the Valuer[2] to assume the Investment is realised or sold at the Measurement Date whether or not the instrument or the Investee Company[3] is prepared for sale or whether its shareholders intend to sell in the near future.

1.5 Some Funds[4] invest in multiple securities or tranches of the same Investee Company. If a Market Participant would be expected to transact all positions in the same underlying Investee Company simultaneously, for example, separate Investments made in series A, series B, and series C, then Fair Value would be estimated for the aggregate Investment in the Investee Company. If a Market Participant would be expected to transact separately, for example purchasing series A independent from series B and series C, or if Credit Investments are purchased independent of equity, then Fair Value would be more appropriately determined for each individual financial instrument.

1.6 Fair Value should be estimated using consistent Valuation Techniques from Measurement Date to Measurement Date unless there is a change in market conditions or Investment-specific factors, which would modify how a Market Participant would determine value. The use of consistent Valuation Techniques for Investments with similar characteristics, industries, and/or geographies would also be expected.

1.7 Unit of Account

1.7 To estimate Fair Value, the Unit of Account must be determined. The Unit of Account represents the specific Investment that is being measured at Fair Value.

2. Principles of Valuation

2.1 The Fair Value of each Investment should be assessed at each Measurement Date.

2.2 In estimating Fair Value for an Investment, the Valuer should apply a technique or techniques that is/are appropriate in light of the nature, facts, and circumstances of the Investment and should use reasonable current market data and inputs combined with Market Participant assumptions.

2.3 Fair Value is estimated using the perspective of Market Participants and market conditions at the Measurement Date irrespective of which Valuation Techniques are used.

2.4 Allocating Enterprise Value

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;

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[2] "Valuer" is defined as the person with direct responsibility for valuing one or more of the Investments of the Fund or Fund-of-Funds.

[3] "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.

[4] Although Jade Road is structured as a permanent capital vehicle, for the purposes of this policy, the IPEV Guidelines referencing a "Fund" apply to Jade Road.

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.

2.5 Exercising Prudent Judgement

Because of the uncertainties inherent in estimating Fair Value for Private Capital Investments, care should be applied in exercising judgement and making the necessary estimates. However, the Valuer should be wary of applying excessive caution.

2.6 Calibration

When the price of the initial Investment in an Investee Company or instrument is deemed Fair Value (which is generally the case if the entry transaction is considered an Orderly Transaction), then the Valuation Techniques that are expected to be used to estimate Fair Value in the future should be evaluated using market inputs as of the date the Investment was made. This process is known as Calibration. Calibration validates that the Valuation Techniques using contemporaneous market inputs will generate Fair Value at inception and therefore that the Valuation Techniques using updated market inputs as of each subsequent Measurement Date will generate Fair Value at each such date.

2.7 Backtesting

Valuers should seek to understand the substantive differences that legitimately occur between the exit price and the previous Fair Value assessment. This concept is known as Backtesting[5]. Backtesting seeks to articulate:

i. What information was known or knowable as of the Measurement Date;

[5] The process of using the observed value of an Investment as implied by a sale, liquidity event (e.g. an IPO) or other material change in facts with respect to the Investment, related Investments, or the Enterprise, to assess the Fair Value estimated at an earlier Measurement Date (or Measurement Dates).

ii. Assess 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 Valuation Methods

3.1 General

(i) In determining the Fair Value of an Investment, the Valuer should use judgement. This includes consideration of those specific terms of the Investment that may impact its Fair Value. In this regard, the Valuer should consider the economic substance of the Investment, which may take precedence over the strict legal form.

(ii) Where the reporting currency of the Fund is different from the currency in which the Investment is denominated, translation into the reporting currency for reporting purposes should be done using the bid spot exchange rate prevailing at the Measurement Date.

3.2 Apply Judgement in Selecting Valuation Techniques

The Valuer should exercise their judgement to select the Valuation Technique or techniques most appropriate for a particular Investment.

3.3 Selecting the Appropriate Valuation Technique

The Valuer should use one or more of the following Valuation Techniques as of each Measurement Date, taking into account Market Participant assumptions as to how Value would be determined:

A. Market Approach

  a. Multiples

  b. Industry Valuation Benchmarks

  c. Available Market Prices

B. Income Approach

  a. Discounted Cash Flows

C. Replacement Cost Approach

  a. Net Assets

The Price of a Recent Investment, if resulting from an orderly transaction, generally represents Fair Value as of the transaction date. At subsequent Measurement Dates, the Price of a Recent Investment may be an appropriate starting point for estimating Fair Value. However, adequate consideration must be given to the current facts and circumstances, including, but not limited to, changes in the market or changes in the performance of the Investee Company.

Inputs to Valuation Techniques should be calibrated to the Price of a Recent Investment, to the extent appropriate (3.10).

3.4 Multiples

Depending on the stage of development of an Enterprise, its industry, and its geographic location, Market Participants may apply a multiple of earnings or revenue. In using the multiples Valuation Technique to estimate the Fair Value of an Enterprise, the Valuer should:

i. Apply a multiple that is appropriate and reasonable (given the size, risk profile, and earnings growth prospects of the underlying company) to the applicable indicator of value (earnings or revenue) of the Investee Company;

ii. Adjust the Enterprise Value for surplus or non-operating 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 any financial instruments ranking ahead of the highest-ranking instrument of the Fund in a liquidation scenario (e.g. the amount that would be paid) and taking into account the effect of any instrument that may dilute the Fund's Investment to derive the Attributable Enterprise Value;

iv. Apportion the Attributable Enterprise Value appropriately between the relevant financial instruments using the perspective of potential Market Participants. Judgement is required in assessing a Market Participant perspective.

3.5 Industry Valuation Benchmarks

The use of industry benchmarks is only likely to be reliable and therefore appropriate as the main basis of estimating Fair Value in limited situations and is more likely to be useful as a sanity check of values produced using other techniques.

3.6 (i) Quoted Investments

(i) Instruments quoted on an Active Market should be valued at the price within the bid / ask spread that is most representative of Fair Value on the Measurement Date. The Valuer should consistently use the most representative point estimate in the bid /ask spread.

3.6 (ii/iii) Blockage Factors and Discounts

(ii) Blockage Factors that reflect size as a characteristic of the reporting entity's holding (specifically, a factor that adjusts the quoted price of an asset because the market's normal daily trading volume is not sufficient to absorb the quantity held by the entity) should not be applied.

(iii) Discounts may be applied to prices quoted in an Active Market if there is some contractual, governmental, or other legally enforceable restriction attributable to the security, not the holder, resulting in diminished Liquidity of the instrument that would impact the price a Market Participant would pay at the Measurement Date.

3.6 (iv) Observable Prices

(iv) In the absence of an Active Market for financial instruments, but where observable prices are available, the Valuer should consider observable prices in conjunction with estimating Fair Value utilising one or more of the other Valuation Techniques.

3.7 Discounted Cash Flows or Earnings (of Investee Company)

In using the Discounted Cash Flows or Earnings (of Investee Company) Valuation Technique to estimate the Fair Value of an Investment, the Valuer should:

i. Derive the Enterprise Value of the company, using reasonable assumptions and estimations of expected future cash flows (or expected future earnings) and the terminal value, and discounting to the present by applying the appropriate risk-adjusted rate that captures the risk inherent in the projections;

ii. Adjust the Enterprise Value for surplus or non-operating 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 any financial instruments ranking ahead of the highest-ranking instrument of the Fund in a liquidation scenario (e.g. the amount that would be paid) and taking into account the effect of any instrument that may dilute the Fund's Investment to derive the Attributable Enterprise Value; and

iv. Apportion the Attributable Enterprise Value appropriately between the relevant financial instruments using the perspective of Market Participants. Judgement is required in assessing a Market Participant perspective.

3.8 Discounted Cash Flows (from an Investment)

In using the Discounted Cash Flows (from an Investment) Valuation Technique to estimate the Fair Value of an Investment, the Valuer should derive the present value of the cash flows from the Investment using reasonable assumptions and estimations of expected future cash flows, the terminal value or maturity amount, date, and the appropriate risk-adjusted rate that captures the risk inherent to the Investment. This Valuation Technique would generally be applied to Debt Investments or Investments with characteristics similar to debt.

3.9 Net Assets

In using the Net Assets Valuation Technique to estimate the Fair Value of an Investment, the Valuer should:

i. Derive an Enterprise Value for the company using the perspective of a Market Participant to value its assets and liabilities (adjusting, if appropriate, for non-operating assets, excess liabilities, and contingent assets and liabilities);

ii. Deduct from this amount any financial instruments ranking ahead of the highest-ranking instrument of the Fund in a liquidation scenario (e.g. the amount that would be paid) and taking into account the effect of any instrument that may dilute the Fund's Investment to derive the Attributable Enterprise Value; and

iii. Apportion the Attributable Enterprise Value appropriately between the relevant financial instruments using the perspective of potential Market Participants. Judgement is required in assessing a Market Participant perspective.

3.10 Calibrating to the Price of a Recent Investment

The Fair Value indicated by a recent transaction in the Investee Companies equity is used to calibrate inputs used with various valuation methodologies. The Valuer should assess at each Measurement Date whether changes or events subsequent to the relevant transaction would imply a change in the Investment's Fair Value. The Price of a Recent Investment should not be considered a standalone Valuation Technique.

4. Valuing Fund Interests

4.1 General

In measuring the Fair Value of an interest in a Fund the Valuer may base their estimate on their attributable proportion of the reported Fund Net Asset Value[6] (NAV) if NAV is derived from the Fair Value of underlying Investments and is as of the same Measurement Date as that used by the Valuer of the Fund interest, except as follows:

i. if the Fund interest is actively traded, Fair Value would be the actively traded price; and

ii. if management of the interest in the Fund has made the decision to sell the Fund interest or portion thereof and the interest will be sold for an amount other than NAV, Fair Value would be the expected sales price.

4.2 Adjustments to Net Asset Value

If the Valuer has determined that the reported NAV is an appropriate starting point for determining Fair Value, it may be necessary to make adjustments based on the best available information at the Measurement Date. Although the Valuer may look to the Fund Manager for the mechanics of their Fair Value estimation procedures, the Valuer needs to have appropriate processes and related controls in place to enable the Valuer to assess and understand the valuations received from the Fund Manager. If NAV is not derived from the Fair Value of underlying Investments and/or is not as of the same Measurement Date as that used by the Valuer of the Fund interest, then the Valuer will need to assess whether such differences are significant, resulting in the need to adjust reported NAV.

4.3 Secondary Transactions

When a Valuer of an interest knows the relevant terms of a Secondary Transaction in that particular Fund and the transaction is orderly, the Valuer must consider the transaction price as one component of the information used to measure the Fair Value of a Fund Interest.

4.4 Other Valuation Approaches for Fund Interests

When NAV is not or cannot be used as a starting point to estimate the Fair Value of a Fund Interest and market information is not available an income-based Valuation Technique would be used to estimate Fair Value of a Fund Interest.

[6] Net Asset Value (NAV) is the amount estimated as being attributable to the investors in that Fund on the basis of the Fair Value of the underlying Investee Companies and other assets and liabilities.