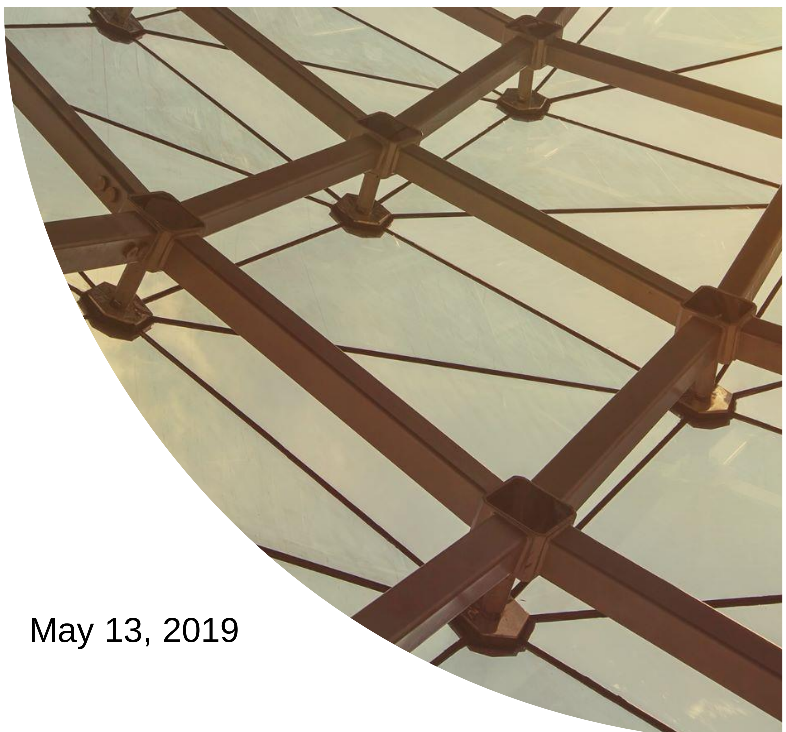

# Fair Value Analysis of Energi Fenestration Solutions, Ltd

## Valuation as of March 31, 2019

May 13, 2019

# Disclaimer and Confidentiality Statement

This report ("Report") has been prepared by Lincoln Partners Advisors LLC ("Lincoln" or "we") from materials and information supplied (whether orally or in writing) by or on behalf of OpenGate Capital (collectively with its subsidiaries and affiliates, "OGC") as well as publicly available data and information. This Report is delivered subject to the conditions, scope of engagement, limitations and understandings set forth herein and in our engagement letter dated November 17, 2016. The valuations herein shall represent the findings of Lincoln based solely upon the information furnished by or on behalf of OGC, and other publicly accessible sources, and shall be considered advisory in nature only.

In arriving at the valuations herein, Lincoln has relied upon and assumed the accuracy and completeness of the financial information supplied to us and considered in our analysis, and we do not assume any responsibility for independent verification of such information. The valuations herein assume that information and representations made by management regarding the portfolio companies are accurate in all material respects. For those cases in which information was not available as of the valuation date, Lincoln assumed that there was no material change between the date of the most current information provided to us and the valuation date.

Our valuations herein are based on a limited scope analysis, primarily based on information provided by OGC and discussions with the management of OGC. Lincoln has not made any independent valuation or appraisal of the assets and liabilities of any portfolio company, has not visited or made any physical inspection of the portfolio companies and has not interviewed the management of the portfolio companies.

Our analysis and the valuations herein are necessarily based on general economic, financial, market, operating and other conditions as they exist and can be evaluated by us as of the valuation date and must be considered in that context. Unanticipated events and circumstances may occur and actual results may vary from those assumed. The variations may be material. Lincoln makes no warranty and is not responsible for losses or damages arising out of errors, omissions or changes in market factors, or any conditions and circumstances beyond its control. Except where otherwise indicated, the analysis in this Report speaks as of the valuation date. Under no circumstances should the delivery of this Report imply that the analysis would be the same if made as of any other date.

In arriving at the valuations herein, Lincoln has relied upon certain statements, estimates and projections provided by OGC with respect to the historical and anticipated future performance of each portfolio company. Such statements, estimates and projections contain or are based on significant assumptions and subjective judgments made by management of OGC. These assumptions and judgments may or may not be correct, and there can be no assurance that any projected results are attainable or will be realized. Lincoln was not requested to and has not attempted to independently verify any such statements, estimates and projections, and as such, Lincoln makes no representation or warranty as to, and assumes no responsibility for, their accuracy or completeness and for the effect which any such inaccuracy or incompleteness may have on the results or judgments contained in this Report.

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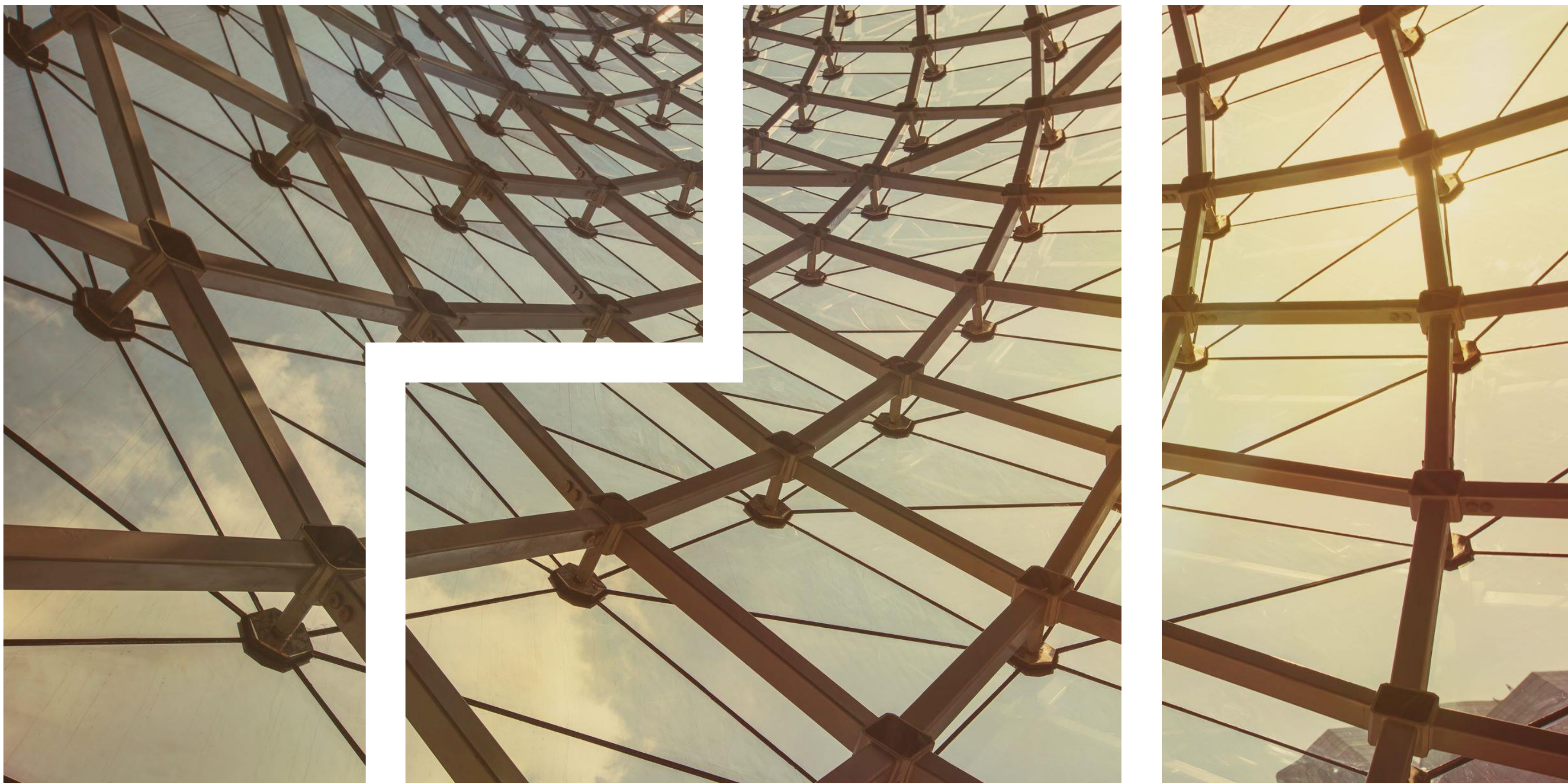
We have acted as an independent financial advisor to the management of OGC and will receive a customary fee from OGC for our services. Our fees are not contingent upon the valuations provided herein, and neither Lincoln nor any of its employees have a present or intended financial interest in OGC or the portfolio companies unless otherwise disclosed to OGC. We may have rendered in the past or may render in the future certain financial advisory services to the portfolio companies or parties involved in transactions with the portfolio companies.

We have not been engaged to identify prospective purchasers or to ascertain the actual prices at which and terms on which each of the portfolio companies could currently be sold. No opinion, counsel or interpretation is intended for use in matters that require legal, accounting, tax or other professional advice. It is assumed that such opinions, counsel or interpretations have been or will be obtained from the appropriate professional sources.

# Table of Contents

# Executive Summary

Section 1



# Executive Summary

## Terms of Engagement

- Lincoln Partners Advisors LLC ("Lincoln") has been retained by OpenGate Capital ("OGC") as an independent financial advisor for the purpose of providing written valuations (each, a "Valuation") as of March 31, 2019 (the "Valuation Date") of certain control, affiliate and non-control/non-affiliate investments of preferred stock, common stock, membership interests and warrants (individually, the "Investment"; collectively, the "Investments"). The portfolio company in which OGC owns an Investment is herein referred to as the "Portfolio Company." The Valuation will be used by OGC to assist with its determination of the fair value of the Investment in accordance with the fair measurement principles of Accounting Standards Codification Topic 820, Fair Value Measurements and Disclosure (ASC 820), issued by the Financial Accounting Standards Board (FASB).

## Scope of Analysis

- In connection with Lincoln's activities on behalf of OGC and the performance of its services hereunder, we have, among other things:
- Reviewed credit agreements and amendments for debt when available;
- Reviewed audited and/or unaudited financial statements when available, as well as internal financial statements as provided by OGC, for the most current period prior to the close of the quarter;
- Reviewed certain business, financial and other information relating to the Portfolio Companies, including financial budgets or forecasts prepared by management of the Portfolio Companies;
- Reviewed investment report memoranda prepared on the Investments by OGC;
- Discussed with OGC the investment thesis and business, financial outlook and prospects of the Portfolio Companies;
- Reviewed certain financial and other information for the Portfolio Companies and compared that data and information with certain stock trading and corresponding data and information for companies with publicly traded securities that we deemed relevant; and
- Considered such other information, financial studies, analyses and investigations and financial, economic and market criteria that we deemed relevant.

# Summary of Conclusions

## Summary Conclusions - Energi

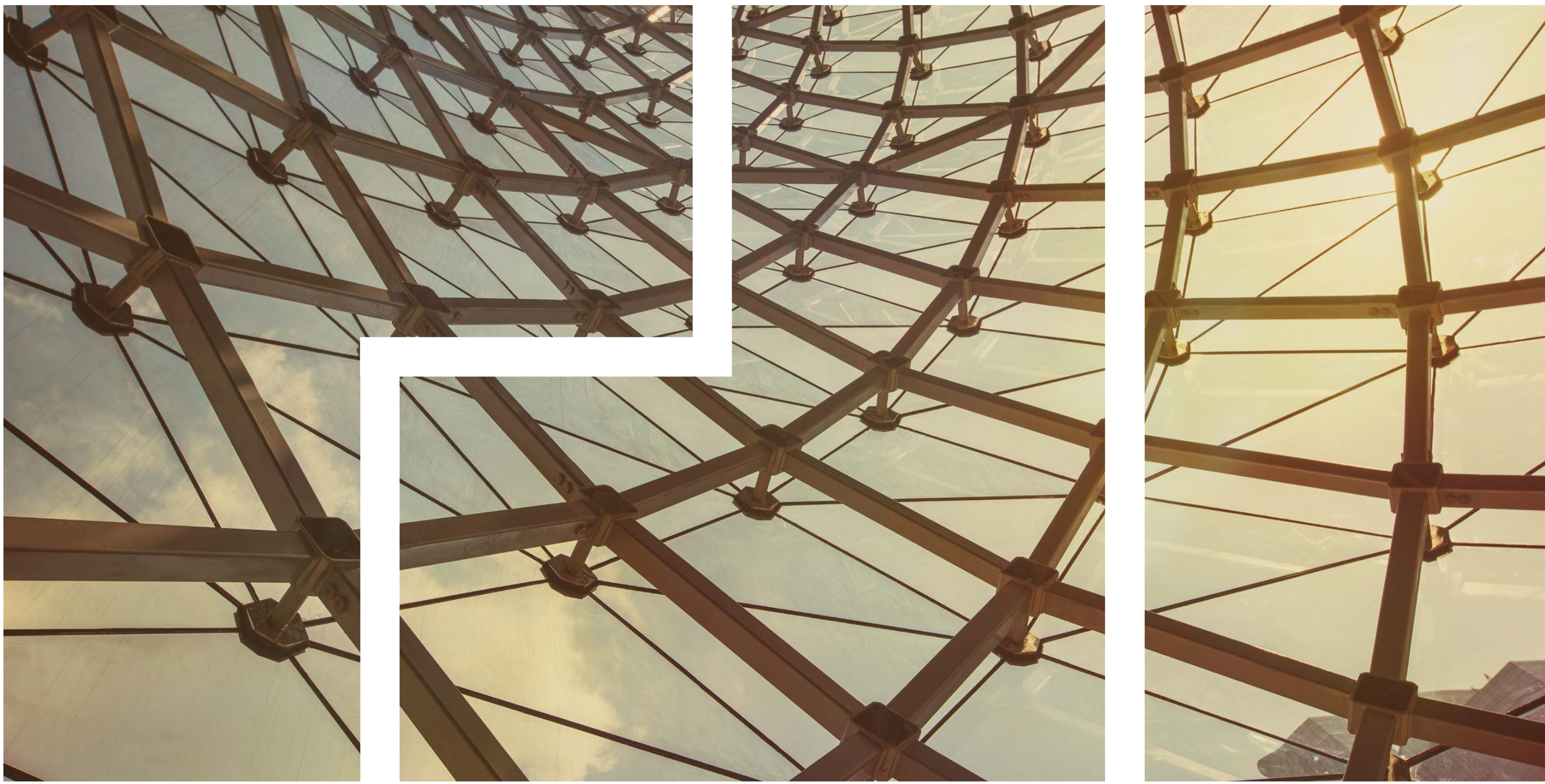
| | Weighting | Fair Value Low | Fair Value Mid | Fair Value High |
|---|---|---|---|---|
| **Enterprise Value Indications:** | | | | |
| **Market Approach:** | | | | |
| Selected Public Companies Analysis | 25.0% | $ 55,337 | $ 58,047 | $ 60,756 |
| Precedent Transactions Analysis | 25.0% | 59,165 | 61,737 | 64,310 |
| **Income Approach:** | | | | |
| Discounted Cash Flow Analysis | 50.0% | 64,039 | 67,320 | 70,720 |
| **Indicated Enterprise Value** | | **$ 60,645** | **$ 63,606** | **$ 66,626** |
| Add: Excess Cash (1) | | $ - | $ - | $ - |
| Less: Total Debt (2) | | (31,454) | (31,454) | (31,454) |
| **Indicated Total Equity Value** | | **$ 29,191** | **$ 32,152** | **$ 35,172** |

| | 3/31/2019 | Implied Fair Value | | | Implied Fair Value as % Cost | | |
|---|---|---|---|---|---|---|---|
| Security | Cost Basis | Low | Mid | High | Low | Mid | High |
| Management Share of Equity | *n/a* | $ 984 | $ 1,162 | $ 1,343 | *n/a* | *n/a* | *n/a* |
| OGC Share of Equity (3) | $ 26,000 | 41,414 | 44,197 | 47,037 | 159.3% | 170.0% | 180.9% |
| OGC Share of Equity (4) | 12,793 | 28,207 | 30,990 | 33,830 | 220.5% | 242.2% | 264.4% |

(1) Excess cash is swept against the Revolver
(2) Total debt calculated as: Average Revolver (average of Q1 2019, Q2 2019E, Q3 2019E, Q4 2019E) and Term Debt of $13.3 million
(3) Represents original cost basis; Fair value includes $13.2 million dividend received in May 2017
(4) Represents adjusted cost basis calculated as initial investment less May 2017 dividend

# Energi Fenestration Solutions, Ltd

## Section 2



# Energi Fenestration Solutions, Ltd ("Energi")

## Industry: Diversified Building Products

## Initial Investment: March 31, 2016

| Valuation Date: | Initial Investment<br>March 31, 2016 | Prior Period<br>December 31, 2018 | | | Current Period<br>March 31, 2019 | | | Change | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Fair Value Conclusion** | Purchase Price | Low | Mid | High | Low | Mid | High | Low | Mid | High |
| **Enterprise Value** | **$ 33,777** | **$ 59,733** | **$ 62,735** | **$ 65,800** | **$ 60,645** | **$ 63,606** | **$ 66,626** | **$ 912** | **$ 871** | **$ 826** |
| Selected Public Companies Analysis | | $ 55,630 | $ 58,354 | $ 61,078 | $ 55,337 | $ 58,047 | $ 60,756 | $ (293) | $ (307) | $ (322) |
| Precedent Transactions Analysis | | 59,472 | 62,058 | 64,643 | 59,165 | 61,737 | 64,310 | (307) | (320) | (334) |
| Discounted Cash Flow Analysis | | 61,915 | 65,264 | 68,740 | 64,039 | 67,320 | 70,720 | 2,124 | 2,055 | 1,979 |
| OGC Common Value | $ 26,000 | $ 28,405 | $ 31,226 | $ 34,108 | $ 28,207 | $ 30,990 | $ 33,830 | $ (197) | $ (236) | $ (278) |
| **Financial Metrics** | As of December 2015 | | As of December 2018 | | | As of March 2019 | | | Amount | % |
| LTM Revenue | $ 164,035 | | $ 170,508 | | | $ 165,039 | | | $ (5,469) | -3.2% |
| LTM EBITDA | 1,921 | | 10,343 | | | 10,290 | | | (53) | -0.5% |
| *% Margin* | *1.2%* | | *6.1%* | | | *6.2%* | | | | |
| Forward Revenue [1] | $ 167,003 | | $ 178,863 | | | $ 174,701 | | | $ (4,162) | -2.3% |
| Forward EBITDA [1] | 7,502 | | 11,447 | | | 11,386 | | | (62) | -0.5% |
| *% Margin* | *4.5%* | | *6.4%* | | | *6.5%* | | | | |
| Total Net Leverage [2] | 1.0x | | 2.6x | | | 2.8x | | | 0.1x | |
| Net Debt | $ 7,777 | | $ 30,332 | | | $ 31,454 | | | $ 1,122 | |
| **Implied Multiples** | Purchase Multiples | Low | Mid | High | Low | Mid | High | Low | Mid | High |
| Implied LTM Revenue Multiple | 0.2x | 0.4x | 0.4x | 0.4x | 0.4x | 0.4x | 0.4x | 0.0x | 0.0x | 0.0x |
| Implied LTM EBITDA Multiple | 17.6x | 5.8x | 6.1x | 6.4x | 5.9x | 6.2x | 6.5x | 0.1x | 0.1x | 0.1x |
| Implied Forward Revenue Multiple | 0.2x | 0.3x | 0.4x | 0.4x | 0.3x | 0.4x | 0.4x | 0.0x | 0.0x | 0.0x |
| Implied Forward EBITDA Multiple | 4.5x | 5.2x | 5.5x | 5.7x | 5.3x | 5.6x | 5.9x | 0.1x | 0.1x | 0.1x |

### Financial Metrics and Company Valuation

- LTM revenue decreased 3.2% from the prior period primarily due to winter storms leading to lower demand; however, LTM EBITDA was in line with the prior period due to successful cost savings initiatives
- OGC slightly revised its forecast downward in the current period due to an underperformance to budget through the first three months of FY 2019
- LTM and 2019E EBITDA used as Valuation Drivers in the current period analysis, consistent with the prior period

### Lincoln Valuation Assumptions

- Lincoln maintained both its LTM and NCY EBITDA multiple ranges from the prior period due to observed stability in the trading multiples of the selected public companies
- Precedent transaction multiple maintained from the prior period reflecting a lack of updated transaction information; the selected multiple range approximates the LTM EBITDA multiple range utilized in the selected public companies analysis
- DCF exit multiple maintained from the prior period due to the observed stability in the trading multiples of the selected public companies

### Fair Value Conclusion

- At the midpoint, estimated enterprise value increased 1.4% from the prior period reflecting stable performance
- OGC's common value decreased 0.8% from the prior period due to an increase in net debt as a result of a higher revolver draw

Note: All tables express USD in thousands unless otherwise noted, FY 2018 results were restated since the prior period to reflect post close adjustments; as such the prior period historical financial statistics do not agree to the FY 2018 financial results presented in the report herein
(1) FY 2016E at initial investment and FY 2019E in prior and current period
(2) Net leverage calculated based on Forward EBITDA

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ENERGI FENESTRATION SOLUTIONS

# Business and Transaction Overview

## Initial Transaction

| | 3/31/2016 Amount | Multiple of EBITDA | Cumulative Multiple | % of Total Cap |
|---|---|---|---|---|
| Revolver [1] | $ 8,167 | 1.1x | 1.1x | 24.2% |
| Earnout [2] | - | 0.0x | 1.1x | 0.0% |
| Total Debt | $ 8,167 | 1.1x | 1.1x | 24.2% |
| Less: Cash | (390) | (0.1x) | 1.0x | (1.2%) |
| Net Debt | $ 7,777 | 1.0x | 1.0x | 23.0% |
| Common Equity | $ 26,000 | 3.5x | 4.5x | 77.0% |
| Total Equity | $ 26,000 | 3.5x | 4.5x | 77.0% |
| Total Capitalization | $ 33,777 | 4.5x | 4.5x | 100.0% |
| **FY 2016E EBITDA** | **$ 7,502** | | | |

## Business and Transaction Overview

- Energi is a custom manufacturer of rigid and cellular vinyl window and door profiles with a #1 leading position in Canada and #2 leading position in the United States. The company's products include: (i) window and door profiles (75% of sales at close), (ii) fully fabricated patio doors (14%), and (iii) interior vinyl shutters, tubs, showers, and other non-fenestrated products (11%).
- On March 31, 2016, OpenGate Capital ("OGC") purchased Energi from Axiall Corporation ("Axiall") for $33.8 million (including fees and expenses), or 4.5x 2016E EBITDA of $7.5 million. The transaction was financed with an $8.2 million draw on the Revolver ($20.3 million commitment) and $26.0 million of equity.
- As part of the purchase agreement, OGC will pay a performance payment ("Earnout") based on certain established EBITDA thresholds. The Earnout was fully repaid as of the Valuation Date.

## Underwriting Considerations

- Energi has a leading market position in Canada and the U.S. in the window and door profile industry, with a reputation of delivering custom made, differentiated products. The industry benefits from high barriers to entry as significant capital expenditures are necessary to enter the market. Unlike other constituents in the building products industry, Energi's business is less cyclical over 50% comes from remake and remodel.
- The company has established long-term customer relationships, with approximately 40% of total revenue generated from its top ten customers.
- OGC and company management identified significant cost saving opportunities, including (i) ~$7 million of operational cost savings, and (ii) $2.6 million of annual savings from plant consolidation.

## Recent Developments

- In May 2017, OGC completed a dividend recapitalization, funded by $13.2 million of Term Debt provided by Bank of America.
- In Q4 2017, OGC hired bankers to explore a sale process, but opted to hold the company until at least 2019 for tax purposes.
- In Q4 2017, Energi's current CEO, Jesse Hawthorne, left the company; subsequently in February 2018, OGC hired his replacement.
- In Q2 2018, Energi's new CEO presented a plan to reduce COGS by sourcing a different type of lower priced resin. The cost savings resulting from this change in resin sourcing are expected to amount to $2.5 million annually beginning in 2019. The effects of these cost savings began to be realized in Q4 2018.

Source: Robin Funds Flow - (3-31)_v3; Project Robin - IC Presentation (2-22-16)_FINAL
(1) $20.3 million total commitment
(2) Earnout excluded from initial capitalization table

# Financial Overview

## Underwriting Forecast vs. Actual / Valuation Date Forecast

| | Actual 12/31/2016 | Actual 12/31/2017 | Actual 12/31/2018 | Revised 12/31/2019 | Revised 12/31/2020 | n/a 12/31/2021 | n/a 12/31/2022 | n/a 12/31/2023 |
|---|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | | |
| Underwriting Projections | $ 167,003 | $ 168,357 | $ 170,041 | $ 171,741 | $ 173,459 | *n/a* | *n/a* | *n/a* |
| 12/31/2018 Projections | 170,742 | 172,416 | 170,508 | 178,863 | 179,757 | $ 180,656 | $ 181,559 | $ 182,467 |
| Actual Results / Revised Forecast | 170,742 | 172,416 | 170,574 | 174,701 | 175,574 | 176,452 | 177,334 | 178,221 |
| Over Underwriting Projections | $ 3,738 | $ 4,058 | $ 533 | $ 2,959 | $ 2,116 | *n/a* | *n/a* | *n/a* |
| | *2.2%* | *2.4%* | *0.3%* | *1.7%* | *1.2%* | *n/a* | *n/a* | *n/a* |
| **Adjusted EBITDA** | | | | | | | | |
| Underwriting Projections | $ 7,502 | $ 9,818 | $ 11,156 | $ 11,848 | $ 12,043 | *n/a* | *n/a* | *n/a* |
| 12/31/2018 Projections | 12,423 | 11,315 | 10,343 | 11,447 | 12,403 | $ 14,272 | $ 15,251 | $ 15,510 |
| Actual Results / Revised Forecast | 12,423 | 11,315 | 10,180 | 11,386 | 12,131 | 13,957 | 14,913 | 15,166 |
| Over Underwriting Projections | $ 4,920 | $ 1,497 | $ (976) | $ (462) | $ 88 | *n/a* | *n/a* | *n/a* |
| | *65.6%* | *15.2%* | *-8.7%* | *-3.9%* | *0.7%* | *n/a* | *n/a* | *n/a* |

## Summary Historical Operating Results

| | Fiscal Year Ended | | | Three Months Ended | | LTM | Projected Year Ending | |
|---|---|---|---|---|---|---|---|---|
| | 12/31/2016 | 12/31/2017 | 12/31/2018 | 3/31/2018 | 3/31/2019 | 3/31/2019 | 12/31/2019 | 12/31/2020 |
| Revenue | $ 170,742 | $ 172,416 | $ 170,574 | $ 38,666 | $ 33,131 | $ 165,039 | $ 174,701 | $ 175,574 |
| *% Growth* | *n/a* | *1.0%* | *-1.1%* | *n/a* | *-14.3%* | *-3.2%* | *2.4%* | *0.5%* |
| **Adjusted EBITDA** | **$ 12,423** | **$ 11,315** | **$ 10,180** | **$ 659** | **$ 768** | **$ 10,290** | **$ 11,386** | **$ 12,131** |
| *% Margin* | *7.3%* | *6.6%* | *6.0%* | *1.7%* | *2.3%* | *6.2%* | *6.5%* | *6.9%* |

## Commentary

- LTM March 2019 EBITDA was in line with FY 2018 EBITDA. However, YTD March 2019 EBITDA was behind budget by 70.4% due to a worse than expected winter leading to decreased demand. Per discussions with OGC, the decline in EBITDA is expected to be one time in nature and the company expects to perform on plan throughout the remainder of the year.
- The revised forecast reflects a decrease in projected EBITDA due to the company's underperformance compared to budget through the first three months of FY 2019; however, the full year forecast remains largely in line with the prior period as the company continues to expect to recognize cost savings due to the initiatives put in place in FY 2018.

Source: Energi 5 Year Plan
Note: FY 2018 results were restated since the prior period to reflect post close adjustments

# Market Approach – Selected Public Companies Analysis

| | Weighting | Selected Multiples Low | Selected Multiples High | Energi Financial Statistic | Enterprise Value Low | Enterprise Value Mid | Enterprise Value High |
|---|---|---|---|---|---|---|---|
| **Last Twelve Months:** | | | | | | | |
| Enterprise Value / EBITDA | 50.0% | 5.50x | 6.00x | $ 10,290 | $ 56,592 | $ 59,165 | $ 61,737 |
| **Next Calendar Year:** | | | | | | | |
| Enterprise Value / EBITDA | 50.0% | 4.75x | 5.25x | 11,386 | 54,082 | 56,928 | 59,775 |
| **Selected Public Companies Analysis Indication of Value** | | | | | **$ 55,337** | **$ 58,047** | **$ 60,756** |

## Commentary

- Lincoln concluded valuation multiple ranges of **5.50x to 6.00x LTM EBITDA** and **4.75x to 5.25x 2019E EBITDA**.
- In concluding on its valuation multiple ranges, Lincoln considered the following:
  - Lincoln selected public companies in the diversified building products industry who serve comparable end markets and experience similar supply and demand economics as Energi. The selected companies provide a general proxy for market movements and represent industry multiples as a whole.
  - Lincoln maintained its LTM EBITDA multiple range from the prior period due to the stability of the LTM EBITDA multiples of the selected public companies. The midpoint of the selected LTM EBITDA multiple range of 5.75x implies a discount of 14.3% to the size and profitability adjusted Adjusted Mean LTM EBITDA multiple of the selected public companies of 6.7x. The discount is supported by Energi's lower growth profile when compared to the selected public companies and is comparable to the 13.7% discount implied in the prior period.
  - Lincoln maintained its 2019E EBITDA multiple range due to the stability of the NCY EBITDA multiples of the selected public companies compared to the prior period. The midpoint of the selected 2019E EBITDA multiple range of 5.0x implies a discount of 15.2% to the size and profitability adjusted Adjusted Mean NCY EBITDA multiple of the selected public companies of 5.9x, which is comparable to the discount of 9.1% implied in the prior period. The discount is reflective of Energi's lower growth profile.

# Market Approach – Selected Public Companies Analysis (continued)

| Company Name | Stock Price | % of 52 Week High | Market Capitalization | Enterprise Value | Net Debt / EBITDA | LTM Revenue | LTM EBITDA | LTM EBITDA Margin | 3-Year CAGR Revenue | 3-Year CAGR EBITDA | NCY Projected Growth Revenue | NCY Projected Growth EBITDA |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Deceuninck NV | $ 2.36 | 70.0% | $ 323 | $ 431 | 1.3x | $ 772 | $ 83 | 10.8% | 3.3% | 11.6% | 1.9% | 2.8% |
| JELD-WEN Holding, Inc. | 17.66 | 54.6% | 1,781 | 3,142 | 3.5x | 4,347 | 384 | 8.8% | 8.7% | 16.0% | 2.8% | 26.6% |
| Masonite International Corporation | 49.89 | 68.0% | 1,275 | 1,968 | 2.7x | 2,170 | 257 | 11.8% | 5.0% | 10.6% | 3.9% | 11.2% |
| PGT Innovations, Inc. | 13.85 | 52.5% | 804 | 1,119 | 2.6x | 698 | 120 | 17.2% | 21.5% | 25.8% | 12.9% | 22.5% |
| Quanex Building Products Corporation | 15.89 | 78.3% | 525 | 738 | 2.4x | 895 | 88 | 9.9% | 7.6% | 5.3% | 4.0% | 14.8% |
| Trex Company, Inc. | 61.52 | 67.8% | 3,621 | 3,516 | *nmf* | 684 | 193 | 28.2% | 15.8% | 28.1% | 9.8% | 12.5% |
| Westlake Chemical Corporation | 67.86 | 54.6% | 8,718 | 11,119 | 0.9x | 8,635 | 2,054 | 23.8% | 24.6% | 20.0% | 2.5% | (6.0)% |
| **Mean** | | **63.7%** | **$ 2,435** | **$ 3,147** | **2.2x** | **$ 2,600** | **$ 454** | **15.8%** | **12.4%** | **16.8%** | **5.4%** | **12.0%** |
| **Adjusted Mean** | | **63.0%** | **1,601** | **2,096** | **2.2x** | **1,776** | **208** | **14.7%** | **11.7%** | **16.8%** | **4.6%** | **12.7%** |
| **Median** | | **67.8%** | **1,275** | **1,968** | **2.5x** | **895** | **193** | **11.8%** | **8.7%** | **16.0%** | **3.9%** | **12.5%** |
| **Energi Fenestration Solutions, Inc.** | | | | | **2.8x** | **$ 165** | **$ 10** | **6.2%** | **(1.5)%** | **(8.0)%** | **2.4%** | **11.8%** |

| Company Name | EV / LTM Revenue 3/31/2016 | EV / LTM Revenue 12/31/2018 | EV / LTM Revenue 3/31/2019 | EV / LTM EBITDA 3/31/2016 | EV / LTM EBITDA 12/31/2018 | EV / LTM EBITDA 3/31/2019 | EV / NCY EBITDA 3/31/2016 | EV / NCY EBITDA 12/31/2018 | EV / NCY EBITDA 3/31/2019 | 3-Year Average EV / LTM Revenue | 3-Year Average EV / LTM EBITDA |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Deceuninck NV | 0.7x | 0.6x | 0.6x | 8.2x | 5.4x | 5.2x | 6.7x | 5.5x | 5.0x | 0.7x | 7.1x |
| JELD-WEN Holding, Inc. | *n/a* | 0.7x | 0.7x | *n/a* | 7.8x | 8.2x | *n/a* | 6.2x | 6.5x | 0.8x | 9.2x |
| Masonite International Corporation | 1.3x | 0.8x | 0.9x | 13.0x | 7.0x | 7.7x | 9.7x | 6.4x | 6.9x | 1.2x | 10.4x |
| PGT Innovations, Inc. | 1.6x | 2.0x | 1.6x | 10.2x | 11.1x | 9.3x | 7.3x | 10.0x | 7.6x | 1.9x | 12.2x |
| Quanex Building Products Corporation | 1.2x | 0.7x | 0.8x | 12.1x | 7.1x | 8.4x | 7.5x | 7.2x | 7.3x | 1.0x | 9.5x |
| Trex Company, Inc. | 3.4x | 5.1x | 5.1x | 16.1x | 18.0x | 18.2x | 12.8x | 17.3x | 16.2x | 5.0x | 19.0x |
| Westlake Chemical Corporation | 1.3x | 1.3x | 1.3x | 5.0x | 5.0x | 5.4x | 5.7x | 5.0x | 5.8x | 1.9x | 8.4x |
| **Mean** | **1.6x** | **1.6x** | **1.6x** | **10.8x** | **8.8x** | **8.9x** | **8.3x** | **8.2x** | **7.9x** | **1.8x** | **10.8x** |
| **Adjusted Mean** | **1.4x** | **1.1x** | **1.1x** | **10.9x** | **7.7x** | **7.8x** | **7.8x** | **7.1x** | **6.8x** | **1.4x** | **9.9x** |
| **Median** | **1.3x** | **0.8x** | **0.9x** | **11.1x** | **7.1x** | **8.2x** | **7.4x** | **6.4x** | **6.9x** | **1.2x** | **9.5x** |

| Company Name | Raw Valuation Multiples EV / LTM Revenue | Raw EV / LTM EBITDA | Raw EV / NCY Revenue | Raw EV / NCY EBITDA | Raw 3-Yr Average EV / LTM Revenue | Raw 3-Yr Average EV / LTM EBITDA | Size and Profitability Adjusted Valuation Multiples EV / LTM Revenue | Adjusted EV / LTM EBITDA | Adjusted EV / NCY Revenue | Adjusted EV / NCY EBITDA | Adjusted 3-Yr Average EV / LTM Revenue | Adjusted 3-Yr Average EV / LTM EBITDA |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Deceuninck NV | 0.6x | 5.2x | 0.5x | 5.0x | 0.7x | 7.1x | 0.3x | 4.8x | 0.3x | 4.7x | 0.4x | 6.4x |
| JELD-WEN Holding, Inc. | 0.7x | 8.2x | 0.7x | 6.5x | 0.8x | 9.2x | 0.5x | 6.7x | 0.5x | 5.5x | 0.6x | 7.4x |
| Masonite International Corporation | 0.9x | 7.7x | 0.9x | 6.9x | 1.2x | 10.4x | 0.5x | 6.5x | 0.5x | 5.9x | 0.6x | 8.3x |
| PGT Innovations, Inc. | 1.6x | 9.3x | 1.4x | 7.6x | 1.9x | 12.2x | 0.6x | 8.1x | 0.5x | 6.7x | 0.7x | 10.1x |
| Quanex Building Products Corporation | 0.8x | 8.4x | 0.8x | 7.3x | 1.0x | 9.5x | 0.5x | 7.4x | 0.5x | 6.5x | 0.6x | 8.3x |
| Trex Company, Inc. | 5.1x | 18.2x | 4.7x | 16.2x | 5.0x | 19.0x | 1.0x | 13.4x | 0.9x | 12.3x | 1.0x | 13.9x |
| Westlake Chemical Corporation | 1.3x | 5.4x | 1.3x | 5.8x | 1.9x | 8.4x | 0.3x | 4.4x | 0.3x | 4.7x | 0.5x | 6.3x |
| **Mean** | **1.6x** | **8.9x** | **1.5x** | **7.9x** | **1.8x** | **10.8x** | **0.5x** | **7.3x** | **0.5x** | **6.6x** | **0.6x** | **8.7x** |
| **Adjusted Mean** | **1.1x** | **7.8x** | **1.0x** | **6.8x** | **1.4x** | **9.9x** | **0.5x** | **6.7x** | **0.5x** | **5.9x** | **0.6x** | **8.1x** |
| **Median** | **0.9x** | **8.2x** | **0.9x** | **6.9x** | **1.2x** | **9.5x** | **0.5x** | **6.7x** | **0.5x** | **5.9x** | **0.6x** | **8.3x** |

Source: Capital IQ and company filings
Note: USD in millions; Adjusted Mean removes the highest and lowest values of data set

# Market Approach – Precedent Transactions Analysis

| | Selected Multiples | | Energi Financial | Enterprise Value | | |
|---|---|---|---|---|---|---|
| | Low | High | Statistic | Low | Mid | High |
| **Last Twelve Months:** | | | | | | |
| Enterprise Value / EBITDA | 5.75x | 6.25x | $ 10,290 | $ 59,165 | $ 61,737 | $ 64,310 |
| **Precedent Transactions Analysis Indication of Value** | | | | **$ 59,165** | **$ 61,737** | **$ 64,310** |

## Commentary

- Lincoln concluded a valuation multiple range of **5.75x to 6.25x LTM EBITDA**.
- Lincoln identified several transactions in the diversified building products industry that involve acquisition targets comparable to Energi, as detailed below:
  - Lincoln identified M&A transactions with publicly disclosed metrics. The identified transactions have an Adjusted Mean LTM EBITDA multiple of 10.3x. No new transactions were identified since the prior period.
  - Additionally, Lincoln identified four transactions in which Lincoln acted as an advisor in the deal (details are not disclosed for confidentiality purposes). The Adjusted Mean LTM EBITDA multiple and deal size of the transactions were 5.9x and $97.3 million, respectively. No new transactions were identified since the prior period.
  - Lastly, Lincoln viewed statistics from GF Data, which aggregates closed deal information for middle market companies, from the (i) Wood Window and Door Manufacturing, and (ii) Metal Window and Door Manufacturing industries. GF Data presented average LTM EBITDA multiples of 5.9x and 5.8x, respectively.
- Lincoln's concluded valuation multiple range was maintained from the prior period given the lack of new transactions identified from the prior period. The concluded multiple range approximates the LTM EBITDA multiple selected in the selected public companies analysis.
- The concluded multiple range encompasses both the Adjusted Mean EBITDA multiple of the deals in which Lincoln acted as an advisor and the GF Data multiples for the Wood Window and Door Manufacturing and Metal Window and Door Manufacturing industries. These transactions were similar in size to Energi. In contrast, Lincoln's concluded multiple range represents a large discount to the identified M&A transactions with publicly disclosed deal metrics due to Energi's smaller size and lower EBITDA margins.

# Market Approach – Precedent Transactions Analysis (continued)

| Closed Date | Target | Acquirer | Target Description | Enterprise Value | Enterprise Value / LTM Sales | Enterprise Value / LTM EBITDA | EBITDA Margin |
|---|---|---|---|---|---|---|---|
| Sep-18 | Hubei Sanxia New Building Materials Co., Ltd. | Dangyang Construction Investment Holding Group Co., Ltd | Hubei Sanxia New Building Materials Co., Ltd. engages in the research, production, and sale of float glass, glass deep-processing products, and building materials in China. | $ 1,674 | 0.9x | 14.5x | 5.9% |
| Aug-18 | WWS Acquisition, LLC | PGT Innovations, Inc. | WWS Acquisition, LLC, doing business as Western Window Systems, designs and manufactures aluminum windows and door products in the United States. | 360 | *n/a* | 19.2x | *n/a* |
| Jun-18 | John Guest Holdings Limited | Reliance Worldwide Corporation Limited | John Guest Holdings Limited manufactures plastic push to connect (PTC) fittings for plumbing and heating, water quality and fluid dispense, and industrial PTC end markets. | 919 | 4.1x | 12.4x | 32.9% |
| Apr-18 | Ply Gem Midco, Inc. | Clayton, Dubilier & Rice, Inc. | Ply Gem Midco, Inc. manufactures and sells residential and commercial building products in the United States and Canada. | 2,261 | 1.1x | 9.9x | 11.1% |
| Mar-18 | Ashland Products Inc. | Amesbury Group Inc. | Ashland Products Inc. manufactures residential window and door hardware for the fenestration industry. | 101 | 1.5x | 9.0x | 16.7% |
| Jan-18 | PIMAS Plastik Insaat Malzemeleri A.S. | Ege Profil Ticaret ve Sanayi Anonim Sirketi | PIMAS Plastik Insaat Malzemeleri A.S. manufactures and sells PVC pipes in Turkey and internationally. | 41 | 0.8x | 10.1x | 7.6% |
| Nov-17 | Quest Window Systems Inc. | Exchange Income Corporation | Quest Window Systems Inc. manufactures advanced unitized window wall systems used in high-rise multi-family residential projects. | 78 | *n/a* | 6.7x | *n/a* |
| Jun-17 | AS Valmieras stikla skiedra | *n/a* | AS Valmieras stikla skiedra produces and trades in fiberglass and fiberglass products in European Union, North America, CIS, and other countries. | 128 | 0.9x | 6.5x | 13.7% |
| May-17 | Headwaters Incorporated | Boral Industries Inc. | Headwaters Incorporated provides products and services to building and construction materials sectors in the United States and Canada. | 2,558 | 2.4x | 14.3x | 16.7% |
| Feb-17 | Futura Industries Corporation | The William L. Bonnell Company, Inc. | Futura Industries Corporation, an aluminum extruding company, delivers customized and start-to-finish aluminum extrusion services. | 92 | *n/a* | 6.8x | *n/a* |
| Jan-17 | Taiga Building Products Ltd. | Avarga Canada Limited | Taiga Building Products Ltd. operates as a wholesale distributor of building products in Canada and the United States. | 181 | 0.2x | 5.8x | 3.3% |
| Aug-16 | Axiall Corporation | Westlake Chemical Corporation | Axiall Corporation manufactures and markets chemicals and building products in the United States and internationally. | 3,753 | 1.2x | 13.7x | 8.6% |
| Jan-16 | Stormking Plastics Limited | Epwin Group PLC | Stormking Plastics Limited manufactures and supplies GRP building components and solutions to the house building and construction industry in the United Kingdom. | 43 | 1.3x | 9.8x | 13.2% |
| **Mean** | | | | **$ 938** | **1.4x** | **10.7x** | **13.0%** |
| **Adjusted Mean** | | | | **763** | **1.2x** | **10.3x** | **11.7%** |
| **Median** | | | | **181** | **1.1x** | **9.9x** | **12.1%** |
| **Mar-16** | **Energi** | **OGC** | | **$ 34** | **0.2x** | **4.5x** | **4.6%** |

## GF Data Transactions as of the Valuation Date

| EV Range | Average EV | Revenues | LTM Revenue Growth | EBITDA Margin | EV / Revenue | EV / EBITDA | Transactions | EV / EBITDA Std. Dev. |
|---|---|---|---|---|---|---|---|---|
| Wood Window and Door Manufacturing | | | | | | | | |
| $10 - $50 | $ 24.4 | $ 31.0 | 11% | 17% | 1.0x | 5.9x | 4 | 1.4x |
| Total | $ 24.4 | $ 31.0 | 11% | 17% | 1.0x | 5.9x | 4 | 1.4x |
| Metal Window and Door Manufacturing | | | | | | | | |
| $10 - $25 | $ 19.3 | $ 21.0 | 9% | 18% | 1.1x | 5.9x | 3 | 1.8x |
| $25 - $250 | 64.0 | 65.7 | 5% | 20% | 1.1x | 5.7x | 5 | 0.8x |
| Total | $ 47.3 | $ 48.9 | 7% | 19% | 1.1x | 5.8x | 8 | 1.1x |

Source: Capital IQ and company filings; GF Data
Note: USD in millions; Adjusted Mean removes the highest and lowest values of data set

# Income Method – Discounted Cash Flow Analysis

| Exit Multiple | 5.00x | | | 5.25x | | | 5.50x | | |
|---|---|---|---|---|---|---|---|---|---|
| Discount Rate | 13.00% | 12.50% | 12.00% | 13.00% | 12.50% | 12.00% | 13.00% | 12.50% | 12.00% |
| | Low | | | | Mid | | | | High |
| Present Value of Discrete Cash Flows | $ 21,635 | $ 21,846 | $ 22,061 | $ 21,635 | $ 21,846 | $ 22,061 | $ 21,635 | $ 21,846 | $ 22,061 |
| Present Value of Terminal Cash Flow | 42,405 | 43,309 | 44,236 | 44,525 | 45,474 | 46,448 | 46,645 | 47,639 | 48,659 |
| Total Enterprise Value | $ 64,039 | $ 65,154 | $ 66,296 | $ 66,160 | $ 67,320 | $ 68,508 | $ 68,280 | $ 69,485 | $ 70,720 |
| Enterprise Value / LTM EBITDA | 6.2x | 6.3x | 6.4x | 6.4x | 6.5x | 6.7x | 6.6x | 6.8x | 6.9x |
| Enterprise Value / 2019E EBITDA | 5.6x | 5.7x | 5.8x | 5.8x | 5.9x | 6.0x | 6.0x | 6.1x | 6.2x |
| Terminal Value as a % of Total Value | 66.2% | 66.5% | 66.7% | 67.3% | 67.5% | 67.8% | 68.3% | 68.6% | 68.8% |
| Terminal Value at Exit | $ 75,829 | $ 75,829 | $ 75,829 | $ 79,620 | $ 79,620 | $ 79,620 | $ 83,412 | $ 83,412 | $ 83,412 |
| Implied Perpetual Growth Rate | 3.79% | 3.33% | 2.87% | 4.20% | 3.74% | 3.27% | 4.57% | 4.10% | 3.64% |

## Commentary

- Lincoln sensitized the selected discount rate of 12.5% by +/- 50 bps and the exit multiple of 5.25x by +/- 0.25x. Lincoln maintained its exit multiple assumption since the prior period reflecting the stability of the trading multiples of the selected public companies.
- The discounted cash flow analysis results in an enterprise value range of $64.0 million to $70.7 million. This range of enterprise values implies multiples of **6.2x to 6.9x LTM EBITDA and 5.6x to 6.2x 2019E EBITDA**.

# Income Method – Discounted Cash Flow Analysis (continued)

| | | Stub | Projected Year Ending, | | | | Projected |
|---|---|---|---|---|---|---|---|
| | | 12/31/2019 | 12/31/2020 | 12/31/2021 | 12/31/2022 | 12/31/2023 | CAGR [1] |
| Revenue | | $ 141,570 | $ 175,574 | $ 176,452 | $ 177,334 | $ 178,221 | 0.9% |
| *% Growth* | | *n/a* | *0.5%* | *0.5%* | *0.5%* | *0.5%* | |
| *$ Change from Prior* | | *$ (4,162)* | *$ (4,183)* | *$ (4,204)* | *$ (4,225)* | *$ (4,246)* | |
| Adjusted EBITDA | | $ 10,618 | $ 12,131 | $ 13,957 | $ 14,913 | $ 15,166 | 8.3% |
| *% Growth* | | *n/a* | *6.5%* | *15.0%* | *6.9%* | *1.7%* | |
| *% Margin* | | *7.5%* | *6.9%* | *7.9%* | *8.4%* | *8.5%* | |
| *$ Change from Prior* | | *$ (62)* | *$ (272)* | *$ (315)* | *$ (338)* | *$ (344)* | |
| Operating Income | | $ 3,635 | $ 1,391 | $ 1,616 | $ 973 | $ 1,226 | -12.4% |
| *% Margin* | | *2.6%* | *0.8%* | *0.9%* | *0.5%* | *0.7%* | |
| Less: Taxes @ 26.0% | | (945) | (362) | (420) | (253) | (319) | |
| Tax-effected EBIT (NOPLAT) | | $ 2,690 | $ 1,029 | $ 1,196 | $ 720 | $ 907 | |
| Plus: Depreciation & Amortization | | 6,982 | 10,740 | 12,340 | 13,940 | 13,940 | |
| Gross Cash Flow | | $ 9,672 | $ 11,770 | $ 13,536 | $ 14,660 | $ 14,847 | |
| Less: Increase in Working Capital | | $ 1,842 | $ (57) | $ 69 | $ (35) | $ (120) | |
| Less: Capital Expenditures | | (5,498) | (8,000) | (8,000) | (8,000) | (8,000) | |
| Unlevered Free Cash Flow | | $ 6,016 | $ 3,713 | $ 5,605 | $ 6,625 | $ 6,727 | |
| *Unlevered Free Cash Flow Growth Rate* | | *n/a* | *(38.3%)* | *51.0%* | *18.2%* | *1.5%* | |
| *$ Change from Prior* | | *$ 4,783* | *$ (1,365)* | *$ (1,337)* | *$ (926)* | *$ (926)* | |
| Partial Period Factor | | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | |
| Discount Period | | 0.38 | 1.25 | 2.26 | 3.26 | 4.26 | |
| Discount Factor | 12.5% | 0.9566 | 0.8627 | 0.7666 | 0.6815 | 0.6058 | |
| Present Value of Unlevered Cash Flows | | $ 5,755 | $ 3,203 | $ 4,297 | $ 4,515 | $ 4,075 | |

| | |
|---|---|
| Terminal EBITDA | $ 15,166 |
| Terminal Multiple | 5.3x |
| Value at Exit | $ 79,620 |
| Discount Factor | 0.5711 |
| Present Value of Terminal Value | $ 45,474 |

| | |
|---|---|
| Present Value of Discrete Period Cash Flows | $ 21,846 |
| Present Value of Terminal Value | 45,474 |
| **Indicated Enterprise Value** | **$ 67,320** |

Source: Forecast provided by OGC
(1) Projected CAGR from FY 2018 to FY 2023

# Income Method – Discounted Cash Flow Analysis (continued)

| Company Name | Total Debt | Preferred Equity | Market Capitalization | Total Capital | Debt to Equity | Debt to Total Capital (Wd) | Effective Income Tax Rate | 2-Yr Weekly Levered Beta | 2-Yr Weekly Unlevered Beta (Bu) |
|---|---|---|---|---|---|---|---|---|---|
| Deceuninck NV | $ 183 | $ - | $ 323 | $ 505 | 56.6% | 36.1% | 25.6% | 0.75 | 0.53 |
| JELD-WEN Holding, Inc. | 1,478 | - | 1,781 | 3,259 | 83.0% | 45.3% | 25.0% | 1.19 | 0.73 |
| Masonite International Corporation | 796 | - | 1,275 | 2,072 | 62.5% | 38.4% | 19.8% | 0.89 | 0.59 |
| PGT Innovations, Inc. | 367 | - | 804 | 1,171 | 45.6% | 31.3% | 17.3% | 0.71 | 0.52 |
| Quanex Building Products Corporation | 231 | - | 525 | 756 | 43.9% | 30.5% | 24.3% | 0.94 | 0.71 |
| Trex Company, Inc. | - | - | 3,621 | 3,621 | 0.0% | 0.0% | 23.9% | 1.05 | 1.05 |
| Westlake Chemical Corporation | 2,668 | - | 8,718 | 11,386 | 30.6% | 23.4% | 22.5% | 1.21 | 0.98 |
| **Mean** | **$ 817** | **$ -** | **$ 2,435** | **$ 3,253** | **46.0%** | **29.3%** | **22.6%** | **0.96** | **0.73** |
| **Adjusted Mean** | **611** | **-** | **1,601** | **2,176** | **47.8%** | **32.0%** | **23.1%** | **0.96** | **0.71** |
| **Median** | **367** | **-** | **1,275** | **2,072** | **45.6%** | **31.3%** | **23.9%** | **0.94** | **0.71** |
| **Selected as Most Comparable to Energi** | | | | | **33.3%** | **25.0%** | **26.0%** | | **0.80** |

| Cost of Equity | Prior Period | Current Period | Notes |
|---|---|---|---|
| Risk-Free Rate (Rf) | 2.9% | 2.6% | *Long-term (20-year) U.S. government debt yield* |
| Plus Equity Premiums: | | | |
| Equity Risk Premium (ERP) | 6.0% | 6.1% | *2019 Valuation Handbook: Long-horizon expected equity risk premium (supply-side)* |
| Relevered Equity Beta (Bl) | 1.00 | 1.00 | *Levered betas above per Capital IQ & Bloomberg; Bl = Bu x [1 + (Wd / We) x (1 - T)]* |
| Industry Adjusted Equity Risk Premium | 6.0% | 6.1% | *Bl x ERP* |
| Size Premium (SP) | 5.4% | 5.2% | *2019 Valuation Handbook: CRSP Decile 10* |
| Company Specific Risk Premium (CSRP) | 1.0% | 1.0% | *Kept consistent with prior period* |
| Cost of Equity (COE) | 15.3% | 15.0% | *COE = Rf + (Bl x ERP) + SP + CSRP* |
| **Cost of Debt** | | | |
| Pre-Tax Cost of Debt | 4.4% | 7.3% | *Based on Lincoln's observed cost of debt capital rates for similar sized companies* |
| Estimated Tax Rate | 26.0% | 26.0% | *Weighted average of U.S. and Canadian tax rates* |
| After-Tax Cost of Debt (COD) | 3.2% | 5.4% | *COD = Pre-Tax Cost of Debt x (1-T)* |
| **Weighted Average Cost Of Capital** | | | |
| Debt % of Capital (Wd) | 25.0% | 25.0% | |
| Cost of Debt (COD) | 3.2% | 5.4% | |
| Weighted Cost of Debt | 0.8% | 1.3% | *Wd x COD* |
| Equity % of Capital (We) | 75.0% | 75.0% | |
| Cost of Equity (COE) | 15.3% | 15.0% | |
| Weighted Cost of Equity | 11.4% | 11.2% | *We x COE* |
| **Weighted Average Cost of Capital (Rounded)** | **12.5%** | **12.5%** | |

Source: Capital IQ and company filings
Note: USD in millions; Adjusted Mean removes the highest and lowest values of data set; the selected beta is above the selected public companies' Adjusted Mean and was maintained from the prior period given the stability in the betas of the selected public companies

# Equity Valuation Summary

| Enterprise Value Waterfall | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | Low | | Mid | | High |
| March 2019 Adj. LTM EBITDA | | $ | 10,290 | $ | 10,290 | $ | 10,290 |
| EBITDA Multiple | | | 5.9x | | 6.2x | | 6.5x |
| Implied Enterprise Value | | $ | 60,645 | $ | 63,606 | $ | 66,626 |
| Plus: Cash (1) | | | - | | - | | - |
| Available for Paydown | | $ | 60,645 | $ | 63,606 | $ | 66,626 |
| Less: Revolver (2) | | | (18,136) | | (18,136) | | (18,136) |
| Less: Term Debt | | | (13,318) | | (13,318) | | (13,318) |
| Implied Equity Value | | $ | 29,191 | $ | 32,152 | $ | 35,172 |

| Value of Common | | | | | | | |
|---|---|---|---|---|---|---|---|
| **OGC Initial OpCo Investment** | | **$** | **26,000** | **$** | **26,000** | **$** | **26,000** |
| Plus: Accrued PIK on Initial Investment | | | 6,858 | | 6,858 | | 6,858 |
| Less: May 2017 Dividend | | | (13,207) | | (13,207) | | (13,207) |
| Investment Hurdle | | $ | 19,650 | $ | 19,650 | $ | 19,650 |
| Residual Equity (3) | | $ | 16,398 | $ | 19,359 | $ | 22,380 |
| Mgmt Share Residual Equity | 6.00% | $ | 984 | $ | 1,162 | $ | 1,343 |
| **OGC Share of Common** | | **$** | **28,207** | **$** | **30,990** | **$** | **33,830** |

## Commentary

- Based on the analysis conducted herein, Lincoln concluded an enterprise value range of $60.6 million to $66.6 million.
- As shown above, Lincoln determined the fair value as of the Valuation Date of OGC’s ownership in Energi to be **$28.2 million to $33.8 million**.

Note: OGC’s investment hurdle calculated based on 8% daily PIK from initial investment date to Valuation Date; Sum of Management share of equity and OGC share of equity as shown may differ from total equity value due to rounding
(1) Excess cash is swept against the Revolver
(2) Average Revolver (average of Q1 2019, Q2 2019E, Q3 2019E, Q4 2019E)
(3) Residual Equity is calculated as the Implied Equity Value plus the Accrued PIK on Initial Investment less the Investment Hurdle

# Summary of Valuation Methodologies

Appendix A

# Valuation Methodology and Key Assumptions

## Overview

- Lincoln utilizes several methodologies to estimate the fair value of the Investments. Lincoln's fair value estimates are generally expressed as a range and are considered by the Client in its determination of a single estimate of fair value for each individual security.

### Definition of Fair Value

- The valuations presented herein reflect the ASC-820-20 definition of "fair value" defined as "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."
- The valuation method for each Portfolio Company varies depending upon industry and company specific considerations. We generally perform a fundamental analysis to establish a risk profile for each company in addition to the application of one or more of the following: (i) market method; (ii) income method; and (iii) enterprise valuation waterfall method.

### Fundamental Analysis

- A fundamental analysis of each Portfolio Company considers such factors as major developments affecting the business, financial outlook, industry dynamics, overall risk profile and other qualitative factors impacting valuation. These considerations are discussed throughout the Report.

# Valuation Methodology and Key Assumptions

## Market Method

- The market method values the enterprise value of each Portfolio Company based on the observable prices of similar companies. We consider comparable public companies and precedent M&A transactions for both public and private companies, if available. Lincoln also draws on its institutional knowledge of private middle-market M&A valuations.
- The Market Method involves the determination of representative levels of earnings or other operating metrics, such as operating income (EBIT) and earnings, before interest, taxes, depreciation and amortization (EBITDA). Normalizing adjustments may be made based upon the facts and circumstances such as add-backs to EBITDA for non-recurring items. Lincoln selects an appropriate range of market multiples based on analysis of comparable public companies and/or M&A transactions as of the measurement date. We then apply the selected market multiples to the Portfolio Company to determine its enterprise value.
- Because many of the Portfolio Companies are often smaller than larger, publicly-traded companies, the private company M&A metrics may be used.

## Income Method

- The discounted cash flow method (DCF) estimates the present value of the projected cash flows to be generated by the subject company. In the DCF approach, a discount rate is applied to the projected future cash flows to arrive at its present value. The discount rate is intended to reflect all risks of ownership and the associated risks of realizing the stream of projected cash flows.
- Generally, multi-year forecasts for the Portfolio Companies are not available and, as such, the Income Method is used infrequently as a primary method to determine enterprise value. Lincoln may, however, corroborate the reasonableness of its determined multiples derived under the Market Method using the Income Method, based on various estimates and assumptions.
- Lincoln may also utilize a leverage buy-out (LBO) analysis to determine the enterprise value based on a third-party investor’s required rate of return over a typical hold period.

# Certifications

Appendix B

# Certifications

## Background of Patricia J. Luscombe, CFA

Patricia is currently a Managing Director and Co-Head of the Valuations & Opinions Group at Lincoln. Ms. Luscombe joined Lincoln in August 2007. She has more than 20 years experience in financial advisory and valuation services. She has delivered a broad range of corporate finance advice that resulted in the successful completion of corporate transactions and valuation and fairness opinions. Ms. Luscombe has advised portfolio companies of private equity firms and provided them with fairness opinions for transactions, including divestitures and recapitalizations, intra-fund transfer, and fair value accounting. Ms. Luscombe has also advised Boards of Directors of public companies and rendered fairness opinions in mergers and acquisitions and going private transactions. In addition, she has worked with the valuation of many closely held businesses for corporate transactions including acquisitions and divestitures, leveraged buyouts and restructuring/recapitalizations, ESOPs, and related party transactions, for general tax, accounting, litigation and regulatory purposes.

Previously, she spent 16 years at Duff & Phelps Corporation as a Managing Director in the firm's valuation and financial advisory business. Ms. Luscombe was a founding member and Managing Director at Duff & Phelps in a management led buyout which occurred in 1995. Prior to joining Duff & Phelps, Ms. Luscombe was an associate at Smith Barney, a division of Citigroup Global Markets, Inc. where she managed a variety of financial transactions, including mergers and acquisitions, leveraged buyouts and equity and debt financings.

Ms. Luscombe is a member of the Chicago Chapter of the Association for Corporate Growth, the Chartered Financial Analyst Society of Chicago and a former president of the Chicago Finance Exchange.

Ms. Luscombe holds a Bachelor of Arts degree in economics from Stanford University, a Master's Degree in economics from the University of Chicago and a Master of Business Administration degree from the University of Chicago, Booth School of Business.

## Certification

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, unbiased professional analyses, opinions, and conclusions;
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.

Patricia J. Luscombe

Patricia J. Luscombe, CFA

# Certifications (continued)

## Background of Michael R. Fisch, CPA

Michael is a Managing Director of Lincoln's Valuations & Opinions Group where he manages or participates in valuation assignments and markets the firm's services.

Prior to Lincoln International, Michael worked in the M&A department at RBC Capital Markets and spent five years at Ernst & Young LLP, primarily in the Transaction Services Group, providing due diligence and tax structuring services to private equity groups, and restructuring and bankruptcy advice to a variety of corporate clients.

Michael received a Masters of Business Administration degree with concentrations in Finance and Strategic Management from the University of Chicago, Booth School of Business, a Master of Business Taxation degree from the University of Southern California and Bachelor's Degree in Business Administration from California Polytechnic State University. Michael is also a Certified Public Accountant.

## Certification

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- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.

Michael R. Fisch

Michael R. Fisch, CPA

# Certifications (continued)

## Background of Larry Levine, CPA/ABV, ASA

Larry is a Managing Director of Lincoln's Valuations & Opinions Group where he manages or participates in valuation assignments and markets the firm's services. Prior to joining Lincoln International, Larry was a Partner in McGladrey LLP's Financial Advisory Services Group – Valuations and Corporate Finance Department.

Larry received a Masters of Business Administration degree with concentrations in Finance and Strategic Planning from the Wharton Graduate School of Business, University of Pennsylvania and a Bachelor's Degree in Accounting and Economics from the University of Albany. Larry is an accredited appraiser from both the American Society of Appraisers and American Institute of Certified Public Accountants, a Certified Public Accountant, on the National Roster of Commercial Arbitrators from the American Arbitration Association, including serving on their Alternative and Complex Investments Committee Advisory Group on Alternative and Complex Investments, and a Certified Licensing Professional from the Licensing Executives Society. He currently serves on committees for the American Society of Appraisers and International Valuation Standards Council.

He has been published or quoted in the following periodicals: Journal of Applied Finance, CNBC, The Washington Post, The New York Times, The Wall Street Journal, Bloomberg, The Deal, Fiduciary and Investment Risk Management Association magazine, Accountancy Age, Journal of Alternative Investments, Mergers & Acquisitions magazine, Valuation Strategies, CFO magazine and CFO.com. He has published three peer reviewed papers on the attributes of securities trading on the over-the-counter bulletin board stock market as well as a paper quantifying illiquidity discounts for stock options.

## Certification

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- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.

Larry Levine