



SPiCE
VENTURE CAPITAL

**SPiCE Venture Capital Fund Quarterly NAV
Q3, 2020 Management Notes**

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Executive Summary

SPiCE VC is a tokenized Venture Capital Fund focused on investments in Blockchain companies and in the tokenization ecosystem.

This document is an add-on to the quarterly Net Asset Value (**NAV**) per token calculation. The report reflects the NAV per token as assessed by Spice Venture Capital Fund (**SPiCE VC, the Fund or we**) management and fund managers as of September 30, 2020.

This document includes management and fund managers' discussion and analysis about portfolio companies and related trends.

Disclaimer

The information contained herein is confidential information regarding Spice VC (the "Fund"). By accepting this information, the recipient agrees that it, and its officers, directors and employees will use the information only to evaluate its holdings and potential interest in the Fund and for no other purpose and will not divulge such information to any other party. Any reproduction of this information, in whole or in part, is prohibited. The information contained herein has been prepared solely for informational purposes and is not an offer to buy or sell or a solicitation of an offer to buy or sell any securities or any interest in the Fund or any other Fund or to participate in any trading strategy. If any offer to purchase any interest in the Fund is made in due course it shall be made only pursuant to a definitive Offering Document prepared by or on behalf of the Fund which would contain material information not contained herein and which shall supersede this information in its entirety. Any decision to invest in the Fund should be made only in compliance with and subject to the limitations imposed by applicable laws applying to the ability to offer these securities to prospective investors in their relevant jurisdictions and after reviewing the definitive Offering Document, conducting investigations as deemed necessary by the investor and consulting the investor's own investment, legal, accounting and tax advisors in order to make an independent determination of the suitability and consequences of an investment in the securities.

With the exception of approved Accredited Investors who have been directly approached under Rule 506 (c) of Regulation D of the United States Securities Act of 1933 the Fund will not accept investments from any US person and this presentation is not for use by any US person other than those who have been specifically approved by the Fund. No registration statement has been filed with the United States Securities and Exchange Commission or any U.S. State Securities Authority with respect to the shares of the Fund. None of the Shares in the Fund have been or will be registered under the United States Securities Act of 1933, as amended (the "1933 Act"). Except as noted above none of the Shares in the Fund may be offered, sold, transferred, assigned or delivered, directly or indirectly, in the United States of America, its territories and possessions, any State of the United States of America or the District of Columbia (the "United States"), or to any U.S. Person as defined herein. In addition, the Fund has not been and will not be registered under the United States Investment Fund Act of 1940, as amended (the "1940 Act"). None of the Shares in the Fund may be offered, sold, transferred, assigned or delivered, directly or indirectly, to any person in circumstances which might result in the Fund incurring any liability to taxation or suffering any other pecuniary disadvantages which they might not otherwise incur or suffer, or would result in them being required to register under the 1940 Act.

All performance, investment strategies, and risk targets contained herein are subject to change without notice. There can be no assurance that the Fund will achieve any targets or that there will be any return on capital. Historical returns are not predictive of future results. The Fund is intended to be a specialist vehicle for investment in the early stage technology sector and digital assets. Investments in early stage technology and digital assets carry greater risks and may be considered high risk and volatile. There is a risk of total loss of the principal and interest invested – please refer to the definitive Offering Document for a full list of risks.

Note that the Net Asset Value and related information discussed in this document is based on estimate and should not be treated as accurate facts.

The NAV report has not been audited or reviewed by the Company's auditor.

About the NAV calculation method

The **NAV Per Token** is calculated by dividing the total value of SPiCE VC's portfolio investments, plus cash and other assets (including crypto currencies and tokens) less any liabilities (including accrued expenses) (**Portfolio Value**), by total number of tokens outstanding (**Live Tokens**).

$$NAV \text{ per Token} = \frac{\text{Portfolio Value}}{\text{Live Tokens}}$$

The NAV Per Token is denominated in USD.

The NAV Per Token is calculated in accordance with the value of the Fund as provided and is consistent with the organizational documents and offering documents of the Fund, and were applied for calculating the NAV of each portfolio holding, as appropriate for each relevant asset class. Generally, we value the Fund's assets using market values when market quotations for those assets are "readily available" and, when a market quotation for an asset is not readily available, by using the fair value of that asset, as determined in good faith by the Manager of the Fund.

The Portfolio Value was calculated in USD. The defining rate for converting crypto currencies as of September 30, 2020, was based on the exchange rate to USD, on September 30, 2020, as published on coinmarketcap.com as "Close".

For early stage Venture Capital investments and non-traded (or traded with low frequency/volume) assets and tokens the valuation is based on various relevant methodologies that attempt to estimate the asset's fair value under current market conditions. However, the results of such valuations may not necessarily reflect the actual values of these assets that might be obtained had there been orderly transactions in these assets between market participants.

What is the meaning of NAV Per Token

The NAV Per Token is a quarterly assessment of the underlying assets of the SPiCE VC Fund. As the Token grants each Token holder economic rights (based on their relative holding to the total live Tokens, as detailed in the SPiCE VC Information Memorandum dated 29 October 2019) related to the performance of the underlying portfolio, the NAV Per Token can be viewed as a guideline to the value of the Token at the date calculated.

However, it is important to remember that Token price (since the SPiCE VC Tokens started trading on security Token exchanges(s)) are be set by market supply and demand and not by the calculated NAV Per Token.

The market may value the token at a premium or discount to the published NAV Per Token at any given time based on many variables.

Period Assessed

This report addresses NAV Per Token as of September 30, 2020.

Why do we not publish % holding in each investment?

Venture Capital funds invests in private companies, who are not required to publish reports (unlike public companies which are required to do so) and tend to keep significant information like valuation and performance data private for competitive business reasons.

We, at SPiCE VC, are trying to "hold the stick at both ends": on one hand to create a transparent report for our investors, while on the other hand, respecting the portfolio companies' need for keeping their performance and financial information private.

Disclosure of the % ownership in portfolio holdings may allow "reverse engineering" of such private valuation information, so we do not publish such information despite the interest some investors may have in obtaining the information.

SPiCE Investment Strategy

Domains we invest in

Since SPiCE VC launched in late 2017, it has seen a major shift in the market towards tokenizing assets and ownership. SPiCE VC expects this industry to continue growing, something that will require major growth in the supporting ecosystem. Due to this, and due to SPiCE VC's competitive advantage given its "pioneer status" in the industry, it has chosen to focus on investing in the DLT/tokenization ecosystem.

SPiCE invests globally in platforms and ecosystem providers enabling access to capital markets, banking, real estate, and other industries enhanced through DLT/Blockchain technologies. We seek companies who stand to benefit the most from the massive growth of the industry.

Investment Stage

SPiCE tends to make the first investment in Post-seed or A series round, with capital left aside for follow-on investments.

Selection Factors

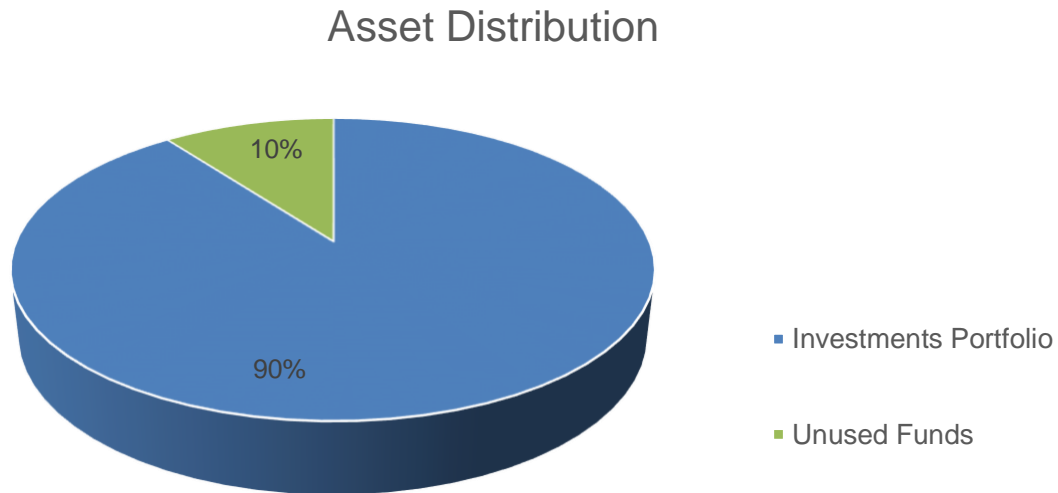
As a VC fund SPiCE invests for the longer run. We have a well-defined investment strategy and structured investment process that includes multiple parameters we consider when making an investment decision. Some of them include:

- The stage of the company
- Its leadership team
- The ability of the company to become a major player in the market
- Company's business model and it's assessed probability to generate major returns (exit or otherwise) within the fund's investment horizon (under 7 years)

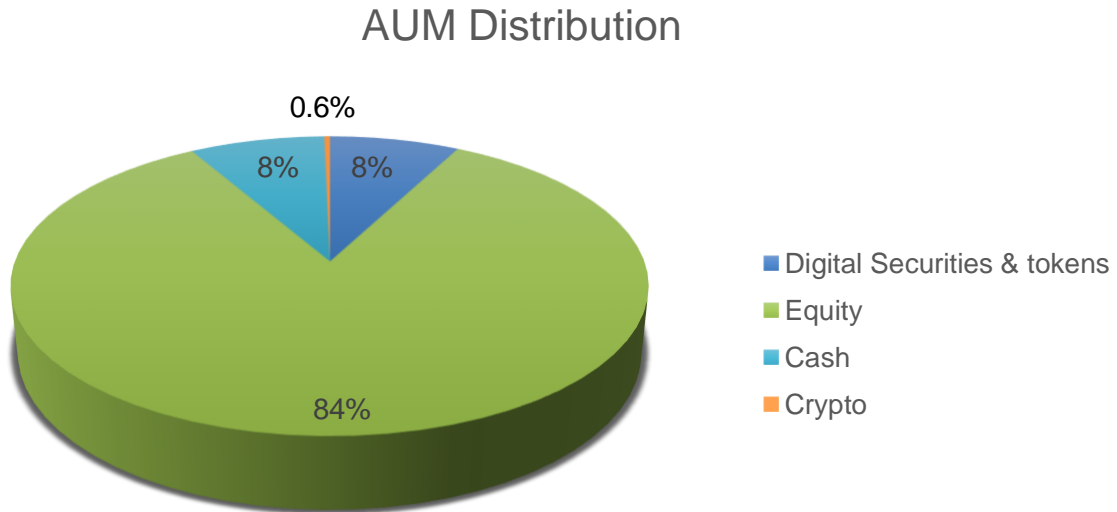
Current Assets, Investment Portfolio and Management Discussion

Net Assets Under Management (AUM) and Distribution

As of September 30, 2020, Net Assets Under Management equaled \$17,183,282. The distribution between unused funds and the investment portfolio was as follows:



Overall distribution across asset classes was as follows:



Investment Portfolio

SPiCE's investment portfolio can be viewed [here](#).

Fund Updates

As updated earlier, OpenFinance Network (OFN), the first market place SPiCE was listed on is in the process being sold to INX. Currently there is very little happening on OFN trade and liquidity wise.

A couple of months ago we updated that SPiCE was the first digital security listed on Fusang Exchange. Due to the newness of their operations, Fusang is yet to build up some trading robustness.

We expect that at least two additional digital security marketplaces will go live early 2021 and intend to list SPiCE on them.

Investment Portfolio Updates

Below are updates from some of the portfolio companies:



Securitize [acquired DTM](#), and the acquisition recently got the [regulators' approval](#). Securitize rebranded this part of the business as *Securitize Markets*. This acquisition will grant Securitize new capabilities as DTM is not only a registered broker-dealer but also holds an ATS (alternative trading system) license for digital securities.

Earlier in Q3, Securitize and Stonegate Global launched a [full-service fund liquidity solution](#). This new service simplifies the formation, structuring, digitization, and fund administration processes on a fully digital platform featuring a variety of liquidity options.



Following the successful launch of its IPO (which is still open), INX aims to open for trading in Q1 of 2021. In view of the upcoming launch, INX has already confirmed plans to [onboard several tokens](#) onto its platform. This includes in-cask liquor tokens from Wave Kentucky Whiskey 2020 Digital Fund LLC; real-estate tokens from Germany-based real estate company KlickOwn AG; gaming tokens from Infinite Fleet.

Most notably, INX will be the platform where the world's [first diamond commodity](#) will be digitally traded. Investors will be able to trade the Diamond Standard Commodities as a blockchain token on the INX trading platform.



Archax became the [first FCA regulated digital securities exchange](#). They are now in the process of gearing up to go live in the UK.

Archax also recently [closed its seed round](#) after having raised \$8 million in funding. This exceeds the initial target of \$5 million by 60%. The most recent VC firms to invest include, Alameda Research, Amnis Ventures, Bridgetower Capital, CoinFund, Edge196, Hudson Capital, QBN Capital and 7percent Ventures.



Ripio has announced a partnership with Circle to [accelerate USDC adoption in Latin America](#). The partnership will see Ripio leveraging on Circle's transactional services, business accounts, and platform APIs. This will in turn support the conversion of local currencies into and out of USDC, manage liquidity, and automate treasury operations across Ripio's exchange and wallet products.

This partnership is timely with Ripio's recent announcement of its new feature: Ripio Earn. Ripio Earn is a USDC yield account that provides a 6% annual interest rate of return to Ripio's more than 500,000 users in Argentina and Brazil.



Blockdaemon is partnering with digital asset custodian Finoa to [offer staking services to institutional investors](#). This development will see vast simplification in the process of staking for institutions.

Blockdaemon has recently also provided extensive infrastructural support, including in-app support to deploy nodes in just a few clicks on the [Oasis Network](#). Oasis Network is the first privacy-enabled blockchain platform for open finance and a responsible data economy.

Bakkt™

Bakkt launched an [all-in-one tracking app](#) for consumers, where one can track and convert their digital rewards and loyalty points for cash. This service aims to bring liquidity to the variety of loyalty programmes currently out there.

Bakkt has already partnered with big firms offering extensive loyalty programmes. This includes credit-card providers such as American Express and Chase; restaurants such as Chipotle; and airlines such as JetBlue.

Calculated NAV Results (Unaudited)

As of September 30, 2020, not all of the funds invested in SPiCE VC were invested in portfolio companies. The calculated NAV Per Token reflects the net appreciation in

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the portfolio assets, as well as the changes in the value of currencies in which funds are held, less any fees, expenses and dilutions.

Overall, the portfolio saw value appreciation of several companies in Q3 2020, mostly those that concluded external rounds during the quarter (INX and Archax).

We also decided to write off one holding from the portfolio – Slice, which unfortunately, ran out of funding before being able to generate sufficient value in assets, IP, or business traction.

The increase in valuation of INX and Archax more than balances the loss of Slice. However, erring on the conservative side, we kept the NAV Per Token as it was previously, at **\$1.32**.

Note that the above NAV Per Token is based on the NAV calculation principals in accordance with the organizational documents and offering documents of the Fund, and were applied for calculating the NAV of each portfolio holding, as appropriate for each relevant asset class, and are not necessarily equivalent to generally accepted accounting principles and is considered a non-gaap measure.

Changes in the valuation of investment portfolio, which is mainly investments in companies, tends to happen typically based on external events to the company (like an additional investment round creating a new valuation) or major change in the company's financials, etc. Or in the case of tokens, a distinct change in token value range.

Note that the change in NAV per Token Vs. the offering price of the SPiCE token is not an indication for similar performance in the future.