

Sustainability, Biodiversity and the Future in Finance

*Impact Investing as Challenge – and
Opportunity!*

10.10.2023, Frankfurt

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Sustainability ... recognize the date ?

May 4, 2023



May 13, 2023



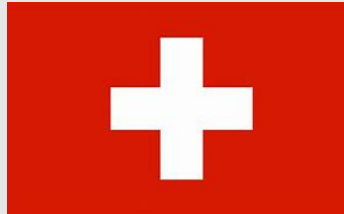
Sustainability ... recognize the date ?

Earth Overshoot Day – human mankind living on credit

May 4, 2023



May 13, 2023



2.8x / 4.4x¹

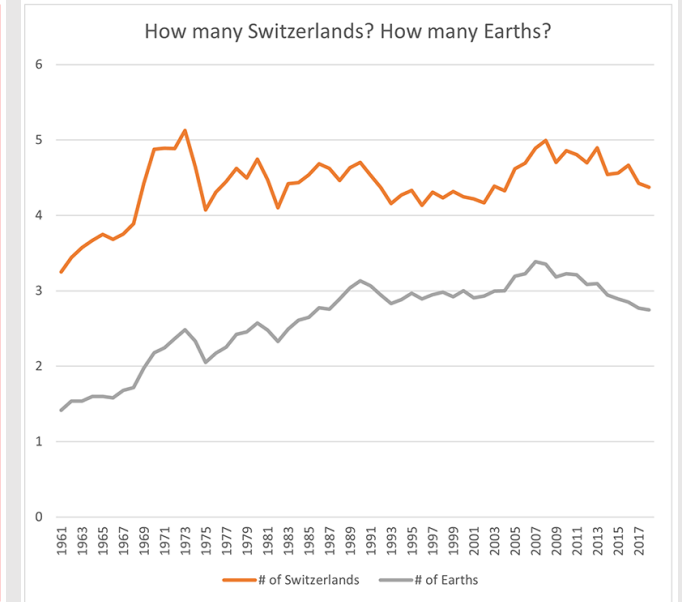
August 2, 2023



Swiss Overshoot Day is May 13

We would need 2.8 Earths if everyone lived like people in Switzerland

Global Footprint Network
EARTH OVERSHOOT DAY
overshootday.org/switzerland



Earth Overshoot Day marks the date when humanity’s demand for ecological resources and services in a given year exceeds what Earth can regenerate in that year¹.

(1) overshoot.footprintnetwork.org

A concern for investors ? The future of finance ?

Today's environmental impacts are tomorrow's financial risks

“We are reaching **irreversible tipping points** for nature and climate, and over half of the global GDP, USD 44 trillion, is potentially threatened by nature loss¹”

“...business, banks and investors facing increased insurance risks, higher costs of capital and a loss of investment opportunities”

“Sectors which are overly-reliant on ecosystem services that are currently not valued, or undervalued, may see company valuations affected when these are eventually accurately valued”

1

Nature positive transformation

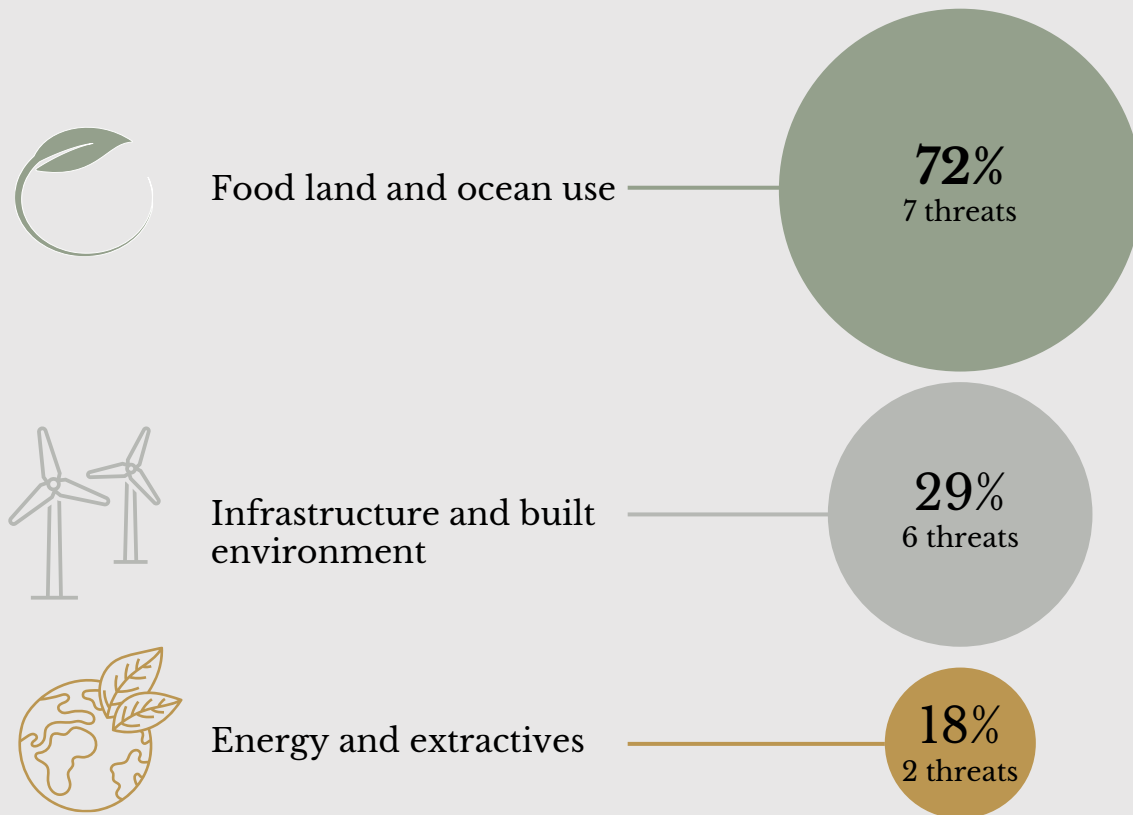
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Climate Transitions

1 Biodiversity & Nature Threat

USD 30trn opportunity

In sum, the three socio-economic systems together with climate change impact ~79% of all (near-) threatened species*/**



Annualized capital investment requirements of **2,710** \$ trillion (2020-30); 2019 values

440	Nordic Investment Opportunities
1,430	Nordic Investment Opportunities
840	Nordic Investment Opportunities

* Consistent with methodology adopted by Maxwell et. al. (2016); "threatened" species include those that are critically endangered, vulnerable, and lower risk – conservation dependent.

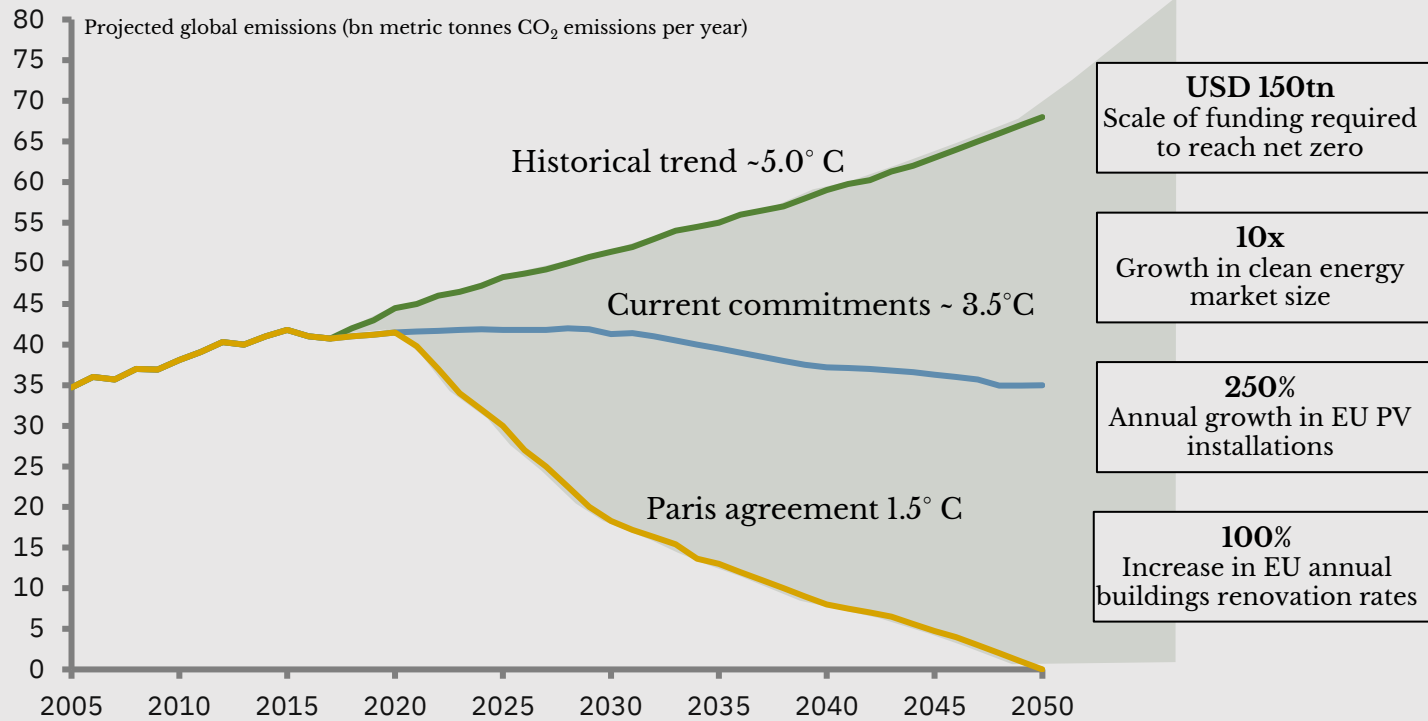
**Due to partial overlap between the species impacted by the three systems, the percentage of species impacted by all systems is smaller than the sum of the percentages of the species impacted by each system.

SOURCE: IUCN Red List of Threatened Species; AlphaBeta analysis

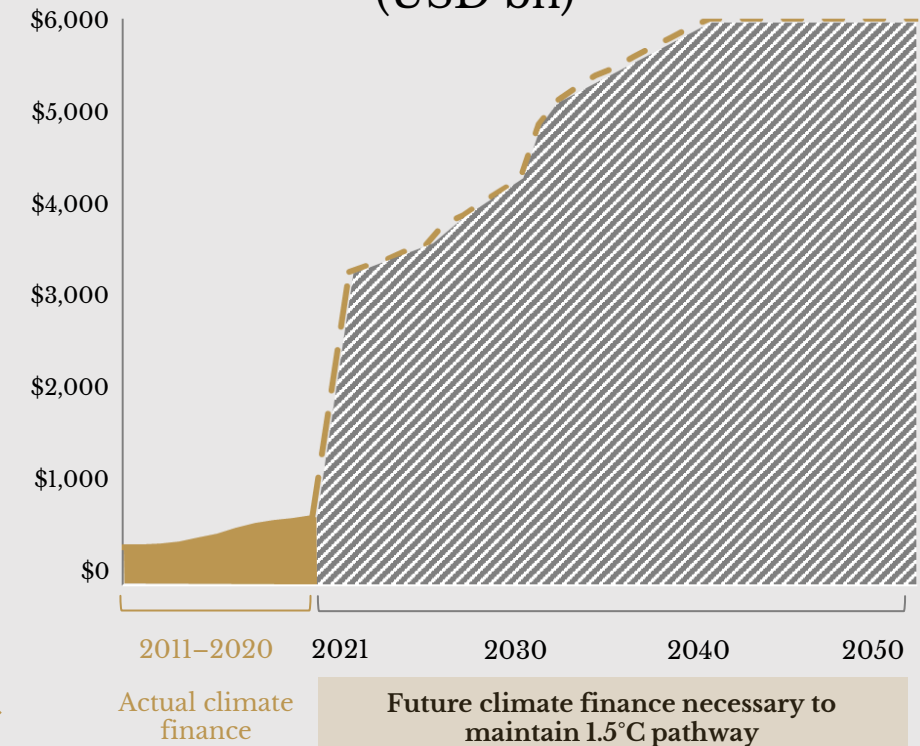
2 Climate Transition

USD 150trn opportunity

Massive reallocation of capital and incentives are leading to unprecedented supply demand shifts

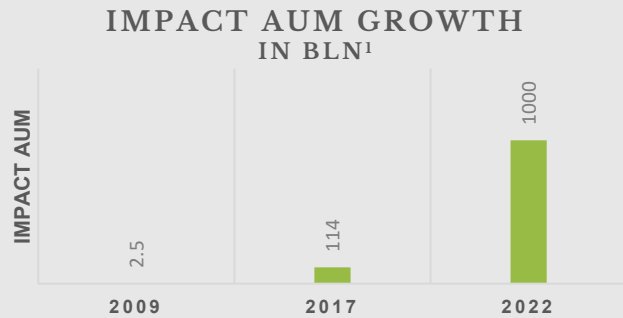


Global tracked climate finance flows and the average estimated annual climate investment need through 2050 (USD bn)



Impact Private Equity - a different investment approach

A fast-growing opportunity



A maturing industry



...but still growing

- 66%** of investors are still concerned about 'impact washing'³ and struggle with impact measurement

→ further standardization needed
- 55%** of funds focus on a single theme with the number of specialist impact managers fast-growing

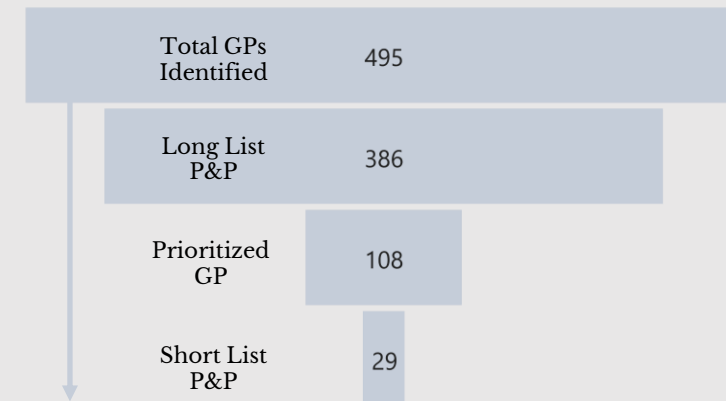
→ market mapping and pipeline development
- > 60%** of GPs are first or second-time funds³ dominated by emerging managers

→ Domaine Expertise, Due Diligence & Diversification
- EUR 200 – 300 million fund size sweet spot, generally sized smaller than conventional private markets funds**

→ Capital allocation to justify the resource requirement

Our approach & solution

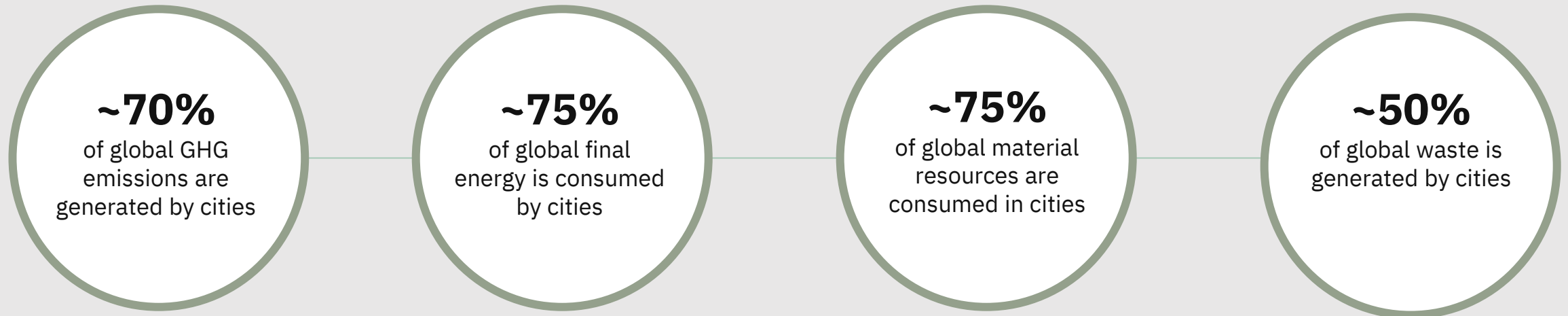
- Significant research per investment theme
- Domain expertise
- Impact measurement & reporting based on proprietary systems
- Impact network & sourcing pools to allow for selectivity & diversification



Real Estate: Urban centers are key to combat climate change

“Cities are where the climate battle will largely be won or lost”
UN Secretary-General, António Guterres

Around 2.5 billion more people will be living in cities by 2050 – two out of three people globally – with an estimated 43 megacities in the world



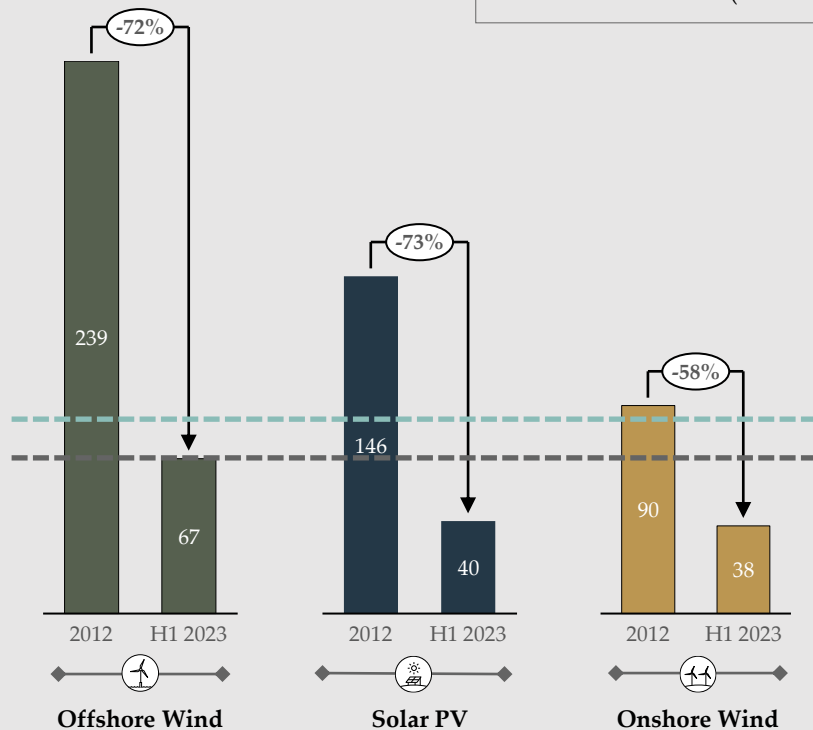
Infrastructure: strong fundamentals for renewables

Cost competitiveness

Renewables now cheaper than conventional energy sources in several markets driven by rapid technological advancement

Global levelised cost of electricity¹ (EUR/MWh, real 2022)

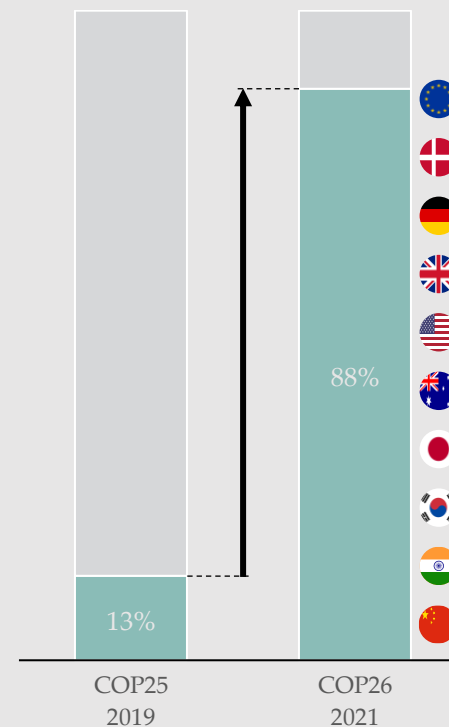
--- Gas (CCGT) H1 2023 (84 EUR/MWh)
 --- Coal H1 2023 (67 EUR/MWh)



Climate change

Build-out supported by unprecedented climate pledges...

GHG emissions covered by net-zero pledges



Energy security

...and now accelerated by energy policy to ensure security of supply

Climate change



Energy independence



Global geopolitical tensions

Food crisis



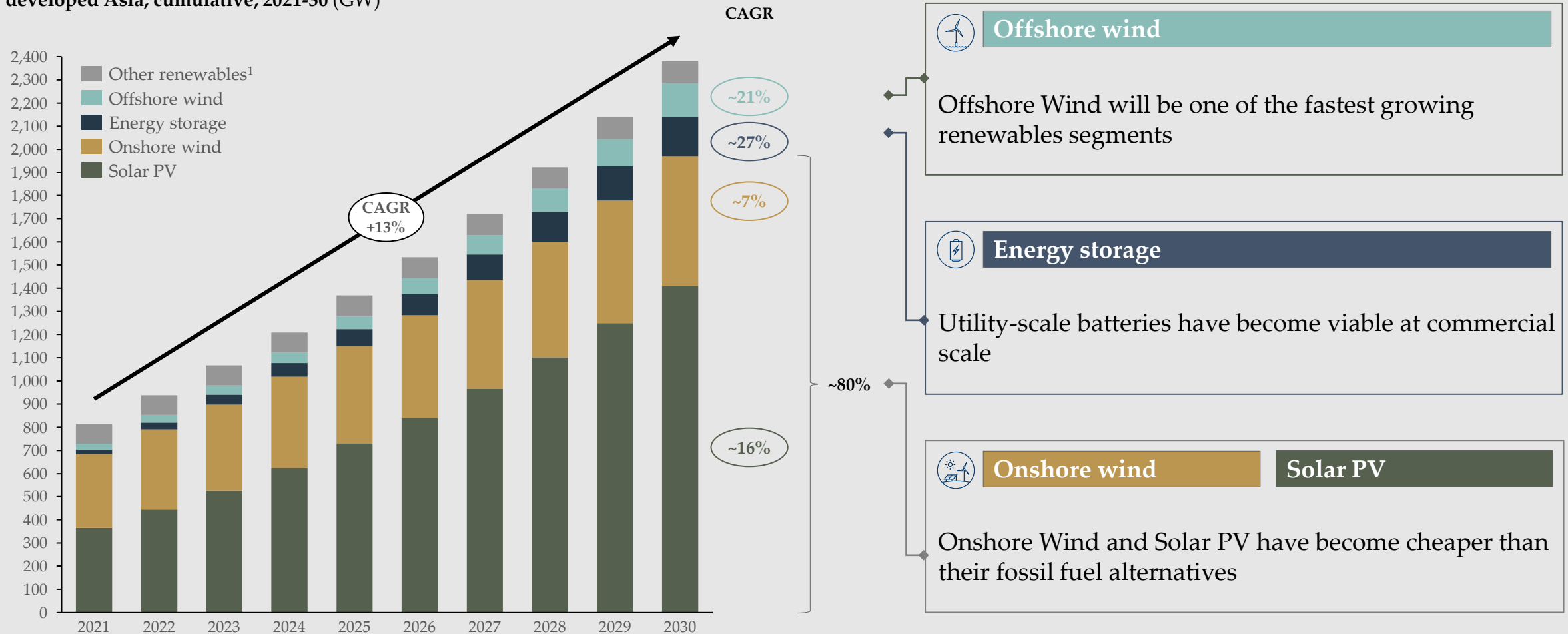
Consumer protection



Notes: 1) USD/EUR = 0.91. The levelised cost of electricity (LCOE) is from BloombergNEF's 2023 H1 LCOE report defining LCOE as the subsidy-free cost of electricity from new power sources considering CAPEX, OPEX, financing costs, fuel and carbon prices, and capacity factor; Sources: BNEF LCOE data tracker; Climate Action Tracker

Infrastructure: all renewable technologies expected to grow significantly

Global installed renewable capacity in CI V markets in North America, Western Europe and developed Asia, cumulative, 2021-30 (GW)



Notes: 1) Other renewables is based on BNEF NEO 2020 ETS, including geothermal, biomass.

Sources: BNEF 1H 2022 Onshore Wind, BNEF 3Q Solar PV, BNEF H1 2022 Offshore Wind, BNEF H1 2022 Storage Outlook forecast

The future of finance – funding a sustainable way forward !

No future for business as usual

The threat

We are reaching irreversible tipping points for nature and climate ...

“The value of natural capital”

“Net Zero Is a Risk Reduction Tool”

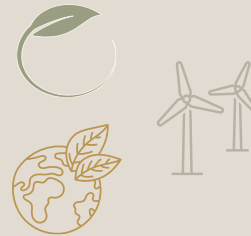
The opportunity

1 Nature positive transformation by three socio-economic systems

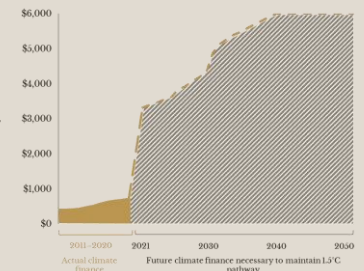
2 Climate Transitions

Capital investment requirements

USD 30trn
2020-2030²



USD 150trn
2020-2050¹



(1) WEF – New Nature Economy Report II
(2) IPCC / Bain

Summary of key risks (1/3)

Suitability of investment

An investment in the Fund is not suitable for all investors. An investment is suitable only for sophisticated investors, and an Investor must have the financial ability to understand and willingness to accept the extent of their exposure to the risks and lack of liquidity inherent in an investment in the Fund. Investors with any doubts as to the suitability of an investment in the Fund should consult their professional advisors to assist them in making their own legal, tax, accounting and financial evaluation of the merits and risks of investing in the Fund in light of their own circumstances and financial condition.

Nature of investments

The Fund includes risks that do not typically exist to the same extent in other investments such as listed securities. Private investments do not usually display the liquidity, transparency or investor protection as would be the case for example with listed securities, which may increase the risks on investments not traded on a public market.

Illiquidity risk

Commitments to the Fund should be viewed as illiquid as the commitments are not readily transferable and no market for such transfers exists nor is expected to be developed. The manager may determine not to permit an investor to transfer its commitment, and transfers may also be prohibited by the legal agreements entered into by the manager.

Valuation of assets

Private investments are often not publicly traded and, therefore, subject to the valuation methodology of the Fund, which is based on fair market valuations as reported by the underlying fund. In order to measure the fair value of an investment, appropriate valuation techniques and methodologies need to be applied and across similar investments managed by the underlying fund manager. It is important to note that different methods of valuation may lead to different estimation of the fair value of the investment, each valuation method includes unique factors which may impact the fair value measurement.

Availability of investments

The success of the Master Funds depends upon the ability of the Investment Manager to identify, select and consummate investments that it believes offer the potential for good returns. The availability of such opportunities will depend, in part, upon general market conditions. Although the Investment Manager believes that significant opportunities currently exist, there can be no assurance that it will be able to identify and consummate a sufficient number of opportunities to permit the Sub-Fund to invest.

Real estate risk

The Fund will be subject to the general risks incidental to the ownership of real estate including: (i) changes in local market conditions leading to an oversupply of space or a reduction in tenant demand for a particular type of property or property related services in a given market; (ii) the ability of tenants to make lease payments, (iii) changes in interest rates and/or the availability of credit to refinance loans at or prior to maturity; (iii) increased operating costs, including energy costs and property taxes; (iv) changes in regulatory requirements and applicable laws, including environmental controls and regulations and landlord/tenant and/or or planning laws; (v) credit risks of tenants and borrowers; (vi) environmental factors and natural disasters; (vii) the quality and strategy of property and asset management; and (viii) competition. The marketability and value of the Fund's Investments will, therefore, depend on many factors and there is no assurance that there will be either a ready market for any of the Investments or that such Investments will be sold at a profit or will yield a positive cash flow. Further, real estate investments are relatively illiquid, particularly in times of economic downturn.

Private equity risk

There are inherent risks in investing in private equity companies, which are vehicles whose principal business is to invest in and lend capital to privately-held companies. Generally, little public information exists for private and thinly traded companies, and there is a risk that private equity investors may not be able to make a fully informed investment decision. Listed private equity companies may have relatively concentrated investment portfolios consisting of a relatively small number of holdings. A consequence of this limited number of investments is that the aggregate returns realized may be adversely impacted by poor performance of a small number of investments or even a single investment, particularly if a company experiences the need to write down an investment.

Infrastructure risk

Infrastructure-related investments expose the Fund or an underlying fund to potential adverse economic, regulatory, political and other changes affecting such investments. Interest costs in connection with capital construction programs, costs associated with environmental and other regulations, the effects of economic slowdown and surplus capacity, increased competition from other providers of services, uncertainties concerning the availability of fuel at reasonable prices, the effects of energy conservation policies and other factors. Additionally, infrastructure-related entities may be subject to regulation by various governmental authorities and may also be affected by governmental regulation of rates charged to customers, service interruption due to environmental, operational, or other events or mishaps and the imposition of special tariffs and changes in tax laws, regulatory policies and accounting standards.

Summary of key risks (2/3)

Target returns

Target returns included in any Fund marketing material provided to Investors are not intended to be projections and are based upon certain assumptions. Different assumptions may also be reasonable and would yield different returns. In addition, other events which were not taken into account may occur and may significantly affect returns and performance, including changes in interest rates, currency exchange rates, domestic and international business conditions and markets or financial or legal uncertainties. There can be no assurance that the Fund will achieve these or any other particular level of returns.

The Fund's denominated currency is Euro. Any currency fluctuation between Euro and any other currency for those Investors whose functional currency is not the Euro will be a risk for such Investors. Restrictions imposed to prevent capital flight may make it difficult or impossible to exchange or repatriate foreign currency. The value in Euros of any investments denominated in any currency other than Euros may be adversely affected by movements in currency exchange rates (which may suffer increased volatility as a result of the United Kingdom's exit from the European Union and other political instability in Europe), costs of conversion and exchange control regulations. In addition, laws and regulations of foreign countries may impose restrictions or approvals which would not exist in the investor's country.

Reliance on Professionals

The Fund's success will depend to a significant extent on the efforts and skills of personnel employed by the Master Funds and its Affiliates who are involved in the Fund's management, and in particular their ability to source, select, manage and utilize investments. These professionals will not be dedicated solely to servicing the Fund and there can be no assurance that they will continue to be associated with the underlying funds or its Affiliates throughout the life of the Fund.

Changes in applicable law, tax treatment and political risk

Investments may be subject to changing political environments, regulatory restrictions, changes in government institutions and policies. These changes may affect adversely to the ability to efficiently realise income or capital gains. There can be no assurance that the structure of any investment will be tax-efficient.

Uncertain returns

While NIO intends for the Fund to make investments that have expected returns commensurate with the risks taken, no assurances can be given that the targeted returns will be achieved.

Composition of investment portfolio

Although a model portfolio for the Fund is provided for illustrative purposes and the Limited Partnership Agreement contains caps and requirements regarding the investments of the Fund, the composition of the portfolio of investments is uncertain, and the Fund has not taken final investment decision on any investment as of the date of this Memorandum. Limited Partners will not have an opportunity to evaluate for themselves the relevant commercial, financial and other information regarding the investments to be made by the Fund. Accordingly, investment decisions will be dependent upon the judgment and ability of the General Partner, the Investment Advisor and the Manager.

Relation to other investment results

The prior investment results of any person or entity described in this Memorandum are provided for illustrative purposes only and are not indicative of the Fund's future investment results. The nature of, and risks associated with, the Fund's future investments may differ substantially from those investments and strategies undertaken historically by such persons or entities. There can be no assurance that the Fund's investments will perform as well as the past investments described in this Memorandum or that the Fund will be able to avoid losses.

Forward-looking statements

Any forward-looking statements (including, without limitation, projections of future earnings or value) contained in this Memorandum are subject to known and unknown risks (such as general economic and political conditions which may affect the Fund), uncertainties and other factors which may cause actual results to be materially different from those contemplated in such statements.

Minority position

The Fund may have minority investments in Master Funds where it may have limited influence and the Fund may not be in a position to limit or otherwise protect the value of its investment in such Portfolio Companies.

Return of distributions and indemnification

Generally speaking, Limited Partners will not be personally liable for the obligations of the Fund in excess of their respective unfulfilled capital commitments. However, under Danish Law, Limited Partners could be required to return distributions previously made by the Fund if it is determined that such distributions were wrongfully made.

Summary of key risks (3/3)

Changes in the legal and regulatory regime

Changes in the legal and regulatory regime may occur during the Term of the Fund which may have an adverse effect on it or its Investments.

Risk of Default of a Limited Partner

A Limited Partner defaulting, for any reason, in complying with draw down notices could jeopardise the Fund's ability to complete an investment and/or could increase the relative exposure of other Limited Partners to such investment. In case of default a Limited Partner may be subject to severe remedies.

Tax Treatment and Risks

The Fund and the Limited Partners may be subject to income tax or other taxes, including additional or unforeseen taxes, or tax filing requirements in the jurisdictions in which the Fund operates or invests. In addition, withholding taxes and other local source taxes may be imposed on the Fund's income. Such taxes may or may not be creditable or deductible by the Limited Partners. Changes to taxation treaties (or their interpretation) between the country of which a Limited Partner of the Fund is a resident and the countries in which the Fund invests may adversely affect the Fund's ability to efficiently realise income or capital gains.

Tax laws, related tax practices and the interpretation of laws and practices in the countries in which the Fund invests might change over the life of the Fund and adversely affect the Fund or any of the Limited Partners. There can be no assurance that the structure of the Fund or of any investment will be tax-efficient to any particular Limited Partner. Prospective Investors are urged to consult their own tax advisors with reference to their specific tax situation.

Potential Conflicts of Interest

Limited Partners should be aware that there will be occasions when NIO and its affiliates may encounter potential conflicts of interest in connection with the Fund. In such case, NIO determines in its good faith judgment whether an actual conflict of interest exists, and if so, NIO (or Investor Board) may take such actions as may be necessary or appropriate to prevent or reduce the conflict. By acquiring an Interest in the Fund, each Limited Partner will be deemed to have acknowledged the existence of any such actual or potential conflicts of interest and to have waived any claim with respect to any liability arising from the existence of any such conflict of interest.

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