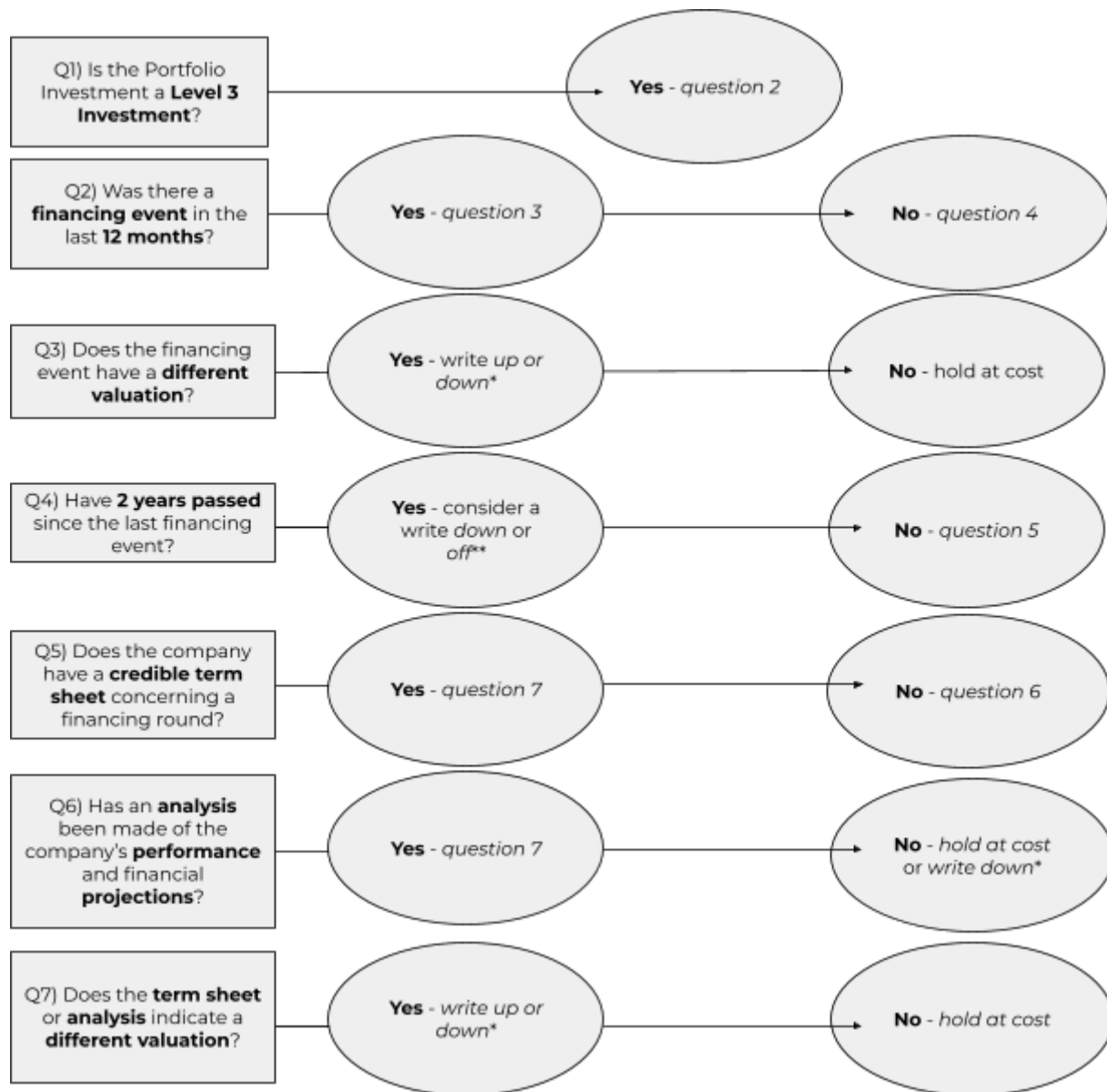


Valuation Policy

Summary



**Valuations can be written back up if a Financing Event occurs or Financial Statements are received by the General Partner.*

***Writeoff if you received a Certificate of Dissolution or written confirmation from a founder that the company is shutting down.*

General Principles

In accordance with this valuation policy (the “**Valuation Policy**”), the General Partner will value the Portfolio Investments of the Fund on a quarterly basis in a manner consistent with US generally accepted accounting principles (“**GAAP**”). Portfolio Investments are to be carried at fair value as determined in good faith by the respective Managing Partners of the Management Company, the manager of the Fund. The Valuation Policy is designed to ensure that all such investments are reported at fair value on a consistent and transparent basis. The Valuation Policy has been prepared in the context of FASB Accounting Standards Codification Topic 820 (“**ASC 820**”), “Fair Value Measurements and Disclosures,” which has been adopted by General Partner for the purposes of valuing the Portfolio Investments of the Fund. ASC 820 requires that investments be classified as Level 1, 2, or 3 investments. It is anticipated that Level 3 investments will comprise the majority of the Fund’s Portfolio Investments. This Valuation Policy shall be reviewed on an annual basis.

Valuation Committee

The Valuation Committee, which will include one representative of the General Partner and the assigned fund administrator as members, has the responsibility and authority for overseeing the implementation of these procedures, approving Fair Value determinations, and resolving valuation issues. The Valuation Committee has the responsibility and authority to create, revise and maintain an efficient process for fair valuation utilizing both internal and external resources. The Valuation Committee has the responsibility to annually, or as needed, review the valuation process, personnel, policy, and service providers; to make revisions or changes where required and report directly to the General Partner. Quarterly, or more frequently if needed, the Valuation Committee is responsible to deliver to General Partner the results and details of the concluded fair value of the Portfolio Investments.

Reporting

The General Partner shall send the unaudited financial statements, prepared in accordance with GAAP, including a summary of the value of each Portfolio Investment held by the Fund, as valued in accordance with this Valuation Policy to each person who was a Limited Partner during such period:

- a. within 45 calendar days (subject to reasonable delays in the event of the late receipt of any necessary financial statements from any person in which the Fund holds investments) after the end of each of the first three Fiscal Year quarters; and
- b. within 90 calendar days (subject to reasonable delays in the event of the late receipt of any necessary financial statements from any person in which the Fund holds investments) after the end of each full Fiscal Year.

Equity Investments

1. Fair Value at the time of Investment

- a. Immediately after an initial investment in a portfolio company, the Fund will value its investment at cost. A portfolio company's unissued stock options will not be considered in determining fair value at the time of the initial investment.

2. Fair Value using Latest Round Method

- a. As a portfolio company raises subsequent rounds of financing, the fair value of the portfolio company will be the post-money valuation after such later round (the "**Latest Round Method**"), provided that (i) the amount invested in the later round shall have included material participation by a new, accredited investor not related to the Fund, even though the Fund may have set or helped to set the price and terms of the financing round, i.e., "led the round" and (ii) no other material factors exist to the contrary.
- b. In instances in which (i) the latest round of financing occurred more than one year, but less than two years before the measurement date, and (ii) no other material factors exist, the Fund acknowledges the current valuation does not

reflect the fair value of the investment and the fair value should be based upon other material factors (see Section 4 below).

3. Latest Round by Convertible Security

- a. When the latest round completed by a portfolio company was through a convertible security (Convertible Note/SAFE), the conversion cap on the note, if any, is informative but not necessarily determinative of the portfolio company's fair value. In such instances, the Fund will value the portfolio company using additional factors that can include, but shall not be limited to the following:
 - i. the factors listed in Section 4 below; and
 - ii. the post-money valuation after the previous equity round.

4. Fair Value using Other Material Factors

- a. The following factors will be considered when the latest round of financing is more than one year, but less than two years before the measurement date:
 - i. A valuation analysis that will consider the portfolio company to date in (i) technical and product development, and (ii) revenue, headcount, and other financial metrics, all as compared to the company's projections;
 - ii. In cases where the company has received, prior to the measurement date, a credible term sheet concerning a financing round that may close after the measurement date, the Fund will consider the pre-money valuation reflected in such term sheet;
 - iii. In cases where the company has received, after the measurement date, but before the Fund shall complete its valuation work as of that measurement date, a credible term sheet concerning a financing round, the Fund will consider the pre-money valuation reflected in such term sheet;
 - iv. The reasons the portfolio company has not raised a follow-on round;
 - v. An assessment of the portfolio company's performance, financial projections and prospects; and
 - vi. Possible exit scenarios at the measurement date. In cases where the company is contemplating publicly trading its shares, advice of investment bankers as to valuation will be considered.

5. Changing Fair Value Guidelines

- a. If the previous fair value of a portfolio company should be changed, then those changes will be made during the interim quarters of the year and at year end as follows:
 - i. Write up Cases
 1. New Priced Round with a higher valuation (See Section 2 above).
 2. Secondary Sale. The price per share of the secondary transaction will be the default valuation;
 3. Exit Event. The price per share at the time of exit shall be the default valuation.
 - ii. Write down Cases
 1. A Financing Event with a lower valuation;
 2. The fair value of a portfolio company will be written down in the event of either a material impairment to the value of the portfolio company or a determination that the portfolio company has a low probability of success;
 3. The value of a Portfolio Investment will be marked up again if a Financing Event occurs or if the Fund provides Financial Statements to show Revenues and Cash on Hand are greater to maintain a previously reported valuation.
 - iii. Write off Cases
 1. The fair value of a portfolio company will be written off to \$0 once it determines that the portfolio company has ceased active business operations, has no hope that the portfolio company's assets will exceed its liabilities in the future and reasonably believes that the portfolio company does not have a liquidation value. The Fund shall obtain documentation in the form of:
 - a. certificate of dissolution of the company; or
 - b. written confirmation from a management level employee of the company indicating the company is shutting down.

6. Options and Warrants

- a. Options or warrants received in connection with an equity or debt investment will be based on an amount not greater than cost until the portfolio company raises a round of equity financing at a higher price with participation by a new, non-affiliated investor.

Debt Investments

1. Convertible Debt Securities

- a. The fair value of a convertible debt investment will be based on an amount not greater than cost.
 - i. Unrealized depreciation will be recorded in the event that fair value is impaired and will not record unrealized appreciation in the fair value of a convertible debt security until the security is converted into equity.
- b. Interest will be recorded quarterly and will be recognized as accrued. To the extent a debt instrument is deemed to be impaired, the Fund will not accrue additional interest income from the point of impairment.
- c. The value of the convertible debt's conversion feature will not be considered.

2. Non-convertible Debt Securities

- a. The fair value of an non-convertible debt investment will be based on an amount not greater than cost.
 - i. Unrealized depreciation will be recorded in the event that fair value is impaired and will not record unrealized appreciation in the fair value of a non-convertible debt security until the security is converted into equity.
- b. Interest will be recorded quarterly and will be recognized as accrued. To the extent a debt instrument is deemed to be impaired, the Fund will not accrue additional interest income from the point of impairment.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned agrees to and has executed this Valuation Policy as of the date written below.

GENERAL PARTNER

By: _____
its manager

By: _____
Name:
Title: Managing Partner
Date:

Appendix A. Defined Terms

Accredited Investor	An accredited investor is an individual or a business entity that is allowed to trade securities that may not be registered with financial authorities.
Bridge Round	A Financing Event in which an interim financing round is raised between larger funding rounds and valuation is indicated often in the form of a debt security.
Cash on Hand	The total amount of accessible cash to a company.
Company Metrics	Observable financial benchmarks through which trends can be analyzed. For the purposes of this Valuation Policy, Company Metrics shall be limited to revenue based metrics.
Convertible Note	A Convertible Debt Instrument used to fund early-stage startups where an investor can convert the note into stock upon the subsequent sale of preferred stock in excess of a certain dollar threshold that typically includes either a discount and/or valuation cap.
Convertible Instrument	A financial instrument that converts to equity at the next Priced Round.
Enterprise Value	Equal to Market capitalization + Total debt - Cash and cash equivalents
Exit Event	A type of Financing Event related to the sale or change of control of a company either through an Initial Public Offering or a Merger or Acquisition.
Fair Market Value ("FMV")	FMV is defined in accordance with GAAP and ASC 820 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions.
Financial Statements	A collection of summary-level reports about a company's financial results, financial position and cash flows that includes the Balance Sheet, Income Statement, Cash Flow Statement. If audited Financial Statements are available, the audited Financial

	Statements shall control. If audited Financial Statements are not available, unaudited Financial Statements shall suffice.
Financing Event	Any transaction in which investors purchase equity.
Fund	
General Partner	
Level 1 Investment	Level 1 investments are quoted prices (unadjusted) in Active Markets for assets or liabilities that the reporting entity has the ability to access at the valuation date.
Level 2 Investment	Level 2 investments are inputs other than quoted prices included within Level 1 Inputs that are observable for the asset or liability, either directly or indirectly.
Level 3 Investment	Level 3 investments are unobservable inputs for the asset or liability. Level 3 Inputs should be used only to the extent that Level 1 Inputs and Level 2 Inputs are not available. Level 3 Inputs may be relied upon when little to no market activity exists for a particular asset or liability.
Management Company	
Market Capitalization	Equal to the current stock price multiplied by the number of outstanding shares for a company.
Observable Inputs	Inputs that are developed using market data, such as publicly available information about actual events or transactions.
Portfolio Investment	Any direct or indirect investment made by the Fund (other than Investments in Cash Equivalents) in a privately owned enterprise.
Post-Money Valuation	The FMV given to a portfolio company after completing a round of financing; it is equal to the pre-money valuation plus the amount of any new equity received from outside investors
Pre-Money Valuation	The FMV given to a portfolio company immediately prior to the occurrence of a round of financing

Priced Round	A type of Financing Event in which newly issued stock is sold to investors at an agreed upon price per share
Revenue	The gross income generated from the sale of goods and services related to the primary operations of the business.
Simple Agreement for Future Equity ("SAFE")	A type of Convertible Instrument that converts into stock in a future equity financing of the company that typically includes a discount and/or a valuation cap.
Secondary Sale	A Financing Event in which an existing shareholder sells shares in a private company to a third party purchaser on an agreed upon price that does not occur in connection with an acquisition of the company, the proceeds of which benefit the selling shareholder. For the purposes of this Valuation Policy, a Secondary Sale shall not include secondary transactions on the date stock is issued in a Priced Round.
Total Debt	Equal to the sum of short-term and long-term debt.
Valuation Cap	The maximum price a convertible instrument will convert into equity.