

PROCEDURE FOR DETERMINING THE NET ASSET VALUE OF INVESTMENT FUNDS

This procedure for determining the net asset value of investment funds (hereinafter Procedure) managed by AS SEB Varahaldus (hereinafter Management Company or SEB Varahaldus) has been established with decision No. 050-10 of the management board of the Management Company of 17 November 2010 and shall take effect on 1 January 2011.

1. GENERAL PROVISIONS

1.1 The following definitions shall have the following meaning in the Procedure:

1.1.1 Active Market – market outside the regulated market where prices are easily and regularly accessible and reflect the actual and regularly made market transactions between non-related parties.

1.1.2 Fund's Assets – securities belonging in the assets of a contractual investment fund, other things and rights, including immovable property acquired on account of the fund, but in the name of the Management Company.

1.1.3 Valuation Date – the day on which the fund's assets and the net value of shares are calculated (T-day). The frequency of calculating the net value is specified in the respective fund's terms and conditions. Generally the *net asset value of a fund* and the net asset value of shares are calculated on each banking day.

1.1.4 Pricing – determining the value of other assets belonging in a security's or fund's assets.

1.1.5 Information Provider – the source of price information of securities (Bloomberg, Reuters).

1.1.6 Tradable Security – security admitted for trading on a regulated market.

1.1.7 Banking Day – any calendar day other than a Saturday, Sunday or a national holiday or a public holiday in the Republic of Estonia.

1.1.8 Regulated Market –

1.1.8.1 regulated market of a Member State of the European Economic Area for the purposes of §3 of the Securities Market Act, or

1.1.8.2 other regulated market that has been recognised by an EEA State and are regularly organised and through which the public can acquire or transfer securities, or

1.1.8.3 regulated market of another country if the country has been specified in the terms and conditions of the investment fund.

1.1.9 Derivative Instrument – a derivative security or derivative contract

1.1.10 Derivative Contract – contract stipulated in subsections 2 (10), (11) and (12) of the Securities Market Act.

1.1.11 Derivative Security – a tradable security indicating the right or obligation of acquisition, exchange or transfer whose underlying assets are the securities specified in Clause 1.1.14 of the Procedure or whose price depends directly or indirectly on:

1.1.11.1 the interest rate;

1.1.11.2 exchange or market price of a commodity, including precious metal;

1.1.11.3 credit risk and other risks, including climatic variables;

1.1.11.4 currency exchange rates;

1.1.11.5 the stock exchange or market price of the security;

1.1.11.6 the securities index, other financial index or financial indicator, including the inflation rate, freight rate, emission allowance or other official economic statistics.

1.1.12 Market Value – the fair value of a security traded primarily on a regulated market pursuant to Clauses 3.2 and 3.4 of the Procedure.

1.1.13 Debt Security – the security specified in Sub-Clause 1.1.14.5 or 1.1.14.7.

1.1.14 Security – the following proprietary right or obligation or contract transferable at least on the basis of a unilateral expression of will (even without a document being issued therefor):

1.1.14.1 a share or other similar tradable right;

1.1.14.2 an investment fund unit;

1.1.14.3 a tradable depositary receipt;

1.1.14.4 a subscription right or other tradable right granting the right to acquire securities specified in Sub-Causes 1.1.14.1 or 1.1.14.7;

1.1.14.5 a money market instrument, i.e. a liquid debt obligation issued by a low risk issuer for a term of up to one year which is usually traded on the money market, including a state's debt obligation, commercial paper, depositary receipt and bill of exchange guaranteed by a credit institution conforming to the abovementioned attributes;

1.1.14.6 a derivative instrument;

1.1.14.7 a bond, convertible security or other issued tradable debt obligation, which is not a money market instrument.

1.1.15 Fair Value – the probable sales price of assets determined reasonably, in good faith and proceeding from the best interests of the fund's unit-holders and for which the assets can be exchanged or an obligation can be settled in a transaction between informed, interested and independent parties.

2. GENERAL PRINCIPLES FOR DETERMINING THE NET ASSET VALUE OF A FUND AND NET ASSET VALUE OF A UNIT

2.1 The net asset value of a fund and the net asset value of a unit are specified on the basis of the provisions of the Investment Funds Act, Procedure for Determining Net Asset Value of the Investment Funds (regulation of the Minister of Finance), this procedure and terms and conditions of the fund.

2.2 Upon selecting and using the principles and methods for determining the value of assets, the Management Company shall consider the general justified interest of the fund's unit-holders and at least the following circumstances:

2.2.1 fund type;

2.2.2 fund's investment policy;

2.2.3 procedure for the redemption or repurchase of fund units;

2.2.4 principles of possible alternative valuation methods and their reliability.

2.3 The value of the fund's assets is calculated by adding the values of the following asset classes belonging in the fund that have been calculated on the bases of the principles specified in Clause 3:

2.3.1 cash and deposits;

2.3.2 tradable securities;

2.3.3 non-tradable securities;

2.3.4 derivative instruments;

2.3.5 repurchase and reverse repurchase transactions;

2.3.6 units or shares of investment funds;

2.3.7 immovable property;

2.3.8 other assets.

2.4 If determining the value of the fund's assets pursuant to the methods stipulated in this Procedure does not guarantee a reliable calculation of fair value, the Management Company may, in exceptional cases, determine the fair value of the

assets differently than provided in the procedure, proceeding from their best skills and knowledge and the justified interests of the fund's unit-holders. The fair value calculated in such manner shall be approved by the management board of the Management Company with its reasoned decision. Exceptional cases shall mean primarily situations where trading in securities is suspended on regulated markets or the Management Company finds that the asset's market price does not reflect its actual value and thus it is not possible to determine the fair value of assets in a reliable manner.

2.5 The net value of the fund's assets is generally calculated by subtracting the claims against the fund from the value of the fund's assets.

2.5.1 Claims against the fund primarily arise from:

2.5.1.1 management fees that have been calculated but not paid and other fees and expenses related to the management of the fund, including possible success fees;

2.5.1.2 depositary's charge that has been calculated but not paid, except if the depositary charge is paid on behalf of the Management Company;

2.5.1.3 debt for the payments to unit-holders;

2.5.1.4 debt to unit-holders arising from the redemption or repurchase of units;

2.5.1.5 transactions made on account of the fund assets and related service fees, including payment orders and transfer costs;

2.5.1.6 loans taken from credit institutions and other persons and expenses related to taking the loans;

2.5.1.7 other expenses, including interest, debts of interest nature and other accruals as well as prepaid income of future periods;

2.5.1.8 other claims against the fund.

2.6 The net asset value of the unit is calculated by dividing the net asset value of the fund by the number all units issued and not redeemed by the time of the calculation.

2.6.1 If the fund has several types of units, the net asset value of the unit is calculated by dividing the net asset value of the units of the respective type by the number all units of the respective type issued and not redeemed by the time of the calculation.

2.7 The net asset value of the fund's assets is calculated in the base currency stipulated in the terms and conditions of the respective fund. The net asset value of the fund's unit is calculated in the nominal value of the respective unit.

2.7.1 The value of foreign currency and fund's assets and claims fixed in a foreign currency shall be recalculated in euros at the exchange rate of the European Central Bank.

2.7.2 If the fund's base currency is different than euro, the foreign currency that is different from the base currency and assets fixed in a foreign currency shall first be recalculate in euros at the exchange rate of the European Central Bank. Then the resulting sum in euros shall be converted to the fund's base currency at the exchange rate of the European Central Bank.

2.7.3 Foreign currencies the exchange rate of which is not fixed by the European Central Bank are recalculated at the exchange rate of euro fixed by the respective country's central bank.

2.7.4 The exchange rate of the European Central Bank or the respective country's central bank known at the moment of calculation shall be used upon converting different currencies.

2.8 The net asset value of the fund's assets and the fund's unit shall be calculated by the Management Company. Pursuant to subsection 73 (1) of the Investments, the Management Company may transfer the duty to perform the tasks and activities related to calculating the net asset value of the fund's assets and the fund's unit to a third person. SEB Varahaldus has transferred the duty to calculate the net asset value of the fund's assets and the fund's unit to AS SEB Pank (hereinafter SEB Pank).

2.8.1 Despite the fact that SEB Varahaldus has transferred the duty to calculate the net asset value, according to law, SEB Varahaldus shall still be liable for the conformity of the fund management to the requirements stipulated in legislation and terms and conditions of funds. Thus, SEB Varahaldus shall inter alia have the obligation to check the performance of tasks given to SEB Pank and the conformity of the Bank's activities to legislation, terms and conditions of respective funds and good practice and good morals, and the right to give instructions to SEB Pank upon calculating net asset value, but also necessary estimates, expert opinions and other guidelines and standpoints.

2.9 If the net asset value of the fund and/or the units of the respective type differ from the previously calculated net asset value by more than 1% in case of an equity fund, mixed fund or fund of funds or by more than 0.5% in case of bond fund, the adequacy of the data used at the calculation of the net asset value shall be checked and a recalculation shall be made in order to avoid mistakes in finding the net asset value.

2.10 The net asset value of the fund's assets and the units of the respective type shall be calculated on each banking day, unless another frequency has been stipulated for calculating the net asset value in the terms and conditions of the respective fund.

2.11 In order to guarantee a smooth and normal calculation of net asset value, the input information used in determining

the net asset value of the fund's assets (e.g. purchase quotations, closing prices, etc.) shall be fixed pursuant to the schedule specified in the internal procedural rules of the Management Company.

2.12 The net asset value of a unit shall be specified at the accuracy stipulated in the terms and conditions of the fund that is usually five decimal places.

2.13 The net asset value of the fund's assets and unit shall be determined on each banking day at 12:00 at the latest.

2.14 The net asset value of a unit shall be published at the Management Company's web page (www.seb.ee/fondikursid) directly after it has been determined. The Management Company may publish the net asset value of a unit at the websites of third persons who are information agents, but also in printed media and other media channels.

2.15 The published net asset value shall be valid until the publication of the next net asset value. If an event occurs or information becomes known that in the best professional opinion of the Management Company have a significant impact on the net asset value of a unit and thereby damages the best interests of the fund or its unit-holders, after the net asset value of a unit has been calculated on the relevant banking day, the Management Company shall have the right to immediately annul the calculated net asset value of a unit and to calculate the new net asset value that corresponds to the prevailing circumstances.

2.16 The Management Company shall implement necessary measures for avoiding the disclosure of the calculated net asset value of the fund's assets and a unit to unauthorised persons before the publication of the net asset value.

3. DETERMINING THE NET ASSET VALUE OF THE FUND'S ASSETS

3.1 Cash and deposits

3.1.1 Cash shall be taken into account in its nominal value.

3.1.2 Deposits (including the money on the current account) shall be taken into account in their nominal value and the accrued interest as of the Valuation Date shall be added to it.

3.2 Determining the value of a tradable debt security

3.2.1 The last bid-price of the respective regulated market is used for determining the value of a tradable debt security.

3.2.2 If the regulated market price is not available on the Valuation Date or the Management Company believes that it does not reflect the fair value of the security, the bid-price of the Active Market shall generally be used as the value of the debt security at the moment of valuation. If several recognised market participants give bid-prices, the value of

the debt security shall be the last bid-price received via the Information Provider or directly from market participants.

3.2.3 If the bid-prices stipulated in Clauses 3.2.1 and 3.2.2 are not available on the Valuation Date or the Management Company believes that they do not reflect the fair value of the security, the value of the debt security shall be determined on the basis of the discounted cash flow method.

3.3 Determining the value of a non-tradable debt security

3.3.1 The value of a non-tradable debt security shall generally be its bid-price on the Active Market at the moment of valuation. If several recognised market participants give bid-prices, the value of the debt security shall be the last bid-price received via the Information Provider or directly from market participants.

3.3.2 If the respective bid-prices are not available on the Valuation Date or are not representative and the Management Company believes that it does not reflect the fair value of the debt security, the value of the debt security shall be determined on the basis of the discounted cash flow method.

3.3.2.1 The management board of the Management Company shall have the obligation to correct the value of the debt security if information becomes known or other circumstances occur that have a significant or probable impact on the fair value of the debt security.

3.3.2.2 If the issuer of the debt security has had payment difficulties or the issuer cannot partially or fully fulfil their obligations arising from the debt security in the future according to the Management Company's best assessment, the cash flow likely to be received in the opinion of the Management Company shall be discounted, including the expected realisation value of the assets serving as the collateral of the debt security. The fair value calculated in such manner shall be approved by the management board of the Management Company with its reasoned decision.

3.4 Determining the value of a tradable share

3.4.1 The value of tradable share is its last known closing price on the regulated market where the share is traded.

3.4.1.1 Proceeding from the justified interests of unit-holders, the Management Company may, in exceptional cases and upon proving to be necessary for determining the fair value of the share, to proceed from any closing price on the respective market known within 20 banking days before the Valuation Date.

3.4.2 If no transactions have been made with the tradable share within the preceding 20 banking days or earlier on any regulated market where the share can be traded, the share

shall be priced as a non-tradable share pursuant to Clause 3.5 of the Procedure.

3.5 Determining the value of a non-tradable share

3.5.1 The value of a non-tradable share is its fair value determined primarily as follows:

3.5.1.1 If a recognised market participant gives a price quotation to a non-tradable share, the fair value of the share shall be its bid-price on the Active Market at the moment of valuation. If several recognised market participants give bid-prices, the value of the share shall be the last bid-price on the Active Market. Respective price quotations are received via the Information provider or directly from market participants.

3.5.1.2 If the respective price quotations are not available or the Management Company believes that they do not reflect the fair value of the share¹, the fair value of the share is determined by using the methods and principles stipulated in the International Private Equity And Venture Capital Valuation Guidelines².

- 1) The price of recent investment method is primarily used for determining the fair value of the share according to which the fair value of the share shall be its value in the last known representative transaction^{3,4}.
- 2) Upon the passing of at least a 6-month period from the last representative transaction with the share, the Management Company shall consider the last information known about the respective share and make a recalculation if necessary by using other methods stipulated in the document International Private Equity And Venture Capital Valuation Guidelines.

3.5.2 In the case provided for in Clause 3.5.1.2, the management board of the Management Company shall approve the fair value with its reasoned decision.

¹ Market quotations might not reflect the fair value of the share for example in the conditions of a dull or illiquid securities market (for more information see IAS 39).

² As of the approval date of the Procedure, the document referred to is inter alia available at the following address: http://www.privateequityvaluation.com/documents/International_PE_VC_Valuation_Guidelines_Sep_2009_Update_2010.pdf (the reference is valid as of the approval time of the Procedure).

³ The acquisition of securities to the fund's assets might inter alia be considered as this transaction.

⁴ Upon determining whether the transaction is representative it is inter alia important that the volume of the respective transaction would be comparable to the amount belonging to the assets of the security fund and the transaction is made pursuant to the arms length principle.

3.6 Determining the value of a unit or share

3.6.1 The value of a unit or share belonging in the fund's assets is its last known redemption price. If the redemption price is not available, the value of the unit or share shall be its last published net asset value or the value calculated by the respective investment fund, the Management Company or other party pursuant to the terms and conditions, statute or partnership agreement or other document.

3.6.1.1 If in the opinion of the Management Company, the published net asset value is higher than the fair value of the unit or share of the investment fund, the value of the unit or share shall be priced according to the principles of pricing non-tradable shares pursuant to Clause 3.5 of the Procedure.

3.6.1.2 If the unit is a so-called interest bearing contractual investment fund unit whose net asset value is usually maintained constant, the income calculated for this fund's units that is subject to payment shall be reflected on a daily basis as income or expenses of the fund.

3.6.2 The share or unit traded on a regulated market shall be priced as a share pursuant to Clause 3.4 of the Procedure.

3.7 Determining the value of a derivative instrument

3.7.1 The value of a tradable derivative instrument shall be determined pursuant to Clause 3.4 of the Procedure.

3.7.2 The value of a non-tradable derivative instrument with sales or purchase right shall be determined on the basis of the Black-Scholes Model.

The value of a non-tradable derivative instrument with sales or purchase right shall be determined on the basis of the amount of present value of future cash flow of the respective transaction.

3.8 Determining the value of other securities

3.8.1 The value of securities not included in Clauses 3.2-3.7 shall be determined pursuant to Clauses 3.4 or 3.5 of the Procedure depending on whether the security is tradable or non-tradable on a regulated market.

3.9 Determining the value of repurchase and reverse repurchase transactions

3.9.1 The value of a repurchase transaction is the transaction value of securities serving as the underlying assets of the transaction from which the difference between the repurchase and sales price that has divided into instalments has been subtracted.

3.9.2 The value of a reverse repurchase transaction and a reverse repurchase transaction with resale right is the smallest of the following:

3.9.2.1 purchase price of securities serving as the underlying assets of the transaction to which the difference between the repurchase and sales price that has been divided into instalments has been added;

3.9.2.2 the value of securities serving as the underlying assets of the transaction.

3.9.3 The value of a repurchase transaction with repurchase right is the biggest of the following:

3.9.3.1 the sales price of securities serving as the underlying assets of the transaction;

3.9.3.2 the value of securities serving as the underlying assets of the transaction from which the difference between the repurchase and sales price that has divided into instalments has been subtracted.

3.10 Determining the value of immovable property

3.10.1 The value of immovable property shall be determined pursuant to a valuation report provided by a certified real estate valuator at least once a year.

3.10.2 The real estate valuator shall be selected by the management board of the Management Company, whereby the valuator can only be an independent real estate valuator who has a good reputation and sufficient experience in valuing the respective assets.

3.10.3 If the Management Company has reason to believe that the fair value of the immovable property has significantly changed compared to the last independent valuation, a new valuation has to be ordered from an independent valuator.

3.11 Determining the value of other assets

3.11.1 Upon determining the fair value of receivables, the receivables shall be valued in the amounts likely to be received.

3.11.2 If the valuation stipulated in Clause 3.11.1 is not possible or relevant, other generally accepted methods can be used proceeding primarily from the valuation methodology set out in IFRS.

3.11.3 The value of other assets stipulated in this Procedure is its fair value.

4. ACCOUNTING PAYMENTS MADE FROM THE FUND

4.1 In the cases provided in the terms and conditions of the fund or legislation, extraordinary (irregular) single payments can be made to unit-holders from the fund.

4.1.1 Upon extraordinary payments, the payment amount approved by the decision of the management board of the Management Company that has not been paid out yet as an

obligation of the fund at the announcement of the amount. This reduces the net asset value of the fund in the respective amount. Making a payment does not affect the fund's net asset value.

5. PRINCIPLES FOR SELECTING A REGULATED MARKET

5.1 If the security is tradable on several regulated markets, determining the fair value of the security or calculating the necessary comparison prices is based on the quotations of the regulated market (in the order of preference):

5.1.1 that was used to acquire the respective security in the fund's assets, or

5.1.2 that is located in the country of location of the issuer of the security⁵.

5.2 If it is not possible to clearly determine the relevant regulated market according to the abovementioned criteria, the value of the security shall be determined by using the quotations of the regulated market, which is more liquid and has higher trading activity.

5.3 If quotations are temporarily unavailable on the preferred regulated market, the Management Company may use quotations of other regulated markets on which the respective securities are traded.

6. CORRECTING ERRORS MADE IN DETERMINING THE NET ASSET VALUE AND INDEMNIFYING FOR THE LOSSES CAUSED BY SUCH ERRORS.

6.1 If it becomes evident that the published net asset value of the fund unit is incorrect due to calculation errors made in determining the net asset value of the fund's assets or value of the security belonging in the fund's assets, such error shall affect the net asset value of the fund unit.

6.2 The adjusted net asset value of a fund unit is calculated and published only if the difference between the initial and adjusted net asset value of the fund unit is:

6.2.1 more than 0.5% in case of an equity fund, mixed fund or fund of funds;

6.2.2 more than 0.25% in case of a bond fund.

6.3 The person discovering the errors made in the calculation of the net asset value shall immediately inform the management board of the Management Company of the discovered errors. If the errors made in the calculation of the net asset value of the fund unit is bigger than 1% in case of

an equity fund and bigger than 0.5% in case of a bond fund, mixed fund or fund of funds from the net asset value of the unit, the error made in the calculation of the net asset value shall be deemed a material error and the Management Company shall inform the Financial Supervision Authority, the internal audit of SEB Pank and the Compliance Department.

6.3.1 If the units are also offered in foreign countries, the Management Company shall inform the financial supervision of the respective countries.

6.4 Upon adjusting net asset value:

6.4.1 a set-off shall be made on account of the fund in the extent of the fund's estimated surplus, if the unit-holder has suffered losses from the incorrect net asset value of the fund's share by issuing more units or transferring money to the unit-holder. The unit-holder shall be informed of the aforementioned set-off as soon as possible.

6.4.2 the deletion of over issued units of the respective type from the unit-holder's securities account shall be applied for, if the unit-holder has suffered losses from the incorrect net asset value of the fund's share caused by undervaluation of the fund's assets at unit subscription.

6.4.2.1 if the cost of making registry entries necessary for deleting over issued units would be unreasonably high compared to the losses caused to the fund, the Management Company shall indemnify to the fund the amount lacking upon issuing units.

6.4.3 if the fund has suffered losses from the incorrect net asset value of the fund's share caused by overvaluation of the fund's assets at the redemption of units, the Management Company shall indemnify the overpaid amount to the fund.

6.5 The Management Company may decide not to adjust the issue or redemption transaction of units if the losses suffered by the fund or unit-holder due to the respective transaction are 1 euro or less.

6.6 The costs arising from processing the compensation of losses shall be borne by the Management Company.

6.7 The procedure and basis for the compensation of losses shall each time be established by the management board of the Management Company with its reasoned decision taking into account the interests of unit-holders.

⁵ The country of location of the issuer is deemed to be the country whose law is taken as the basis for its foundation.

7. FINAL PROVISIONS

7.1 The Management Company shall not generally disclose the calculations related to determining the value of the instruments belonging in the fund's assets, price inputs used at pricing, analysis, expert opinions and estimates, decisions and other specific pricing information.

7.2 Any information published by the Management Company about the net asset value of the fund's assets or unit, or the value of any single instrument belonging in the fund's assets shall not be interpreted as investment advice, investment recommendations or any other investment or ancillary service.