SAM Private Equity Sustainability Fund II

Creating Sustainable Value

Investment Philosophy

Sustainability-related trends are increasingly becoming the most important challenges of global industries. These fundamental and long-lasting challenges are shifting industry boundaries and will provide substantial growth opportunities to small, innovative companies that develop and deliver breakthrough technologies.

Outstanding investment opportunities currently exist for investors who have the resources and ability to assess next-generation technologies on a global basis, demonstrate exceptional transaction know-how, and deliver value-adding support to build portfolio companies.

Primary Objectives

SAM PE aims to achieve superior returns by investing in sustainable technology companies at moderate risk, which will be achieved by

1. Identifying investment sectors most affected by shifting industry boundaries and hence most ripe for technological change and efficiency gains; they thereby represent high growth potential for innovative, venture-backed companies;
2. Sourcing and shaping the “right” investment opportunities in innovative companies which will have the necessary skills and resources to deliver venture capital returns;
3. Dedicating a multi-disciplined investment team with significant transaction experience, and extensive market and technology expertise, which successfully originates, (co-) leads, syndicates, manages and exits these opportunities together with strong co-investors in its network.

Investment Sectors

Attractive industry sectors are those affected by global trends and regulations, which shift industry boundaries. Hence they face the necessity to change and to seek innovative solutions and efficiency gains. SAM PE has identified such sectors, which offer high growth potential: energy, materials, health & nutrition and water. The fund will invest in early- and expansion-stage businesses, primarily in Europe and North America:

Energy

Government regulations regarding emission and safety requirements as well as deregulation in this multi-billion dollar utility industry widen the gap between restricted supply and increasing demand of energy consumption. These new rules shift business boundaries and demand for new business models. Incumbents have to increase efficiency due to increased competition in existing markets (forced reduction of demand) and new market entrants are confronted with the challenging opportunity to quickly close the gap with new technologies and business approaches.

Health & Nutrition

Population growth, urbanization, an aging society in the developed world, and concerns about environmental quality in the food chain require ever-improving health products, force certain industries to drastically change production methods while remaining competitive (efficiency), and to invent new products which meet consumer preferences.

Water

Global trends challenging the water sector include urbanization, demographic changes, an ageing infrastructure in developed countries, liberalization of water and waste-water markets and growing health awareness amongst the world population. This provides a fertile ground for innovative companies, which are able to deliver much-sought solutions.

Materials

The necessity of more efficient use of limited resources, alternative energy sources, higher quality of nutrition and overall efficiency gains require innovative technological solutions. New materials provide new opportunities enabling entirely new approaches to long existing problems often through miniaturization.
**Investment Team**

SAM PE distinguishes itself from other venture capital groups through its unique team structure consisting of 5 principals and 8 analysts, including technology specialists focused on the targeted industry sectors. As a consequence, SAM PE’s Investment Team combines long-term industry and transaction experience, and extensive international networks with extensive technology expertise. The industry specialists are exceptionally positioned to search for and assess the most attractive technologies and markets on a global basis. This positions SAM PE as natural technology and syndicate leader. Further, SAM PE operates with the best VC practices drawing on international business experience, higher education and broad networks particularly throughout Europe and the United States.

SAM PE’s capabilities reach far beyond venture capital: they include operational management; product- and business-development; team building; marketing and R&D; and in-depth knowledge of the selected investment industries. The Investment Team’s strength and experience ensures continuity and diversity and enhances the ability to add value to the portfolio companies. The Investment Team will play an active role in monitoring and advising the portfolio companies as well managing an exit.

**Investment Criteria**

SAM PE only invests in outstanding companies and applies strict investment criteria:

- Management team with sufficient technical and executive capacity to execute its business plan;
- Projected market growth of at least 15-20% per annum;
- Demonstrated competitive advantage in technical solution on a global basis that, are superior from an economic and sustainability point of view, and ideally have multiple potential applications;
- Offer a technology that has a clear path to commercialization and isn’t dependent on other technologies which have yet to be developed;
- Robust intellectual property and IP protection;
- Technology offers an opportunity to transform an industry, thus creating opportunities for strategic partnership with major industry partners; and
- Clear exit strategy to be implemented within 3-5 years and alignment of interests with other stakeholders.

**Adding Value**

We seek to build portfolio company value by:

- Continuously benchmarking technologies and business models on a global basis;
- Assembling / participating in strong investment syndicates to reduce financing risk and simultaneously increase performance potential;
- Assisting with business modeling, strategic planning, commercial development and monitoring milestones;
- Assisting with cross-border expansion such as licensing, distribution agreements, joint ventures, strategic alliances and acquisitions;
- Introducing potential business allies and M&A opportunities; and
- Advising on international exit opportunities.

**Key Data**

<table>
<thead>
<tr>
<th>Currency</th>
<th>EUR</th>
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<tbody>
<tr>
<td>Target Size</td>
<td>EUR 100 mio</td>
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<tr>
<td>Management Fee</td>
<td>2.5% during Draw Down, 1.75% thereafter</td>
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<tr>
<td>Preferred Return</td>
<td>6.0%</td>
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<tr>
<td>Catch-up</td>
<td>25.0% of Preferred Return (i.e. 1.5%)</td>
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<tr>
<td>Life</td>
<td>10 years with 2 one-year extensions</td>
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<tr>
<td>Minimum subscription</td>
<td>EUR 1 mio</td>
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<tr>
<td>Legal Structure</td>
<td>Guernsey Limited Partnership</td>
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