

# VALUATION POLICY

## 1. PURPOSE AND STATUS

This Valuation Policy (the “Policy”) describes the principles by which the Fund approaches valuation of its portfolio investments for reporting, governance, and informational purposes only.

This Policy is provided for transparency and does not amend, modify, or supplement the Fund’s Limited Partnership Agreement, Subscription Booklets, or any other governing documents. In the event of any inconsistency, the governing documents control in all respects.

Valuations prepared pursuant to this Policy are not determinative of distributable amounts, carried interest, management fees, or other economic entitlements, except as expressly provided in the governing documents.

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## 2. VALUATION PHILOSOPHY

The Fund is a control-oriented, cash-generative private equity vehicle focused on acquiring and operating software businesses to generate sustainable operating profits.

Accordingly, the Fund’s valuation philosophy emphasizes:

- Actual operating performance and cash generation
- Capital preservation and downside protection
- Conservatism in interim valuation judgments
- Realized outcomes rather than projected or hypothetical values

The Fund does not rely on mark-to-market valuation practices, periodic multiple expansion assumptions, or interim monetization of unrealized value.

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## 3. PRIMARY VALUATION REFERENCE: OPERATING VALUE

For interim reporting purposes, portfolio investments are generally reflected at conservative operating value, which may include:

- Historical cost, adjusted for impairments where appropriate
- Consideration of sustained operating performance improvements
- Adjustments for material adverse developments

Operating value is intended to provide a stable, non-speculative reference point and is not intended to approximate exit value or fair market value.

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#### 4. INDICATIVE EXIT VALUE (OPTIONAL, NON-OPERATIVE)

The Fund may, from time to time, present an Indicative Exit Value (“IEV”) for informational and analytical purposes only.

##### 4.1 Nature of Indicative Exit Value

Indicative Exit Value:

- Represents a scenario-based estimate of potential enterprise value
- May reference market multiples, comparable transactions, or strategic buyer considerations
- Is inherently uncertain and forward-looking

IEV is not a valuation used for accounting, economic allocation, or distribution purposes.

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##### 4.2 Limitations of Indicative Exit Value

Indicative Exit Value:

- Does not represent fair value or realizable value
- Does not affect cash distributions, reserves, or waterfall mechanics
- Does not trigger carried interest, MCPA, or other performance allocations
- May change materially over time or not be realized at all

IEV is provided solely to contextualize long-term upside potential and strategic positioning.

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#### 5. DISTRIBUTIONS AND VALUATION (EXPLICIT DISCONNECTION)

Cash distributions to Limited Partners and the General Partner are made exclusively from realized operating profits or realized cash proceeds, and not from valuation marks.

Specifically:

- Distributions are funded from net operating cash flow generated by portfolio companies, after applicable reserves and Fund expenses

- Distributions follow the waterfall set forth in the governing documents, including return of capital, preferred return, GP catch-up, carried interest, MCPA, and residual splits
- Valuation metrics, whether operating value or indicative exit value, do not determine or accelerate distributions

This cash-first approach reflects the Fund's emphasis on realized performance rather than unrealized valuation.

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## 6. VALUATION AT LIQUIDITY EVENTS

Formal valuation considerations become relevant primarily in connection with:

- Asset sales
- Refinancings
- Recapitalizations
- Wind-downs or liquidations

At such times, valuation is informed by actual transaction terms, negotiated outcomes, and realized proceeds, rather than interim estimates.

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## 7. GOVERNANCE AND OVERSIGHT

Valuation determinations are made under the authority of the General Partner, which retains discretion consistent with its fiduciary duties.

The General Partner may consult third-party advisors for valuation input or fairness perspectives, but is not obligated to do so and retains responsibility for valuation judgments.

Valuation practices are subject to oversight through the Fund's governance and reporting framework.

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## 8. CONFLICTS AND ALIGNMENT

Potential conflicts of interest related to valuation are addressed through:

- The Conflicts of Interest Policy
- Conservative interim valuation practices
- Explicit separation of valuation from economic distributions

Nothing in this Policy is intended to waive or limit the fiduciary duties of the General Partner.

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## 9. NO MODIFICATION OF GOVERNING DOCUMENTS

This Policy does not amend, modify, or supplement the Fund's governing documents. In the event of any inconsistency, the governing documents control in all respects.

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## ASSUMPTIONS USED IN PREPARING THIS POLICY

*(For drafting and alignment purposes)*

- The LPAs grant the General Partner discretion to determine valuation for reporting purposes in good faith.
- Cash distributions are governed exclusively by realized cash flow and the distribution waterfall in the governing documents.
- Management fees, carried interest, and MCPA are not calculated based on unrealized valuation marks, except as expressly provided in the LPAs.
- Portfolio companies are operated to generate sustainable operating profits rather than interim valuation uplift.
- Indicative exit values, if presented, are non-binding and non-operative.
- The Fund prioritizes conservatism, transparency, and alignment over mark-to-market valuation practices.
- The amended LPAs expressly permit the MCPA structure referenced in related policies.