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| CONFIDENTIAL PRIVATE PLACEMENT   |   |
| MEMORANDUM (VERSION 1)   |   |
| Approved by the Board  | DocuSigned by:  |
|  Xavier Den |  DocuSigned by:<br>Paul Hunt |
| Name: Xavier DEN and Paul HUNT   | D814393242A548D...  |
| Date: 10/19/2023   |   |

**ISSUING DOCUMENT**

**Emerald Fund S.C.A., SICAV-RAIF**

A Luxembourg reserved alternative investment fund  
(*fonds d'investissement alternatif réservé*)  
qualifying as an investment company with variable capital  
(*société d'investissement à capital variable*)  
in the form of a corporate partnership limited by shares  
(*société en commandite par actions*)

**September 2023**

## **Emerald Fund S.C.A., SICAV-RAIF**

### **INTRODUCTION**

**Emerald Fund S.C.A., SICAV-RAIF** (the “**Company**”) is a Luxembourg open-ended umbrella structured investment company in the legal form of a corporate partnership limited by shares (*société en commandite par actions*) organised in the form of an investment company with variable capital (*société d’investissement à capital variable*) and qualifying as a reserved alternative investment fund (*fonds d’investissement alternative réservé*) pursuant to the law of 23 July 2016 on reserved alternative investment funds (the “**RAIF Law**”).

The Company is registered with the Luxembourg Trade and Companies Register (the “**R.C.S.**”) and such registration constitutes no approval or refusal by an authority of the Grand Duchy of Luxembourg as concerns the suitability or accuracy of this Issuing Document or of the assets held by the Company. Any affirmation to the contrary is unauthorized and unlawful.

Emerald Managements Luxembourg S.à r.l. has been selected as external alternative investment fund manager in accordance with Article 4 of the RAIF Law. Emerald Managements Luxembourg S.à r.l. will perform the investment management services, pursuant to Article 4 of the AIFM Law, and to the extent necessary, of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies and Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority).

The purpose of the Company is to invest the funds available in a wide range of securities and other assets with the objective of spreading investment risks and affording its Shareholders the results of the management of its assets.

The Shares (as defined below) are offered only to Eligible Investors (as defined below) on the basis of the information and representations contained in this Issuing Document. No person has been authorised to give any information or to make any representations, other than those contained in this Issuing Document and in the documents referred to herein, in connection with the offer hereby made, and, if given or made, such information or representation must not be relied upon if not authorised by the Board (as defined below).

No information other than those contained in this Issuing Document, in the periodic financial reports or in any other document mentioned in this Issuing Document may be given in connection with this offer.

The Board accepts responsibility for the information contained in this Issuing Document. The Managers (as defined below), whose names appear in Section 3.1 of this Issuing Document, have taken all reasonable care to ensure that the facts stated herein be correctly and fairly presented with respect to all questions of importance and that no important fact, the omission of which would make misleading any of the statements herein, be omitted. The Board makes sure that the information disclosures of Article 21 of the AIFM Law are available to the investors before they invest into the Company.

The Sub-Funds (as defined below) being fully invested by Well-Informed and Professional Investors (as defined below), no key information documents have been produced in compliance with Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products.

## **RESTRICTIONS IN RESPECT OF OFFERING AND OWNERSHIP OF SHARES**

### **General restrictions**

The distribution of this Issuing Document and the offering or purchase of the Shares may be restricted in certain jurisdictions. No person receiving a copy of this Issuing Document in any such jurisdiction may treat this Issuing Document as constituting an offer or invitation to them to purchase or subscribe for Shares unless in the relevant jurisdiction such an offer or invitation could lawfully be made to them. Accordingly, this Issuing Document does not constitute an offer or invitation to anyone in any jurisdiction in which such offer or invitation is not lawful or in which the person making such offer or invitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or invitation. It is the responsibility of any person in possession of this Issuing Document to inform him/herself of and to observe all applicable laws and regulations of any relevant jurisdiction.

The Company has not been registered under the U.S. Investment Company Act of 1940. In addition, the Shares of each Sub-Fund (as defined below) have not been registered under the U.S. Securities Act of 1933, as amended, and may not be and will not be offered for sale or sold in the United States of America, its territories or possessions or to a US Person (as defined below).

US Persons may not apply for subscription of Shares. Holders of Shares are required to notify the Board of any change in their non-US Person status. Prospective investors are advised to consult their legal counsel prior to investing in Shares in order to ascertain their status as non-US Persons.

The Board reserves the right to:

- (i) refuse on a discretionary basis all or part of a subscription application for Shares; and
- (ii) repurchase, at any time, Shares held by Shareholder (as defined below) not authorized to buy or own the Shares and return the proceeds to such Shareholder as set forth in this Issuing Document.

### **Swiss restrictions**

This document may only be distributed in or from Switzerland to qualified investors within the meaning of Article 10 para. 3, 3bis and 3ter of the Collective Investment Schemes Act. The representative of the Company in Switzerland is ACOLIN Fund Services AG, Affolterndstrasse 56, CH-8050 Zurich, Switzerland, whilst the Paying Agent is Neue Helvetische Bank AG, Seefeldstrasse 215, CH-8008 Zurich, Switzerland. The basic documents of the Company, as well as, the annual report may be obtained free of charge at the registered office of the Company's Swiss representative.

## **IMPORTANT INFORMATION**

Prospective investors who are in any doubt about the contents of this Issuing Document or the annual reports of the Company should, as well as, in general inform themselves and consult their financial and tax adviser as to the possible tax consequences, the legal requirements and any foreign exchange restriction or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence or domicile and which might be relevant to the subscription, holding or disposal of Shares.

## ORGANISATION OF THE COMPANY

### **Emerald Fund S.C.A., SICAV-RAIF**

A Luxembourg umbrella investment company with variable capital  
*(société d'investissement à capital variable - SICAV)* qualifying as a reserved alternative investment fund  
*(fonds d'investissement alternatif réservé)*

in the form of a corporate partnership limited by shares  
*(société en commandite par actions)*

7 rue Genistre,  
 L-1623 Luxembourg,  
 Grand Duchy of Luxembourg  
 R.C.S. Luxembourg : B236877

#### **General Partner**

#### **Emerald Managements RAIF GP S.à r.l.**

a Luxembourg private limited liability company  
*(société à responsabilité limitée)*

5, Rue Guillaume J. Kroll ,  
 L-1882 Luxembourg,  
 Grand Duchy of Luxembourg  
 R.C.S. Luxembourg : B236110

#### **Managers**

Xavier Deu

Paul Hunt

Josep Lluis Perez

|  |  |
|--|--|
| <p><b>Depository Bank</b></p> <p><b>ING Luxembourg S.A.</b></p> <p style="text-align: center;">52, Route d'Esch<br/>   L-2965 Luxembourg<br/>   Grand Duchy of Luxembourg</p>  | <p><b>Central Administration Agent, Registrar and Transfer Agent</b></p> <p><b>Centaur Fund Services (Luxembourg) S.A.</b></p> <p style="text-align: center;">7 Rue Genistre,<br/>   L-1623 Luxembourg,<br/>   Grand Duchy of Luxembourg</p> |
| <p><b>Alternative Investment Fund Manager</b></p> <p><b>Emerald Managements Luxembourg S.à r.l.</b></p> <p style="text-align: center;">22 Avenue Monterrey<br/>   L-2163 Luxembourg<br/>   Grand Duchy of Luxembourg</p> | <p><b>Statutory Auditor</b></p> <p><b>Deloitte Audit, Société à responsabilité limitée</b></p> <p style="text-align: center;">20, Boulevard de Kockelscheuer<br/>   L-1011 Luxembourg<br/>   Grand Duchy of Luxembourg</p>                   |

**Legal Advisor**

**Baker & McKenzie**

10-12, Boulevard F-D Roosevelt  
L-2450 Luxembourg  
Grand Duchy of Luxembourg

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## 1. Definitions

The following definitions apply throughout the Issuing Document:

|                                      |   |
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| <b>1915 Law</b>                      | the Luxembourg law dated 10 August 1915 on commercial companies, as amended from time to time   |
| <b>Accounting Currency</b>           | the currency used to draw-up the financial statements of the Company  |
| <b>Administration Agreement</b>      | means the agreement entered into by and between the Agent and the Company dated as of 06 August 2019, as amended from time to time  |
| <b>Agent</b>                         | Centaur Fund Services (Luxembourg) S.A., acting in its capacity as central administration agent, registrar and transfer agent of the Company pursuant to the Administration Agreement   |
| <b>AIF</b>                           | an alternative investment fund within the meaning of the AIFM Law   |
| <b>AIFM</b>                          | Emerald Managements Luxembourg S.à r.l., acting in its capacity as alternative investment fund manager of the Company   |
| <b>AIFM Agreement</b>                | means the agreement entered into by and between the AIFM and the Company dated as of 06 August 2019, as amended from time to time   |
| <b>AIFM Directive</b>                | Directive 2011/61/EU of the European Parliament and of the Council on alternative investment fund managers and amending Directives 2003/41/EC, as amended   |
| <b>AIFM Law</b>                      | the Luxembourg law dated 12 July 2013 on alternative investment fund managers, implementing the European Directive 2011/61/EU on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010, as amended   |
| <b>AIFM Regulations</b>              | means the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision   |
| <b>AML Law</b>                       | means the Luxembourg law of 12 November 2004 on the fight against money laundering and terrorist financing transposing Directive 2001/97/EC of the European Parliament and of the Council of 4 December 2001 amending Council Directive 91/308/EEC on prevention of the use of the financial system for the purpose of money laundering, as may be amended. |
| <b>Appendix/Appendices</b>           | the present appendices attached to the Issuing Document and forming integral part of the latter   |
| <b>Articles</b>                      | the articles of association of the Company as amended from time to time   |
| <b>Auditor</b>                       | Deloitte Audit, acting in its capacity of statutory approved auditor ( <i>réviseur d'entreprises agréé</i> ) of the Company inscribed on the public register of statutory approved auditor, as further described in Section 3 “Auditor”   |
| <b>AuM</b>                           | the assets under management of the Company  |
| <b>Board</b>                         | the board of Managers of the General Partner  |
| <b>Business Day</b>                  | a full bank business day in Luxembourg  |
| <b>Class(es) of Shares/Class(es)</b> | one or more classes of Shares that may be available in each Sub-Fund, whose assets shall be commonly invested according to the investment objective of that Sub-Fund, but where a specific sale   |

and/or redemption charge structure, fee structure, distribution policy, target investor, denomination currency or hedging policy shall be applied as further detailed in the relevant Appendix

|                                  |   |
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| <b>Company</b>                   | Emerald Fund S.C.A., SICAV-RAIF   |
| <b>Conversion Day</b>            | the Business Day as further detailed in the relevant Appendix on which Conversion Requests are accepted and dealt with in accordance with Section 9 “Conversion”  |
| <b>Conversion Request</b>        | the written conversion request submitted to the Agent and setting forth the number of Shares or amount of a Sub-Fund to be converted in Shares of another Sub-Fund  |
| <b>Conversion Settlement Day</b> | the Business Day on which the consideration for conversion is fully paid as further detailed in the relevant Appendix   |
| <b>CRS</b>                       | means Common Reporting Standards  |
| <b>CSSF</b>                      | the Luxembourg supervisory authority of the financial sector, the <i>Commission de Surveillance du Secteur Financier</i>  |
| <b>Cut-Off Time</b>              | deadline before which written Subscription - Redemption - Conversion Requests must be received by the Agent on the Subscription - Redemption - Conversion Last Day (where applicable) as further detailed in the relevant Appendix  |
| <b>Depositary Bank</b>           | ING Luxembourg S.A., acting in its capacity as depositary bank of the Company, or such other credit institution within the meaning of Luxembourg law dated 5 April 1993 as amended, relating to the financial sector, as amended, that may be appointed from time to time as depositary bank of the Company   |
| <b>Eligible Investors</b>        | means an investor who qualifies as a Well-Informed Investor or as a Professional Investor   |
| <b>ESG</b>                       | has the meaning ascribed to it in Section 6.6   |
| <b>EUR/Euro</b>                  | the lawful currency of the Member States of the European Union that have adopted the single currency in accordance with the treaty establishing the European Community (signed in Rome on 25 March 1957) as the same may be amended from time to time, being the reference currency of the Company  |
| <b>FATCA</b>                     | Foreign Account Tax Compliance Act, a U.S. federal law  |
| <b>FATCA Rules</b>               | the regulations relating to information reporting by foreign financial institutions and other foreign entities released by the IRS on 28th January 2013, all subsequently published FATCA announcements and as the case may be, the provisions of the intergovernmental agreement (IGA) entered between Luxembourg and the U.S. and/or between the country of each investor and the US, and the Luxembourg law dated 24 July 2015 |
| <b>Financial Year</b>            | the financial year of the Company, which ends on the 31 December of each year   |
| <b>GBP</b>                       | United Kingdom Pounds Sterling being the lawful currency of the United Kingdom, from time to time   |
| <b>General Partner</b>           | Emerald Managements RAIF GP S.à r.l., acting as general partner ( <i>gérant associé commandité</i> ) of the Company   |
| <b>General Partner Shares</b>    | Ten (10) management Shares which has been subscribed by the General Partner upon incorporation of the Company in its capacity as <i>associé gérant commandité</i> of the Company  |

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| <b>IGA</b>                               | has the meaning given to it in Section 17.5 “Common Reporting Standard”   |
| <b>IRS</b>                               | has the meaning given to it in Section 17.5 “Common Reporting Standard”   |
| <b>Indemnified Person</b>                | has the meaning as defined in Section 21 “Indemnification”  |
| <b>Initial Price</b>                     | Unless otherwise provided for in the Sub-Fund Appendix, the subscription price at which the Shares of any Class are offered during the Initial Subscription Period as further described in Section 7.4 “Subscription for Shares”  |
| <b>Initial Subscription Period</b>       | the initial subscription day or initial subscription period during which the Shares of any Class may be issued at the Initial Price as specified for each Class of any Sub-Fund in the Appendices   |
| <b>Investment Advisor</b>                | any person or entity as may be appointed by the AIFM with the consent of the General Partner from time to time as investment advisor of the Company as further described in Section 3.4 “Investment Advisor” and in the relevant Appendix   |
| <b>Investment Manager(s)</b>             | any person or entity as may be appointed from time to time as discretionary investment manager of the assets of one or more Sub-Funds as further described in the relevant Appendix   |
| <b>Investment Structure</b>              | has the meaning ascribed to it in Section 4 “Investment Objective and Policy of the Company”  |
| <b>Issuing Document</b>                  | this issuing document of the Company issued in accordance with Article 38 of the RAIF Law as the same may be amended, supplemented and modified from time to time   |
| <b>Launch Date</b>                       | the launch date of a Sub-Fund as specified for each Sub-Fund in the relevant Appendix   |
| <b>AIFM Fee</b>                          | means all the fees to be paid to the AIFM, including the fees for the risk reporting services   |
| <b>Management fee</b>                    | means all the management fees to be paid to the General Partner   |
| <b>Manager</b>                           | a member of the Board   |
| <b>Minimum Holding</b>                   | a minimum number of Shares or amount in the Reference Currency or Other Denomination Currency, which a Shareholder must hold in a given Sub-Fund or Class as further detailed for the respective Sub-Fund or Class in the relevant Appendix   |
| <b>Minimum Subscription</b>              | a minimum number of Shares or amount in the Reference Currency or Other Denomination Currency, which a Shareholder must subscribe in a Sub-Fund or Class as further detailed for the respective Sub-Fund or Class in the relevant Appendix  |
| <b>Multilateral Trading Facility/MTF</b> | has the meaning as defined in Directive 2004/39/EC on markets in financial instruments  |
| <b>Net Asset Value/NAV</b>               | the net asset value of the Company, a given Sub-Fund or Class (as the case may be) as determined in accordance with the Articles and Section 11 “Net Asset Value”   |
| <b>Other Denomination Currency</b>       | another denomination currency in which the Board may decide to calculate the Net Asset Value per Share of one or more Sub-Fund(s)/Class(es) in addition to the Reference Currency as further detailed for the respective Sub-Fund(s)/Class(es) in the relevant Appendix. The Net Asset Value calculated in another denomination currency is the equivalent of the Net Asset Value in the Reference Currency converted at the prevailing exchange rate |

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| <b>Performance Fee</b>           | means the performance fee to be paid to the AIFM as determined in the relevant Appendices  |
| <b>Professional Investor(s)</b>  | means an investor(s) who is/are considered to be a professional client(s) or may, on request, be treated as a professional client(s) within the meaning of Annex II to Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU  |
| <b>Prohibited Person(s)</b>      | any person, firm, partnership or corporate body, if in the sole opinion of the Board such holding may be detrimental to the interests of the existing Shareholders or of the Company, if it may result in a breach of any law or regulation, whether Luxembourg or otherwise, or if as a result thereof the Company may become exposed to tax disadvantages, fines or penalties that it would not have otherwise incurred; the term "Prohibited Person" includes any person, firm, partnership or corporate body, which does not meet the definition of Well-Informed Investors as described below or which qualifies as a US Person   |
| <b>RAIF</b>                      | reserved alternative investment fund within the meaning of the RAIF Law  |
| <b>RAIF Law</b>                  | the Luxembourg law of 26 July 2016 on reserved alternative investment funds, as amended  |
| <b>RBE</b>                       | the register of beneficial owners ( <i>registre des bénéficiaires effectifs</i> ) of the Company within the meaning of the RBE Law   |
| <b>RBE Law</b>                   | the Luxembourg law of 13 January 2019 on the register of beneficial owners ( <i>registre des bénéficiaires effectifs</i> ) implementing Article 30 of Directive (EU) 2015/849 of the European Parliament and of the Council of 25 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, as amended by Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 and amending Directives 2009/138/EC and 2013/36/EU, as supplemented by (i) the Grand Ducal regulation of 15 February 2019 on the registration, payment of administrative fees and access to information recorded in the register of beneficial owners, (ii) the Luxembourg Trade and Companies Register ( <i>Registre de Commerce et des Sociétés</i> ) circular LBR 19/01 of 25 February 2019 relating to the register of beneficial owners and (iii) and any other laws, circular or other regulations in whatsoever form amending or supplementing the above |
| <b>Redemption Day</b>            | the Business Day as further detailed in the relevant Appendix on which Redemption Requests are accepted and dealt with in accordance with Section 8 "Redemption of Shares"   |
| <b>Redemption Price</b>          | the price at which the Shares are redeemed, as further described in Section 8 "Redemption of Shares" of this Issuing Document and in the Appendices  |
| <b>Redemption Request</b>        | the written redemption request submitted to the Agent in respect of a Sub-Fund on a specific Class of Shares and setting forth the number of Shares to be redeemed by the Company  |
| <b>Redemption Settlement Day</b> | the Business Day on which the Redemption Price is fully paid up as further detailed in the relevant Appendix   |
| <b>Reference Currency</b>        | the currency in which the Net Asset Value of each Sub-Fund is denominated, as specified for each Sub-Fund in the relevant Appendix   |

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| <b>Regulated Market(s)</b>                  | has the meaning as defined in Directive 2004/39/EC on markets in financial instruments   |
| <b>SFDR</b>                                 | means Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, as amended or supplemented from time to time   |
| <b>Share(s)</b>                             | a limited share ( <i>action de commanditaire</i> ) of any Class of any Sub-Fund in the capital of the Company, the details of which are specified in the Appendices  |
| <b>Shareholder(s)</b>                       | a limited shareholder ( <i>commanditaire</i> ) holder of one or more Shares of any Class of any Sub-Fund in the capital of the Company   |
| <b>Strongly Rated Financial Institution</b> | a strongly rated financial institution which has a long-term issuer credit rating by Standard & Poors of A and higher or an equivalent rating by another widely recognized rating agency   |
| <b>Sub-Fund</b>                             | Any Sub-Fund of the Company established by the Board in accordance with this Issuing Document and the Articles   |
| <b>Subscription Day</b>                     | the Business Day as further detailed in the relevant Appendix on which Subscription Requests are accepted and dealt with in accordance with section 7 "The Offer"  |
| <b>Subscription Price</b>                   | the subscription price at which the Shares of any Class are offered after the end of the Initial Subscription Period as further described in Section 7.4 "Subscription for Shares" and in the Appendices   |
| <b>Subscription Request</b>                 | the written subscription request submitted to the Agent with all relevant documents to qualify as Shareholder submitted to the Agent in respect of a Sub-Fund on a specific Class of Shares and setting forth the number of Shares or amount to be subscribed by such prospective investor   |
| <b>Subscription Settlement Day</b>          | the Business Day on which the Subscription Price is fully paid, as further detailed in the relevant Appendix   |
| <b>Subsidiary</b>                           | any local or foreign corporation or partnership or other entity (including for the avoidance of doubt any wholly-owned Subsidiary):<br>(a) which is controlled by the Company; or<br>(b) in which the Company holds more than 50% of the share capital; or<br>(c) which does not have any activity other than the holding of investments which qualify under the "Investment Objective and Policy" of the Company;   |
|   | any of the above mentioned local or foreign corporations or partnerships or other entities shall be deemed to be "controlled" by the Company if (i) the Company holds in aggregate, directly or indirectly, more than 50% of the voting rights in such entity or controls more than 50% of the voting rights pursuant to an agreement with the other shareholders or (ii) the majority of the managers or board members of such entity are members of the Board or of any affiliates of the General Partner, except to the extent that this is not practicable for tax or regulatory reasons or (iii) the Company has the right to appoint or remove a majority of the members of the managing body of that entity |
| <b>Sustainability Factors</b>               | means environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters   |

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| <b>Sustainability Risks</b>      | means environmental, social or governance events or conditions that, if they occur, could cause an actual or potential material negative impact on the value of one or more investments of the Company or the Sub-Funds   |
| <b>UCI(s)</b>                    | regulated investment fund that is subject to risk diversification rules   |
| <b>USD</b>                       | the official currency of the United States of America   |
| <b>US Person(s)</b>              | a citizen or resident of the United-States of America, a corporation, partnership or any other entity created in or under the laws of the United States of America or any person falling within the definition of the term “United States Person” under the 1933 Act  |
| <b>Valuation Day</b>             | a Business Day on which the Net Asset Value per Share of any Class of any Sub-Fund is computed and published (as the case may be), upon the frequency set forth in the relevant Appendix and at least once a year in accordance with the RAIF Law   |
| <b>Well-Informed Investor(s)</b> | has the meaning ascribed to it in the RAIF Law, and includes:<br><br>(a) institutional investors;<br>(b) professional investors; or<br>(c) any other well-informed investor who fulfils the following conditions:<br><br>(i) has declared in writing his adhesion to the status of well-informed investor; and<br>(ii) invests a minimum of EUR 125,000 in the Company or has been the subject of an assessment made by a credit institution within the meaning of Directive 2006/48/EC, by an investment firm within the meaning of Directive 2004/39/EC or by a management company within the meaning of Directive 2001/107/EC certifying his expertise, his experience and his knowledge in adequately apprising an investment in the Company. |

## 2. General presentation of the Company

The information set out under this Section is a summary of the principal features of the Company and should be read in conjunction with the full text of this Issuing Document.

### 2.1 Legal Form

Emerald Fund S.C.A., SICAV-RAIF is an open-ended umbrella structured investment company in the legal form of a corporate partnership limited by shares (*société en commandite par actions*) organised in the form of an investment company with variable capital (*société d'investissement à capital variable*) and qualifying as a reserved alternative investment fund (*fonds d'investissement alternative réservé*) pursuant to the RAIF Law.

The Company has been incorporated in Luxembourg on August 6 2019 for an unlimited period of time. The Articles have been published in the Luxembourg legal gazette (*Mémorial C Recueil des Sociétés et Associations*) under number B236877 on August 19 2019 and have been filed with the Luxembourg Trade and Companies' Register (*Registre de Commerce et des Sociétés*), where they are available for inspection and where copies can be made. Copies may also be obtained at the registered office of the Company.

As a corporate partnership limited by shares (*société en commandite par actions*), the Company has two (2) different types of Shareholders:

- the *associé gérant commandité* or unlimited shareholder (the General Partner), who is the equivalent of the general partner of a limited partnership. The General Partner is solely responsible for the management of the Company and is jointly and severally liable for all liabilities which cannot be paid out of the assets of the Company. The General Partner holds ten (10) General Partner Shares in the Company. The General Partner Shares have been issued upon incorporation of the Company. No further General Partner Shares will be issued;
- the *associés commanditaires* or the Shareholders whose liability is limited to the amount of their investment in the Company. The Company may have an unlimited number of Shareholders. The interests of the Shareholders will be represented by Shares of different Classes, as the case may be with respect to each Sub-Fund.

The Company is managed by the General Partner (*associé gérant commandité*), Emerald Managements RAIF GP S.à r.l., a Luxembourg private limited company (*société à responsabilité limitée*), having its registered office at 5, Rue Guillaume J. Kroll, L-1882 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies' Register (*Registre de Commerce et des Sociétés*) under number B 236.110.

### 2.2 Capital

The capital of the Company is always equal to its Net Asset Value. The minimum capital shall be, as provided by the RAIF Law, the equivalent of one million two hundred and fifty thousand Euros (EUR 1,250,000.-) and must be reached within twelve (12) months after the date on which the Company has been incorporated pursuant to the RAIF Law.

The Accounting Currency of the Company is Euro.

### 2.3 Sub-Funds

The Company is structured to provide Shareholders with a variety of Sub-Funds.

In accordance with Article 49 of the RAIF Law, the assets and liabilities of each Sub-Fund shall be segregated from the assets and liabilities of those of the other Sub-Funds, with creditors having recourse only to the assets of the Sub-Fund concerned and where the liabilities of a Sub-Fund cannot be satisfied

out of the assets of the another Sub-Fund. As between the Shareholders and creditors, each Sub-Fund will be deemed to be a separate entity.

The different Classes of Shares in issue or to be issued in each Sub-Fund of the Company (if any) may differ *inter alia* in their fee structure, distribution policy, target investors or any other criteria to be determined by the Board.

The proceeds of the issue of Shares in respect of each Sub-Fund will be invested for the exclusive benefit of the relevant Sub-Fund in securities and other permitted assets in accordance with the investment policy determined by the Board from time to time in respect of the relevant Sub-Fund and as set forth under the relevant Sub-Fund specifications in the Appendices.

The Board may, at any time and in its discretion, decide to create additional Sub-Funds whose investment objectives and policies, risk profile or other features may differ from those of the Sub-Funds then existing and, in such cases, this Issuing Document will be updated accordingly.

#### **2.4 Classes of Shares**

The Shares of each Sub-Fund may, as the Board shall so determine from time to time, be issued in one or more Classes, whose assets shall be commonly invested pursuant to a specific investment objective of the respective Sub-Fund, but where a specific sale and redemption charge structure, fee structure, asset class, bundle of assets, investor restriction, distribution policy, hedging policy, Reference Currency or other denomination Currencies or other criteria may be applied to each such Class.

The specific characteristics of Classes available to the Shareholder in each Sub-Fund are defined in the relevant Appendix to this Issuing Document. For the avoidance of doubt, reference to "Share(s)" in this Issuing Document includes references to any Class(es) when reference to specific Class(es) is not required.

The Board may, at any time and in its discretion, decide to create further Classes of Shares whose features may differ from those of the existing Classes and in such cases, this Issuing Document will be updated accordingly.

Shareholders of the same Class in a Sub-Fund will be treated pro-rata to the number of Shares held by them in the relevant Sub-Fund.

#### **2.5 Investment Objective**

The overall investment objective of the Company is to invest its assets in a wide range of securities and other assets, with the purpose of spreading investment risks and affording the investors the results of the management of its portfolio in accordance with the provisions of the RAIF Law.

The Company, with respect to its Sub-Funds, may take any measure and carry out any operation, which it may deem useful in the accomplishment and development of its purpose to the full extent permitted by the RAIF Law.

The Board is permitted at any time to change the investment policy and restrictions of the Sub-Funds.

The list of the Sub-Funds and the specific investment objective, policy and restrictions of each Sub-Fund are set out in the relevant Appendix to this Issuing Document.

#### **2.6 Stock Exchange Listing**

The Board may decide to list the Shares of the Sub-Funds, Classes, as and when issued, on the Luxembourg Stock Exchange or any other Regulated Market or MTF. Details are set out for each Sub-Fund in the relevant Appendix to this Issuing Document.

### **3. Management and Administration**

#### **3.1 The General Partner**

The Board is responsible, while observing the principle of risk diversification, for laying down the investment policy of the Sub-Funds and for monitoring the business activity of the Company. It may carry out all acts of portfolio management, administration and marketing on behalf of the Company; in particular purchase, sell, subscribe or exchange any securities or asset and exercise all rights directly or indirectly attached to the Company's portfolio of assets.

The Board is responsible for creating and maintaining a register of beneficial owners of the Company within the meaning of the AML Law at the registered office of the Company (the "RBE"). The RBE shall include adequate, accurate and up-to-date information and supporting documents on the beneficial owner(s) of the Company as further detailed in the RBE Law. In addition the Board shall be responsible for filing the relevant information and documentation with the Luxembourg Business Registers in accordance with the provisions of the RBE Law. The General Partner may delegate its duties under the RBE Law to any third party including the Agent under the terms and conditions of an agreement to be entered into between the General Partner and such third party. In case of a delegation, the General Partner shall be ultimately responsible for compliance with the RBE Law.

In addition, the General Partner may under its responsibility and supervision delegate its functions, privileges and duties to purchase and sell securities as agent for the Company and otherwise to manage the portfolios of the Sub-Funds for the account and in the name of the Company to one or several Investment Managers whom it may consider appropriate.

The Board is made up of the following Managers:

- 1) Xavier Deu
- 2) Paul Hunt
- 3) Josep Lluis Perez

#### **3.2 AIFM**

**Emerald Managements Luxembourg S.à r.l.** has been appointed as AIFM to perform investment management services in compliance with the AIFM Directive and the AIFM Regulations pursuant to the AIFM Agreement and will be remunerated for the rendering of its services in accordance with the terms and conditions specified therein.

The AIFM shall carry out all acts of portfolio and risk management on behalf of the Company in respect to the provisions of the AIFM Law and the AIFM Regulations.

The AIFM may under its responsibility and supervision and on objective reasons, delegate its portfolio management or risk management functions, privileges and duties to any third party subject to the conditions and the limitations set out in the AIFM Law, the RAIF Law and Section 8 of the AIFM Regulations.

The Board shall carry out marketing on behalf of the Company. The Board will coordinate all marketing actions for the Company. The AIFM is in charge of the execution of the marketing notification/registration of the Company within the identified regulatory authorities.

The Board may delegate the marketing function, as it deems appropriate, to any duly authorized distributor in the relevant markets and will ensure that these distributors promptly respond to due diligence and ongoing monitoring request of documents and information from the AIFM, including regular key

performance information and on-site visit. As consideration for its marketing notification services, the AIFM is entitled to receive AIFM Fees, as indicated in the AIFM Agreement.

### 3.3 Depository Bank

**ING Luxembourg S.A.**, with registered office at 52, Route d'Esch, L-2965 Luxembourg, Grand Duchy of Luxembourg has been appointed as Depository Bank. ING Luxembourg S.A. is a public limited company (*société anonyme*) incorporated under the law of the Grand Duchy of Luxembourg and it is registered with the Luxembourg Trade and Companies' Register under number B 6041. The relationship between the Company and the Depository Bank is subject to the terms of a depositary services agreement dated 06 August 2019.

The Depository Bank is responsible for the safekeeping (*garde*) of the assets of the Company in accordance with the provisions of Article 5 of the RAIF Law. For the safekeeping of the assets entrusted to it, the Depository may appoint correspondents, which shall, in such instance, be selected under its responsibility with professional care and in good faith, amongst professional service providers duly authorized to carry out their functions in the relevant jurisdictions.

The liability of the Depository Bank shall not be affected by any delegation of its custody functions unless it has discharged itself of its liability in accordance with Article(s) 19 (13) and/or 19 (14) of the AIFM Law and the AIFM Regulations.

The Board and the Depository Bank may terminate the depositary agreement at any time by giving three (3) months' prior notice in writing. The Board may, however, dismiss the Depository Bank only if a new depositary bank is appointed within two months to take over the functions and responsibilities of the Depository Bank. After its dismissal, the Depository Bank must continue to carry out its functions and responsibilities until such time as the entire assets of the Company have been transferred to the new Depository Bank.

### 3.4 Administrative Agent, Registrar and Transfer Agent

**Centaur Fund Services (Luxembourg) S.A.**, (the "**Administrator**"), a Luxembourg limited liability company (*société anonyme*), having its registered office at 7 rue Genistre, L-1623 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Register of Commerce and Companies under number B 147823 has been appointed as central administration, registrar and transfer and domiciliation agent of the Company (the "**Agent**") pursuant to an administrative, registrar and transfer agency agreement effective 1 November 2021 (the "**Administration Agreement**"). The Administrator is a professional of the financial sector (*PSF*) and as such is monitored by the CSSF. The Company and the Agent may terminate this agreement upon ninety (90) days prior written notice. The Agent is in charge of processing of the issue, redemption and conversion of the Shares and settlement arrangements thereof, keeping the register of the Company's Shareholders and the RBE, calculating the Net Asset Value, maintaining the records, assisting the Board in verifying that investors qualify as Well-Informed Investors under the RAIF Law and other general functions as more fully described in the Administration Agreement.

The Agent may sub-contract all or part of its functions to one or more sub-contractor(s) which, in view of functions to be sub-contracted, has/have to be qualified and competent for performing them. The Agent's liability shall not be affected by such sub-contracting.

The Agent will not be liable for the investment decisions regarding the Company nor the consequences of such investment decisions on the Company's performance and they are not responsible for the monitoring of the compliance of the Company's investments with the rules contained in its Articles and/or its Issuing Document and/or in any management agreement(s) concluded regarding the management of the Company.

The Administrator will be remunerated out of the assets of the relevant Sub-Fund in accordance with current market practice in Luxembourg.

### **3.5 Investment Advisor**

In the determination and implementation of the investment policy of each Sub-Fund, the AIFM may be assisted by one or several Investment Advisor(s).

The Investment Advisor shall provide investment advisory services to the AIFM with respect to the Company and its Sub-Funds in a manner consistent with the investment policy of the relevant Sub-Fund as detailed in the applicable Appendix.

The Investment Advisor shall assist the AIFM with respect to the structuring of all transactions to be negotiated and entered into by the Company, such as, without limitation, assisting the AIFM in conducting the required due diligence process, supporting the AIFM in organizing and coordinating legal due diligence, tax, accounting and business matters through suitable legal and/or fiscal offices, accounting firms, product consultants, preparing reports for the Company and AIFM and negotiating the terms and conditions of transactions (including legal and financial negotiations). The Investment Advisor shall respect the global investment strategy previously determined by the AIFM, such as reflected, for each Sub-Fund in the relevant Appendix.

The Investment Advisor shall further be involved in the analysis of potential suitable exit opportunities and support the AIFM in the daily monitoring of investments made by the Company in respect of its Sub-Funds, reporting to the AIFM any relevant information and documentation necessary to enable the AIFM to evaluate and approve investment/divestment and generally manage investment activities of the Company and its Sub-Funds, from a portfolio management and risk management standpoint.

The Investment Advisor shall further support the AIFM in the valuation of the assets of the Company. The Investment Advisor shall be authorized to delegate or obtain support from any of its affiliates regarding the performance of its duties under the relevant contractual arrangements and shall also be authorized to employ agents to perform its obligations.

The Investment Advisors (if any) will be remunerated out of the assets of the relevant Sub-Fund as further detailed in the relevant Appendix.

The Investment Advisors will promptly respond to due diligence and on-going monitoring requests of documents and information from the AIFM, including regular key performance indicators and on-site visit.

### **3.6 Auditor**

The Board has appointed Deloitte Audit, Société à responsabilité limitée., with registered office at 20, Boulevard de Kockelscheuer L-1011 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies Register under number B67.895 as Auditor of the Company within the meaning of the RAIF Law.

The Auditor will inspect the accounting information, transactions, accounts and annual reports and fulfil other duties prescribed by the RAIF Law and other applicable laws and regulations.

### **3.7 Anti-Money Laundering**

Pursuant to international rules and Luxembourg laws and regulations (comprising but not limited to the law of 5 April 1993 on the financial sector (as amended from time to time), the AML Law) as well as circulars of the CSSF (including but not limited to the CSSF circular 13/556 regarding the entry into force of CSSF Regulation N° 12-02 of 14 December 2012 on the fight against money laundering and terrorist financing (as amended from time to time)), obligations have been imposed on all professionals of the financial sector to prevent the use of undertakings for collective investments for money laundering purposes.

Measures aimed towards the prevention of money laundering, as provided by the AML Law are under the supervision of the General Partner and has been delegated to the Agent. The Agent may require a detailed

verification of the applicant's identity. No transaction will be permitted on the account until all necessary anti-money laundering documentation has been supplied.

The Company and the Agent may be subject to additional Luxembourg or foreign regulations imposing on them further identification requirements on investors and their beneficial owners, such as, but not limited to the FATCA Rules.

By way of example, an individual may be required to produce a copy of a passport or identification card duly certified by a notary public, together with evidence of his/her address such as a utility bill or bank statement and date of birth. In the case of corporate applicants this may require production of a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent), the names, occupations, dates of birth and residential addresses of all directors and beneficial owners.

The Board and the Agent reserve the right to request such information and documents as is necessary to verify the identity, source of funds and source of wealth of an applicant. An applicant and where applicable, beneficial owners must disclose their politically exposed person ("PEP") status, if applicable, to the Agent and may be subject to more enhanced Due Diligence requirements. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Board may refuse to accept the application and will not be liable for any interest, costs or compensation. Similarly, when Shares are issued, they cannot be redeemed or converted until full details of registration and anti-money laundering documents have been completed.

Applicants listed on OFAC, United Nations, European Union and HM Treasury Sanctions Lists are prohibited. The Board and the Agent may have an obligation to report suspicious activity to applicable reporting authorities.

The Board and the Agent reserve the right to reject an application, for any reason, in whole or in part in which event the application monies or any balance thereof will be returned without unnecessary delay to the applicant by transfer to the applicant's designated account or by post at the applicant's risk, provided the identity of the applicant can be properly verified pursuant to Luxembourg anti-money laundering regulations. In such event, the Company will not for any interest, costs or compensation.

#### **4. Investment Objective and Policy of the Company**

The overall investment objective of the Company is to invest its assets in a wide range of securities and other assets, with the purpose of spreading investment risks and affording the investors the results of the management of its portfolio in accordance with the provisions of the RAIF Law.

The Company may furthermore hold cash or cash equivalents, including *inter alia* money market instruments or investments in shares or units of money market funds and term deposits or any other assets that offer daily liquidity as liquidity reserve, for management purposes, or as an intermediary investment prior to the investment of any balance not invested.

Additional or deviating guidelines can be set forth for each Sub-Fund separately. To that effect, reference is made to the Appendices.

The Company may make investments in investment structures which have been established for the purpose of (directly or indirectly) investing in and/or financing any kind of investments (the "**Investment Structures**"). Such Investment Structures may have legal personality or not, be listed or unlisted, be regulated or unregulated, and be incorporated in any jurisdiction. Such investments in Investment Structures will be made using all kind of equity and/or all kind of debt instruments (securitized or not) or combinations thereof.

The Company will only invest in Investment Structures that generally preclude a liability in excess of the value of the interests acquired. The Company will not make any investments where it has to incur unlimited liability.

The specific investment objectives, investment policies and investment restrictions in relation to each Sub-Fund are referred to in the Appendices to this Issuing Document. In addition, each Sub-Fund is managed in accordance with the investment powers and restrictions applicable to the Company as set out in Section 5 “Investment Powers and Restrictions”.

The Board may, at its sole discretion, change the investment objective, strategies, and restrictions of a Sub-Fund. Any change to the investment objective must be notified to the Shareholders of that Sub-Fund before such changes to the investment objective are to come into effect.

There can be no guarantee that the investment objectives of the Company will be met.

## 5. **Investment powers and restrictions**

The Board shall, based upon the principle of spreading risks, have the power to determine the corporate and investment policy for the investments and the course of conduct of the management and business affairs of each Sub-Fund. The Company will at all times be diversified in compliance with Luxembourg law and in particular the diversification requirements in CSSF Circular 07/309, as amended from time to time.

The AIFM, subject to the supervision and responsibility of the Board, shall perform the portfolio management and risk management in accordance with the investment policy determined by the Board.

By making use of its power to determine the investment policy of each Sub-Fund, the Board has resolved the following investment restrictions that apply, in principle, for each Sub-Fund, provided that it is not decided and indicated otherwise in respect of any particular Sub-Fund in the relevant Appendix to this Issuing Document:

- (1) The Company, in each Sub-Fund, may not in principle hold short position in securities of the same type issued by the same issuer representing more than 30% of its assets;
- (2) The Company, in each Sub-Fund, may not invest more than 30% of its assets in securities of the same type issued by the same issuer unless otherwise specified by the Appendices. This restriction does not apply to investments in securities issued or guaranteed by an OECD Member State or its regional or local authorities or by EU, regional or global supranational institutions and bodies and UCI subject to equivalent risk diversification rules. For the purpose of the application of this restriction, every Sub-Fund of a target umbrella undertaking for collective investment is to be considered as a separate issuer provided that the principle of segregation of liabilities among the various Sub-Funds vis-à-vis third parties is ensured;
- (3) The Company, in each Sub-Fund, may invest in financial derivatives instruments, dealt in on a Regulated Market and/or MTF and/or over the counter (OTC). When using financial derivative instruments, the Company must ensure comparable risk diversification through appropriate diversification of the underlying assets. Counterparty risk of OTC operations must be limited and prudently assessed based on the quality and qualification of the counterparty;
- (4) The Company, in each Sub-Fund, may borrow as specified by the Appendices;
- (5) In order to protect its present and future assets and liabilities against the fluctuation of currencies, the Company, in each Sub-Fund, may (unless otherwise specified in the Appendices) enter into transactions the object of which is the purchase or the sale of forward foreign exchange contracts, the purchase or the sale of call options or put options in respect of currencies, the purchase or the

sale of currencies forward or the exchange of currencies on a mutual agreement basis provided that these transactions be made either on exchanges or over-the-counter with Financial Institution specialising in these types of transactions and being participants in the over-the-counter markets. The objective of the transactions referred to above presupposes the existence of a direct relationship between the contemplated transaction and the assets or liabilities to be hedged and implies that, in principle, transactions in a given currency (including a currency bearing a substantial relation to the value of the Reference Currency (known as “**Cross Hedging**”) may not exceed the total valuation of such assets and liabilities nor may they, as regards their duration, exceed the period where such assets are held or anticipated to be acquired or for which such liabilities are incurred or anticipated to be incurred;

- (6) The Company, in each Sub-Fund, may also hold liquid assets;
- (7) A Sub-Fund (the “**Initial Sub-Fund**”) may invest in one or more other Sub-Funds of the Company (the “**Target Sub-Fund**”) subject to the following conditions:
  - (i) the Target Sub-Fund may not invest back in the Initial Sub-Fund;
  - (ii) the Target Sub-Fund may not invest more than 30% of its net assets in other funds;
  - (iii) the voting rights attached to the shares of the Target Sub-Fund are suspended during the investment by the Initial Sub-Fund;
  - (iv) the value of the shares of the Target Sub-Fund held by the Initial Sub-Fund are not taken into account for the purpose of assessing the compliance with the minimum capital requirement of the Company; and
  - (v) shares held by the Initial Sub-Fund in the Target Sub-Fund will not be subject to any management or performance fees.

In order to comply with the laws and regulations of the countries where the Shares might be offered or placed, the Board may from time to time impose further investment restrictions to all or several Sub-Funds as shall be compatible with or be in the interest of the Shareholders. In such a case, the Issuing Document will be amended accordingly.

In addition, each Sub-Fund shall be managed in accordance with the investment restrictions specified in the Appendices.

## 6. Risk Considerations

*An investment in any Sub-Fund established by the Company is speculative and involves a high degree of risk. Although the AIFM for each Sub-Fund will attempt to manage or mitigate those risks through careful research and portfolio management, there can be no assurance that it will do so successfully.*

*An investment in any Sub-Fund established should be made only after consultation with independent qualified sources of investment, tax, legal and other appropriate professional advice. In addition to the specific risk factors set forth in the Appendices in relation to each Sub-Fund, a prospective investor should consider the following factors the description of which is neither detailed nor exhaustive:*

### 6.1 General Risk Considerations relating to an Investment in the Company

The value of an investment in any investment fund may go up as well as down and involves various risks and investment considerations, some of which are highlighted below. There is a possibility of a total or partial loss of the invested capital. Prospective investors should not subscribe to or invest in any Sub-Fund of the Company unless they can readily bear the consequences of such loss. No guarantee or representation

is made that the Sub-Funds will reach their investment objectives, and investment results may vary substantially over time.

In particular prospective investors should evaluate the risk factors discussed below which, individually or in aggregate, could have a material adverse effect on the Sub-Funds or their assets and may result in the loss of the Shareholders' invested capital or lower returns than those discussed herein.

Additionally, the Company is primarily designed as a long-term investment and not as a trading vehicle. The Company is not intended to be a complete investment program. Where the currency of the Company varies from the Shareholder's home currency, or where the Reference Currency of the Sub-Fund varies from the currencies of the markets in which the Company invests, due to this foreign exchange risk exposure there is the prospect of additional loss (or the prospect of additional gain) to the Shareholder greater than the usual risks of investment.

#### **6.1.1 Changes in Applicable Law**

The Company must comply with legal requirements, including requirements imposed by the securities laws and company laws in various jurisdictions, including Luxembourg. Should any of these laws change over the duration of the Company, the legal requirements to which the Company and the Shareholders may be subject could differ substantially from current requirements.

#### **6.1.2 No Guarantee**

Although the AIFM and its principals have substantial experience in managing similar assets, any past performance of the AIFM and its principals, directors and officers should not be construed as an indication of the possible future results of an investment in Shares of the Company.

#### **6.1.3 Liquidity risk**

An investment in the Company represents a general liquidity risks and the question whether a Shareholder will be able to sell its Shares will depend on a variety of factors. The Shares may also be affected by restrictions on resale imposed under applicable law. The value of the Shares will fluctuate based upon the performance of the Company or relevant Sub-Fund, other relevant factors, and any third party's assessment thereof. Accordingly, if a Shareholder transfers its Shares, the sale price may be lower than the originally invested amount.

#### **6.1.4 Tax risks**

Unfavourable interpretations or changes in tax laws, judicial practice, tax rulings or of any rules established in the tax practice could adversely affect the Company's financial situation. The changes could relate to the current fiscal year or to prior years if they have not yet been finally assessed for tax purposes.

The tax authorities may add additional items to the taxable income of the Company or disallow tax deductions and allowances with respect to any open assessment so that the tax liabilities of the companies may be increased. Such different assessment of the Company's tax situation by tax authorities could adversely affect its results.

Investors are urged to consult their own tax advisors as to tax consequences of the acquisition, ownership and disposition of Shares. Tax consequences may differ according to the provisions of different double tax treaties and the investor's particular circumstances.

#### **6.1.5 FATCA Rules**

FATCA Rules are particularly complex. Although the Company will attempt to satisfy any obligations imposed on it to avoid the imposition of the thirty percent (30%) withholding tax, no assurance can be given that the Company will be able to satisfy these obligations. If the Company becomes subject to a

withholding tax as a result of FATCA, the value of Shares held by all Shareholders may be materially affected.

#### **6.1.6 Significant Investor/Shareholder**

It is expected that at any time investors in the Sub-Funds of the Company may include individual investors with significant holdings (“**Significant Investors**”) in the outstanding Shares in a particular Sub-Fund. The presence of a Significant Investor helps to mitigate the burden of the fixed costs of a Sub-Fund by effectively spreading the impact of such costs over a larger NAV than would otherwise be the case. By the same token, any large redemptions by a Significant Investor will raise the impact of such fixed costs on remaining a single investor. Large orders to purchase or sell Shares in a Sub-Fund by Significant Investors may, individually or on a combined basis, also result in parallel investment/disinvestment transactions by the Sub-Fund concerned in one or more of its underlying assets. This could in turn possibly have an impact on the value of such investments thereby affecting the NAV of the Sub-Fund concerned, as well as that of other Sub-Funds investing in the same underlying assets.

#### **6.2 General Risk Considerations relating to an Investment in a Sub-Fund**

Any investment of the Sub-Funds, in particular in a foreign country, involves the risk of adverse political developments, including nationalization, confiscation without fair compensation, and acts of terrorism or war and of changes in governmental policies. Furthermore, foreign jurisdictions may impose restrictions to prevent capital flight, which could make it difficult or impossible to exchange or repatriate foreign currency. In addition, laws and regulations of foreign countries may impose restrictions or approvals which would not exist in the prospective investor's country of origin and may require financing and structuring alternatives which differ significantly from those customarily used in the prospective investor's country of origin.

No assurance can be given that a political or economic climate, or particular legal or regulatory risks, might not adversely affect an investment by the different Sub-Funds. It may be infeasible for the Sub-Funds to invest in certain Investment Structures as otherwise the Sub-Fund or certain Shareholders or prospective investors may be subject to adverse tax, regulatory or other detrimental consequences; this may limit the investment opportunities of the Sub-Funds.

Issuers are generally subject to different accounting, auditing and financial reporting standards in different countries throughout the world. The volume of trading, the volatility of prices and the liquidity of issuers may vary in the markets of different countries. Hours of business, customs and access to these markets by foreign prospective investors may also vary. In addition, the level of government supervision and regulation of securities exchanges, securities dealers and listed and unlisted companies is different throughout the world. The laws of some countries may limit the Company's ability to invest in securities of certain issuers located in those countries. In addition, there may be a lack of adequate legal recourse for the redress of disputes and in some countries the pursuit of such disputes may be subject to a highly prejudiced legal system.

Different markets also have different clearance and settlement procedures. Delays in settlement could result in temporary periods when a portion of the assets of a Sub-Fund is not invested and no return is earned thereon. The inability of the Company to make intended security purchases due to settlement problems could cause the Company to miss attractive investment opportunities. Inability to dispose of portfolio securities due to settlement problems could result either in losses by such Sub-Fund, and therefore the Company, due to subsequent declines in value of the portfolio security or, if such Sub-Fund has entered into a contract to sell the security, could result in possible liability to the purchaser.

Investments in non-European securities involve certain factors not typically associated with investing in European securities including risks relating to differences between the European and foreign securities

markets, including the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements, and less government supervision and regulation.

An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, are expected to change independently of each other.

#### **6.2.1 Competitive Environment**

Each Sub-Fund will operate in a competitive environment in which there will be a significant degree of uncertainty in identifying and completing investment transactions. There may be other investment vehicles that have similar or identical objectives that will target similar assets.

#### **6.2.2 Concentration and Diversification**

The Sub-Funds are subject to few investment restrictions, there may be a concentration in a particular issuer, industry or country. If any Sub-Fund elects to concentrate the Sub-Fund's investments in a particular issuer, industry or country, the Sub-Fund will become more susceptible to fluctuations in value resulting from adverse economic conditions affecting that particular issuer, industry or country.

#### **6.2.3 Currency Risks and Foreign Exchange; Hedging Transactions**

The Reference Currency of each Sub-Fund is not necessarily the investment currency of the Sub-Fund concerned. Investments are made in those currencies that best benefit the performance of the Sub-Funds in the view of the Board / the AIFM.

Changes in the rates of exchange between the Reference Currency and other currencies will have an effect, which could be adverse, on the performance of the relevant Sub-Fund, on amounts available for distribution by the relevant Sub-Fund and on the value of securities distributed by such Sub-Fund. Additionally, in response to large-scale currency speculation, a number of nations have been unable to sustain exchange rates and have devalued their currency or shifted to floating exchange rate regimes. Such devaluation could adversely affect the relevant Sub-Fund.

A Sub-Fund may utilize financial instruments for risk management purposes in order to hedge the currency exchange rate on any particular Sub-Fund's assets and expected future income arising from those assets. The success of any such hedging operations will be subject to the AIFM's ability to assess correctly the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged and the AIFM's ability to recalculate, readjust and execute hedges continually in an efficient and timely manner.

Shareholders investing in a Sub-Fund other than in its Reference Currency should be aware that exchange rate fluctuations could cause the value of their investment to diminish or increase.

#### **6.2.4 Market Risk**

The market price of securities owned by the Sub-Funds may go up or down, sometimes rapidly or unpredictably. Securities may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets. The value of a security may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse Shareholder sentiment generally. They may also decline due to factors, which affect a particular industry or industries, such as labour shortages or increased production costs and competitive conditions within an industry. During a general downturn in the securities markets, multiple asset classes may decline in value simultaneously.

### **6.2.5 Issuer Risk**

The value of a security may decline for a number of reasons, which directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services.

### **6.2.6 Redemption *in Specie***

While the Sub-Funds expect to distribute cash to a Shareholder upon redemption of Shares, there can be no assurance that the Sub-Fund will have sufficient cash to satisfy redemption requests, or that they will be able to liquidate investments at favourable prices at the time of such redemption request. Under the foregoing circumstances, and only upon a Shareholder's decision in the relevant Sub-Fund, a Shareholder may receive in kind redemptions from the respective Sub-Fund's portfolio. Such investments so distributed may not be readily marketable or sellable and may have to be held by such Shareholder for an indefinite period of time.

As a result, an investment in the Shares is suitable only for sophisticated investors that do not require immediate liquidity for their investment and are able to bear the financial risks of this investment for an indefinite period of time.

## **6.3 Financial Failure of Intermediaries**

There is always the possibility that the institutions, including brokerage firms and banks, with which the Sub-Funds do business, or to which securities have been entrusted for custodial purposes, will encounter financial difficulties that may impair their operational capabilities or result in losses to the Company.

## **6.4 Counterparty Credit Risk**

Certain markets in which the Sub-Funds and/or investment structures held by the Sub-Funds may effect their transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. To the extent a Sub-Fund invests in swaps, derivative or synthetic instruments, or other over-the-counter transactions, on these markets, such Sub-Fund may take credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions, which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections. This exposes the Sub-Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Sub-Fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Company has concentrated its transactions with a single or small group of counterparties. In addition, in the case of a default, the respective Sub-Fund could become subject to adverse market movements while replacement transactions are executed. The Sub-Funds are not restricted from dealing with any particular counterparty or from concentrating any or all of their transactions with a single counterparty. Moreover, the Sub-Funds have no internal credit function, which evaluates the creditworthiness of their counterparties. The ability of the Sub-Funds to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a Regulated Market and/or MTF to facilitate settlement may increase the potential for losses by the Sub-Funds.

### **6.4.1 Suspensions of Trading**

Each exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension could render it impossible for the Sub-Funds to liquidate its positions and thereby expose them

to losses. In addition, there is no guarantee that non-exchange markets will remain liquid enough for the Sub-Funds to close out positions.

#### **6.4.2 Use of Leverage**

While the use of leverage as described under Section 5 “Investment Powers and Restrictions” may increase the return on the invested capital, it also creates greater potential for loss. There can be no assurance that the respective Sub-Fund, in incurring debt, will be able to meet its loan obligations.

Leverage risk is the risk associated with the borrowing of funds and other investment techniques. Leverage is a speculative technique, which may expose the respective Sub-Fund to greater risk and increase its costs. Increases and decreases in the value of the Sub-Fund's portfolio will be magnified when the Sub-Fund uses leverage. For example, leverage may cause greater swings in the Sub-Fund's Net Asset Value or cause the Sub-Fund to lose more than it invested. There can be no assurance that the Sub-Fund's leveraging strategy will be successful. If leverage is employed, the Net Asset Value and market value of the Shares will be more volatile, and the yield to the Shareholders will tend to fluctuate with changes in the shorter-term interest rates on the leverage. The Sub-Funds will pay (and the Shareholders will bear) any costs and expenses relating to any leverage. Any decline in the Net Asset Value of the Sub-Fund's investments will be borne entirely by the Shareholders. Therefore, if the market value of the respective Sub-Fund's portfolio declines, the leverage will result in a greater decrease in Net Asset Value to the Shareholders than if the Sub-Funds were not leveraged.

While using leverage or borrowing as specified in this Prospectus and the Appendices, the Company may be asked by lenders (such as banks, financial institutions, etc.) to secure credit facilities and any other indebtedness positions by assigning, pledging or granting any other security interest over the undrawn commitments of Shareholders, the account into which drawdowns may be paid, the right to deliver drawdown notices and any other assets, rights or remedies of the Company arising hereunder, under the Subscription Requests or otherwise as well as by any reasonable bridge facility market practice securities over the assets of the Company and/or the relevant Sub-Fund(s).

The Sub-Fund's leverage exposure will be calculated in accordance with the two methods provided by the AIFM Regulations: the “gross method” and the “commitment method”.

#### **6.5 Risks Associated with Specific Investments**

##### **6.5.1 Holdings of Cash or Cash Equivalents**

The Sub-Funds may hold cash or cash equivalents for distributions and redemptions and for management purposes, including *inter alia* money market instruments or investments in units in money market funds on an ancillary basis. The value of these Sub-Funds' holdings of cash or cash equivalents may be adversely affected by interest rate fluctuations, changes in rates of inflation, fluctuations in currency or exchange rates or failure by a counterparty or an investment vehicle in which one of the Sub-Funds invests to perform its obligations under a contract or other agreement. Moreover, the Sub-Funds could be subject to significant losses if they hold a large position in a particular investment that declines in value or is otherwise adversely affected, including default of the issuer.

##### **6.5.2 Use of Derivative Contracts**

Generally, derivatives are financial contracts whose value depends upon, or is derived from, the value of an underlying asset, reference rate or index, and may relate to stocks, bonds, interest rates, currencies or currency exchange rates, commodities, and related indexes.

The Sub-Funds' use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other more traditional investments. Particular derivative instruments such as without limitation put options, call options and forward contracts may be

associated with specific risks, which are not discussed below. The following provides a general discussion of important risk factors relating to all derivative instruments that may be used by the Sub-Funds.

(a) Management Risk

Derivative products are highly specialised instruments that require investment techniques and risk analyses different from those associated with stocks or bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions.

(b) Credit Risk

The use of a derivative instrument involves the risk that a loss may be sustained as a result of the failure of the counterparty to make required payments or otherwise comply with the contract's terms. Additionally, credit default swaps could result in losses if the respective Sub-Fund does not correctly evaluate the creditworthiness of the company on which the credit default swap is based.

(c) Liquidity Risk

Liquidity risk exists when a particular derivative instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid (as is the case with many privately negotiated derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous time or price.

(d) Leverage Risk

Because many derivatives have a leverage component, adverse changes in the value or level of the underlying asset, reference rate or index can result in a loss substantially greater than the amount invested in the derivative itself. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment. When the Sub-Funds use derivatives for leverage, investments in the Sub-Funds will tend to be more volatile, resulting in larger gains or losses in response to market changes.

(e) Lack of Availability

Because the markets for certain derivative instruments (including markets located in foreign countries) are relatively new and still developing, suitable derivatives transactions may not be available in all circumstances for risk management or other purposes. Upon the expiration of a particular contract, the Board and/or the Investment Manager (as the case may be) may wish to retain the respective Sub-Fund's position in the derivative instrument by entering into a similar contract, but may be unable to do so if the counterparty to the original contract is unwilling to enter into the new contract and no other suitable counterparty can be found. There is no assurance that the Sub-Funds will engage in derivatives transactions at any time or from time to time. The Sub-Funds' ability to use derivatives may also be limited by certain regulatory and tax considerations.

(f) Market and Other Risks

Like most other investments, derivative instruments are subject to the risk that the market value of the instrument will change in a way detrimental to the Sub-Funds' interest. If the Board and/or the AIFM (as the case may be) incorrectly forecast the values of securities, currencies or interest rates or other economic factors in using derivatives for the Sub-Funds, the Sub-Funds might have been in a better position if they had not entered into the transaction at all. While some strategies involving

derivative instruments can reduce the risk of loss, they can also reduce the opportunity for gain or even result in losses by offsetting favourable price movements in other Sub-Funds investments. The respective Sub-Fund may also have to buy or sell a security at a disadvantageous time or price because the Sub-Fund is legally required to maintain offsetting positions or asset coverage in connection with certain derivatives transactions.

**(g) Other Derivative Risks**

Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indexes. Many derivatives, in particular privately negotiated derivatives, are complex and often valued subjectively. Improper valuations can result in increased cash payment requirements to counterparties or a loss of value to the respective Sub-Fund. Also, the value of derivatives may not correlate perfectly, or at all, with the value of the assets, reference rates or indexes they are designed to closely track. In addition, the Sub-Funds' use of derivatives may cause the Sub-Funds to realise higher amounts of short-term capital gains than if the Sub-Funds had not used such instruments.

**6.5.3 Equities**

The risks associated with investments in equity (and equity-type) securities include significant fluctuations in market prices, adverse issuer or market information and the subordinate status of equity in relation to debt paper issued by the same company. Prospective investors should also consider the risk attached to fluctuations in exchange rates, possible imposition of exchange controls and other restrictions.

**6.5.4 Emerging Markets**

Prospective investors should be aware that investment in emerging markets may involve, due to the economic and political development process which some of these countries are undergoing, a higher degree of risk which could adversely affect the value of the investments. Among other things, investment in emerging markets involves risks such as the restriction on foreign investment, counterparty risk, higher market volatility and the illiquidity of the companies' assets depending on the market conditions in certain emerging markets. Moreover, companies may be subject to considerably less state supervision and less differentiated legislation. Their accounting and auditing do not always match western standards.

Investments in some emerging countries are also exposed to higher risks in respect of the possession and custody of securities. Ownership of companies is for the most part determined by registration in the books of the company or its registrar (who is not, however, an agent of the depositary nor liable to the latter). Certificates evidencing the ownership of companies are frequently not held by the depositary, any of its correspondents or an efficient central depositary. As a result and due to lack of efficient regulation by government bodies, the Company may lose the possession of or the registration of shares in companies through fraud, serious fault or negligence.

**6.5.5 Money Market Instruments**

The term "money market instruments" refers to a variety of short-term, liquid investments. Some common types are government bills and notes, which are securities issued by a government; commercial paper, which are promissory notes issued by large companies or financial firms; banker's acceptances, which are credit instruments guaranteed by banks; and negotiable certificates of deposit, which are issued by banks in large denominations. Money market securities can pay fixed, variable, or floating rates of interest. The Sub-Funds are subject to income risk, where the respective Sub-Fund's income will decline because of falling interest rates. A Sub-Fund's income declines when interest rates fall, because the Sub-Fund then must invest in lower-yielding instruments. Because the Sub-Funds' income is based at least partially on

short-term interest rates which can fluctuate significantly over short periods - income risk is expected to be high.

## 6.6 Sustainability Risks

The Company (and the Sub-Funds) may be affected by the impact of a number of Sustainability Factors, also referred to as environmental, social and governance (“ESG”) factors, which may adversely affect the value of the investments in which the Company (and the Sub-Funds) invests, namely Sustainability Risks. Sustainability Risks can either represent risks of their own or have an impact on other risks and may contribute significantly to risks, such as market risks, operational risks, liquidity risks or counterparty risks. The reach of sustainability themes may be broad and the present paragraph is intended to mention only a limited number of them as a matter of examples: it is therefore not an exhaustive list of all risks related to ESG which could have a negative impact (whether or not material) on the value of an investment and the choice of the factors to be monitored is made by the manager and its advisors in good faith and considering the availability of data.

The Company (and the Sub-Funds) and its investments may be negatively affected by the exposure to environmental conditions such as droughts, famines, floods, storms and other climate change and environmental-related events; although a number of these risks may be insurable, it is not guaranteed that the insurance coverage may in all cases be adequate and losses connected to these events may be material. In addition, the actions taken on investment positions to improve their sustainability profile such as energy efficiency, clean energy production and consumption, waste reduction and water treatment may impose significant short-term costs. Similarly, social initiatives and the adherence to high governance standards, for example in the areas of transparency, corporate governance, management of conflict of interests and fair remuneration principles may require material investments and effort where economic returns may be uncertain.

Prospective investors shall take into consideration the adverse impacts that the investments of the Company (and the Sub-Funds) may have on sustainability themes: the failure to provide a positive contribution to these fields or the generation of a negative impact may result in a number of negative fallouts ranging from reputational damages and, in some circumstances, fines and direct economic consequences.

The Company (and the Sub-Funds) may also be negatively impacted (e.g. from a reputational point of view) if it does business with parties which fail to meet key ESG targets.

The AIFM considers that its process for integration of sustainability risks into investment decisions should limit the potential impacts of Sustainability Risks on the Company (and the Sub-Funds).

It shall be nonetheless remarked that there can be no guarantee that the actual impact of the Sustainability Risks on the returns of the Company (and the Sub-Funds) will not be materially bigger than the impact assessed or expected by the AIFM.

*The above should not be considered to be an exhaustive list of the risks which prospective investors should consider before investing into the Sub-Funds. Prospective investors should be aware that an investment in a Sub-Fund may be exposed to other risks of an exceptional nature from time to time.*

## 7. The Offer

### 7.1 The Shares

All the Shares are issued in registered form and only the Share register is conclusive evidence of ownership. The Company treats the registered owner of a Share as the absolute and beneficial owner thereof.

Shares must be fully paid-up. Upon issue, Shares are entitled to participate equally in the profits and dividends attributable to the relevant Class of the relevant Sub-Fund, as well as in the liquidation proceeds of the Company attributable to the relevant Class.

Fractions of Shares up to three decimal places will be issued, the relevant Sub-Fund being entitled to receive the adjustment. Fractions of Share are entitled to participate in the distributions and the liquidation proceeds.

Shares may be subject to certain transfer restrictions as set forth in the Articles.

## **7.2 Classes of Shares**

The Board may, at its sole discretion, issue different Classes of Shares per Sub-Fund. Each Class of Shares may carry different rights and obligations, *inter alia*, with regard to their fee structure, their minimum initial subscription and holding amounts or their specific target investors as more fully described in the Appendices to this Issuing Document.

Shareholders of the same Class in a Sub-Fund will be treated pro-rata to the number of Shares held by them in the relevant Class.

## **7.3 Restriction to the ownership of Shares**

Whatever Class of Shares concerned, Shares are available to Well-Informed Investors and Professional Investors only.

Moreover each Class of Shares is reserved to Shareholders satisfying the criteria of the relevant Class of each Sub-Fund as described in the Appendices.

Additional restrictions on the ownership of Shares of a given Sub-Fund or Class are specified in the Appendices (as amended from time to time).

The Board may restrict or prevent the ownership of Shares in the Company by any Prohibited Persons.

The Company retains the right to offer only one or several Classes as for subscription in any particular jurisdiction in order to comply with a local law, custom, business practice or the Company's commercial objectives.

## **7.4 Subscription for Shares**

The Board reserves the right to reject, in whole or in part, any Subscription Request without giving any reason thereof.

In case of joint applicants, the Subscription Request must include the signatures of all applicants.

The Minimum Subscription for initial and subsequent subscriptions and the Minimum Holding requirements for Shares in any Sub-Fund and/or Class are specified in the Appendices. The Board may decide at its sole discretion to waive such minimum limits.

During the Initial Subscription Period (if any), Shares of any Class in each Sub-Fund will be offered at an initial price (the "**Initial Price**") as specified for each Class in each Sub-Fund in the relevant Appendix. The Initial Price may be increased by a sale charge. Such a sale charge is detailed for each Sub-Fund in the relevant Appendix to this Issuing Document.

After expiry of the Initial Subscription Period, the Shares of any Class in any Sub-Fund are valued and issued on each Valuation Day at the Net Asset Value of the relevant Class of the relevant Sub-Fund calculated on each Valuation Day (the "**Subscription Price**"), which amount may be increased by a sale charge. Such a sale charge is detailed for each Sub-Fund in the relevant Appendix to this Issuing Document.

Subscription Requests must be received by the Agent of the Company in the Grand Duchy of Luxembourg on the Subscription Last Day before Cut-Off Time. Subscription Requests are irrevocable.

The Subscription Requests will be settled on the Subscription Settlement Day at the Subscription Price of the relevant Class of each Sub-Fund prevailing on the Valuation Day (plus any applicable sale charge).

Any Subscription Request received after the Cut-Off Time of a given Subscription Last Day will be processed on the immediate next Subscription Last Day on the basis of the Subscription Price per Share determined on the immediate next Valuation Day (plus any applicable sale charge).

No Shares of any Sub-Fund will be issued during any period when the determination of the Net Asset Value of the relevant Sub-Fund Class is suspended by the Company as described in Section 11.2 “Suspension of the Determination of the Net Asset Value”.

#### Subscriptions *in Specie*

The Company shall, at its option, be entitled to receive securities or other investments from a prospective investor. It shall then, at its utmost discretion, elect to either keep such securities or other investments or alternatively to sell, dispose of, or otherwise convert such securities or investments into cash and to apply such cash (net of any expenses incurred in the conversion) for the issue of Shares in the Company in accordance with the provisions of the Articles, or to issue Shares in consideration thereof in accordance with the applicable law and the conditions set out in the Articles.

In order to propose a subscription *in specie* for Shares in the Company, a prospective investor must submit a detailed proposal regarding the subscription *in specie* and all documents relevant to enabling the Company to conduct a full and proper valuation of the assets proposed for subscription to the registered office of the Company, addressed to the Board. In submitting such a proposal, the prospective investor understands that the Board is not obliged to accept such proposal for subscription, and such discretion shall be exercised on a case by case basis.

Assets proposed for subscription *in specie* must be subject to an independent valuation report performed by an auditor.

Any costs and expenses resulting from such a subscription *in specie* shall be borne solely by the prospective investor and not by the Company, any of its Sub-Funds, or any Classes of Shares.

#### **7.5 Settlement Procedure**

Payments of the Subscription Price can be made via bank transfer, net of bank charges, to the bank account of the Company with the Depositary Bank, as indicated in the Subscription Request. Payments must be remitted from an account in the name of the Shareholder. Payments will not be accepted from third party accounts.

The Subscription Price must be paid to the Depositary Bank on the relevant Subscription Settlement Day, otherwise the Subscription Request will be cancelled. If the payment is not received by the Company or to its order in cleared funds on the relevant Subscription Settlement Day, the Company reserves the right to cancel the provisional allotment of Shares without prejudice to the right of the Company to obtain compensation of any loss directly or indirectly resulting from the failure of an applicant to effect the payment.

The Initial Price and the Subscription Price are payable in the applicable Reference Currency of the relevant Sub-Fund or, if available, in an Other Denomination Currency. In addition, a Shareholder may with the agreement of the Agent, effect payment in any other freely convertible currency. The Agent will arrange for any necessary currency transaction to convert the subscription monies from the currency of subscription into the Reference Currency or the Other Denomination Currency (if available) of the relevant Sub-Fund/Class. Any such currency transaction will be effected with the Depositary Bank at the Shareholder's cost and risk. Currency exchange transactions may delay any issue of Shares since the Agent may choose at its option to delay executing any foreign exchange transaction until cleared funds have been received.

Transfer of funds should be made under arrangements giving the Company notice of the amount transferred and the value date at which it will be available.

## **7.6 Late trading and market timing**

### **7.6.1 Late trading**

The Board and the Agent determine the price of the Shares on a forward basis. This means that it is not possible to know in advance the Net Asset Value per Share at which Shares will be bought or sold (exclusive of any charges). Subscription, conversion and redemption applications have to be received and will be accepted only in accordance with the provisions of the relevant Appendix and the Cut-Off Time rules as laid down in this Issuing Document.

### **7.6.2 Market timing**

The Sub-Funds are not designed for prospective investors with short term investment horizons. Activities which may adversely affect the interests of the Company's Shareholders (for example that disrupt investment strategies or impact expenses) such as market timing or the use of the Company as an excessive or short term trading vehicle are not permitted.

Whilst recognising that Shareholders may have legitimate needs to adjust their investments from time to time, the Board in its discretion may, if it deems such activities adversely affect the interests of the Company's Shareholders, takes action as appropriate to deter such activities.

Accordingly if the Board determines or suspects that a Shareholder has engaged in such activities, it may suspend, cancel, reject or otherwise deal with that Shareholder's subscription or conversion applications and take any action or measures as appropriate or necessary to protect the Company and its Shareholders.

## **8. Redemption of Shares**

### **8.1 General**

Any Shareholder has the right under certain terms as set out in the Appendices to have all or part of his Shares of any Class of any Sub-Fund redeemed by the Company.

Any Shares redeemed by the Company will be immediately cancelled. Any taxes, commissions and other fees incurred in the respective countries in which the Shares are sold will be charged to the Shareholders.

The Company may suspend redemption in respect of Shares during any period that the determination of the Net Asset Value of the relevant Sub-Fund and/or Class is suspended in accordance with Section 11.2 "Suspension of the Determination of the Net Asset Value".

### **8.2 Procedure**

Unless otherwise provided for in the Appendices, Redemption Requests, containing a complete set of required documents, must be received by the Agent of the Company in the Grand Duchy of Luxembourg on the Redemption Last Day before Cut-Off Time. Unless otherwise provided for herein notably with regard to Section 8.4 "Limits of redemption", the Redemption Requests will be settled on the Redemption Settlement Day at the Redemption Price of the relevant Class of each Sub-Fund prevailing on the Valuation Day (plus any applicable redemption charge). Any Redemption Request received after the Cut-Off-Time will be processed on the immediate next Redemption Last Day on the basis of the Redemption Price per Share determined on the immediate next Valuation Day (plus any applicable redemption charge). All Redemption Requests will be processed strictly in the order in which they are received.

The Redemption Price of Shares of any Class in any Sub-Fund will be the Net Asset Value of the relevant Class of the Sub-Fund concerned on the relevant Valuation Day less any redemption fee if any.

The Redemption Price may be higher or lower than the Initial Price and/or Subscription Price paid by the Shareholder at the time of subscription, depending on whether the Net Asset Value has appreciated or depreciated.

### **8.3   Redemption *in specie***

Upon request of a Shareholder, the Board may determine that the payment of the Redemption Proceeds be made wholly or partially *in specie*.

The Company shall obtain an independent valuer's report in the same manner as that applied for a subscription *in specie*.

The Board retains the sole discretion to select the certified valuer.

With regard to the conditions referred to above, the Board shall request the AIFM to ensure that when the Company carries out such a redemption *in specie*:

- all Shareholders of the same Class of Shares will be offered a redemption *in specie* on the same Dealing Day;
- the nature and type of assets to be transferred will be determined on a fair and reasonable basis and without prejudicing the interests of the other Shareholders; and
- any costs resulting from such a redemption *in specie* shall be borne by the relevant Sub-Fund or Class of Shares.

### **8.4   Settlement of redemption proceeds**

Settlement will normally be made by electronic bank transfer. The redemption proceeds will be paid on the Redemption Settlement Date subject to valid and complete redemption request. The redemption proceeds will be remitted only to an account in the name of the Shareholder. Payments will not be made to third party accounts.

The Redemption Price is payable in the Reference Currency of the relevant Sub-Fund or, if available, in the Other Denomination Currency. In addition, payment may also be made in one of the major freely convertible currencies if requested by the Shareholder(s) at the time of giving the redemption instruction. The Agent will arrange for any necessary currency transaction to convert the redemption monies from the Reference Currency or the Other Denomination Currency (if available) of the relevant Sub-Fund/Class. Any such currency transaction will be effected with the Depositary Bank at the Shareholder's cost and risk. Shareholders are advised that a delay in settlement may occur to allow for such currency conversion.

The Board will use reasonable efforts to transfer or dispose of the Company's interest, in Investment Structures, (if any), and other assets held by the relevant Sub-Fund(s), in order to provide for cash to satisfy the applications for redemption. At its entire discretion, the Board may decide to use leverage or borrowing to satisfy the applications for redemption in compliance with the terms of this Issuing Document or make use of the Company's other revenues or reserves to fulfil such redemption requests. Additionally the Company may use leverage or borrowing as specified in the Appendices, through lines of credit or similar, in order to cover for a very short term period, the financial gap between the subscriptions into the relevant Sub-Fund and the investments, which both are being to be completed.

The Board may, at its entire discretion, decide to satisfy payment of the Redemption Price to any Shareholder wholly or partly in kind by allocating to such Shareholder assets of the relevant Sub-Fund, equal in value as of the Valuation Day with respect to which the Redemption Price is calculated, to the Net Asset Value of the Shares to be redeemed. The nature and type of assets to be transferred in such case shall

be determined on a fair and reasonable basis and without prejudicing the interests of the other Shareholders of the relevant Class(es), and the valuation used shall be confirmed by a special report of the Auditor. The cost of such transfer shall be borne by the transferee.

#### **8.5 Limits on redemption**

The Company is not bound to deal with a request for redemption of Shares received in relation to any Valuation Day if, after the redemption, the Shareholder would be left with a balance of Shares having a value of less than the current Minimum Holding amount in the relevant Class as detailed for each Class of each Sub-Fund in the Appendices; in which case the Company may decide that this request be treated as a request for redemption of the full balance of the Shareholder's holding of Shares in such Class of such Sub-Fund.

If Redemption Requests on any Valuation Day exceed 10% of the Sub-Fund's Shares, the Company reserves the right to redeem, on a pro-rata basis among the relevant Shareholders, NO more than 10% of the value of the Shares then in issue in such Sub-Fund (the "**Deferred Redeemed Shares**"). However notice shall be given to the relevant Shareholders of the Deferred Redeemed Shares. The Deferred Redeemed Shares (which would otherwise have been redeemed) will be redeemed on the next Valuation Day in priority to any other Shares for which redemptions have been requested. The Deferred Redeemed Shares will ultimately be redeemed on the basis of the prices applicable on the Valuation Day of their effective redemption.

Besides, the same deferral right is granted to the Company for any Redemption Request as a result of which no cash remains available for the Company. If, in exceptional circumstances, redemption proceeds cannot be paid on the Redemption Settlement Date, payment will be made at pro-rata basis at the redemption price calculated on the relevant Valuation Day, it being understood that the Board of Managers will always ensure the overall liquidity of the Company.

No distribution for redemption (as described above) may be made as a result of which the capital of the Company would fall below the minimum capital amount required by RAIF Law.

#### **8.6 Compulsory/Mandatory Redemption**

If the Minimum Holding amount of a Class of a Sub-Fund, as set out in the relevant Appendix, is not maintained due to a transfer, redemption or conversion of Shares, the Company may compulsorily redeem the remaining Shares at their current Redemption Price and make payment of the redemption proceeds to the respective Shareholders.

If the Company discovers at any time that Shares are owned by a Prohibited Person, either alone or in conjunction with any other person, whether directly or indirectly or by Shareholders not satisfying the criteria of the relevant Class, the Board may at its discretion and without liability, compulsorily redeem the Shares after giving notice of at least ten calendar days, and upon redemption, the Prohibited Person will cease to be the owner of those Shares.

The Company may require any Shareholder to provide it with any information that it may consider necessary for the purpose of determining whether or not such owner of Shares is or will be a Prohibited Person.

### **9. Conversion of Shares**

#### **9.1 General**

Except as otherwise provided for each Sub-Fund in the relevant Appendix to this Issuing Document, any Shareholder may request the conversion of all or part of its Shares of any Class in any Sub-Fund into another Class in the same Sub-Fund and/or into the same Class or a different Class of any other existing Sub-Fund, on any Conversion Last Day, provided that the Shareholder fulfils the criteria of the relevant

Class, and Sub-Fund into which the conversion is requested. For an initial investment, Shareholders must therefore switch the appropriate Minimum Subscription.

If the Minimum Holding in a Sub-Fund and/or Class as set out in the relevant Appendix is not maintained due to a conversion of Shares, the Company may compulsorily redeem the remaining Shares at their current Net Asset Value and make payment of the redemption proceeds to the respective Shareholders.

The Board may suspend conversion in respect of Shares during any period that the determination of the Net Asset Value of the relevant Sub-Fund and/or Class is suspended in accordance with Section 11.2 “Suspension of the Determination of the Net Asset Value”.

## 9.2 Procedure

Conversion Requests may be sent directly to the Agent of the Company in the Grand Duchy of Luxembourg.

All Conversion Requests must contain the following information:

- the full name(s) in which the Shares to be converted are registered;
- the Class and the Sub-Fund from which Shares are to be converted and the Class and the Sub-Fund to which Shares will be converted; and
- either the percentage, monetary amount or number of Shares the Shareholder wishes to convert;

The Conversion Request must be duly signed by the registered Shareholder, except in the case of jointly registered Shareholders where an acceptable power of attorney has been provided to the Company.

Failure to provide any of this information may result in delay of the application for conversion.

Conversion Requests must be received by the Agent of the Company in the Grand Duchy of Luxembourg on the Conversion Last Day before Cut-Off Time. The Conversion Requests will be settled on the Conversion Settlement Day at conversion price of the relevant Class of each Sub-Fund prevailing on the Valuation Day (plus any applicable conversion charge). Any Conversion Request received after the Cut-Off Time will be processed on the immediate next Conversion Last Day on the basis of the Net Asset Value per Share determined on the immediate next Valuation Day. All Conversion Requests will be processed strictly in the order in which they are received.

A conversion order may require the conversion of currency from one Class or Sub-Fund to another. In such event, the number of Shares of the new Class or Sub-Fund obtained on a conversion will be affected by the net foreign currency exchange rate, if any, applied to the conversion.

The rate at which all or part of the Shares of one Sub-Fund (the “**Initial Sub-Fund**”) are converted into Shares of another Sub-Fund (the “**New Sub-Fund**”), or all or part of the Shares of a particular Class (the “**Initial Class**”) are converted into another Class (the “**New Class**”) is determined in accordance with the following formula:

$$- \quad A = \frac{(B \times C \times D) \times (1 - E)}{F}$$

– where:

- A is the number of Shares to be allocated in the New Sub-Fund or New Class;
- B is the number of Shares of the Initial Sub-Fund or Initial Class to be converted;

- C is the Net Asset Value per Share of the Initial Class or the Initial Sub-Fund determined on the relevant Valuation Day;
- D is the actual rate of foreign exchange on the day concerned applied to conversions between Sub-Funds or Classes denominated in different currencies, and is equal to 1 in relation to conversions between Sub-Funds or Classes denominated in the same currency;
- E is the conversion fee percentage payable per Share, if any; and
- F is the Net Asset Value per Share of the New Class of Shares or the relevant Class of the New Sub-Fund determined on the relevant Valuation Day, plus any taxes, sale charges, commissions or other fees levied on a per-Share basis.

Following such conversion of Shares, the Board and the Agent will inform the relevant Shareholder of the number of Shares of the New Class or New Sub-Fund obtained by conversion and the price thereof. Fractions of Shares in the New Class or New Sub-Fund to three decimal places may be issued, the Company being entitled to receive the adjustment.

### **9.3 Limits on conversion**

The Company is not bound to deal with a conversion of Shares received in relation to any Valuation Day if, after the conversion, the Shareholder would be left with a balance of Shares having a value of less than the current Minimum Holding amount in the relevant Class and/or Sub-Fund as detailed in the Appendices; in which case the Company may decide that this request be treated as a request for conversion of the full balance of the Shareholder's holding of Shares in such Class and/or Sub-Fund.

### **10. Temporary suspension of subscriptions, redemptions and conversions**

No Shares will be issued and the right of any Shareholder to require the redemption or conversion of its Shares of the Company will be suspended during any period in which the determination of the Net Asset Value of the relevant Sub-Fund is suspended by the Company pursuant to the powers contained in the Articles and as described in Section 11.2 "Suspension of the determination of the Net Asset Value".

Notice of suspension will be given to subscribers and to any Shareholders tendering Shares for redemption or conversion. Withdrawal of a subscription or of an application for redemption or conversion will only be effective if written notification by letter or by fax is received by the Agent before termination of the period of suspension, failing which subscription, redemption and conversion applications not withdrawn will be processed on the first Conversion/Subscription/ Redemption Last Day following the end of the suspension period, on the basis of the Net Asset Value per Share determined on the next immediate Valuation Day.

### **11. Net Asset Value**

#### **11.1 Determination of the Net Asset Value**

The Net Asset Value per Share of each Class and/or Sub-Fund shall be calculated by the Agent under the ultimate responsibility of the Board on the Valuation Day as disclosed in the relevant Appendix to this Issuing Document.

The Net Asset Value per Share of each Class, and/or Sub-Fund will be expressed in the Reference Currency of the Sub-Fund. The Board may however decide to calculate the Net Asset Value per Share for certain Sub-Funds/Classes in the Other Denomination Currency as further detailed for the respective Sub-Funds/Classes in the Appendices. The Net Asset Value calculated in the Other Denomination Currency is the equivalent of the Net Asset Value in the Reference Currency of the Sub-Fund converted at the prevailing exchange rate.

The Net Asset Value per Share of each Class in each Sub-Fund on any Valuation Day is determined by dividing the value of the total assets of that Sub-Fund properly allocable to such Class less the liabilities of such Sub-Fund properly allocable to such Class by the total number of Shares of such Class outstanding on such Valuation Day.

The Subscription Price and the Redemption Price of the different Classes will differ within each Sub-Fund as a result of the differing fee structure and/or distribution policy of each Class.

The basic accounting principles for determining the Net Asset Value of each Class, and/or Sub-Fund are set forth in the Articles, the material provisions of which provide as follows:

- (a) Securities which are listed on a stock exchange or dealt in on another Regulated Market and/or MTF will be valued at the last closing price on the exchange on which the trade in such assets occurred or on that which is normally the principal market for such assets.
- (b) Securities which are not listed on a stock exchange nor dealt in on another regulated and/or MTF market will be valued on the basis of the probable net realisation value (excluding any deferred taxation) estimated with care and in good faith by the AIFM with the support of the Board. If a net asset value is determined for the units or shares issued by an Investment Structure which calculates a net asset value per share or unit, those units or shares will be valued on the basis of the latest net asset value determined according to the provisions of the particular issuing documents of this Investment Structure or, at their latest unofficial net asset values (i.e. estimates of net asset values which are not generally used for the purposes of subscription and redemption or which may be provided by a pricing source – including the investment manager of the Investment Structure – other than the administrative agent of the Investment Structure) if more recent than their official net asset values. The net asset value calculated on the basis of unofficial net asset values of Investment Structures may differ from the net asset value which would have been calculated, on the relevant Valuation Day, on the basis of the official net asset values determined by the administrative agents of the Investment Structures. However, such net asset value is final and binding notwithstanding any different later determination. In case of the occurrence of an evaluation event that is not reflected in the latest available net asset value of such shares or units issued by such Investment Structures, the valuation of the shares or units issued by such Investment Structures may be estimated with prudence and in good faith by the AIFM with the support of the Board to take into account this evaluation event. The following events qualify as evaluation events: capital calls, distributions or redemptions effected by the Investment Structure or one or more of its underlying investments as well as any material events or developments affecting either the underlying investments or the Investment Structures themselves.
- (c) The value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received is deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as may be considered appropriate in such case to reflect the true value thereof.
- (d) The liquidating value of derivatives, forward or options contracts not dealt on a stock exchange or on another Regulated Markets and/or MTF shall mean their net liquidating value determined, pursuant to the policies established by the Board, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, forward or options contracts dealt in on a stock exchange or another Regulated Markets and/or MTF shall be based upon the last available settlement prices of these contracts on such Regulated Markets and/or MTF on which the particular futures, forward or options contracts are dealt in by the relevant Sub-Fund; provided that if a futures, forward or options contract could not be liquidated on the day with respect to which net assets are being

determined, the basis for determining the liquidating value of such contract shall be such value as the AIFM with the support of the Board may deem fair and reasonable. The AIFM with the support of the Board may rely on confirmation from the principal broker and its affiliates in determining the value of assets held for the Sub-Fund's account;

- (e) Interest rate swaps will be valued at their market value established by reference to the applicable interest rates curve. Index and financial instruments related swaps will be valued at their market value established by reference to the applicable index or financial instrument. The valuation of the index or financial instrument related swap agreement shall be based upon the market value of such swap transaction established in good faith pursuant to procedures established by the AIFM with the support of the Board;
- (f) All other securities and other assets, including debt securities and securities for which no market quotation is available, are valued on the basis of dealer-supplied quotations or by a pricing service approved by the AIFM with the support of the Board or, to the extent such prices are not deemed to be representative of market values, such securities and other assets shall be valued at fair value as determined in good faith pursuant to procedures established by the AIFM with the support of the Board. Money market instruments held by the Company with a remaining maturity of ninety days or less will be valued by the amortised cost method, which approximates market value.

The AIFM with the support of the Board, in its discretion, may permit some other method of valuation to be used if it considers that such valuation better reflects the fair value of any asset or liability of the Company and/or its Sub-Funds in compliance with Luxembourg laws. This method will then be applied in a consistent way. The Agent can rely on such deviations as approved by the Board for the purpose of the Net Asset Value calculation.

The total Net Asset Value of the Company is equal to the sum of the Net Asset Value of the various activated Sub-Funds translated into Euro at the rates of exchange prevailing in Luxembourg on the relevant Valuation Day.

## 11.2 Suspension of the determination of the Net Asset Value

The Board may suspend the determination of the Net Asset Value of any particular Sub-Fund and/or Class and the issue and redemption of the Shares of any such Class in such Sub-Fund as well as the conversion from and to Shares of any such Class of such Sub-Fund:

- (a) during any period when any of the principal markets or stock exchanges on which a substantial portion of the investments of any Sub-Fund of the Company from time to time is quoted, is closed otherwise than for ordinary holidays, or during which dealings thereon are restricted or suspended;
- (b) during the existence of any state of affairs which constitutes an emergency as a result of which disposal or valuation of assets owned by any Sub-Fund of the Company would be impracticable;
- (c) during any breakdown in the means of communication normally employed in determining the price or value of any of the investments attributable to any Sub-Fund or the current prices or values on any market or stock exchange;
- (d) during any period when the Company is unable to repatriate funds for the purpose of making payments on the redemption of Shares of any Sub-Fund or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of Shares of any Sub-Fund cannot in the opinion of the Managers be effected at normal prices or rates of exchange;

- (e) during any period when the Company is being liquidated or as from the date on which notice is given of a meeting of Shareholders at which a resolution to liquidate the Company (or one of its Sub-Funds) is proposed;
- (f) when for any other reason the prices of any investments owned by the Company attributable to such Sub-Fund cannot promptly or accurately be ascertained.

Notice of Suspension of the determination of the Net Asset Value will be given to the Shareholders of the relevant Sub-Fund and/or Class.

The suspension of the calculation of the Net Asset Value of any particular Sub-Fund, and/or Class shall have no effect on the determination of the Net Asset Value per Share or on the issue, redemption and conversion of Shares of any Class and/or Sub-Fund that is not suspended.

Any application for subscription, redemption or conversion of Shares shall be irrevocable except in the event of a suspension of the calculation of the Net Asset Value of the Shares to be subscribed, redeemed or converted in a specific Class and/or Sub-Fund and, in such event, a withdrawal will only be effective if written notification is received by the Agent before the termination of the period of suspension.

## **12. DISTRIBUTION/DIVIDENDS**

Each Share of each Class in each Sub-Fund may give the right to dividends.

In any event, no distribution may be made if, as a result, the Net Asset Value of the Company would fall below the equivalent of EUR 1,250,000.

Dividends not claimed within five (5) years of their due date will lapse and revert to the relevant Class within the relevant Sub-Fund.

No interest shall be paid on a distribution declared by the Company and kept by it at the disposal of its beneficiary.

## **13. Charges and Expenses**

### **13.1 Organisational Expenses**

The Company shall bear its organisational expenses.

The Company's organisational set-up expenses will be amortised over a period of five years from the date on which the respective Sub-Fund commenced business. In other words, the additional Sub-Funds will bear a "*prorata*" of the costs and expenses incurred in connection with the incorporation of the Company and the initial issue of Shares. The Board may, in its absolute discretion, shorten the period over which such costs and expenses are amortised

The expenses incurred by the Company in relation to the launch of additional Sub-Funds will be borne by and payable out of the assets of the respective Sub-Funds and may be amortised on a straight line basis over five years from the launch date of the relevant Sub-Fund, unless the Board shortens this period.

### **13.2 Operation and Administration Expenses**

Except otherwise specified in the relevant Appendix, each Sub-Fund will bear all costs relating to its establishment and operations. These costs may, in particular and without being limited to the following, include the remuneration of the Board, if any, of the Depositary Bank, Risk Manager and of the Agent, the remuneration of the AIFM, and of the Investment Advisor(s) (if any), and any other providers of services, brokerage fees, transaction fees and expenses, taxes and costs connected with the movements of securities or cash, performance reporting and NAV publication, as well as the fees of the Auditor, legal advisor(s), the costs of preparation and distribution of the Issuing Document, Luxembourg subscription tax or any other taxes, translations and legal publications, the costs of securities servicing, the possible costs of listing

on any stock exchange or of publication of the price of its Shares, the costs of official deeds and any legal costs relating thereto.

These costs to be borne by each Sub-Fund include all reasonable expenses, fees and taxes related, but not limited, to the operations, administration, day-to-day management, domiciliation, drawing-up of annual account, filings, reporting and publishing obligations of the General Partner, costs allowing the Fund to be operational, including the costs related to the launch of any Sub-Fund, such as the fixed payments to distributing partners or third party agents, whom pre-market or market the Fund for the first year upon the launch of the relevant Sub-Fund.

Such costs will be able to be amortized over 5 years.

The fund will also borne out-of-pocket expenses, including subsistence costs incurred in connection with the performance of its duties towards each Sub-Fund, such as the expenses related to the Board member's travel expenses (incl. round trip flight ticket and hotel), lunch and dinner.

In addition to the above, each Sub-Fund shall reimburse the out-of-pocket expenses of the General Partner's personnel (as reasonably determined by the General Partner) provided that such reimbursements shall not exceed the amount that would be payable by the Company if such services were provided by third parties on an arm's-length basis.

### **13.3 AIFM**

**Emerald Managements Luxembourg S.à r.l.**, in its capacity as AIFM is entitled to receive from each Sub-Fund an AIFM Fee payable on such terms as disclosed in the relevant Sub-Fund Appendix of the Issuing Document (the “**AIFM Fee**”).

Whenever the AIFM, acting as valuer of the assets of the Company, has recourse to the assistance from third part experts for the valuation of specific assets, the related costs and expenses will be subject to specific agreement between the AIFM and the Company.

### **13.4 Depositary Bank**

**ING Luxembourg S.A.**, in its capacity as Depositary Bank is entitled to receive from the Company its customary fees payable at the end of each quarter and charges at rates in accordance with normal banking practice in the Grand Duchy of Luxembourg.

### **13.5 Agent**

**Centaur Fund Services (Luxembourg) S.A.**, in its capacity as Agent is entitled to receive from the Company its customary fees payable at the end of each month and charges at rates in accordance with normal banking practice in the Grand Duchy of Luxembourg.

### **13.6 Investment Advisor**

The Investment Advisor, in its capacity as Investment Advisor is entitled to receive from the Company its customary fees payable at the end of each month and charges at rates in accordance with normal banking practice in Grand Duchy of Luxembourg.

### **13.7 Allocation of liabilities**

Any charges and costs attributable to a specific Sub-Fund will be allocated directly to that Sub-Fund.

Any charges and costs that are not directly attributable to a specific Sub-Fund will be allocated equally to the various Sub-Funds or, if the amounts so require, they will be allocated to the Sub-Funds in proportion to their respective Net Asset Value.

#### **14. Conflict Of Interests**

With respect to conflict of interests, and as per regulation CSSF N° 15-07, the AIFM has established, implements and maintains a conflict of interests policy in order to identify circumstances that may give raise to a conflict of interests which may constitute a material risk of damage to the Company and detailing proportionate measures in order to manage such risks.

#### **15. Risk Management**

The AIFM has established and maintains a permanent risk management function that implements effective risk management policies and procedures in order to identify, measure, manage and monitor on an ongoing basis all risks in relation to each Sub-Fund's Investment Objective including in particular market, credit, liquidity, counterparty and operational risks. Furthermore, the risk management process ensures an independent review of the valuation policies and procedures as per Article 70 (3) of the AIFM Regulation.

The risk profile of each Sub-Fund shall correspond to the size, portfolio structure and its Investment Objective.

The risk management personnel within the AIFM supervises the compliance of these provisions in accordance with the requirements of applicable circulars or regulation issued by the CSSF or any European authority authorised to issue related regulation or technical standards which are applicable to the Company.

#### **16. Taxation**

##### **16.1 General**

The following information is of a general nature only and is based on the Company's understanding of certain aspects of the laws and practice in force in Luxembourg as of the date of this Issuing Document. It does not purport to be a comprehensive description of all of the tax considerations that might be relevant to an investment decision. It is included herein solely for preliminary information purposes. It is not intended to be, nor should it be construed to be, legal or tax advice. It is a description of the essential material Luxembourg tax consequences with respect to the Shares and may not include tax considerations that arise from rules of general application or that are generally assumed to be known to Shareholders. This summary is based on the laws in force in Luxembourg on the date of this Issuing Document Prospectus and is subject to any change in law that may take effect after such date. Prospective investors should consult their professional advisors with respect to particular circumstances, the effects of state, local or foreign laws to which they may be subject and as to their tax position.

##### **16.2 Taxation of the Company**

###### Income tax

The Company is not liable to any Luxembourg income tax in Luxembourg.

###### Subscription tax

The Company is as a rule liable in Luxembourg to a subscription tax (*taxe d'abonnement*) at an annual rate of zero point zero one percent (0.01%) calculated on the basis of the Net Asset Value of the Company at the end of each quarter.

The following exemptions from subscription tax apply:

- for the value of the assets represented by units held in other undertakings for collective investment, to the extent such units have already been subject to this subscription tax;
- for RAIFs, as well as individual compartments of RAIFs with multiple compartments:
  - the exclusive object of which is the collective investment in money market instruments and the placing of deposits with credit institutions; and,

- the weighted residual portfolio maturity of which does not exceed ninety (90) calendar days; and,
- that have obtained the highest possible rating from a recognised rating agency;
- for RAIFs as well as individual compartments of RAIFs with multiple compartments, the securities or partnership interests which are reserved for (i) institutions for occupational retirement provision, or similar investment vehicles, set up on one or several employers' initiative for the benefit of their employees and (ii) companies of one or several employers investing the funds they own, in order to provide their employees with retirement benefits; and
- for RAIFs, as well as individual compartments of RAIFs with multiple compartments, the main object of which is the investment in microfinance institutions.

#### Withholding tax

Under current Luxembourg tax law, there is no withholding tax on any distribution, redemption or payment made by the Company to its Shareholders in respect of the Shares. There is also no withholding tax on the distribution of liquidation proceeds to the Shareholders.

#### Other taxes

No stamp duty or other tax is payable in Luxembourg on the issue of Shares in the Company against cash, except a fixed registration duty (*droit d'enregistrement*) of seventy-five Euros (EUR 75) which is paid upon the Company's incorporation or any amendment of its Articles.

The Company is exempt from net wealth tax.

The Company may be subject to withholding tax on dividends and interest and to tax on capital gains in the country of origin of its investments. As the Company itself is exempt from income tax, withholding tax levied at source, if any, would normally not be refundable in Luxembourg and it is not certain whether the Company itself would be able to benefit from Luxembourg's double tax treaties network. Whether the Company may benefit from a double tax treaty concluded by Luxembourg must be analysed on a case-by-case basis. Indeed, as the Company is structured as an investment company (as opposed to a mere co-ownership of assets), certain double tax treaties signed by Luxembourg may directly apply to the Company.

### **16.3 Taxation of Shareholders**

#### General

It is expected that Shareholders of the Company will be resident for tax purposes in many different countries. Consequently, Shareholders should consult their professional advisors on the possible tax or other consequences of buying, holding, transferring or selling the Company's Shares under the laws of their countries of citizenship.

#### Luxembourg tax residency of the Shareholders

A Shareholder will not become resident, nor be deemed to be resident, in Luxembourg, by reason only of the holding of the Shares, or the execution, performance, delivery and/or enforcement of its right and obligations under the Shares.

### Income taxation of the Shareholders

#### *Luxembourg non-residents*

Shareholders, who are non-residents of Luxembourg and who have neither a permanent establishment nor a permanent representative in Luxembourg to which or whom the Shares are attributable, are not liable to any Luxembourg income tax on income received and capital gains realised upon the sale, disposal or redemption of the Shares.

Non-resident Shareholders having a permanent establishment or a permanent representative in Luxembourg, to which or whom the Shares are attributable, must include any income received, as well as any gain realised on the sale, disposal or redemption of Shares, in their taxable income for Luxembourg tax assessment purposes. The same inclusion applies to individuals, acting in the course of the management of a professional or business undertaking, who have a permanent establishment or a permanent representative in Luxembourg, to which or whom the Shares are attributable. Taxable gains are determined as being the difference between the sale, repurchase or redemption price and the lower of the cost or book value of the Shares sold or redeemed.

#### *Luxembourg residents*

##### *Luxembourg resident individuals*

Any dividends received and other payments derived from the Shares received by resident individuals, who act in the course of the management of either their private wealth or their professional/business activity, are subject to income tax at the progressive ordinary rates.

A gain realised upon disposal of Shares by Luxembourg resident individual Shareholders, acting in the course of the management of their private wealth, is not subject to income tax, unless said capital gain qualifies either as speculative gains or as gains on a substantial participation.

Capital gains are deemed to be speculative and are thus subject to income tax at ordinary rates if the Shares are disposed of less than six (6) months after the acquisition thereof, or if their disposal precedes their acquisition. A shareholding is considered as substantial shareholding in limited cases, in particular if (i) the Shareholder has held, either alone or together with his spouse and/or his minor children, either directly or indirectly, at any time within the five (5) years preceding the realisation of the gain, more than ten percent (10%) of the share capital of the Company or (ii) the taxpayer acquired free of charge, within the five (5) years preceding the transfer, a participation that was constituting a substantial participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same five-year period). Capital gains realised on a substantial participation more than six (6) months after the acquisition thereof are subject to income tax according to the half-global rate method, (i.e. the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realised on the substantial participation). A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the shareholding.

Capital gains realised on the disposal of the Shares by a resident individual Shareholder, who acts in the course of the management of his/her professional/business activity, are subject to income tax at ordinary rates. Taxable gains are determined as being the difference between the price for which the Shares have been disposed of and the lower of their cost or book value.

### *Luxembourg resident companies*

Luxembourg resident corporate (*sociétés de capitaux*) holders of Shares must include any income received, as well as any gain realised on the sale, disposal or redemption of Shares, in their taxable income for Luxembourg income tax assessment purposes.

### *Luxembourg resident companies benefiting from a special tax regime*

Luxembourg resident corporate Shareholders who benefit from a special tax regime, such as, for example, (i) undertakings for collective investment governed by the amended law of 17 December 2010, (ii) specialised investment funds governed by the amended law of 13 February 2007, (iii) family wealth management companies governed by the amended law of 11 May 2007, or (iv) reserved alternative investment funds treated as specialised investment funds for Luxembourg tax purposes and governed by the law of 23 July 2016, are exempt from income taxes in Luxembourg and thus income derived from the Shares, as well as gains realised thereon, are not subject to Luxembourg income taxes.

### Net wealth tax

A Luxembourg company resident Shareholder, as well as a non-resident Shareholder who has a permanent establishment or a permanent representative in Luxembourg to which or whom the Shares are attributable, are subject to Luxembourg net wealth tax on such Shares, except if the Shareholder is (i) an undertaking for collective investment governed by the amended law of 17 December 2010, (ii) a specialised investment fund governed by the amended law of 13 February 2007, (iii) a family wealth management company governed by the amended law of 11 May 2007, (iv) a securitisation company governed by the amended law of 22 March 2004 on securitisation, (v) a company governed by the amended law of 15 June 2004 on venture capital vehicles or (vi) a reserved alternative investment fund governed by the law of 23 July 2016.

However, a minimum net wealth tax would be applicable for (i) a securitisation company governed by the amended law of 22 March 2004 on securitisation, (ii) a company governed by the amended law of 15 June 2004 on venture capital vehicles and (iii) a reserved alternative investment funds treated as venture capital vehicle for Luxembourg tax purposes and governed by the law of 23 July 2016. In this respect, a flat annual minimum net wealth tax of currently four thousand eight hundred fifteen Euros (EUR 4,815) would be due assuming the Luxembourg company's financial assets, transferable securities and cash deposits represent (i) at least ninety percent (90%) of its total balance sheet and (ii) a minimum amount of three hundred fifty thousand Euros (EUR 350,000) (the "**Asset Test**"). Alternatively, should the Asset Test not be met, a progressive annual minimum net wealth tax currently ranging from five hundred thirty-five Euro (EUR 535) to thirty-two thousand one hundred Euros (EUR 32,100) depending on the Luxembourg company's total gross assets would be due.

### Other taxes

Under Luxembourg tax law, where an individual Shareholder is a resident of Luxembourg for tax purposes at the time of his death, the Shares are included in his taxable basis for inheritance tax purposes. No estate or inheritance tax is levied on the transfer of the Shares upon death of a Shareholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes at the time of his death.

Luxembourg gift tax may be levied on a gift or donation of the Shares if embodied in a Luxembourg notarial deed or otherwise registered in Luxembourg.

***Shareholders and prospective investors should seek their own professional advice as to this, as well as to any relevant exchange control or other laws and regulations. Taxation law and practice, and the levels of tax relating to the Company and to Shareholders, may change from time to time.***

## 16.4 Exchange of information

### 16.4.1 FATCA Regime

Capitalised terms used in this Section should have the meaning as set forth in the IGA (as defined below), unless provided otherwise herein.

The intention of FATCA is that details of Specified US Persons holding assets outside the US will be reported by Financial Institutions to the IRS as a safeguard against US tax evasion. As a result of the HIRE Act, and to discourage non-US Financial Institutions from staying outside this regime, a Financial Institution that does not enter and comply with the regime will in principle be subject to a US withholding tax of thirty percent (30%) on certain US source income (including dividends and interest) and gross proceeds from the sale or other disposal of property that can produce US source interest or dividends.

On 28 March 2014, Luxembourg entered into a Model I Intergovernmental Agreement implemented by the Luxembourg law dated 24 July 2015 (the “**IGA**”) in order to facilitate compliance of Luxembourg Financial Institutions with FATCA and avoid the above-described US withholding tax. Under the IGA, Luxembourg Financial Institutions will provide the Luxembourg tax authorities with information on the identity, account balances, income and gross proceeds (non-exhaustive list) received by their Shareholders that are Specified US Persons or, in case of a Non-US Entity being a Shareholder, on the status of any Controlling Person qualifying as a Specified US Person. The Luxembourg tax authorities will then automatically pass the information on to the IRS. Such reporting is, however, not required in case the Luxembourg Financial Institution can rely on a specific exemption or a deemed-compliant category contained in the IGA.

The Company therefore requires all Shareholders to provide mandatory documentary evidence on their status as a Specified US Person or, in case of a Non-US Entity being a Shareholder, on the status of any Controlling Person as a Specified US Person. Under the IGA, the Company will be required to, *inter alia*, disclose the name, address and taxpayer identification number (if available) of the Shareholder as well as information like account balances, income and gross proceeds (non-exhaustive list) to its local tax authority under the terms of the applicable IGA.

Additionally, the Company is responsible for the processing of personal data and each Shareholder has a right to access the data communicated to the Luxembourg tax authorities and to correct such data (if necessary). Any data obtained by the Company are to be processed in accordance with the Luxembourg law dated 2 August 2002 on the protection of persons with regard to the processing of personal data, as amended.

The Company’s ability to satisfy its obligations under the IGA will depend on each Shareholder of the Company providing the Company with any information, that the Company determines is necessary to satisfy such obligations. Each Shareholder agrees to provide such information upon request by the Company.

Although the Company will attempt to satisfy any obligation imposed on it to avoid imposition of FATCA withholding tax, no assurance can be given that the Company will be able to satisfy these obligations. If the Company becomes subject to a withholding tax as result of the FATCA regime, the value of the Shares held by the Shareholder may suffer material losses. A failure for the Company to obtain such information from each Shareholder and to transmit it to the Luxembourg tax authorities may trigger the 30% withholding tax to be imposed on payments of U.S. source income and on proceeds from the sale of property or other assets that could give rise to U.S. source interest and dividends as well as penalties.

A Shareholder that fails to comply with such documentation requests may be charged with any taxes or penalties imposed on the Company attributable to such Shareholder's failure under the IGA and FATCA.

While the Company will make all reasonable efforts to seek documentation from Shareholders to comply with these rules and to allocate any taxes or penalties imposed or required to be deducted under the IGA and/or FATCA to Shareholders whose non-compliance caused the imposition or deduction of the tax or penalty, it cannot be excluded that other complying Shareholders of the Company may be affected by the presence of such non-complying Shareholders.

All prospective investors and Shareholders are advised to consult with their own tax advisors regarding the possible implications of FATCA on their investment in the Company.

#### 16.4.2 CRS

Capitalised terms used in this Section should have the meaning as set forth in the CRS Law (as defined below), unless provided otherwise herein.

The Company may be subject to the Standard for Automatic Exchange of Financial Account Information in Tax matters and its Common Reporting Standard ("CRS") as set out in the Luxembourg law dated 18 December 2015 implementing Council Directive 2014/107/EU of 9 December 2014 as regards mandatory automatic exchange of information in the field of taxation.

Under the terms of the CRS Law, the Company is likely to be treated as a Luxembourg Reporting Financial Institution. As such, as of 30 June 2017 and without prejudice to other applicable data protection provisions, the Company will be required to annually report to the Luxembourg tax authorities ("LTA") personal and financial information related, *inter alia*, to the identification of, holdings by and payments made to (i) certain Shareholders qualifying as Reportable Persons and (ii) Controlling Persons of certain non-financial entities ("NFEs") which are themselves Reportable Persons. This information, as exhaustively set out in Annex I of the CRS Law (the "**Information**"), will include personal data related to the Reportable Persons.

The Company's ability to satisfy its reporting obligations under the CRS Law will depend on each Shareholder providing the Company with the Information, along with the required supporting documentary evidence. In this context, the Shareholders are hereby informed that, as data controller, the Company will process the Information for the purposes as set out in the CRS Law. The Shareholders undertake to inform their Controlling Persons, if applicable, of the processing of their Information by the Company.

The Shareholders are further informed that the Information related to Reportable Persons within the meaning of the CRS Law will be disclosed to the LTA annually for the purposes set out in the CRS Law. In particular, Reportable Persons are informed that certain operations performed by them will be reported to them through the issuance of statements, and that part of this information will serve as a basis for the annual disclosure to the LTA.

The Company is responsible for the processing of personal data and each Shareholder has a right to access the data communicated to the Luxembourg tax authorities and to correct such data (if necessary). Any data obtained by the Company are to be processed in accordance with the Luxembourg law dated 2 August 2002 on the protection of persons with regard to the processing of personal data, as amended.

Similarly, the Shareholders undertake to inform the Company within thirty days of receipt of these statements should any included personal data be not accurate. The Shareholders further undertake to inform the Company within thirty days of, and provide the Company with all supporting documentary evidence of any changes related to the Information after occurrence of such changes.

Any Shareholder that fails to comply with the Company's Information or documentation requests may be held liable for penalties imposed on the Company and attributable to such Shareholder's failure to provide the Information.

## **17. Reports and notices**

### **17.1 Reporting to Shareholders**

Annual audited reports will be made available to Shareholders within 6 months of the close of the Financial Year (or within such time period as determined by applicable law from time to time). The annual audited reports are available to Shareholders on request.

The accounting information given in the annual report will be prepared in accordance with the accounting standards authorised in the Grand Duchy of Luxembourg (i.e. Lux GAAP), including the methods provided by the AIFM Regulations (i.e. gross method and commitment method, and the accounting rules are laid down in the Articles).

The accounting information provided in the annual report is audited by the Auditor, who is empowered by Luxembourg law to audit accounts in accordance with the Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts.

### **17.2 Notices**

All notices and notifications to Shareholders will be sent by registered mail at their address in the Shareholders register or in the manner as stated in the Subscription Request of the Shareholders.

## **18. Liquidation of the Company - Termination, Division and Amalgamation of Sub-Funds or Classes**

### **18.1 Dissolution and Liquidation of the Company**

The Company may at any time be dissolved by a resolution taken by the general meeting of Shareholders subject to the quorum and majority requirements as defined in the Articles.

Whenever the capital falls below two thirds of the legal minimum capital, the Board must submit the question of the dissolution of the Company to the general meeting of Shareholders. The general meeting, for which no quorum shall be required, shall decide on simple majority of the votes of the Shares present and represented at the meeting.

The question of the dissolution of the Company shall also be referred to the general meeting of Shareholders whenever the capital falls below one quarter of the minimum capital. In such event, the general meeting shall be held without quorum requirements, and the dissolution may be decided by the Shareholders holding one quarter of the votes present and represented at that meeting.

The meeting must be convened so that it is held within a period of forty days from when it is ascertained that the Net Asset Value of the Company have fallen below two thirds or one quarter of the legal minimum as the case may be.

The issue of new Shares by the Company shall cease on the date of publication of the notice of the general meeting of Shareholders, to which the dissolution and liquidation of the Company shall be proposed. One or more liquidators shall be appointed by the general meeting of Shareholders to realise the assets of the Company, subject to the supervision of the relevant supervisory authority in the best interests of the Shareholders. The proceeds of the liquidation of each Sub-Fund, net of all liquidation expenses, shall be distributed by the liquidators among the holders of Shares in each Class in accordance with their respective rights. The amounts not claimed by Shareholders at the end of the liquidation process shall be deposited,

in accordance with Luxembourg law, with the *Caisse de Consignation* in the Grand Duchy of Luxembourg until the statutory limitation period has lapsed.

## 18.2 Termination of a Sub-Fund or Class

In the event that for any reason the value of the Net Asset Value of any Sub-Fund and/or Class has decreased to, or has not reached, an amount determined by the Board to be the minimum level for such Sub-Fund and/or Class to be operated in an economically efficient manner, or in case of a substantial modification in the political, economic or monetary situation relating to such Sub-Fund and/or Class would have material adverse consequences on the investments of that Sub-Fund and/or Class, or as a matter of economic rationalization, the Board may decide to compulsory redeem all the Shares of the relevant Sub-Fund and/or Class at their Net Asset Value per Share (taking into account actual realization prices of investments and realization expenses) as calculated on the Valuation Day at which such decision shall take effect.

The Company shall serve a notice to the Shareholders of the relevant Sub-Fund, and/or Class prior to the effective date for the compulsory redemption, which will set forth the reasons for, and the procedure of, the redemption operations. Registered Shareholders shall be notified in writing.

Unless otherwise decided in the interests of, or to keep equal treatment between, the Shareholders of the Sub Fund and/or Class concerned may continue to request redemption of their Shares free of charge (but taking into account actual realization prices of investments and realization expenses) prior to the date effective for the compulsory redemption.

Any request for subscription shall be suspended as from the moment of the announcement of the termination, the merger or the transfer of the relevant Sub-Fund, and/or Class.

Notwithstanding the powers conferred to the Board by the preceding paragraphs, the general meeting of Shareholders of any Sub-Fund and/or Class may, upon proposal from the Board, resolve to redeem all the Shares of the relevant Sub-Fund and/or Class and to refund to the Shareholders the Net Asset Value of their Shares (taking into account actual realisation prices of investments and realisation expenses) determined with respect to the Valuation Day on which such decision shall take effect. There shall be no quorum requirements for such general meeting of Shareholders, which shall resolve at the simple majority of those present and represented.

Assets which could not be distributed to their owners upon the implementation of the redemption will be deposited with the Depositary Bank for a period of six months thereafter; after such period, the assets will be deposited with the *Caisse de Consignations* on behalf of the persons entitled thereto.

All redeemed Shares shall be cancelled by the Company.

## 18.3 Amalgamation, Division or Transfer of Sub-Funds or Classes

Under the same circumstances as provided above in the Section 18.2 “Termination of a Sub-Fund and/or Class” of this Issuing Document, the Board may decide to allocate the assets of any Sub-Fund and/or Class to those of another existing Sub-Fund and/or Class within the Company or to another Luxembourg undertaking for collective investment or to another Sub-Fund and/or Class within such other Luxembourg undertaking for collective investment (the “**new Sub-Fund**”) and to re-designate the Shares of the relevant Sub-Fund and/or Class as Shares of another Sub-Fund and/or Class (following a split or consolidation, if necessary, and the payment of the amount corresponding to any fractional entitlement to Shareholders). Such decision will be published in the same manner as described above in Section 18.2 “Termination of a Sub-Fund and/or Class” of this Issuing Document (and, in addition, the publication will contain information in relation to the new Sub-Fund), one month before the date on which the amalgamation becomes effective in order to enable Shareholders to request redemption of their Shares, free of charge, during such period.

Under the same circumstances as provided above in Section 18.2 “Termination of a Sub-Fund and/or Class”, the Board may decide to reorganise a Sub-Fund and/or Class by means of a division into two or more Sub-Funds and/or Classes. Such decision will be published in the same manner as in Section 18.2 “Termination of a Sub-Fund and/or Class” (and, in addition, the publication will contain information about the two or more new Sub-Funds) one month before the date on which the division becomes effective, in order to enable the Shareholders to request redemption or conversion of their Shares free of charge during such period.

Notwithstanding the powers conferred to the Board by the preceding paragraphs, such a reorganisation of a Sub-Fund and/or Class within the Company (by way of an amalgamation or division) may be decided upon by a general meeting of the Shareholders of the relevant Sub-Fund and/or Class. There shall be no quorum requirements for such general meeting and it will decide upon such an amalgamation or division by resolution taken at the simple majority of those present or represented.

A contribution of the assets and of the liabilities distributable to any Sub-Fund and/or Class to another undertaking for collective investment referred to in the first paragraph of this Section 18.3 to another Sub-Fund and/or Class within such other undertaking for collective investment shall, require a resolution of the Shareholders of the Sub-Fund and/or Class concerned, taken with a 50% quorum requirement of the Shares in issue and adopted at a two-third majority of the Shares present or represented at such meeting, except when such an amalgamation is to be implemented with a Luxembourg undertaking for collective investment of the contractual type (*fonds commun de placement*) or a foreign based undertaking for collective investment, in which case resolutions shall be binding only upon such Shareholders who will have voted in favour of such amalgamation.

## **19. Documents Available for Inspection**

The following documents are available for inspection by the Shareholders at the registered office of the Company during normal business hours:

- the Issuing Document;
- the Articles;
- the latest annual report of the Company (if available); and
- the latest Net Asset Value.

A copy of the Issuing Document of the Company, of its Articles and of its last annual report may be obtained free of charge upon request of the Shareholders.

## **20. Data Protection Policy**

In compliance with the Luxembourg applicable data protection laws and regulations, including but not limited to the Regulation n° 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (“**GDPR**”), as such applicable laws and regulations may be amended from time to time (collectively hereinafter referred to as the “**Data Protection Laws**”), the Company, acting as data controller (the “**Data Controller**”) processes personal data in the context of the investments in the Company. The term “processing” in this notice has the meaning ascribed to it in the Data Protection Laws.

Investors can address their questions relating to the Company’s data protection policy to [xavier@marshallbridge.com](mailto:xavier@marshallbridge.com).

## 20.1 Categories of Personal Data processed

Any personal data as defined by the Data Protection Laws (including but not limited to the name, e-mail address, postal address, date of birth, marital status, country of residence, identity card or passport, tax identification number and tax status, contact and banking details including account number and account balance, resume, invested amount and the origin of the funds) relating to (prospective) investors who are individuals and any other natural persons involved in or concerned by the Company's professional relationship with investors, as the case may be, including but not limited to any representatives, contact persons, agents, service providers, persons holding a power of attorney, beneficial owners and/or any other related persons (each a "**Data Subject**") provided in connection with (an) investment(s) in the Company (hereinafter referred to as the "**Personal Data**") may be processed by the Data Controller.

## 20.2 Purposes of the processing

The processing of Personal Data may be made for the following purposes (the "**Purposes**"):

**(a) For the performance of the contract to which the investor is a party or in order to take steps at the investor's request before entering into a contract**

This includes, without limitation, the provision of investor-related services, administration of the shareholdings in the Company, handling of subscription, redemption, conversion and transfer orders, maintaining the register of shareholders, management of distributions, sending of notices, information and communications and more generally performance of service requests from and operations in accordance with the instructions of the investor.

The provision of Personal Data for this purpose:

- has a contractual nature or is a requirement necessary for the Company to enter into a contractual relationship with the investor; and
- is mandatory.

**(b) For compliance with legal and/or regulatory obligations**

This includes (without limitation) compliance:

- with legal and/or regulatory obligations such as obligations on anti-money laundering and fight against terrorism financing, obligations on protection against late trading and market timing practices, accounting obligations;
- with identification and reporting obligations under FATCA and other comparable requirements under domestic or international exchange tax information mechanism such as the Organisation for Economic Co-operation and Development ("**OECD**") and EU standards for transparency and automatic exchange of financial account information in tax matters ("**AEOI**") and CRS (hereinafter collectively referred to as "**Comparable Tax Regulations**"). In the context of FATCA and/or Comparable Tax Regulations, the Personal Data may be processed and transferred to the Luxembourg tax authorities who, in turn and under their control, may transfer such Personal Data to the competent foreign tax authorities, including, but not limited to, the competent authorities of the United States of America; and
- with requests from, and requirements of, local or foreign authorities.

The provision of Personal Data for this purpose has a statutory/regulatory nature and is mandatory. In addition to the consequences mentioned at the end of this point 2, not providing Personal Data in this context may also result in incorrect reporting and/or tax consequences for the investor.

**(c) For the purposes of the legitimate interests pursued by the Company**

This includes the processing of Personal Data for risk management and for fraud prevention purposes, improvement of the Company's services, disclosure of Personal Data to Processors (as defined below) for the purpose of effecting the processing on the Company's behalf. The Company may also use Personal Data to the extent required for preventing or facilitating the settlement of any claims, disputes or litigations, for the exercise of its rights in case of claims, disputes or litigations or for the protection of rights of another natural or legal person.

The provision of Personal Data for this purpose:

- has a contractual nature or is a requirement necessary for the Company to enter into a contractual relationship with the investor; and
- is mandatory.

**and/or**

**(d) For any other specific purpose to which the Data Subject has consented**

This covers the use and further processing of Personal Data where the Data Subject has given his/her explicit consent thereto, which consent may be withdrawn at any time, without affecting the lawfulness of processing based on consent before its withdrawal (e.g. to receive marketing material (about the products and services of group companies or those of its commercial partners), recommendation about services.

**Not providing Personal Data for the Purposes under items a) to c) hereabove or the withdrawal of consent under item d) hereabove may result in the impossibility for the Company to accept the investment in the Company and/or to perform investor-related services, or ultimately in termination of the contractual relationship with the investor.**

### **20.3 Disclosure of Personal Data to third parties**

The Personal Data may be transferred by the Company, in compliance with and within the limits of the Data Protection Laws, to its delegates, service providers or agents, such as (but not limited to) its AIFM, its domiciliary agent, its auditor, other entities directly or indirectly affiliated with the Company and any other third parties who process the Personal Data for providing their services to the Company, acting as data processors (collectively hereinafter referred to as "**Processors**"). A list of Processors can be requested at [xavier@marshallbridge.com](mailto:xavier@marshallbridge.com).

Such Processors may in turn transfer Personal Data to their respective agents, delegates, service providers, affiliates, such as (but not limited to) the Agent, acting as sub-processors (collectively hereinafter referred to as "**Sub-Processors**").

Personal Data may also be shared with service providers processing them on their own behalf as data controllers and third parties as may be required by applicable laws and regulations (including but not limited to administrations, local or foreign authorities (such as competent regulator, tax authorities, judicial authorities, etc.)).

Personal Data may be transferred to any of these recipients in any jurisdiction including outside of the European Economic Area (“EEA”). The transfer of Personal Data outside of the EEA may be made to countries ensuring (based on the European Commission’s decision) an adequate level of protection or to other countries not ensuring such adequate level of protection. In the latter case, the transfer of Personal Data will be protected by appropriate or suitable safeguards in accordance with Data Protection Laws, such as standard contractual clauses approved by the European Commission. The Data Subject may obtain a copy of such safeguards by contacting the Company.

#### **20.4 Rights of the Data Subjects in relation to the Personal Data**

Under certain conditions set out by the Data Protection Laws and/or by applicable guidelines, regulations, recommendations, circulars or requirements issued by any local or European competent authority, such as the Luxembourg data protection authority (the *Commission Nationale pour la Protection des Données – “CNPD”*) or the European Data Protection Board, each Data Subject has the rights:

- to access his/her Personal Data and to know, as the case may be, the source from which his/her Personal Data originate and whether they came from publicly accessible sources;
- to ask for a rectification of his/her Personal Data in cases where they are inaccurate and/or incomplete,
- to ask for a restriction of processing of his/her Personal Data,
- to object to the processing of his/her Personal Data,
- to ask for erasure of his/her Personal Data, and
- to data portability with respect to his/her Personal Data.

Further details regarding the above rights are provided for in Chapter III of GDPR and in particular Articles 15 to 21 of GDPR.

No automated decision-making is conducted.

To exercise the above rights and/or withdraw his/her consent regarding any specific processing to which he/she has consented, the Data Subject may contact the Company at the following address:

**xavier@marshallbridge.com**

In addition to the rights listed above, should a Data Subject consider that the Company does not comply with the Data Protection Laws, or has concerns with regard to the protection of his/her Personal Data, the Data Subject is entitled to lodge a complaint with a supervisory authority (within the meaning of GDPR). In Luxembourg, the competent supervisory authority is the CNPD.

#### **20.5 Information on Data Subjects related to the Shareholder**

To the extent the investor provides Personal Data regarding Data Subjects related to him/her/it (e.g. representatives, beneficial owners, contact persons, agents, service providers, persons holding a power of attorney, etc.), the investor acknowledges and agrees that: (i) such Personal Data has been obtained, processed and disclosed in compliance with any applicable laws and regulations and its/his/her contractual obligations; (ii) the investor shall not do or omit to do anything in effecting this disclosure or otherwise that would cause the Company, the Processors, Sub-Processors to be in breach of any applicable laws and regulations (including Data Protection Laws); (iii) the processing and transferring of the Personal Data as

described herein shall not cause the Company, the Processors, Sub-Processors to be in breach of any applicable laws and regulations (including Data Protection Laws); and (iv) without limiting the foregoing, the investor shall provide, before the Personal Data is processed by the Company, the Processors, Sub-Processors, all necessary information and notices to such Data Subjects concerned, in each case as required by applicable laws and regulations (including Data Protection Laws) and/or its/his/her contractual obligations, including information on the processing of their Personal Data as described in this notice. The investor will indemnify and hold the Company, the Processors, Sub-Processors harmless for and against all financial consequences that may arise as a consequence of a failure to comply with the above requirements.

## 20.6 Data retention period

Personal Data will be kept in a form which permits identification of Data Subjects for at least a period of ten (10) years after the end of the financial year to which they relate or any longer period as may be imposed or permitted by applicable laws and regulations, in consideration of the legal limitation periods (including for litigation purposes).

## 20.7 Recording of telephone conversations

Investors, including the Data Subjects related to him/her/it (who will be individually informed by the investors in turn) are also informed that for the purpose of serving as evidence of commercial transactions and/or any other commercial communications and then preventing or facilitating the settlement of any disputes or litigations, their telephone conversations with and/or instructions given to the Company, the AIFM, the Depositary, the Administration Agent and/or any other agent of the Company may be recorded in accordance with applicable laws and regulations. These recordings are kept during a period of seven (7) years or any longer period as may be imposed or permitted by applicable laws and regulations, in consideration of the legal limitation periods (including for litigation purposes). These recordings shall not be disclosed to any third parties, unless the Company, the AIFM, the Depositary Bank, the Agent and/or any other agent of the Company is/are compelled or has/have the right to do so under applicable laws and/or regulations in order to achieve the purpose as described in this paragraph.

## 21. Indemnification

To the fullest extent permitted by the Issuing Document, and by applicable law, the Company shall indemnify each of the Managers, the Investment Manager and any of its subsidiaries and holding companies and the subsidiaries or any such holding company and its and their respective directors, officers, employees, advisers and agents, (each referred to as an "**Indemnified Person**") against any and all claims, liabilities, losses, damages, settlements, taxes (other than regular income tax), costs and expenses (including reasonable attorneys' and other advisors' fees) to which they may directly or indirectly become subject by reason of their activities (or activities of any of their agents or other third parties) on behalf of the Company, but only to the extent that the Indemnified Person (i) did not act in a manner deemed at the time to be manifestly against the interest of the Company and (ii) acted in a manner constituting neither gross negligence nor wilful misconduct.

## 22. Sustainability

The AIFM considers sustainability as a critical driver of business of the Company and the Sub-Funds and has been working towards greater transparency and accountability on environmental, governance and social matters. The AIFM recognises that those companies that are capable of generating a more inclusive and sustainable economic growth to their stakeholders are the ones that tend to produce more value in the long term. Hence, the AIFM believes that the integration of Sustainability Risks into the investment decision-making process may help to enhance long term risk-adjusted returns for investors, in accordance with the investment objectives and policies of the Sub-Funds. The AIFM identifies and integrates

Sustainability Risks as part of its investment management process and as part of its risk management process. The AIFM integrates the Sustainability Risks assessment together with other material factors in the context of the specific investment opportunities and positions and of the investment objective and policy of the Company (and the Sub-Funds) in accordance with the provisions of Article 6 (1) §1 of SFDR.

The integration of Sustainability Risks in the investment decisions of the AIFM is a multi-step process from pre-investment to post-investment, monitoring and exit. The process starts with the identification of Sustainability Risk indicators and factors considered to be material to a given investment, in the context of the relevant investment objective. The AIFM includes in its decision-making process the consideration that a prospective investment has a sustainable competitive advantage for the relevant Sub-Fund. The AIFM ensures that the operational counterparties are fully aware of and commit to comply with the investment philosophy, approach and expectations of the Company (and the Sub-Funds) and the AIFM in respect of sustainability. Once selected and appointed, the AIFM monitors the relevant Sustainability Risks for each investment. The AIFM will regularly monitor the investment universe and implement necessary measures to ensure that Sustainability Risks are sufficiently considered. Where the AIFM deems that an existing investment in the portfolio of the Company (and the Sub-Funds) or an investment opportunity reaches a certain level of exposure in relation to Sustainability Risks as defined by the AIFM from time to time that impact or are likely to impact the financial returns of the Company (and the Sub-Funds), the AIFM will take the appropriate measures up to the divestment or rejection of an investment opportunity. Nonetheless, the AIFM does not use ESG factors as decisive or reductive factors but only as additional factors in its decision-making process.

The AIFM requires the Investment Adviser(s) to consider and assess Sustainability Risks for each investment opportunity they introduce to the AIFM.

For further information on the integration of Sustainability Risks in respect of the Company and the Sub-Funds please refer to the website of the AIFM.

Unless otherwise provided for a specific Sub-Fund in the relevant Sub-Fund Appendix, the Sub-Funds do not promote environmental or social characteristics, nor do they have sustainable investment as investment objectives within the meaning of Articles 8 and 9 of SFDR, respectively.

As at the date of this Issuing Document, the AIFM does not intend to consider principal adverse impacts of investment decisions related to the Company and the Sub-Funds on Sustainability Factors as the size of investments and structure of the Company do not seem to be of sufficient relevance on these factors and there is no sufficient data available for measuring these principal adverse impacts within the meaning of Article 7 (1) of SFDR.

Unless otherwise provided for a specific Sub-Fund in the relevant Sub-Fund Appendix, the Sub-Fund's investments do not take into account the EU criteria for environmentally sustainable economic activities outlined in Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment.

**APPENDIX TO THE ISSUING DOCUMENT  
SUB-FUNDS**

To date, (i) Emerald Fund S.C.A. SICAV-RAIF – Emerald Protected Fund, (ii) Emerald Fund S.C.A. SICAV-RAIF – Emerald Mezzanine Fund, (iii) Emerald Fund S.C.A. SICAV-RAIF – Emerald Welz Urban Development Land Fund and (iv) Emerald Fund S.C.A. SICAV-RAIF – Emerald Bridge II are the sole Sub-Funds.

*For the avoidance of doubt all the foregoing definitions of Section 1 “Definitions” shall apply to the following Appendices.*

*In case of discrepancy or any inconsistency between provisions contained in the general part of the Issuing Document and the Appendices, the provisions of the Appendices shall ever prevail over those of general part.*

## Appendix I

### Emerald Fund S.C.A. SICAV-RAIF – Emerald Protected Fund

|                                     |   |
|-------------------------------------|---|
| <b>Designation</b>                  | Emerald Fund SCA SICAV-RAIF – Emerald Protected Fund (the "Sub-Fund")   |
| <b>Reference Currency</b>           | EUR   |
| <b>Launch Date of the Sub-Fund:</b> | 17 <sup>th</sup> of September 2019  |
| <b>Term of the Sub-Fund:</b>        | unlimited duration  |
| <b>Initial Subscription Period:</b> | from Launch Date of the Sub-Fund up to 31 <sup>st</sup> October 2019  |
| <b>Subscription Last Day</b>        | two (2) Business Days prior to the applicable Valuation Day.  |
| <b>Subscription Settlement Day</b>  | two (2) Business Days prior to the applicable Valuation Day in the currency of the relevant Class of Shares.  |
| <b>Subscription Price</b>           | NAV per Share calculated on each Valuation Day  |
| <b>Redemption/Conversion Day</b>    | 3 months before valuation day for classes B, C and D as described below   |
| <b>Redemption Price</b>             | NAV per Share calculated on each Valuation Day  |
| <b>Redemption Settlement Day</b>    | up to thirty (30) Business Days after the Valuation Day   |
| <b>Cut-off Time</b>                 | Means 4 p.m. Luxembourg Time  |
| <b>Valuation Day</b>                | the last calendar day of each month   |
| <b>Performance</b>                  | the difference between the NAV of the Class determined on the relevant Valuation Day and the previous NAV used for the calculation of the performance fees  |
| <b>Performance Period</b>           | means a calendar quarter ending on the last Business Day of each quarter  |
| <b>Hurdle Rate</b>                  | the floor rate as specified for each Class that the General Partner must achieve to be entitled to the performance fee irrespective of any other additional condition, being 6% annually for Class A and Class B Shares, 5,75% annually for class C, 4% annually for Class C1, C2 and C3 Shares and 7,25% annually for Class D. |
| <b>Outperformance</b>               | with respect to each Class, the Performance in excess of the Hurdle Rate.   |
| <b>Proportion</b>                   | with respect to each Class, the subscription price paid for the Shares outstanding divided by the subscription price on all the Shares outstanding.   |
| <b>Investment Advisor</b>           | GREA GmbH   |
| <b>Investment Committee</b>         | means the AIFM investment committee   |
| <b>Default Valuation Committee</b>  | the committee, which shall handle any event of default about a loan   |

|                              |   |
|------------------------------|---|
| <b>Trustee</b>               | the person or firm that may be appointed by the Sub-Fund to hold and administer titles in case of co-investment in a loan   |
| <b>Lock up period</b>        | each share class will have their own details  |
| <b>Geography</b>             | Sub-Fund will exclusively finance properties located in Germany   |
| <b>GP shares</b>             | Such shares, will receive investments from the General Partner or approved parties by the General Partner, and will provide the First Loss Protection to share B, C and D investors.  |
| <b>First Loss Protection</b> | The First Loss Protection on the Class B shares, Class C shares and Class D, is settled out of the subscription price paid for the issuance of unlimited shares issued by the Fund to the General Partner, as further described below ("GP Share"). |

### **Investment Objective & Policy**

The investment objective of the Sub-Fund is to create consistent returns by granting loans on a short-term basis and to a small percentage, equity investment in real estate projects, of up to 5% of the AuM of the Sub-Fund.

The fundamental investment criteria will be the provision of loans for real estate opportunities that generate secured fixed returns producing substantial revenue and value increases for the Sub-Fund.

A measured approach will be taken in the risk assessment of any potential investment and the Sub-Fund will investigate the full range of variables, including location; development options; current planning; principal tenant's covenants; and income equivalence. Preservation of existing values will be balanced against the ability to secure rental increases and yield-compression. Strategic planning will lead to the improvement of underlying capital value. In all areas, the Sub-Fund's analysis will be balanced with external independent real estate market professionals.

### **Investment Strategy**

The Sub-Fund aims to create consistent returns by granting loans on a short-term basis to counterparties (for professional purposes) with a real estate project (the "**Borrowers**"). The Sub-Fund will provide loans to the Borrowers after an assessment of the viability and the conformity of the acquisition project.

The Sub-Fund primary aims to support Borrowers by granting loans with respect to real estate projects exclusively located in Germany, as well as a portion of equity in such projects.

The Sub-Fund will provide to the selected Borrowers loans of up to twenty-four (24) months maturity. The Sub-Fund will receive security for the loans provided to the Borrowers with a collateral on the underlying property of the latter. The Sub-Fund will always be registered as secured creditor (either as beneficiary of a *Hypothek*, or a *Grundschuld* over the property) in the Grundbuch (i.e. the German local registry of mortgages) before making any loan, either if the loan is directly underwritten by the Sub-Fund, or, either if the loan is purchased by the Sub-Fund or the Sub-Fund sub-participates in loans underwritten by other parties. Accordingly, the Sub-Fund shall receive confirmation that the registration of the property in the Grundbuch has been assigned to the other party and the Sub-Fund shall be secured. Under sub-participations the Sub-Fund shall require similar registration requirements from the party which will have underwritten the loan initially, being able to sub-participate and not be the Sub-Fund in Grundbuch if the other party is there represented. Such confirmation will be required when the General Partner has the control over the collateral, particularly, when it controls other investment Funds that originate the loans and have registered the collateral in the Grunbuch.

The Sub-Fund will implement its investment strategy by direct investments or indirect investments through sub-participation agreements, and in such case the fund's seller or the sub-participant will have to be registered in the Grundbuch.

The Sub-Fund may appoint a Trustee to hold and administer titles for several parties, notably where the Sub-Fund for loans co-investment purposes. The Trustee would guarantee to the co-investors, that the loans will be executed in accordance with the agreed terms between all investors and co-investors. The Trustee will act under a general trust agreement to be adapted to the laws of the concerned jurisdictions. The Sub-Fund may use several trustees if needed, which shall be appointed amongst reputable credit institutions in Luxembourg.

The loans will be provided on prime real estate transactions, such as:

(i) direct acquisition; (ii) joint venture; (iii) co-investment; (iv) equity and/or (v) investment in special purposes vehicles ("SPVs") focusing notably on:

- residential, commercial, hotel or industrial development transactions;
- partial development projects where construction progresses have been delayed due to finance issues;
- construction financing;
- property development (for developments such as residential, office, commercial and affordable housing);
- property acquisitions, which may include the financing of renovations, auction purchases, extensions or reclassifications of use;
- financing or equity investment in order to secure the permit for a project.

This philosophy will enable the Sub-Fund to generate competitive returns, reduce volatility, and provide a hedge against the risk of high inflation.

Thanks to the well-established reputation of the Investment Advisor, the Sub-Fund will have direct access to real and strong underlying expertise value, which will enable the Sub-Fund to obtain substantial income through secured and structured financing.

The Sub-Fund may sell or securitize portions as well as arrange sub-participations of the loans it underwrites, or in some instances, sub-participate or sell their full amounts, to additional investors. Such approach will be used when it allows the Sub-Fund to achieve one or more of the following value added characteristics:

- it will allow the Sub-Fund to further diversify its credit risk, by being able to be invested in more loans;
- it will also allow the Sub-Fund to further diversify additional variables such as localisation, type of loan, duration;
- it will allow the Sub-Fund to further manage the liquidity risk, by being able to achieve the sale of some loans and increase the cash position of the Sub-Fund specially for B, B1, B2, B3, C, C1, C2, C3 and D, D1, D2, D3 shares due to their limited investment term which requires liquidity. Also it allows the Sub-Fund to modify the expected maturities of the portfolio, providing a more homogeneous expected maturity inflows;

- it can allow the Sub-Fund to sell a portion of the loans or the totality, in the case the situation of the loan deteriorates, reducing thus the risk to the Sub-Fund and becoming an additional exit strategy at the hands of the Sub-Fund;
- it will allow the Sub-Fund to increase the returns by keeping a proportionately bigger proportion of the profits of such loans, compared to being the only investor in such loan.

The Sub-Fund's investment strategy will be based around four core focus points:

- the provision of bridging and mezzanine loans to Borrowers such as existing owners who require lending facilities to either complete or commence refurbishments to residential and commercial premises. Typical lending period to exit will be three (3) / eighteen (18) months controlled through diversification. Targeted investments will have a swift turn-around sale to owner-occupiers and investors, in order to bring higher liquidity to the Sub-Fund;
- the acquisition (direct or indirect) of stabilized or completed assets which offer the ability to produce immediate income with limited or no capital expenditures required. Opportunities may present themselves as discounted bank debt, motivated vendors, and poorly leveraged operating businesses;
- the provision of loans to 'oven ready' or partially completed development projects via structured mezzanine facilities where construction finance or eradicated equity has halted the delivery of a prime project. Planning permission and all necessary consents, including administrative, will be thoroughly vetted prior to any commitment by the Sub-Fund to ensure delivery on a strict time line;
- the provision of loans or the equity investment with a limit of five percent (5%) of the Sub-Fund's total AuM, if the return of the loan or the equity investment shall partially or totally be dependent on the real estate value.

### **Investment Restrictions**

In addition to the investment restriction detailed in section 5 "INVESTMENT POWERS AND RESTRICTIONS", the following restrictions shall apply to the Sub-Fund:

- the Sub-Fund will not provide loans to any company where the General Partner has an equity stake in;
- the Sub-Fund will not provide loan if the targeted operation does not involve real assets, including land, providing collateral;
- the Sub-Fund will not use as collateral, any real asset that is not related to real estate, thus not being able to provide financing to assets like wine, art or any other real asset not related to real estate.
- the Sub-Fund will not provide equity for any project where no real asset is present.

The Sub-Fund will adhere to the principle of risk spreading as set out in CSSF Circular 07-309, although under exceptional circumstances may exceed such requirements as explained under Risk Factors below under d).

The Sub-Fund's leverage exposure will be calculated in accordance with the two methods provided by the AIFM Regulations: the "gross method" and the "commitment method". The limit is set to 200% for the Gross Method and to 150% for the commitment method.

## Risk Factors

**a) General economic and market conditions:**

The success of the Sub-Fund activities will be affected by general economic and market conditions, such as interest rate, inflation rates, economic uncertainty, and changes in national and international political circumstances. These factors will affect the level and volatility of asset prices and liquidity of the investments held by the Sub-Fund. Unexpected volatility is likely to impair the Sub-Fund profitability or result in it suffering losses.

**b) Liquidity risk:**

An investment in the Sub-Fund carries a general liquidity risk. The Sub-Fund will invest in equity and debt issued by companies which are not regulated and/or which have not an access to financial markets. Consequently the equity and debt may represent a low level of liquidity and marketability involving that selling of the equity and debt in the market may only be possible through a discounted premium.

**c) Temporary investments in liquid assets:**

By exception proceeds paid to the Sub-Fund may be invested in very liquid assets on a temporary or short term basis. These temporary investments may produce lower returns for Shareholders than returns earned by the Investments for the same period.

**d) Concentration and diversification:**

While it is the intention of the Sub-Fund to build-up a diversified portfolio of European real estate finance transactions and assets, the Sub-Fund may be exposed during a specific period of time (e.g. the kick-off period of 6 months, the liquidation stage, or special circumstances where the most advisable option for the portfolio manager is not to execute more transactions and reduce their exposure) to one single investment. Although the Sub-Fund has decided to comply with the provisions of the CSSF's Circular 07/309 of 3<sup>rd</sup> August 2007 on risk spreading related to specialized investment funds on an on-going-basis, the Sub-Fund may be exposed during the acquisition period till the Sub-Fund has enough capital to diversify the portfolio of loans, the portfolio disposal period or under extraordinary circumstances, to concentration risks. During such extraordinary periods, the Sub-Fund may exceed the risk diversification level of 30% of its assets per issuer, set forth by the aforementioned CSSF Circular, and may even also have the majority of the capital in cash. Such requirement will be necessary in order to manage, under such extraordinary circumstances, the risks of the Sub-Fund and its investors in a more conservative way, avoiding periods of high uncertainty for the portfolio manager on the allocation of the capital for lending transactions, and thus on the investors capital.

**e) General risks in investing in Real Estate:**

Real estate investments, directly or indirectly, are exposed to various risks such as the cyclical nature of real estate values, risks related to general and local economic conditions, overbuilding, and increased competition, increases in property taxes and operational expenses, demographic trends, variations in rental income, changing in zonings, causality or condemnation losses, environmental risks, regulatory limitations to rents, changing in neighbourhood values, increases in interest rates and other real estate capital market influences.

**f) Risks linked to the valuation of the assets:**

The valuation of unlisted assets depends on subjective factors and can be difficult to realize with accuracy. Furthermore, the accounting, auditing and financial reporting standards in specific may not correspond to International Financial Accounting Standards or are not equivalent to those applicable in more developed markets. This is because accounting and auditing has been carried out solely as a function of compliance with tax legislation. The reliability and quality of information that will be collected in order to value the assets of the Sub-Fund may therefore be less reliable than in respect of investments in more developed markets and does not match German standards as a mature market.

**g) Risks linked to debt investments:**

In order to gain exposure to targeted assets the Sub-Fund may invest in various types of debt instruments. Consequently, the Sub-Fund may be exposed to credit risk including default, interest risk and credit spread risk. Furthermore, the Sub-Fund may be exposed to the integrity of the Borrower's management, its commitment to repay the loan, its qualification, its operating record, its emphasis in strategic direction, financial philosophy, and operational management including control systems. In particular, the Sub-Fund may be exposed to the capacity of the Borrower's ability to generate cash flow to repay its debt obligations.

**h) Collateral Risk:**

In order to reduce the risks of lending, collateral is a key concern for borrowers, since it is the guarantee the lender has in case the debtor defaults in his credit. The Sub-Fund has collateral exposure, since the probability of default and the recovery rate of the loans will be influenced by the property's LTV the Sub-Fund lends to and the strength of the collateral provided and the proper pricing of such collateral. The Sub-Fund in order to reduce such risk, will try to have first lien on the asset, and if not second lien. Additionally, the properties we expect to focus on are in areas where price sensitivity to market changes is smaller, reducing thus the sensitivity of the collateral to real estate price movements.

**i) Risks linked to equity investments:**

In order to gain exposure to real estate finance projects, the Sub-Fund may invest in various types of equity. Equity investments can experience failures or substantial declines in value at any stage. The equity investments made by the Sub-Fund may be illiquid and difficult to value, and there will be no collateral to protect an equity investment once made. Sales of equity may not always be possible, and may therefore have to be made at substantial discounts. Equity holders have in general an inferior rank towards debt holders and so are exposed to higher risks. Furthermore the Sub-Fund is entitled to take privately negotiated equity participations in entities investing, financing, developing, managing and trading real estate assets. Those investments have private equity characteristics and typically involve uncertainties that cannot be compared to those arising in the case of other type of assets.

**j) Insurance risks:**

Even though a real estate owner often, but do not always, maintain comprehensive insurance on its real estate properties, including physical loss or damage, business interruption and public liability in amounts sufficient to permit replacement in the event of total loss, subject to applicable deductibles, there are certain types of losses, however, generally of a catastrophic nature, such as earthquakes, floods, hurricanes and terrorism that may be uninsurable or not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations, provisions in loan documents, encumbering properties that have been pledged as collateral for loans, and other factors might make it economically impractical to use insurance proceeds to replace a property if it is damaged or destroyed. Under such circumstances the insurance proceeds received, if any, might not be adequate to restore the initial investment with respect to the affected property.

**k) Dependence on rental income:**

The Sub-Fund will not receive rental income, but the properties provided as collateral to the Sub-Fund, their valuation will be influenced by the potential increase/decrease in the long term expected rental income of such properties. Such risks include that the rental income cannot be kept on the foreseen level is mainly influenced by the level of vacancy. To maintain the rental income at an acceptable level depends on numerous factors such as the quality of the tenants, the duration of leases, effective marketing and the compliance of the leases and the rental income with the practices and requirements of the rental market and the changes in the status and the amenities of the location. Low occupancy could have a downward impact on the forecasted rental income. Changes in the surroundings will also have a negative impact on the (future) rental income if such change results in a deterioration of the location.

## **Investment Advisor(s)**

The AIFM, with the consent of the Board, may appoint one or several Investment Advisor(s), in order to assist with due diligence on loans and borrowers. The appointment of the Investment Advisor(s) will be implemented in accordance with the German jurisdiction where the Sub-Fund currently invests in and the type of transactions. The appointed Investment Advisor(s) for a specific transaction will provide its specific know-how and expertise to the Investment Committee.

## **Investment Committee**

The AIFM has an Investment Committee which will have final sign off on all investments and disinvestments decisions and the Investment Advisor(s) will ensure all relevant documentation has been supplied to enable the AIFM to make an informed decision.

The credit due diligence presented for proposed investments, will be managed through one or several Investment Advisor(s) in Germany.

## **Classes of Shares, Capital Protection by the General Partner Shares**

A 5% Capital Protection on Classes B, B1, B2 and B3 shares will be provided out of the subscription price paid on the General Partner shares (GP Shares). In case of (i) redemption requests on Classes B, B1, B2 and B3 Shares, after a 12 month invested period, and (ii) if their values (NAV) fall below the initial issuance amount of EUR 1,000 per share (or whichever price it has at issuance for the investor), the subscription price paid on the GP Shares will cover such loss of Classes B, B1, B2 and B3 Shares, with an amount of up to 5% of the subscription price of Class B, B1, B2 and B3 Shares at issuance. As examples:

- , if at the date of the redemption request, Class B, B1, B2 and B3 shares are worth EUR 960, out of the subscription price paid for the GP Shares, EUR 40 will be allocated to the redemption price of the Class B, B1, B2 and B3 shares, so as to reach EUR 1000.
- If Class B, B1, B2 and B3 shares at the date of the redemption are worth EUR 930, EUR 50 out of the subscription price of the GP Shares, being the totality of the protection, will be allocated to the redemption price of the Class B, B1, B2 and B3 Shares (5% of the initial invested amount of Class B, B1, B2 and B3, being 50) and Class B, B1, B2 and B3 shares will redeem of value 980 euro.
- if at redemption Class B, B1, B2 and B3 shares are worth 1000 euro or above, no portion of the subscription price paid on the GP shares will be allocated to the redemption price of the Class B, B1, B2 and B3 shares.

Capital Protection on Class C1, C2 and C3 shares shall be provided out of the initial subscription price paid by the General Partner for GP Shares. Under the event that Class C1, C2 and C3 shares, upon redemption after a 9 month invested period, experiences its value (NAV) falling below the initial issuance amount of 1,000 euro per share (or whichever price it has at issuance for the investor), the subscription price paid on the GP Shares will cover such loss of Classes C1, C2 and C3 shares, with an amount of up to 4% of the subscription price of Class C1, C2 and C3 shares at issuance. For example, if at redemption Class C1, C2 and C3 shares are worth 960 euro, out of the subscription price paid for the GP Shares, 40 euro will be allocated to the redemption price of the Class C1, C2 and C3 shares, so as to reach 1000 euro, which will be provided by GP Shares. If Class C1, C2 and C3 shares at redemption are worth 930 euros, 40 euro out of the subscription price of the GP shares, being the totality of the protection will be allocated to the redemption price of the Class C1, C2 and C3 shares (4% of the initial invested amount of Class C1, C2 and C3, being 40) and Class C1, C2 and C3 shares will redeem of value 970 euro. For further clarification, if at redemption Class C1, C2 and C3 shares are worth 1000 euro or above, no

portion of the subscription price paid on the GP Shares will be allocated to the redemption price of the Class C1, C2 and C3 shares.

Capital Protection on Class C shares shall be 5% on the initial subscription price paid by the General Partner for GP shares. Under the event that Class C shares, upon redemption after a 5 year invested period, experiences its value (NAV) falling below the initial issuance amount of 1,000 euro per share, the subscription price paid on the GP shares will cover such loss of Class C shares, with an amount of up to 5% of the subscription price of Class C shares at issuance. For clarification, if at redemption Class C shares are worth 950 euro, out of the subscription price paid for the GP Shares, 50 euro minus the depreciation of GP shares suffered in such negative scenario, will be allocated to the redemption price of the Class C. If Class C shares at redemption are worth 930 euros, 50 euro minus the depreciation suffered in such negative scenario of the GP shares, will be allocated to the redemption price of the Class C by the GP Shares.

For further clarification, if at redemption Class C shares are worth 1000 euro or above, no portion of the subscription price paid on the GP Shares will be allocated to the redemption price of the Class C shares.

Capital Protection on Classes D, D1, D2 and D3 shares shall be provided out of the subscription price paid by the General Partner for GP Shares. Under the event that Class D, D1, D2 and D3 shares, upon redemption after a 9 month invested period, experiences its value (NAV) falling below the initial issuance amount of 1,000 euro per share (or whichever price it has at issuance for the investor), the subscription price paid for GP Shares will cover such loss of Share D, D1, D2 and D3, with an amount of up to 3% of the subscription price of Class D, D1, D2 and D3 shares at issuance. For clarification, If at redemption Class D, D1, D2 and D3 shares are worth 980 euro, out of the subscription price paid for the GP Shares, 20 euro will be allocated to the redemption price of the Class D, D1, D2 and D3 shares, so as to reach 1000 euro, which will be provided by GP Shares. If Class D, D1, D2 and D3 shares at redemption are worth 960 euros, 30 euro out of the subscription price of the GP Shares, being the totality of the protection will be allocated to the redemption price of the Class D, D1, D2 and D3 shares (3% of the initial invested amount of Class D, D1, D2 and D3, being 30) and Class D, D1, D2 and D3 shares will redeem of value 990 euro. For further clarification, if at redemption Class D, D1, D2 and D3 shares are worth 1000 euro or above, no portion of the subscription price paid on the GP Shares will be allocated to the redemption price of the Class D, D1, D2 and D3 shares.

First loss capital protection is provided by the General Partner and investors whom the General Partner has previously approved. Out of the subscription price of the GP Shares, an amount corresponding to 5% of the subscription price of the Class B, B1, B2 B3 and C, 3% for class D, D1, D2 and D3 shares and 4% of the subscription price of the Class C1, C2 and C3 shares will be placed in an account opened with the Sub-Fund's custodian or a Luxembourg custodian bank.

The redemption price will be paid out of the following assets of the Sub-Fund:

- (i) Class A Shares: Class A Shares' Proportion of the distributable profits and reserves of the Sub-Fund.
- (ii) Class B, B1, B2 and B3 Shares: Class B, B1, B2 and B3 Shares' Proportion of the distributable profits and reserves of the Sub-Fund, and in case the NAV of the Class B, B1, B2 and B3 shares is lower than the subscription price, a portion of the subscription price paid on the GP Shares as indicated above.
- (iii) Class C Shares: Class C Shares' Proportion of the distributable profits and reserves of the Sub-Fund, and in case the NAV of the Class C Shares is lower than the subscription price, a portion of the subscription price paid on the GP Shares as indicated above.

- (iv) Class C1, C2 and C3 Shares: Class C1, C2 and C3 Shares' Proportion of the distributable profits and reserves of the Sub-Fund, and in case the NAV of the Class C1, C2 and C3 Shares is lower than the subscription price, a portion of the subscription price paid on the GP Shares as indicated above.
- (v) Class D, D1, D2 and D3 Shares: Class D, D1, D2 and D3 Shares' Proportion of the distributable profits and reserves of the Sub-Fund, and in case the NAV of the Class D, D1, D2 and D3 shares is lower than the subscription price, a portion of the subscription price paid on the GP Shares as indicated above.
- (vi) GP Shares: distributable profits and reserves of the Sub-Fund.

The redemption price will be allocated as follows:

- (i) First, without preference among Classes, to Class A Shares, Classes B, B1, B2 and B3 Shares, Classes C, C1, C2 and C3 Shares and Classes D, D1, D2 and D3 Shares up to the amount of the subscription price paid on such Shares;
- (ii) Second, to GP Shares up to the amount of the subscription price paid on such Shares;
- (iii) Third, without preference among Classes:
  - a. With respect to Class A Shares and Classes B, B1, B2 and B3 Shares, up to annual 6% of the subscription price paid on such Shares.
  - b. With respect to C Class up to 5,75% annual of the subscription price paid on such Shares.
  - c. With respect to Classes C1, C2 and C3, up to annual 4% of the subscription price paid on such Shares.
  - d. With respect to Classes D, D1, D2 and D3, up to annual 7,25% of the subscription price paid on such shares.
- (iv) Then, without preference among Classes:
  - a. With respect to Class A Shares, the Outperformance of the Class A Shares' Proportion is allocated as follows: 75% to the Class A Shares, and 25% to the General Partner.
  - b. With respect to Classes B, B1, B2 and B3 Shares, the Outperformance of the Classes B, B1, B2 and B3 Shares' Proportion is allocated as follows: 25% to the Classes B, B1, B2 and B3 Shares, and 75% to the GP Shares;
  - c. With respect to class C, the outperformance of the class is allocated as follows: 100% over 5,75% annual yield on the initial invested amount to the GP Shares.
  - d. With respect to Classes C1, C2 and C3 Shares, the Outperformance of the Classes C1, C2 and C3 Shares' Proportion is allocated as follows: 25% to the Classes B, B1, B2 and B3 Shares, and 75% to the GP Shares.
  - e. With respect to Classes D, D1, D2 and D3 Shares, the Outperformance of the Classes D, D1, D2 and D3 Shares' Proportion is allocated as follows: 0% to the Class D, D1, D2 and D3 Shares, and 100% to the GP Shares.

The owners of GPs Shares have a discretion to redeem or not all or part of their GP Shares at the end of each 5 year, 12 or 9-months investment period depending on the timing of the First Loss Protections provided to the B, C or D shares. The redemption price of each GP Share is agreed by the General Partner and the owners of GP Shares it being understood that the redemption price of a GP Share cannot exceed the amounts allocated to all GP Shares in accordance with this section.

For class C in specific, but not C1, C2 and C3, the General Partner may redeem the amounts exceeding 5% of capital coverage on the initial subscription price paid once an annual 5,75% dividend has been distributed. The General Partner will not be able to redeem any amount, if such amount does not exceed the 5% coverage of the initial amount invested in share C.

| Share Classes          | Class A   | Class B   | Class B1  | Class B2  | Class B3  | Class C   | Class C1  | Class C2  | Class C3  | Class D   | Class D1  | Class D2  | Class D3  | Class GP  |
|------------------------|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Currency               | EUR   | EUR   | EUR   | EUR   | EUR   | EUR   | EUR   | EUR   | EUR   | EUR   | EUR   | EUR   | EUR   | EUR   |
| Category of investors  | Well Informed   | Well Informed   | Well Informed   | Well Informed   | Well Informed   | Well Informed   | Well Informed   | Well Informed   | Well Informed   | General Partner and invited investors                 |
| Issuing Price          | EUR 1,000   | EUR 1,000   | EUR 1,000   | EUR 1,000   | EUR 1,000   | EUR 1,000   | EUR 1,000   | EUR 1,000   | EUR 1,000   | EUR 1,000   |
| Minimum Holding Period | Unlimited   | 12 months   | 12 months   | 12 months   | 5 years   | 5 years   | 9 months  | Unlimited   |
| Category of shares     | Capitalization  | Capitalization  | Capitalization  | Capitalization  | Capitalization  | 5,75% annual dividend                                 | 5,75% annual dividend                                 | Capitalization  |
| Minimum Investment     | EUR 125,000   | EUR 2,000,000   | EUR 2,000,000   | EUR 2,000,000   | EUR 125,000   | EUR 125,000   | EUR 125,000   | EUR 125,000   | EUR 125,000   | EUR 2,000,000   | EUR 2,000,000   | EUR 2,000,000   | EUR 2,000,000   | EUR 125,000   |
| Management Fee         | 2% annual paid to the general partner                 | 1,6% annual paid to the general partner               | 1,6% annual paid to the general partner               | 1,6% annual paid to the general partner               | 1,6% annual paid to the general partner                       | 0,25% annual paid to the general partner              | 0,25% annual paid to the general partner              | 2,5% annual paid to the general partner               | 2,5% annual paid to the general partner               | 1,6% annual paid to the general partner               | 0,15% annual paid to the general partner              |
| AIFM Fee               | Up to 0,30% in case the minimum fee is not applicable | Up to 0,30% in case the minimum fee is not applicable | Up to 0,30% in case the minimum fee is not applicable | Up to 0,30% in case the minimum fee is not applicable | Up to 0,30% in case the minimum fee is not applicable         | Up to 0,30% in case the minimum fee is not applicable | Up to 0,30% in case the minimum fee is not applicable | Up to 0,30% in case the minimum fee is not applicable | Up to 0,30% in case the minimum fee is not applicable | Up to 0,30% in case the minimum fee is not applicable | Up to 0,30% in case the minimum fee is not applicable | Up to 0,30% in case the minimum fee is not applicable | Up to 0,30% in case the minimum fee is not applicable | Up to 0,30% in case the minimum fee is not applicable |
| Performance fee        | 25% above 6% paid to the general partner              | 75% above annual rate of 6% paid to Class GP          | 75% above annual rate of 6% paid to Class GP          | 75% above annual rate of 6% paid to Class GP          | 100% above annual rate of 5,75% annual rate% paid to Class GP | 100% above annual rate of 4% paid to Class GP         | 75% above annual rate of 4% paid to Class GP          | 75% above annual rate of 4% paid to Class GP          | 100% above annual rate of 7,25% paid to Class GP      | 100% above annual rate of 7,25% paid to Class GP      | 100% above annual rate of 7,25% paid to Class GP      | 100% above annual rate of 7,25% paid to Class GP      | 100% above annual rate of 7,25% paid to Class GP      | N/A   |
| Distribution fee       | Up to 1%  | None  | None  | None  | None  | None  | None  | None  | None  | None  | None  | None  | None  | None  |
| Depository Fee         | Up to 0,05% in case the minimum fee is not applicable | Up to 0,05% in case the minimum fee is not applicable | Up to 0,05% in case the minimum fee is not applicable | Up to 0,05% in case the minimum fee is not applicable | Up to 0,05% in case the minimum fee is not applicable         | Up to 0,05% in case the minimum fee is not applicable | Up to 0,05% in case the minimum fee is not applicable | Up to 0,05% in case the minimum fee is not applicable | Up to 0,05% in case the minimum fee is not applicable | Up to 0,05% in case the minimum fee is not applicable | Up to 0,05% in case the minimum fee is not applicable | Up to 0,05% in case the minimum fee is not applicable | Up to 0,05% in case the minimum fee is not applicable | Up to 0,05% in case the minimum fee is not applicable |
| Agent Fee              | Up to 0,08% in case the minimum fee                   | Up to 0,08% in case the                                       | Up to 0,08% in case the                               | Up to 0,08% in case the                               | Up to 0,08% in case the                               | Up to 0,08% in case the                               | Up to 0,08% in case the                               | Up to 0,08% in case the                               | Up to 0,08% in case the                               | Up to 0,08% in case the                               | Up to 0,08% in case the                               |

|                         |  |  |  |  |  |  |  |  |  |  |  |  |  |                               |
|-------------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|-------------------------------|
|                         | is not applicable  | minimum fee is not applicable                              | minimum fee is not applicable                              | minimum fee is not applicable                              | minimum fee is not applicable                              | minimum fee is not applicable                              | minimum fee is not applicable                              | minimum fee is not applicable                              | minimum fee is not applicable                              | minimum fee is not applicable                              | minimum fee is not applicable                              | minimum fee is not applicable                              | minimum fee is not applicable                              | minimum fee is not applicable |
| Investment Advisory Fee | Up to 0,60% of the loans advised by the investment advisor   | Up to 0,60% of the loans advised by the investment advisor | Up to 0,60% of the loans advised by the investment advisor | Up to 0,60% of the loans advised by the investment advisor | Up to 0,60% of the loans advised by the investment advisor | Up to 0,60% of the loans advised by the investment advisor | Up to 0,60% of the loans advised by the investment advisor | Up to 0,60% of the loans advised by the investment advisor | Up to 0,60% of the loans advised by the investment advisor | Up to 0,60% of the loans advised by the investment advisor | Up to 0,60% of the loans advised by the investment advisor | Up to 0,60% of the loans advised by the investment advisor | Up to 0,60% of the loans advised by the investment advisor |                               |
| Redemption charge       | Year 1: up to 5% of the redemption proceed<br>Year 2: up to 4% of the redemption proceed<br>Year 3: up to 3% of the redemption proceed<br>Year 4: up to 2% of the redemption proceed<br>Year 5: up to 1% of the redemption proceed | N/A  | N/A                           |
| NAV calculation         | Monthly  | Monthly  | Monthly  | Monthly  | Monthly  | Monthly  | Monthly  | Monthly  | Monthly  | Monthly  | Monthly  | Monthly  | Monthly  | Monthly                       |
| Redemptions Terms       | Monthly with 90 calendar day notice  | 3 months prior notice before lock up period ends.          | 3 months prior notice before lock up period ends.          | 3 months prior notice before lock up period ends.          | 3 months prior notice before lock up period ends.          | After 5 year period redemption will be applicable          | After 5 year period redemption will be applicable          | 3 months prior notice before lock up period ends.          | 3 months prior notice before lock up period ends.          | 3 months prior notice before lock up period ends.          | 3 months prior notice before lock up period ends.          | 3 months prior notice before lock up period ends.          | 3 months prior notice before lock up period ends.          | N/A                           |
| First Loss Protection   | None   | First 5% loss in initially invested Equity.                | First 5% loss of initially invested Equity.                | First 5% loss of initially invested Equity.                | First 4% loss in initially invested Equity.                | First 4% loss in initially invested Equity.                | First 3% loss in initially invested Equity.                | N/A                           |
| Lock up period          | None   | 12 months  | 12 months  | 12 months  | 12 months  | 5 years  | 5 years  | 9 months   | N/A                           |

### Postponement of payment of the redemption price

If the Sub-Fund has insufficient funds to pay the redemption price, the general manager may delay the payment of redemption to following month(s) by giving 15 calendar days prior notice to the Shareholders. No interests shall accrue on the redemption price which payment is postponed.

### Management Fees

Shares are subject to an annual Management Fee calculated as a percentage of the average NAV of the Class of Shares and is allocated monthly and paid quarterly to the General Partner.

Such fees are 2% for share A on an annual basis payable quarterly, 1,6% for Share B, B1, B2 and B3 on an annual basis payable quarterly, 2,5% on an annual basis for Share C2 and C3 payable quarterly, 1,6% on an annual basis for Share D, D1, D2 and D3 payable quarterly and 0,15% for Share GP on an annual basis payable quarterly. Share C and C1 has 0,25% annual management fee payable quarterly.

In the case the General Partner decides to return money back to investors before the Minimum Holding Period of each share class (12 months for B, B1, B2 and B3 share, and 9 months for C2 and C3 and D, D1, D2 and D3 share classes), the conditions of capital protection, management and performance fees, will be applied. For clarity, in case for Share class B, B1, B2 and B3, if moneys were to be returned back to investors at month 6 instead of month 12, the management fees will be paid proportionately to the time the money will have been managed, 6 months. For Class C and C1 such fees will be applied taking into consideration an annual period of 12 months after the latest dividend payment.

### **Performance Fees**

The General Partner may be entitled to a Performance Fee which is calculated and accrued monthly and paid quarterly for Share A. For Shares B1, B2 and B3, C2 and C3 and D, D1, D2 and D3 it is paid once redemption of investors becomes effective, after NAV being calculated, being such the performance period for B1, B2 and B3, C2 and C3 and D, D1, D2 and D3 which is set for 12 months for B1, B2 and B3 and 9 months for C2 and C3 and D, D1, D2 and D3. The payment of a Performance Fee is provided not to the General Partner but to the GP Shares. The Performance fee payment depends on the out-performance by the relevant Class being annual 6% for A and B1, B2 and B3 shares, 4% annual for C2 and C3 share, 7,25% annual for D, D1, D2 and D3 Share.

The General Partner is entitled to a Performance Fee which is calculated and accrued monthly and paid annually for share C and C1 should the relevant shareholders receive an annual dividend above 5,75%. The payment of a Performance Fee is reinjected in GP Shares. The Performance fee payment shall rely on the out-performance by the relevant Class being annual 5,75% for C and C1 shares.

If the NAV per Share as of the end of each Performance Period exceeds the Hurdle Rate if it applies (the "Outperformance per Share"), the General Partner for Share A and the GP Share for B1, B2 and B3, C, C1, C2 and C3 and D, D1, D2 and D3 Shares, will be granted a performance fee in respect of each such Classes of Shares.

Performance fee for share A is 25% above an annual rate of 6%. Once on an annual basis Share A reaches such rate, the performance fee will be 25% of such outperformance above 6%.

Performance fee for share B1, B2 and B3 is 75% above an annual rate of 6%. Once on an annual basis Share B1, B2 and B3 reaches such rate, the performance fee will be 75% of such outperformance above annual rate of 6%. Such fee will be charged on a 12 month period following the duration of the investors time into the share and will be paid to the GP Share.

Performance fee for share C2 and C3 is 75% above an annual rate of 4%. Once on an annual basis Share C2 and C3 reaches such rate, the performance fee will be 75% of such outperformance above annual rate of 4%. Such fee will be charged on a 9 month period following the duration of the investors time into the share and will be paid to the GP Share.

Performance fee for shares C and C1 is 100% above an annual rate of 5,75%. Once on an annual basis Share C and Share C1 reach such rate, the performance fee will be 100% of such outperformance above annual rate of 5,75%. Such fee will be charged on an annual basis after the 5,75% annual dividend to C and C1 shares class is paid and the NAV of share C and C1 remains above its 1000 euro issuing price. Such performance fee will be paid to the GP Share.

Performance fee for share D, D1, D2 and D3 is 100% above an annual rate of 7,25%. Once on an annual basis Share D, D1, D2 and D3 reaches such rate, the performance fee will be 100% of such outperformance above annual rate of 7,25%. Such fee will be charged on a 9 month period following the duration of the investors time into the share and will be paid to the GP Share.

The performance fee is included in the redemption price as indicated above.

The General Partner has the right to return money to investors before the Minimum Holding period. In the case the General Partner decides to return money back to investors before the Minimum Holding Period of each share class (12 months for B, B1, B2, B3 share, and 9 months for C2, C3 and D, D1, D2 and D3 share classes and 5 year for C and C1 shares), the conditions of capital protection and performance fees will be applied. For clarity, in case for Share class B, B1, B2 and B3, moneys were to be returned back to investors at month 6 instead of month 12, the performance fees will be paid proportionately to the time the money will have been managed, 6 months. For such computation the Share classes will take into consideration the 6 month hurdle rate of the share class (6/12 for Share B, B1, B3, B3, 6/9 for shares C2 and C3 and D, D1, D2 and D3), and the performance fees will be applied to such hurdle rates of a 6 month period. For shares C and C1 the conditions of capital protection and performance fees will be applied proportionately to the last 12 month period taking into consideration the latest dividend payment of 5,75%. If of the last dividend paid have passed 6 months, the performance fees will be paid proportionately to the time the money will have been managed, 6 months applied to the annual rate of 5,75%: 100% above  $((6/12)*(5,75\%))$ .

For additional clarity, for Share class D, D1, D2 and D3 with a hurdle rate of 7,25%, the performance fee in month 6 would be taken by the General partner at a proportion of  $(7,25\%*(6/12)=3,62\%)$ . Therefore if the moneys were to be returned in month 6, for such share classes the General partner would take 100% of the return above 3,62%.

### **Redemption**

Any Shareholder of the Sub-Fund has the right to have all or part of his Shares of any Class redeemed by the Company, as provided in Section 8 "REDEMPTION OF SHARES".

In order to mitigate the liquidity risk, the Company has set up a redemption limit. If Redemption Requests on any Valuation Day exceed ten percent (10%) of the Sub-Fund's Shares, the Company reserves the right to redeem, on a pro-rata basis among the relevant Shareholders, no more than ten percent (10%) of the value of the Shares then in issue in such Sub-Fund (the "**Deferred Redeemed Shares**"). However notice shall be given to the relevant Shareholders of the Deferred Redeemed Shares. The Deferred Redeemed Shares (which would otherwise have been redeemed) will be redeemed on the next Valuation Day in priority to any other Shares for which redemptions have been requested. The Deferred Redeemed Shares will ultimately be redeemed on the basis of the prices applicable on the Valuation Day of their effective redemption.

At its entire discretion, the Board may decide to use leverage or borrowing to satisfy the applications for redemption in compliance with the terms of this Issuing Document or make use of the Company's other revenues or reserves to fulfill such redemption requests. Additionally the Company may use leverage or borrowing, through lines of credit or similar, in order to cover for a short term period, the financial gap between the subscriptions into the Sub-Fund and the investments, which both are being to be completed.

Shares B, B1, B3, B3 will have no redemption rights for 12 months and C2, C3 and D, D1, D2 and D3 will have no redemption rights for the first 9 months, and C and C1 for 5 years and after such period they will be reinvested again automatically for another period of 12 months, 9 months or 5 years depending on the Share class. If the investor wants to get his money back, it will have to make such request 3 months before maturity and 9 months for class C. If such redemption is not placed he will be reinvested for another period of 12, 9 months or 5 years depending on the share class.

At its entire discretion, the Board may decide to redeem investors before the Minimum Holding Period.

If the Sub-Fund has insufficient funds to pay the redemption price, the General Partner may postpone the payment of redemption to following month(s) by giving 15 calendar days prior notice to the Shareholders.

## **Distributor**

The General Partner may act as principal distributor of the shares of the Sub-Fund, or delegate, under its distribution agreements, its duties for the distribution of the shares of the Sub-Fund to one (1) distributor who may work with several sub-distributors (the “**Sub-distributors**”).

## **Distribution Fees**

A Distribution Fee up-to one percent (1%) per annum for the first (5) years for Class A payable in advance, can be charged on the Subscription Price of the relevant Shareholder. Distributors will be paid directly by the General Partner out of the Distribution Fee paid by the Sub-Fund to the General Partner. Such fee for Class A will be amortized during the first 5 years at a rate of 1% per year.

For each share class, the Redemption Fee of each share class, are automatically deducted and redeeming shareholders will receive net redemption proceeds. The General partner reserves the right to reduce, rebate or waive the Redemption Fee on any given investment for each Share classes. As a result, any allocation of the Redemption Fee being reduced, rebated or waived amongst the shareholders may not be equitable.

## **Investment Committee Fees**

The Sub-Fund, may pay to the members of the General Partner appointed in the Investment Committee a fee, as specified in an arrangement agreement to be entered into with the relevant member of the Investment Committee, as the case may be.

The Investment Committee Fees will need to be disclosed in full details to Investors, or Investors Representative(s), upon requests.

## Appendix II

### Emerald Fund S.C.A. SICAV-RAIF – Emerald Mezzanine Fund

|                                     |  |
|-------------------------------------|--|
| <b>Designation</b>                  | Emerald Fund SCA SICAV-RAIF – Emerald Mezzanine Fund (the "Sub-Fund")  |
| <b>Reference Currency</b>           | EUR  |
| <b>Launch Date of the Sub-fund:</b> | 31 <sup>st</sup> of July 2021 or later, at discretion of the General Partner   |
| <b>Term of the Sub-fund:</b>        | unlimited duration   |
| <b>Initial Subscription Period:</b> | from Launch Date of the Sub-fund up to 31 <sup>st</sup> December 2021, at the discretion of the General Partner  |
| <b>Subscription Last Day</b>        | two (2) Business Days prior to the applicable Valuation Day.   |
| <b>Subscription Settlement Day</b>  | two (2) Business Days prior to the applicable Valuation Day in the currency of the relevant Class of Shares.   |
| <b>Subscription Price</b>           | NAV per Share calculated on each Valuation Day   |
| <b>Redemption/Conversion Day</b>    | Quarterly redemptions with one hundred and twenty (120) Days prior the relevant Valuation Day  |
| <b>Redemption Price</b>             | NAV per Share calculated on each Valuation Day   |
| <b>Redemption Settlement Day</b>    | up to thirty (30) Business Days after the Valuation Day  |
| <b>Cut-off Time</b>                 | Means 4 p.m. Luxembourg Time   |
| <b>Valuation Day</b>                | the last calendar day of each month  |
| <b>Performance</b>                  | the difference between the NAV of the Class determined on the relevant Valuation Day and the previous NAV used for the calculation of the performance fees |
| <b>Performance Period</b>           | means a calendar quarter ending on the last Business Day of each quarter   |
| <b>Hurdle Rate</b>                  | Please refer to the floor rate specified by each share class   |
| <b>Outperformance</b>               | with respect to each Class, the Performance in excess of the Hurdle Rate.  |
| <b>Proportion</b>                   | with respect to each Class, the subscription price paid for the Shares outstanding divided by the subscription price on all the Shares outstanding.        |
| <b>Investment Advisor</b>           | Several Advisors.  |
| <b>Investment Committee</b>         | means the AIFM investment committee  |
| <b>Default Valuation Committee</b>  | the committee, which shall handle any event of defaults about a loan   |
| <b>Trustee</b>                      | the person or firm that may be appointed by the Sub-Fund to hold and administer titles in case of co-investment in a loan                                  |

|                       |   |
|-----------------------|---|
| <b>Lock up period</b> | Initial 12 months of investment no redemption terms available               |
| <b>Geography</b>      | Sub-Fund will finance projects located in European Union and United Kingdom |

### **Investment Objective & Policy**

The investment objective of the Sub-Fund is to create capital appreciation by granting loans, equity investments or options into real estate projects and companies developing real estate projects.

The fundamental investment criteria will be the provision of capital, loans and options to companies, allowing them to develop specific real estate projects which can provide significant capital appreciation for the Sub-Fund.

A measured approach will be taken in the risk assessment of any potential investment and the Sub-Fund will investigate the full range of variables, including location; development options; current or lack of planning; principal tenant's covenants; and income equivalence. Strategic planning will lead to the improvement of underlying capital value on such companies and assets. In all areas, the Sub-Fund's analysis will be balanced with external independent real estate market professionals with local know-how expertise, together with our internal know-how.

### **Investment Strategy**

The Sub-Fund aims to create returns by granting equity, loans and options on a short/mid-term basis to counterparties (for professional purposes) with a real estate project (the "**Borrowers**"). The Sub-Fund will provide loans/equity/options to the Borrowers after an assessment of the viability and the conformity of the project. Such investment will be able to be secured by the collateral itself, or through the control of the SPV owning the asset, or through options to the asset or SPV's owning the assets or other means the AIFM deems appropriate for the project. The Sub-Fund will have flexibility to use different structures and instruments in order to be able to achieve an optimal structuring for the investments. The Sub-Fund will not need to have to be registered in the asset. Different mechanisms can be used to make the Sub-Fund comfortable with the investment and the security.

The Sub-Fund primary aims to support Borrowers by granting equity, loans or options with respect to real estate projects located in European Union area, as well as potentially to United Kingdom.

The Sub-Fund will provide to the selected Borrowers equity or loans, of up to sixty (60) months maturity. The Sub-Fund will also accept to receive security in several forms or through equity in the SPV owning the real estate asset, instead of being the Sub-Fund in the registry of the property. Such variable will be the main route on the equity investments, in order to reduce the execution risks for the fund on the real estate projects. The sub-Fund will also be able to arrange different legal structures like options on the SPV's or the assets themselves directly.

The Sub-Fund will implement its investment strategy by direct or indirect investments through sub-participation agreements, co-investments or other means upon the approval of the General Partner.

The Sub-Fund may appoint a Trustee to hold and administer titles for several parties, notably where the Sub-Fund for loans co-investment purposes. The Trustee would guarantee to the co-investors, that the loans will be executed in accordance with the agreed terms between all investors and co-investors. The Trustee will act under a general trust agreement to be adapted to the laws of the concerned jurisdictions. The Sub-Fund may use several trustees if needed, which shall be appointed amongst reputable credit institutions in Luxembourg or other appropriate locations.

The investments will be provided on prime real estate transactions, such as:

(i) direct acquisition; (ii) joint venture; (iii) co-investment; (iv) equity and/or (v) investment in special purposes vehicles ("SPVs") (vi) options on projects focusing notably on:

- residential, commercial, hotel or industrial development transactions;
- partial development projects where construction progresses have been delayed due to finance issues;
- construction financing;
- property development (for developments such as residential, office, commercial and affordable housing);
- property acquisitions, which may include the financing of renovations, auction purchases, extensions or reclassifications of use;
- financing, equity investment or options on assets, in order to secure the future permit for a project.

This philosophy will enable the Sub-Fund to generate competitive returns, reduce volatility, and provide a hedge against the risk of high inflation.

Thanks to the well-established country based reputation of each of the Investment Advisors and the Manager's additional local expertise, the Sub-Fund will have direct access to real and strong underlying expert value, which will enable the Sub-Fund to obtain substantial capital appreciation through secured and structured financing. The General partner will try to develop an alignment of interests with such local country based Advisors, while their advisory services are provided to the Fund.

The Sub-Fund may sell or securitize portions as well as arrange sub-participations of the equity, loans and options it underwrites, or in some instances, sub-participate or sell their full amounts, to additional investors. Such approach will be used when it allows the Sub-Fund to achieve one or more of the following value added characteristics:

- it will allow the Sub-Fund to further diversify its credit risk, by being able to be invested in more loans and equity projects;
- it will also allow the Sub-Fund to further diversify additional variables such as localisation, type of loan, duration;
- it will allow the Sub-Fund to further manage the liquidity risk, allowing the Sub-fund to modify the expected maturities of the portfolio, providing a more homogeneous expected maturity inflows matching the expected future outflows;
- it can allow the Sub-Fund to sell a portion of the loans or the totality, in the case the situation of the loan deteriorates, reducing thus the risk to the Sub-Fund and becoming an additional exit strategy at the hands of the Sub-Fund;
- it will allow the Sub-Fund to increase the returns by keeping a proportionately bigger proportion of the profits of such loans, compared to being the only investor in such loan, when possible. The General Partner will decide on the proportions it can keep of the profits

of the loans, by looking at the economics/risks of the transaction, i.e. how much they reduce the risk to the fund, as well as the interest the General Partner may see for the fund to have such counterparty buying the sub participations, loans or options.

- it will allow the Sub-Fund to obtain a local partner whom will add value in developing and/or managing the equity projects.
- it will allow the Sub-Fund to align interests with other investors and increase the reliability of the proper execution of the project.

The Sub-Fund's investment strategy will be based around five core focus points:

- the provision of equity and loans to Borrowers such as existing owners who require lending facilities to either complete or commence refurbishments to residential and commercial premises. Typical period to exit will be twelve (12) / thirty six months (36) months controlled through diversification;
- the acquisition (direct or indirect) of assets, which offer the ability to produce immediate income with limited or no capital expenditures required. Opportunities may present themselves as discounted bank debt, motivated vendors, Non Performing Loans and poorly leveraged operating businesses;
- the provision of loans to 'oven ready' or partially completed development projects via structured mezzanine facilities where construction finance or eradicated equity has halted the delivery of a prime project.
- The provision of equity loans or options, to projects where the license will be obtained in the near future, will have as objective capital appreciation, and when possible, the Sub-Fund will try to exit the project, once the license to build will be finally obtained;
- The manager will focus the risk mitigating strategy for the equity investments, in focussing to control the SPV owning the real estate asset rather than being in the registry;

### **Investment Restrictions**

In addition to the investment restriction detailed in section 5 "INVESTMENT POWERS AND RESTRICTIONS", the following restrictions shall apply to the Sub-fund:

- the Sub-Fund will not provide equity or loans to any company where the General Partner has an equity stake in;
- the Sub-Fund may provide equity, loans or options to companies or projects the local Advisors have an investment, loan or equity in, but such interests of the advisors have to be structured in order to further align interests with the Fund;
- the Sub-Fund will not provide equity or loans, if the targeted operation does not already involve real assets or the future right to real estate assets, including land, providing collateral;
- the Sub-Fund will not use as collateral, any real asset that is not related to real estate, thus not being able to provide financing to assets like wine, art or any other real asset not related to real estate.

- the Sub-Fund will not provide equity for any project where no real asset is present or will be present.

The Sub-Fund will adhere to the principle of risk spreading as set out in CSSF Circular 07-309, although under exceptional circumstances may exceed such requirements as explained under Risk Factors below under d).

The Sub-fund's leverage exposure will be calculated in accordance with the two methods provided by the AIFM Regulations: the "gross method" and the "commitment method". The limit is set to 299% for the Gross Method and to 299% for the commitment method.

## **Risk Factors**

### **a) General economic and market conditions:**

The success of the Sub-Fund activities will be affected by general economic and market conditions, such as interest rate, inflation rates, economic uncertainty, and changes in national and international political circumstances. These factors will affect the level and volatility of asset prices and liquidity of the investments held by the Sub-Fund. Unexpected volatility is likely to impair the Sub-Fund profitability or result in it suffering losses.

### **b) Liquidity risk:**

An investment in the Sub-Fund carries a general liquidity risk. The Sub-Fund will invest in equity, debt or through options issued by companies which are not regulated and/or which have not an access to financial markets. Consequently the equity and debt may carry a low level of liquidity and marketability involving that selling of the equity and debt in the market may only be possible through a discounted premium.

### **c) Temporary investments in liquid assets:**

By exception, proceeds paid to the Sub-Fund may be invested in very liquid assets on a temporary or short term basis. These temporary investments may produce lower returns for Shareholders than returns earned by the Investments for the same period.

### **d) Concentration and diversification:**

While it is the intention of the Sub-Fund to build-up a diversified portfolio of European real estate finance transactions and assets, the Sub-Fund may be exposed during a specific period of time (e.g. the kick-off period of up to 12 months, the liquidation stage, or special circumstances where the most advisable option for the portfolio manager is not to execute more transactions and reduce their exposure) to one single investment. Although the Fund has decided to comply with the provisions of the CSSF's Circular 07/309 of 3<sup>rd</sup> August 2007 on risk spreading related to specialized investment funds on an on-going-basis, the Sub-Fund may be exposed during the acquisition period till the fund has enough capital to diversify the portfolio of loans, the portfolio disposal period or under extraordinary circumstances, to concentration risks. During such extraordinary periods, the Sub-Fund may exceed the risk diversification level of 30% of its assets per issuer, set forth by the aforementioned CSSF Circular, and may even also have the majority of the capital in cash. Such requirement will be necessary in order to manage, under such extraordinary circumstances, the risks of the Sub-Fund and its investors in a more conservative way, avoiding periods of high uncertainty for the portfolio manager on the allocation of the capital for lending transactions, and thus on the investors capital.

**e) General risks in investing in Real Estate:**

Real estate investments, directly or indirectly, are exposed to various risks such as the cyclical nature of real estate values, risks related to general and local economic conditions, overbuilding, and increased competition, increases in property taxes and operational expenses, demographic trends, variations in rental income, changing in zonings, causality or condemnation losses, environmental risks, regulatory limitations to rents, changing in neighbourhood values, increases in interest rates and other real estate capital market influences.

**f) Risks linked to the valuation of the assets:**

The valuation of unlisted assets depends on subjective factors and can be difficult to realize with accuracy. Furthermore, the accounting, auditing and financial reporting standards in specific may not correspond to International Financial Accounting Standards or are not equivalent to those applicable in more developed markets. This is because accounting and auditing has been carried out solely as a function of compliance with tax legislation. The reliability and quality of information that will be collected in order to value the assets of the Sub-Fund may therefore be less reliable than in respect of investments in more developed markets and does not match German standards as a mature market.

**g) Risks linked to debt investments:**

In order to gain exposure to targeted assets the Sub-Fund may invest in various types of debt, equity or option instruments. Consequently, the Sub-Fund may be exposed to credit risk including default, interest risk and credit spread risk. Furthermore, the Sub-Fund may be exposed to the integrity of the Borrower's management, its commitment to repay the loan, its qualification, its operating record, its emphasis in strategic direction, financial philosophy, and operational management including control systems. In particular, the Sub-Fund may be exposed to the capacity of the Borrower's ability to generate cash flow to repay its debt obligations.

**h) Collateral Risk:**

In order to reduce the risks of lending, collateral is a key concern for borrowers, since it is the guarantee the lender has in case the debtor defaults in his credit/investment. The Sub-fund has collateral exposure, since the probability of default and the recovery rate of the loans/equity/option investments, will be influenced by the property's LTV the Sub-fund lends/Invests to, and the strength of the collateral provided and the proper pricing of such collateral.

**i) Risks linked to equity investments:**

In order to gain exposure to real estate finance projects, the Sub-Fund may invest in various types of equity. Equity investments can experience failures or substantial declines in value at any stage. The equity investments made by the Sub-Fund may be illiquid and difficult to value, and there will be no collateral to protect an equity investment once made. Sales of equity may not always be possible, and may therefore have to be made at substantial discounts. Equity holders have in general an inferior rank towards debt holders and so are exposed to higher risks. Furthermore the Sub-Fund is entitled to take privately negotiated equity participations in entities investing, financing, developing, managing and trading real estate assets. Those investments have private equity characteristics and typically involve uncertainties that cannot be compared to those arising in the case of other type of assets.

Such equity investments will be able to be made through different legal tools like purchasing equity in the SPV's owning the real estate assets, through options on such SPV's or directly through options on the future purchase of the asset. Therefor the risks associated with such investments will be higher than the investments into debt based structures.

**j) Insurance risks:**

Even though a real estate owner often, but do not always, maintain comprehensive insurance on its real estate properties, including physical loss or damage, business interruption and public liability in amounts sufficient to permit replacement in the event of total loss, subject to applicable deductibles, there are certain types of losses, however, generally of a catastrophic nature, such as earthquakes, floods, hurricanes and terrorism that may be uninsurable or not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations, provisions in loan documents, encumbering properties that have been pledged as collateral for loans, and other factors might make it economically impractical to use insurance proceeds to replace a property if it is damaged or destroyed. Under such circumstances the insurance proceeds received, if any, might not be adequate to restore the initial investment with respect to the affected property.

**k) Dependence on rental income:**

The Sub-fund will not receive rental income, but the properties provided as collateral to the Sub-fund, their valuation will be influenced by the potential increase/decrease in the long term expected rental income of such properties. Such risks include that the rental income cannot be kept on the foreseen level is mainly influenced by the level of vacancy. To maintain the rental income at an acceptable level depends on numerous factors such as the quality of the tenants, the duration of leases, effective marketing and the compliance of the leases and the rental income with the practices and requirements of the rental market and the changes in the status and the amenities of the location. Low occupancy could have a downward impact on the forecasted rental income. Changes in the surroundings will also have a negative impact on the (future) rental income if such change results in a deterioration of the location.

**Investment Advisor(s)**

The AIFM, with the consent of the Board, may appoint one or several Investment Advisor(s), in order to assist with due diligence on loans, borrowers and equity and option investments. The appointed Investment Advisor(s) for a specific transaction will provide its specific know-how and expertise to the Investment Committee. Investment Advisors will be able to be considered for a set of transactions, at the country level or for one only

transaction where high degree of alignment of interest and yield for the fund can be observed.

**Investment Committee**

The AIFM has an Investment Committee which will have final sign off on all investments and disinvestments decisions and the Investment Advisor(s) will ensure all relevant documentation has been supplied to enable the Investment Committee to make an informed decision.

The due diligence presented for proposed investments, will be managed through one or several Investment Advisor(s). Agreements signed with the investment advisors are available to investors upon request.

## Classes of Shares

|                    | Class A  | Class B  | Class C   | Class D   | Class E   | Class F  | Class G  | Class H   | Class I   | Class J   | Class K   |
|--------------------|--|--|---|---|---|--|--|---|---|---|---|
| Currency           | EUR  | USD  | EUR   | USD   | CHF   | EUR  | USD  | EUR   | EUR   | AUS   | JPY   |
| Initial Price      | 100  | 100  | 100   | 100   | 100   | 100  | 100  | 100   | 100   | 100   | 10000   |
| Minimum Investment | 125.000 €  | 125.000 € or equivalent  | 750.000 €   | 750.000 € or equivalent                               | 750.000 € or equivalent                               | 125.000 €  | 125.000 € or equivalent  | 750.000 € or equivalent                               | 20.000.000 €  | 750.000 € or equivalent                               | 750.000 € or equivalent                               |
| Category Shares    | Capitalization   | Capitalization   | Capitalization  | Capitalization  | Capitalization  | Capitalization   | Capitalization   | Dividend of 4% paid semi annually                     | Capitalization  | Dividend of 5% paid semi annually                     | Capitalization  |
| Management Fee     | 1,75%  | 1,75%  | 1,5%  | 1,5%  | 1,5%  | 1,75%  | 1,75%  | 1,5%  | 1%  | 1,5%  | 2,5%  |
| AIFM Fee           | Up to 0,30% in case the minimum fee is not applicable  | Up to 0,30% in case the minimum fee is not applicable  | Up to 0,30% in case the minimum fee is not applicable | Up to 0,30% in case the minimum fee is not applicable | Up to 0,30% in case the minimum fee is not applicable | Up to 0,30% in case the minimum fee is not applicable  | Up to 0,30% in case the minimum fee is not applicable  | Up to 0,30% in case the minimum fee is not applicable | Up to 0,30% in case the minimum fee is not applicable | Up to 0,30% in case the minimum fee is not applicable | Up to 0,30% in case the minimum fee is not applicable |
| Performance Fee    | 25% over 6%  | 25% over 6%  | 20% over 8%   | 20% over 8%   | 20% over 8%   | 25% over 6%  | 25% over 6%  | 20% over 8%   | 20% over 8%   | 20% over 8%   | 20% over 8%   |
| Depository Fee     | Up to 0,05% in case the minimum fee is not applicable  | Up to 0,05% in case the minimum fee is not applicable  | Up to 0,05% in case the minimum fee is not applicable | Up to 0,05% in case the minimum fee is not applicable | Up to 0,05% in case the minimum fee is not applicable | Up to 0,05% in case the minimum fee is not applicable  | Up to 0,05% in case the minimum fee is not applicable  | Up to 0,05% in case the minimum fee is not applicable | Up to 0,05% in case the minimum fee is not applicable | Up to 0,05% in case the minimum fee is not applicable | Up to 0,05% in case the minimum fee is not applicable |
| Agent Fee          | Up to 0,08% in case the minimum fee is not applicable  | Up to 0,08% in case the minimum fee is not applicable  | Up to 0,08% in case the minimum fee is not applicable | Up to 0,08% in case the minimum fee is not applicable | Up to 0,08% in case the minimum fee is not applicable | Up to 0,08% in case the minimum fee is not applicable  | Up to 0,08% in case the minimum fee is not applicable  | Up to 0,08% in case the minimum fee is not applicable | Up to 0,08% in case the minimum fee is not applicable | Up to 0,08% in case the minimum fee is not applicable | Up to 0,08% in case the minimum fee is not applicable |
| Distribution Fee   | Up to 1% per year of the subscription price  | Up to 1% per year of the subscription price  | None  | None  | None  | Up to 1,05% per year of the subscription price   | Up to 1,05% per year of the subscription price   | None  | None  | None  | None  |
| Redemption charge  | Year 1: up to 5% of the redemption proceed<br>Year 2: up to 4% of the redemption proceed<br>Year 3: up to 3% of the redemption proceed<br>Year 4: up to 2% of the redemption proceed<br>Year 5: up to 1% of the redemption proceed | Year 1: up to 5% of the redemption proceed<br>Year 2: up to 4% of the redemption proceed<br>Year 3: up to 3% of the redemption proceed<br>Year 4: up to 2% of the redemption proceed<br>Year 5: up to 1% of the redemption proceed | None  | None  | None  | Year 1: up to 5,25% of the redemption proceed<br>Year 2: up to 4,2% of the redemption proceed<br>Year 3: up to 3,15% of the redemption proceed<br>Year 4: up to 2,10% of the redemption proceed<br>Year 5: up to 1,05% of the redemption proceed | Year 1: up to 5,25% of the redemption proceed<br>Year 2: up to 4,2% of the redemption proceed<br>Year 3: up to 3,15% of the redemption proceed<br>Year 4: up to 2,10% of the redemption proceed<br>Year 5: up to 1,05% of the redemption proceed | None  | None  | None  | None  |

| Redemption terms   | Quarterly calendar with 120 days' notice |
|--------------------|--|--|--|--|--|--|--|--|--|--|--|
| Redemption lock-up | Non-Applicable                           | up to 3 years                            |

The dividend of shares H and J will be payable on June and December of each year. When circumstances requires, the General Partner at its own discretion may decide not to distribute dividends for shares of the class H or J.

At its entire discretion, the General Partner may decide to use leverage or borrowing to satisfy the applications for redemption in accordance with Section 8.4 "SETTLEMENT OF REDEMPTION PROCEEDS" or use of the Company's other revenues or reserves to fulfill such Redemption Requests.

Additionally, the Company may use leverage or borrowing, through lines of credit or similar, in order to cover for the redemptions of the fund and also to manage the financial gap between the subscriptions into the Sub-fund and the investment of the Sub-Fund.

### **Postponement of payment of the redemption price**

If the Sub-Fund has insufficient funds to pay the redemption price, the general manager may delay the payment of redemption to following month(s) by giving 15 calendar days prior notice to the Shareholders. No interests shall accrue on the redemption price which payment is postponed.

### **Management Fees**

Shares are subject to an annual Management Fee calculated as a percentage of the average NAV of the Class of Shares and is allocated monthly and paid quarterly to the General Partner.

Such fees are 2,5% for share K, 1,75% for share A, B, F and G on an annual basis payable quarterly, and 1,5% on shares C, D, E,H and J and 1% for I. Investors in Share class I will have to be pre-approved by the GP.

## Performance Fees

The General Partner may be entitled to a Performance Fee which is calculated and crystalized monthly and paid quarterly. The payment of a Performance Fee to the General Partner depends on the out-performance by the relevant Class.

With respect to each Class of Shares C, D, E, H, I, J and K if the NAV per Share as of the end of each Performance Period exceeds (i) its High Water Mark being 8% on annual terms, and (ii) to the Hurdle Rate if it applies (the "Outperformance per Share"), the General Partner will be granted a performance fee in respect of each such Classes of Shares C, D and E of 20% above 8% annual rate of the return. For share K and H the dividends will be accounted in order to calculate the 8% hurdle.

With respect to each Class of Shares A, B, F and G, if the NAV per Share as of the end of each Performance Period exceeds (i) its High Water Mark being 6% on annual terms, and (ii) to the Hurdle Rate if it applies (the "Outperformance per Share"), the General Partner will be granted a performance fee in respect of each such Classes of Shares A, B, F and G of 25% of the annual rate of return.

The Performance Fee is subject to a "high water mark" whereby any decrease in the Net Asset Value per share of the relevant class, subsequent to the most recent month in which performance fees were earned, will be carried forward until future increases exceed the amount of loss carried forward.

## Redemption

Any Shareholder of the Sub-Fund has the right to have all or part of his Shares of any Class redeemed by the Company, as provided in Section 8 "REDEMPTION OF SHARES".

Irrespective of the occurrence of a Distressed Market event (as defined below and for avoidance of doubt, even under normal market conditions), in order to mitigate the liquidity risk, the Company has set up a redemption limit. If Redemption Requests on any Valuation Day exceed ten percent (10%) of the Sub-fund's Shares, the Company reserves the right to redeem, on a pro-rata basis among the relevant Shareholders, no more than ten percent (10%) of the value of the Shares then in issue in such Sub-fund (the "**Deferred Redeemed Shares**"). However notice shall be given to the relevant Shareholders of the Deferred Redeemed Shares. The Deferred Redeemed Shares (which would otherwise have been redeemed) will be redeemed on the next Valuation Day in priority to any other Shares for which redemptions have been requested. The Deferred Redeemed Shares will ultimately be redeemed on the basis of the prices applicable on the Valuation Day of their effective redemption.

At its entire discretion, the Board may decide to use leverage or borrowing to satisfy the applications for redemption in compliance with the terms of this Issuing Document or make use of the Company's other revenues or reserves to fulfill such redemption requests. Additionally the Company may use leverage or borrowing, through lines of credit or similar, in order to cover for a short term period, the financial gap between the subscriptions into the Sub-fund and the investments, which both are being to be completed.

Shares will have no redemption rights for the first 12 months from the investment (the "**Minimum Holding Period**"). Shares K will have redemption rights during the first 12 months. K share class redemption rights are on a quarterly basis but limited to 12,5% of AUM in K share class per quarter. When the AUM in Share class K are below 3 million, investors will be able to redeem in full.

At its entire discretion, the Board may decide to redeem investors before the Minimum Holding Period.

If the Sub-fund has insufficient funds to pay the redemption price, the general manager may postpone the payment of redemption to following month(s) by giving 15 calendar days prior notice to the Shareholders.

The General Partner will have the capacity to limit the redemption terms of investors, prior to investing into the fund, through a side letter, which will have to be signed by the investor accepting such reduction in his redemption terms. Such reduction of rights will allow to reduce the liquidity risk of the Sub-fund in order to manage more efficiently the extreme events like such as pandemic or financial crisis. Under normal circumstances such reduction of rights will not be able to be applied.

In light of the notional value of its originated loans exceeding sixty percent (60%) of its net asset value upon the occurrence of Distressed Market Event (as such term is defined below), the General Partner has the discretionary right to temporarily suspend the redemption of the Shares up to a maximum period of three (3) years from the redemption request, having regard to the relevant Share Classes.

A "Distressed Market Event" shall designate an unpredictable distressed market period triggered by a market event deriving from a local or international crisis in the real estate market and/or global financial market area until the asset prices recover and liquidity return to normal market conditions. Distressed Market Event covers notably the following situations:

- real estate market would be in a situation where the price discovery mechanism provided by buyers and sellers would not be reflecting a fair price; or
- there would be a lack of buyers of real estate assets or loans; or
- the Investment Committee would need to assess an increased likelihood of defaults in the Sub-fund, and due to the lack of proper pricing in the market and liquidity from buyers, would decide as the best course to maintain value, to develop the properties, investing the cash to finance such projects till completion, a better option to maintain the fair value of the Sub-fund, rather than selling the assets quickly to gain liquidity.

During the Distressed Market Event, all the redemptions may be suspended for a maximum period for three (3) years from the activation of the redemption gate following the occurrence of a Distressed Market Event and the General Partner has the discretion to actively recycle and deploy the available cash to benefit from the new market opportunities or manage ongoing development projects.

The redemption terms of the fund, being quarterly, are applicable the last business days of December, March, June and September of each calendar year.

## **Distributor**

The General Partner may act as principal distributor of the shares of the Sub-Fund, or delegate, under its distribution agreements, its duties for the distribution of the shares of the Sub-Fund to one (1) distributor who may work with several sub-distributors (the "**Sub-distributors**").

## **Distribution Fees**

A Distribution Fee up-to one percent (1%) per annum for the first five (5) years, payable in advance to the General Partner will be charged on the Subscription Price of the relevant Shareholder for the Classes of Shares A B. The Sub-distributors will be directly paid by the General Partner out of its Distribution Fee.

A Distribution Fee up-to one point zero five percent (1.05%) per annum for the first five (5) years, payable in advance, will be charged on the Subscription Price of the relevant Shareholder for share classes F and G. The Sub-distributors will be directly paid by the General Partner out of its Distribution Fee.

For each share class, the Redemption Fee of each share class, are automatically deducted and redeeming shareholders will receive net redemption proceeds. The General partner reserves the right to reduce, rebate or

waive the Redemption Fee on any given investment for each Share classes. As a result, any allocation of the Redemption Fee being reduced, rebated or waived amongst the shareholders may not be equitable.

### **Investment Committee Fees**

The General Partner, on behalf of the Sub-Fund, may pay to members of the Investment Committee of the General Partner a fee, as specified in an arrangement agreement to be entered into with the relevant member of the Investment Committee, as the case may be.

### Appendix III

#### Emerald Fund S.C.A. SICAV-RAIF – Emerald Welz Urban Development Land Fund

|                                     |   |
|-------------------------------------|---|
| <b>Designation</b>                  | Emerald Fund SCA SICAV-RAIF – Emerald Welz Urban Development Land fund (the "Sub-Fund").  |
| <b>Reference Currency</b>           | EUR   |
| <b>Launch Date of the Sub-fund:</b> | expected to be 31 <sup>st</sup> of August 2022 or later, at discretion of the General Partner.  |
| <b>Term of the Sub-fund:</b>        | five (5) years upon the Launch Date of the Sub-Fund.  |
| <b>Term Extension</b>               | one (1) additional year, from the date of the Term of the Sub-Fund, at the discretion of the General Partner, in case of "Distressed Market Event", as further described below.   |
| <b>Subscription Period:</b>         | from Launch Date of the Sub-fund up to 31 <sup>st</sup> December 2022, at the discretion of the General Partner.  |
| <b>Subscription Last Day</b>        | two (2) Business Days prior to the applicable Valuation Day on August 31 <sup>st</sup> 2022, October 31 <sup>st</sup> 2022 and December 31 <sup>st</sup> 2022, or any other dates, as per the General Partner discretion. |
| <b>Subscription Settlement Day</b>  | two (2) Business Days prior to the applicable Valuation Day in the currency of the relevant Class of Shares.  |
| <b>Subscription Price</b>           | NAV per Share calculated on each Valuation Day.   |
| <b>Redemption/Conversion Day</b>    | Not applicable, except when redemptions are initiated by the General Partner at the fourth anniversary of the Launch Date of the Sub-Fund.  |
| <b>Redemption Price</b>             | NAV per Share calculated on each Valuation Day and applicable solely in when redemptions are initiated by the General Partner at the fourth anniversary of the Launch Date of the Sub-Fund.                               |
| <b>Redemption Settlement Day</b>    | up to thirty (30) Business Days after the Valuation Day of 31 <sup>st</sup> of December 2027 or any other earlier or later date, as the case may be.  |
| <b>Cut-off Time</b>                 | Means 4 p.m. Luxembourg Time  |
| <b>Valuation Day</b>                | August 31 <sup>st</sup> 2022, October 31 <sup>st</sup> 2022 and December 31 <sup>st</sup> 2022 and the last calendar day of each calendar quarter being on March, June, September and December                            |
| <b>Performance</b>                  | the difference between the NAV of the Class determined on the relevant Valuation Day and the previous NAV used for the calculation of the performance fees  |
| <b>Hurdle Rate</b>                  | Please refer to the floor rate specified by each Class of Shares.   |
| <b>Outperformance</b>               | with respect to each Class, the Performance in excess of the Hurdle Rate.   |

|                                    |   |
|------------------------------------|---|
| <b>Proportion</b>                  | with respect to each Class, the subscription price paid for the Shares outstanding divided by the subscription price on all the Shares outstanding.                             |
| <b>Investment Advisor</b>          | To date the Investment Advisor is Welz in Spain and Emerald Advisory GmbH in Germany. Other investment advisors might be appointed by the AIFM in other targeted jurisdictions. |
| <b>Investment Committee</b>        | means the AIFM investment committee   |
| <b>Default Valuation Committee</b> | the committee, which shall handle any event of defaults about a loan  |
| <b>Trustee</b>                     | the person or firm that may be appointed by the Sub-Fund to hold and administer titles in case of co-investment in a loan   |
| <b>Geography</b>                   | Sub-Fund will finance projects mainly located in Spain and Germany  |

### Investment Objective & Policy

The investment objective of the Sub-Fund is to create capital appreciation by granting loans, equity investments or options into plots of land, with the objective of obtaining their urbanizations and reparcelations and obtaining the clear rights from relevant authorities to develop real estate projects on them.

The fundamental investment criteria will be the provision of capital, loans and options to companies, allowing them to develop specific real estate projects which can provide significant capital appreciation for the Sub-Fund, with the specific of buying plots of land in order to achieve the final goal of obtaining the building permit by the relevant authorities.

A measured approach will be taken in the risk assessment of any potential investment and the Sub-Fund will investigate the full range of variables, from purchasing non-built land, including location; development options; current or lack of planning, urbanization and reparcelation. Strategic planning will lead to the improvement of underlying capital value on such companies and assets. In all areas, the Sub-Fund's analysis will be balanced with external independent real estate market professionals with local know-how expertise, together with our internal know-how.

### Investment Strategy

The Sub-Fund aims to create returns by mainly granting equity, loans and options on a short/mid-term basis to non-individual counterparties, for professional purposes in order to allow them to acquire land (the "**Borrowers**"). The Sub-Fund will provide loans/equity/options to the Borrowers after an assessment of the viability and the conformity of the project. Such investment will be able to be secured by the collateral itself, or through the control of the SPV owning the asset, or through options to the asset or SPV's owning the assets or other means the AIFM deems appropriate for the project. The Sub-Fund will have flexibility to use different structures and instruments in order to be able to achieve an optimal structuring for the investments. The Sub-Fund will not need to have to be registered in the asset. Different mechanisms can be used to make the Sub-Fund comfortable with the investment and the security.

The Sub-Fund primary aims to support Borrowers by granting equity, loans or options with respect to real estate projects located in European Union area, as well as potentially to United Kingdom.

The Sub-Fund will provide to the selected Borrowers equity or loans, of up to sixty (60) months maturity. The Sub-Fund will also accept to receive security in several forms or through equity in the SPV owning the real estate asset, instead of being the Sub-Fund in the registry of the property. Such variable will be the main route on the equity investments, in order to reduce the execution risks for the fund on the real estate projects. The sub-Fund will also be able to arrange different legal structures like options on the shares of companies owning the assets and land.

The Sub-Fund will implement its investment strategy by direct or indirect investments through sub-participation agreements, co-investments, direct or indirect acquisition of land or other means upon the approval of the General Partner.

The Sub-Fund may appoint a Trustee to hold and administer titles for several parties, notably where the Sub-Fund for loans co-investment purposes. The Trustee would guarantee to the co-investors, that the loans will be executed in accordance with the agreed terms between all investors and co-investors. The Trustee will act under a general trust agreement to be adapted to the laws of the concerned jurisdictions. The Sub-Fund may use several trustees if needed, which shall be appointed amongst reputable credit institutions and brokers in Luxembourg or other appropriate locations.

The investments will be provided on prime real estate transactions, such as:

(i) direct acquisition; (ii) joint venture; (iii) co-investment; (iv) equity and/or investment in special purposes vehicles ("SPVs"), and (vi) options on projects focusing notably on:

- acquisitions of land;
- funding the urbanization of the plots of land;
- financing, equity investment or options on assets, in order to secure the future building permit for a project or a plot of land.

This philosophy will enable the Sub-Fund to generate competitive returns, reduce volatility, and provide a hedge against the risk of high inflation.

Thanks to the well-established country based reputation of each of the Investment Advisors and the Manager's additional local expertise, the Sub-Fund will have direct access to real and strong underlying expert value, which will enable the Sub-Fund to obtain substantial capital appreciation through secured and structured financing. The General partner will try to develop an alignment of interests with such local country based Advisors, while their advisory services are provided to the Fund.

The Sub-Fund may sell or securitize portions, as well as arrange sub-participations of the equity, loans and options it underwrites, or in some instances, sub-participate or sell their full amounts, to additional investors. Such approach will be used when it allows the Sub-Fund to achieve one or more of the following value added characteristics:

- it will allow the Sub-Fund to further diversify its risk, by being able to be invested in more loans and equity projects;
- it will also allow the Sub-Fund to further diversify additional variables such as localisation, type of loan, assets, projects or duration;

- it will allow the Sub-Fund to further manage the liquidity risk, allowing the Sub-Fund to modify the expected maturities of the portfolio, providing higher predictability on its exit strategy;
- it can allow the Sub-Fund to sell a portion of the loans or the totality, in the case the situation of the loan/investment deteriorates, reducing thus the risk to the Sub-Fund and becoming an additional exit strategy at the hands of the Sub-Fund;
- it will allow the Sub-Fund to increase the returns by keeping a proportionately bigger proportion of the profits of such loans, compared to being the only investor in such loan, when possible. The General Partner will decide on the proportions it can keep of the profits of the loans, by looking at the economics/risks of the transaction, i.e. how much they reduce the risk to the fund, as well as the interest the General Partner may see for the fund to have such counterparty buying the sub participations, loans or options.
- it will allow the Sub-Fund to obtain a local partner whom will add value in developing and/or managing the equity projects.
- it will allow the Sub-Fund to align interests with other investors and increase the reliability of the proper execution of the project.

The Sub-Fund's investment strategy will be based around two (2) core focus points:

- the acquisition (direct or indirect) of assets, mainly unbuilt lands, for which building permits will be obtained within a period between three (3) and five (5) years from the acquisition date; and
- the provision of loans or equity to the Borrower for the urbanization of the unbuilt lands in consideration of the property of the same unbuilt lands for the Sub-Fund.

### **Investment Restrictions**

In addition to the investment restriction detailed in section 5 “INVESTMENT POWERS AND RESTRICTIONS”, the following restrictions shall apply to the Sub-fund:

- the Sub-Fund will not provide equity or loans to any company where the General Partner has an equity stake in
- the Sub-Fund may provide equity, loans or options to companies or projects the local Advisors have an investment, loan or equity in, but such interests of the advisors have to be structured in order to further align interests with the Sub-Fund;
- the Sub-Fund will not provide equity or loans, if the targeted operation does not already involve real assets or the future right to real estate assets, including land;
- the Sub-Fund will not use as collateral or invest equity, in any real asset that is not related to real estate, thus not being able to provide financing to assets like wine, art or any other real asset not related to built or unbuilt real estate asset.
- the Sub-Fund will not provide equity for any project where no real asset is present or will be present.

The Sub-Fund will adhere to the principle of risk spreading as set out in CSSF Circular 07-309, although under exceptional circumstances may exceed such requirements as explained under Risk Factors below under d).

The Sub-fund's leverage exposure will be calculated in accordance with the two methods provided by the AIFM Regulations: the "gross method" and the "commitment method". The limit is set to 299% for the gross method and to 299% for the commitment method, as per the AIFM Regulations.

### **Risk Factors**

#### **a) General economic and market conditions:**

The success of the Sub-Fund activities will be affected by general economic and market conditions, such as interest rate, inflation rates, economic uncertainty, and changes in national and international political circumstances. These factors will affect the level and volatility of asset prices and liquidity of the investments held by the Sub-Fund. Unexpected volatility is likely to impair the Sub-Fund profitability or result in it suffering losses.

#### **b) Liquidity risk:**

An investment in the Sub-Fund carries a general liquidity risk. The Sub-Fund will invest in equity, debt or through options issued by companies which are not regulated and/or which have not an access to financial markets. Consequently the equity and debt may carry a low level of liquidity and marketability involving that selling of the equity and debt in the market may only be possible through a discounted premium.

#### **c) Temporary investments in liquid assets:**

By exception, proceeds paid to the Sub-Fund from investors or generated through sales of assets, may be invested in very liquid assets on a temporary or short term basis. These temporary investments may produce lower returns for Shareholders than returns earned by the Investments for the same period. Such liquid assets can be to enter into sub-participations in other loans.

#### **d) Concentration and diversification:**

While it is the intention of the Sub-Fund to build-up a diversified portfolio of European real estate assets, mainly unbuilt lands, the Sub-Fund may be exposed to a limited number of risks of concentration in relation to certain assets and projects. The Sub-Fund will make best efforts to not exceed the risk diversification level of thirty percent (30%) of its assets per issuer, set forth by the CSSF Circular 07/309, and may even also have the majority of the capital in cash or a project during the Ramp-Up Period. Such requirement will be necessary in order to manage, under such extraordinary circumstances, the risks of the Sub-Fund and its investors in a more conservative way, avoiding periods of high uncertainty for the portfolio manager on the allocation of the capital for lending or equity transactions, and thus on the investors capital.

#### **e) General risks in investing in Real Estate:**

Real estate investments, directly or indirectly, are exposed to various risks such as the cyclical nature of real estate values, risks related to general and local economic conditions, overbuilding, and increased competition, increases in property taxes and operational expenses, demographic trends, variations in rental income, changing in zonings, causality or condemnation losses, environmental risks, regulatory limitations to rents, changing in neighbourhood values, increases in interest rates and other real estate capital market influences.

**f) Risks linked to the valuation of the assets:**

The valuation of unlisted assets depends on subjective factors and can be difficult to realize with accuracy. Furthermore, the accounting, auditing and financial reporting standards in specific may not correspond to International Financial Accounting Standards or are not equivalent to those applicable in more developed markets. This is because accounting and auditing has been carried out solely as a function of compliance with tax legislation. The reliability and quality of information that will be collected in order to value the assets of the Sub-Fund may therefore be less reliable than in respect of investments in more developed markets and does not match German standards as a mature market.

The market where the Sub-Fund will focus its investments, will have an additional valuation risk due to the uncertain nature of the valuations of plots of land during the urbanization period and the risks associated to the strategy.

**g) Risks linked to debt investments:**

In order to gain exposure to targeted assets the Sub-Fund may invest in various types of debt, equity or option instruments. Consequently, the Sub-Fund may be exposed to credit risk including default, interest risk and credit spread risk. Furthermore, the Sub-Fund may be exposed to the integrity of the Borrower's management, its commitment to repay the loan, its qualification, its operating record, its emphasis in strategic direction, financial philosophy, and operational management including control systems. In particular, the Sub-Fund may be exposed to the capacity of the Borrower's ability to generate cash flow to repay its debt obligations.

**h) Collateral Risk:**

In order to reduce the risks of lending, collateral is a key concern for borrowers, since it is the guarantee the lender has in case the debtor defaults in his credit/investment. The Sub-fund has collateral exposure, since the probability of default and the recovery rate of the loans/equity/option investments, will be influenced by the property's LTV the Sub-fund lends/Invests to, and the strength of the collateral provided and the proper pricing of such collateral.

**i) Risks linked to equity investments:**

In order to gain exposure to real estate finance projects, the Sub-Fund may invest in various types of equity. Equity investments can experience failures or substantial declines in value at any stage. The equity investments made by the Sub-Fund may be illiquid and difficult to value, and there will be no collateral to protect an equity investment once made. Sales of equity may not always be possible, and may therefore have to be made at substantial discounts. Equity holders have in general an inferior rank towards debt holders and so are exposed to higher risks. Furthermore the Sub-Fund is entitled to take privately negotiated equity participations in entities investing, financing, developing, managing and trading real estate assets. Those investments have private equity characteristics and typically involve uncertainties that cannot be compared to those arising in the case of other type of assets.

Such equity investments will be able to be made through different legal tools like purchasing equity in the SPV's owning the real estate assets, through options on such SPV's or directly through options on the future purchase of the asset or through equity participations in relation to the plots of land. Therefore the risks associated with such investments will be higher than the investments into debt based structures.

**j) Insurance risks:**

Even though a real estate owner often, but do not always, maintain comprehensive insurance on its real estate properties, including physical loss or damage, business interruption and public liability in amounts sufficient to permit replacement in the event of total loss, subject to applicable deductibles, there are certain types of losses,

however, generally of a catastrophic nature, such as earthquakes, floods, hurricanes and terrorism that may be uninsurable or not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations, provisions in loan documents, encumbering properties that have been pledged as collateral for loans, and other factors might make it economically impractical to use insurance proceeds to replace a property if it is damaged or destroyed. Under such circumstances the insurance proceeds received, if any, might not be adequate to restore the initial investment with respect to the affected property.

**k) Dependence on rental income:**

The Sub-fund will not receive rental income, but the properties provided as collateral to the Sub-fund, their valuation will be influenced by the potential increase/decrease in the long term expected rental income of such properties. Such risks include that the rental income cannot be kept on the foreseen level is mainly influenced by the level of vacancy. To maintain the rental income at an acceptable level depends on numerous factors such as the quality of the tenants, the duration of leases, effective marketing and the compliance of the leases and the rental income with the practices and requirements of the rental market and the changes in the status and the amenities of the location. Low occupancy could have a downward impact on the forecasted rental income. Changes in the surroundings will also have a negative impact on the (future) rental income if such change results in a deterioration of the location.

**l) Risks linked to political and legal changes:**

The majority if not all of the Sub-Fund's investments, will carry a significant level of political risk, due to the strategy the Sub-Fund will follow. The focus to invest into or finance the plots of land or to finance which are in localizations under zoning, which has not been closed yet, will expose the investments of the Sub-Fund to political and legislative changes.

**m) Risks linked to strategy implementation:**

The Sub-Fund will carry specific risks associated to the implementation of its strategy. The objective to gain majority control in the zoning project at stake, which will allow the Sub-Fund to hold a control in the committee deciding on the execution of the zoning in the area (the "**Control**"). Such Control will allow the Sub-Fund to significantly reduce its risks during the zoning period. Such lack of majority in the plots of land would increase the risks and potential profitability of the strategy.

Not all jurisdictions follow the same procedures of execution of the zoning, hence the Sub-Fund will implement different approaches in each jurisdiction trying to reduce risks and improve expected returns.

**n) Hedging Risks:**

The Sub-Fund may carry long term agreements through options forwards or any other tools at its reach, in order to optimize the costs of hedging, as well as, the uncertainties of doing long term hedges. The AIFM will use best practices in order to minimize the costs of hedging and the liquidity consequences such hedges will imply to the Sub-Fund. Perfect hedging will not be possible, and share classes where hedging will be applied may carry a significant potential FX risk due to lack of hedging available for long term contracts.

**Investment Advisor(s)**

The AIFM, with the consent of the Board, may appoint one or several Investment Advisor(s), in order to assist with due diligence on loans, borrowers, equity, option investments, as well as, on the zoning risks some projects may have. The appointed Investment Advisor(s) for a specific transaction will provide its specific know-how and expertise to the Investment Committee. Investment Advisors will be able to be considered for a set of transactions,

at the country level or for one only transaction where high degree of alignment of interest and yield for the fund can be observed.

### Investment Committee

Investment Committee which will have final sign off on all investments and divestments decisions and the Investment Advisor(s) will ensure all relevant documentation has been supplied to enable the Investment Committee to make an informed decision.

The due diligence presented for proposed investments, will be managed through one or several Investment Advisor(s). Agreements signed with the investment advisors are available to investors upon request.

### Classes of Shares

|                    | Class A  | Class A1   | Class A2   | Class B  | Class B1   | Class B2   | Class C   | Class C1  | Class C2  | Class D   | Class D1  | Class D2  | Class E   | Class E1  | Class E2  |
|--------------------|--|--|--|--|--|--|---|---|---|---|---|---|---|---|---|
| Currency           | EUR  | EUR  | EUR  | USD  | USD  | USD  | EUR   | EUR   | EUR   | USD   | USD   | USD   | CHF   | CHF   | CHF   |
| Initial Price      | 100  | 100  | 100  | 100  | 100  | 100  | 100   | 100   | 100   | 100   | 100   | 100   | 100   | 100   | 100   |
| Minimum Investment | 125,000 €  | 125,000 €  | 125,000 €  | 125,000 € or equivalent  | 125,000 € or equivalent  | 125,000 € or equivalent  | 750,000 €   | 750,000 €   | 750,000 €   | 750,000 € or equivalent                               |
| Category Shares    | Capitalization   | Capitalization   | Capitalization   | Capitalization   | Capitalization   | Capitalization   | Capitalization  | Capitalization  | Capitalization  | Capitalization  | Capitalization  | Capitalization  | Capitalization  | Capitalization  | Capitalization  |
| Management Fee     | 2%   | 2%   | 2%   | 2%   | 2%   | 2%   | 2%  | 2%  | 2%  | 2%  | 2%  | 2%  | 2%  | 2%  | 2%  |
| AIFM Fee           | 0,30%  | 0,30%  | 0,30%  | 0,30%  | 0,30%  | 0,30%  | 0,30%   | 0,30%   | 0,30%   | 0,30%   | 0,30%   | 0,30%   | 0,30%   | 0,30%   | 0,30%   |
| Performance Fee    | 25% over 6%  | 20% over 8%   |
| Depository Fee     | Up to 0.05% in case the minimum fee is not applicable                | Up to 0.05% in case the minimum fee is not applicable                | Up to 0.05% in case the minimum fee is not applicable                | Up to 0.05% in case the minimum fee is not applicable                | Up to 0.05% in case the minimum fee is not applicable                | Up to 0.05% in case the minimum fee is not applicable                | Up to 0.05% in case the minimum fee is not applicable | Up to 0.05% in case the minimum fee is not applicable | Up to 0.05% in case the minimum fee is not applicable | Up to 0.05% in case the minimum fee is not applicable | Up to 0.05% in case the minimum fee is not applicable | Up to 0.05% in case the minimum fee is not applicable | Up to 0.05% in case the minimum fee is not applicable | Up to 0.05% in case the minimum fee is not applicable | Up to 0.05% in case the minimum fee is not applicable |
| Agent Fee          | Up to 0.08% in case the minimum fee is not applicable                | Up to 0.08% in case the minimum fee is not applicable                | Up to 0.08% in case the minimum fee is not applicable                | Up to 0.08% in case the minimum fee is not applicable                | Up to 0.08% in case the minimum fee is not applicable                | Up to 0.08% in case the minimum fee is not applicable                | Up to 0.08% in case the minimum fee is not applicable | Up to 0.08% in case the minimum fee is not applicable | Up to 0.08% in case the minimum fee is not applicable | Up to 0.08% in case the minimum fee is not applicable | Up to 0.08% in case the minimum fee is not applicable | Up to 0.08% in case the minimum fee is not applicable | Up to 0.08% in case the minimum fee is not applicable | Up to 0.08% in case the minimum fee is not applicable | Up to 0.08% in case the minimum fee is not applicable |
| Distribution Fee   | Up to 1.25% per year of the subscription price for the first 4 years | Up to 1.25% per year of the subscription price for the first 4 years | Up to 1.25% per year of the subscription price for the first 4 years | Up to 1.25% per year of the subscription price for the first 4 years | Up to 1.25% per year of the subscription price for the first 4 years | Up to 1.25% per year of the subscription price for the first 4 years | None  |
| Redemption terms   | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   |

|                           | Class F  | Class F1   | Class F2   |
|---------------------------|--|--|--|
| <b>Currency</b>           | <b>EUR</b>   | <b>EUR</b>   | <b>EUR</b>   |
| <b>Initial Price</b>      | <b>100</b>   | <b>100</b>   | <b>100</b>   |
| <b>Minimum Investment</b> | <b>3,000,000 €</b>   | <b>3,000,000 €</b>   | <b>3,000,000 €</b>   |
| <b>Category Shares</b>    | <b>Capitalization</b>  | <b>Capitalization</b>  | <b>Capitalization</b>  |
| <b>Management Fee</b>     | <b>1,5%</b>  | <b>1,5%</b>  | <b>1,5%</b>  |
| <b>AIFM Fee</b>           | <b>Up to 0,30%</b>   | <b>Up to 0,30%</b>   | <b>Up to 0,30%</b>   |
| <b>Performance Fee</b>    | <b>20% over 8%</b>   | <b>20% over 8%</b>   | <b>20% over 8%</b>   |
| <b>Depository Fee</b>     | <b>Up to 0.05% in case the minimum fee is not applicable</b> | <b>Up to 0.05% in case the minimum fee is not applicable</b> | <b>Up to 0.05% in case the minimum fee is not applicable</b> |
| <b>Agent Fee</b>          | <b>Up to 0.08% in case the minimum fee is not applicable</b> | <b>Up to 0.08% in case the minimum fee is not applicable</b> | <b>Up to 0.08% in case the minimum fee is not applicable</b> |
| <b>Distribution Fee</b>   | <b>n/a</b>   | <b>n/a</b>   | <b>n/a</b>   |
| <b>Redemption terms</b>   | <b>n/a</b>   | <b>n/a</b>   | <b>n/a</b>   |

The Sub-Fund will have several classes of shares, which may have different legal and economic terms and this may result to different NAVs between the classes of Shares.

Classes of Shares A, B, C, D, E and F are available for subscription at the first period of subscription which is expected to occur on 31<sup>st</sup> August 2022.

Classes of Shares A1, B1, C1, D1, E1 and F1 are available for subscription at the second period of subscription which is expected to occur on 31<sup>st</sup> October 2022.

Classes of Shares A2, B2, C2, D2, E2 and F2 are available for subscription at the second period of subscription which is expected to occur on 31<sup>st</sup> December 2022.

At its entire discretion, the General Partner may decide to use leverage or borrowing to satisfy the applications for redemption in accordance with Section 8.4 "SETTLEMENT OF REDEMPTION PROCEEDS" or use of the Company's other revenues or reserves to fulfill such Redemption Requests.

Additionally, the Company may use leverage or borrowing, through lines of credit or similar, in order to cover for a limited period the investments required to close an investment and the cash inflows from investors investing into the fund, as well as to optimize the risk profile of the fund for a limited time period, managing the future expected cash inflows from divestments with the investments required for the projects. Borrowing will also be used to pay for the expenses of the fund as well as to manage the hedging costs and implications of long term hedges the fund may have to enter into. Such borrowing may not exceed at any time 290% of the net asset value calculated under the gross or commitment method.

### **Postponement of payment of the redemption price**

Upon the fourth anniversary of the Launch Date of the Sub-Fund, which is expected to be on 31<sup>st</sup> August 2026, the General Partner shall start its exit strategy from the Sub-Fund's assets and shall make its best effort to redeem all the Shares of all the Classes, proportionally, for the Redemption Settlement Day. In any case such reimbursement shall not occur later than the first anniversary of this Redemption Settlement Day expected to be on the fifth anniversary of the Launch Date of the Sub-Fund.

Under exceptional circumstances where the market is under a "Distressed Market Event" deriving from a local or international crisis in the real estate market and/or global financial market area, the General Partner may proceed to a Term Extension, for the purposes of the redemption process described in the paragraph above. Distressed Market Event covers notably the following situations:

- real estate market would be in a situation where the price discovery mechanism provided by buyers and sellers would not be reflecting a fair price; or
- there would be a lack of demand for real estate assets or loans related to real estate assets.

### **Management Fees**

Shares are subject to an annual Management Fee calculated as a percentage of the average NAV of the Class of Shares and is allocated monthly and paid quarterly to the General Partner.

Such fees are 2% for all Classes of Shares, but classes F, F1 and F2, on an annual basis, payable quarterly.

### **Performance Fees**

The General Partner may be entitled to a Performance Fee which is calculated and cristalized quarterly, but paid once redemptions of investors are settled. The payment of a Performance Fee to the General Partner depends on the out-performance by the relevant Class.

With respect to each Class of Shares C, C1, C2, D, D1, D2, E, E1, E2, F, F1, F2 if the NAV per Share as of the end of each Performance Period exceeds (i) its High Water Mark being 8% on annual terms, and (ii) to the Hurdle Rate if it applies (the "Outperformance per Share"), the General Partner will be granted a performance fee in respect of each such Classes of Shares C, C1, C2, D, D1, D2, E, E1, E2, F, F1, F2 of 20% above 8% annual rate of the return.

With respect to each Class of Shares A, A1, A2, B, B1, B2 if the NAV per Share as of the end of each Performance Period exceeds (i) its High Water Mark being 6% on annual terms, and (ii) to the Hurdle Rate if it applies (the "Outperformance per Share"), the General Partner will be granted a performance fee in respect of each such Classes of Shares A, A1, A2, B, B1, B2, of 25% of the annual rate of return.

The Performance Fee is subject to a "high water mark" whereby any decrease in the Net Asset Value per share of the relevant class, subsequent to the most recent month in which performance fees were earned, will be carried forward until future increases exceed the amount of loss carried forward.

### **Redemption**

The Shareholders do not have the right to request the redemption of their Shares during the Term of the Fund. The General Partner has the sole discretion to decide upon the redemption of Shares of any Shareholder, either partially or in full.

### **Distributor**

The General Partner may act as principal distributor of the shares of the Sub-Fund, or delegate, under its distribution agreements, its duties for the distribution of the shares of the Sub-Fund to one (1) distributor who may work with several sub-distributors (the "**Sub-distributors**").

### **Distribution Fees**

A Distribution Fee up-to one point twenty-five percent (1,25%) per annum for the first four (4) years, payable in advance to the General Partner will be charged on the Subscription Price of the relevant Shareholder for the Classes of Shares A, A1, A2, B, B1, B2. The Sub-distributors will be directly paid by the General Partner out of its Distribution Fee.

The General partner reserves the right to reduce, rebate or waive the Redemption Fee on any given investment for each Share classes. As a result, any allocation of the Redemption Fee being reduced, rebated or waived amongst the shareholders may not be equitable.

### **Investment Committee Fees**

The General Partner, on behalf of the Sub-Fund, may pay to members of the Investment Committee of the General Partner a fee, as specified in an arrangement agreement to be entered into with the relevant member of the Investment Committee, as the case may be.

### **Calculation of the Net Asset Value**

The Net Asset Value per Unit of is calculated, under the overall responsibility of the AIFM, as of the last day of each calendar quarter (the Valuation Day), March, June, September and December.

In case of an error in the calculation of the Net Asset Value, the AIFM is entitled not to proceed to a re-calculation of the Net Asset Value if the difference will be less than two point 5 percent (2.5%), as such difference is considered as *de minimis* not justifying the costs of a new calculation of the Net Asset Value.

### **Partial Distributions**

Gains obtained through disposals of the assets will be capitalized during the terms of the Sub-Fund.

The AIFM is also entitled to proceed at any time, and at its sole discretion, with the distribution of realized capital gains minus all expenses once they have been sufficiently funded, by way of mandatory redemptions of Shares before the term of the Sub-Fund. The AIFM will make its best to pay early redemptions, by trying to optimize the

time when such capital gains are obtained by the disposal of an asset, and the time to maturity. In case of short maturity, the AIFM may decide to distribute to investors all or a portion of such capital gains early on. Additionally, in case of high uncertainties on asset maturities and the market, the General Partner may decide to early redeem Shares totally or partially investors.

### **Subscription of Shares**

At the sole discretion of the General Partner, the subscriptions for Share Classes other than A, B, C, D, E and F, may be subject to an anti-dilution levy in order to compensate previous Shareholders for the participation of subsequent Shareholders in the Sub-Fund. Where the General Partner decides to apply an anti-dilution levy, the latter will be charged and allocated as follows:

- A) Shareholders subscribing to Share Classes A1, B1, C1, D1, E1 and F1, are subject to the anti-dilution levy of two per cent (2%) of their subscription amount which will be allocated to the respective Share Classes A, B, C, D, E and F, Such investors are expected to invest in October 31<sup>st</sup> ; and
- B) Investors subscribing to Classes A2, B2, C2, D2, E2 and F2, expected on December 31<sup>st</sup>, will be subject to the anti-dilution levy of four percent (4%) of their subscription amount, where such 4% will be allocated proportionately to their AUM to the respective Share Classes A, B, C, D, E and F, and to A1, B1, C1, D1, E1 and F1, provided that the interval of launching Share Classes A2, B2, C2, D2, E2 and F2, toward Share Classes A1, B1, C1, D1, E1 and F1, equals the interval of launching Share Classes A, B, C, D, E and F toward Share Classes A1, B1, C1, D1, E1 and F1. If such period were longer or shorter it would be adapted proportionately.

The General Partner may decide, at its discretion, to postpone the date of any of such three (3) closings if it deems appropriate (including the last closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the additional investors will come in.

Subject to applicable law and to the preparation of an audited report drawn up by the approved statutory auditor of the Company, the General Partner may, at its discretion, agree to issue Shares as consideration for a contribution in kind of securities or assets provided that such securities or assets comply with the investment objectives and policy of the Sub-Fund. The General Partner will only exercise its discretion if the transfer would not adversely affect the other Shareholders. Any costs incurred in connection with a contribution in kind of securities or assets shall be borne by the relevant Shareholder.

## Appendix IV

### Emerald Fund S.C.A. SICAV-RAIF – Emerald Bridge II

|                                     |  |
|-------------------------------------|--|
| <b>Designation</b>                  | Emerald Fund SCA SICAV-RAIF – Emerald Bridge II (the “ <b>Sub-Fund</b> ”)  |
| <b>Reference Currency</b>           | EUR  |
| <b>Launch Date of the Sub-Fund:</b> | 30 <sup>th</sup> of September 2023 or later, at discretion of the General Partner  |
| <b>Term of the Sub-Fund:</b>        | unlimited duration   |
| <b>Initial Subscription Period:</b> | from Launch Date of the Sub-Fund up to 31 <sup>st</sup> December 2023 or later at the discretion of the General Partner  |
| <b>Subscription Last Day</b>        | two (2) Business Days prior to the applicable Valuation Day.   |
| <b>Subscription Settlement Day</b>  | two (2) Business Days prior to the applicable Valuation Day in the currency of the relevant Class of Shares.   |
| <b>Subscription Price</b>           | NAV per Share calculated on each Valuation Day   |
| <b>Redemption/Conversion Day</b>    | Quarterly redemptions with one hundred and twenty (120) Days prior the relevant Valuation Day  |
| <b>Redemption Price</b>             | NAV per Share calculated on each Valuation Day   |
| <b>Redemption Settlement Day</b>    | up to sixty (60) Business Days after the Valuation Day   |
| <b>Cut-off Time</b>                 | Means 4 p.m. Luxembourg Time   |
| <b>Valuation Day</b>                | the last Business Day of each month  |
| <b>Performance</b>                  | the difference between the NAV of the Class determined on the relevant Valuation Day and the previous NAV used for the calculation of the performance fees   |
| <b>Performance Period</b>           | means a calendar quarter ending on the last Business Day of each quarter   |
| <b>Hurdle Rate</b>                  | please refer to the rate specified for each Class of Shares in the Classes of Shares paragraph below   |
| <b>Outperformance Proportion</b>    | with respect to each Class, the Performance in excess of the Hurdle Rate with respect to each Class, the subscription price paid for the Shares outstanding divided by the subscription price on all the Shares outstanding. |
| <b>Investment Advisors</b>          | the AIFM may be advised by one or several investment advisor(s)  |
| <b>Investment Committee</b>         | means the AIFM investment committee  |
| <b>Trustee</b>                      | the person or firm that may be appointed by the Sub-Fund to hold and administer titles in case of co-investment in a loan  |

|                                     |  |
|-------------------------------------|--|
| <b>Geography</b>                    | Sub-Fund will finance projects located in the European Union and the United Kingdom  |
| <b>Marshall Bridge Shareholders</b> | the former shareholders of Emerald Fund S.C.A. SICAV-FIS – Marshall Bridging Fund who have contributed to the Sub-Fund their in kind redemptions from Emerald Fund S.C.A. SICAV-FIS – Marshall Bridging Fund |

### **Investment Objective & Policy**

The investment objective of the Sub-Fund is to create consistent returns by granting loans on a short term basis.

The fundamental investment criteria will be the provision of loans for real estate opportunities that generate secured fixed returns producing substantial revenue and value increases for the Sub-Fund.

A measured approach will be taken in the risk assessment of any potential investment and the Sub-Fund will investigate the full range of variables, including location; development options; current planning; principal tenant's covenants; and income equivalence. Preservation of existing values will be balanced against the ability to secure rental increases and yield-compression. Strategic planning will lead to the improvement of underlying capital value. In all areas, the Sub-Fund's own experienced analysis will be balanced with external independent real estate market professionals.

### **Investment Strategy**

The Sub-Fund aims to create consistent returns by granting loans on a short term basis to counterparties (for professional purposes) with a real estate acquisition/development project (the “**Borrowers**”). The Sub-Fund will provide loans to the Borrowers after an assessment of the viability and the conformity of the acquisition project.

The Sub-Fund primarily aims to support Borrowers by granting loans with respect to real estate projects mainly located in both the United Kingdom and the European Union, with a focus on Germany. The Investment Advisors may propose highly selective opportunities with Borrowers having real estate acquisition/development projects located elsewhere in other jurisdictions, in the best interest of investors.

The Sub-Fund will provide to the selected Borrowers loans of up to twenty-four (24) months maturity. The Sub-Fund will secure the loans provided to the Borrowers with a collateral on the assets of the latter.

The Sub-Fund will implement its investment strategy directly or through a wholly owned company, as necessary from time to time.

The Sub-Fund may appoint a Trustee to hold and administer titles for several parties, notably where the Sub-Fund for loans co-investment purposes. The Trustee would guarantee to the co-investors, that the loans will be executed in accordance with the agreed terms between all investors and co-investors. The Trustee will act under a general trust agreement to be adapted to the laws of the concerned jurisdictions. The Sub-Fund may use several trustees if needed, which shall be appointed amongst reputable credit institutions in Luxembourg.

The loans will be provided on prime real estate transactions, such as:

(i) direct acquisition; (ii) joint venture; (iii) co-investment; and/or (iv) investment in special purposes vehicles (“**SPVs**”) focusing notably on:

- residential, commercial, hotel or industrial development transactions;
- partial development projects where construction progresses have been delayed due to finance issues;
- construction financing;
- property development (for developments such as residential, office, commercial and affordable housing);

- property acquisitions, which may include the financing of renovations, auction purchases, extensions or reclassifications of use.

This philosophy will enable the Sub-Fund to generate competitive returns, reduce volatility, and provide a hedge against the risk of high inflation.

Thanks to the well established reputation of the Investment Advisors, the Sub-Fund will have direct access to real and strong underlying expertise value which will enable the Sub-Fund to obtain substantial income through secured and structured financing.

The Sub-Fund may sell or securitize portions of the loans it underwrites, or in some instances, their full amounts, to additional investors. Such approach will be used when it allows the Sub-Fund to achieve one or more of the following value added characteristics:

- it will allow the Sub-Fund to further diversify their credit risk, by being able to be invested in more loans;
- it will also allow the Sub-Fund to further diversify additional variables such as localisation, type of loan, duration;
- it will allow the Sub-Fund to further manage the liquidity risk, by being able to achieve the sale of some loans and increase the cash position of the Sub-Fund. Also if it allows the portfolio manager to modify the expected maturities of the portfolio, providing a more homogeneous expected maturity inflows;
- it can allow the Sub-Fund to sell a portion of the loans or the totality, in the case the situation of the loan deteriorates, reducing thus the risk to the Sub-Fund and becoming an additional exit strategy at the hands of the Sub-Fund;
- it will allow the Sub-Fund to increase the returns by keeping a proportionately bigger proportion of the profits of such loans, compared to being the only investor in such loan.

The Sub-Fund's investment strategy will be based around three core focus points:

- the provision of bridging and mezzanine loans to Borrowers such as existing owners who require lending facilities to either complete or commence refurbishments to residential and commercial premises. Typical lending period to exit will be three (3) / twenty-four (24) months controlled through diversification. Targeted investments will have a swift turn-around sale to owner-occupiers and investors, in order to bring higher liquidity to the Sub-Fund;
- the acquisition (direct or indirect) of stabilized or completed assets which offer the ability to produce immediate income with limited or no capital expenditures required. Opportunities may present themselves as discounted bank debt, motivated vendors, and poorly leveraged operating businesses;
- the granting of loans to 'oven ready' or partially completed development projects via structured mezzanine facilities where construction finance or eradicated equity has halted the delivery of a prime project. Planning permission and all necessary consents, including administrative, will be thoroughly vetted prior to any commitment by the Sub-Fund to ensure delivery on a strict time line.

### **Investment Restrictions**

In addition to the investment restriction detailed in Section 5 "INVESTMENT POWERS AND RESTRICTIONS" of the general part of the Issuing Document, the following restrictions shall apply to the Sub-fund:

- the Sub-Fund will not provide loans to any company where the General Partner has an equity stake in;
- the Sub-Fund will not provide loans if the targeted operation does not involve real assets, including land, providing collateral;

- the Sub-Fund will not use as collateral, any real asset that is not related to real estate, thus not being able to provide financing to assets like wine, art or any other real asset not related to real estate.

The Sub-Fund will adhere to the principle of risk spreading as set out in CSSF Circular 07-309, although under exceptional circumstances may exceed such requirements as explained under Risk Factors below under d).

The Sub-Fund's leverage exposure will be calculated in accordance with the two methods provided by the AIFM Regulations: the "gross method" and the "commitment method". The limit is set to 299% for the gross method and to 299% for the commitment method.

### **Risk Factors**

An investment into the Sub-Fund involves certain risks. Prospective investors shall understand that there can be no guarantee against losses resulting from an investment into the Sub-Fund, neither there can be any assurance that the Sub-Fund will successfully achieve its objectives. This section does not purport to be an exhaustive list of all the risks involved when investing in the Sub-Fund and prospective investors should carefully consider the following factors, in addition to the matters set forth elsewhere in the Issuing Document and this Appendix, prior to investing in the Sub-Fund.

#### **I) General economic and market conditions:**

The success of the Sub-Fund activities will be affected by general economic and market conditions, such as interest rate, inflation rates, economic uncertainty, and changes in national and international political circumstances. These factors will affect the level and volatility of asset prices and liquidity of the investments held by the Sub-Fund. Unexpected volatility is likely to impair the Sub-Fund profitability or result in it suffering losses.

#### **m) Liquidity risk:**

An investment in the Sub-Fund carries a general liquidity risk. The Sub-Fund will invest in equity, debt or through options issued by companies which are not regulated and/or which have not an access to financial markets. Consequently the equity and debt may carry a low level of liquidity and marketability involving that selling of the equity and debt in the market may only be possible through a discounted premium.

#### **n) Temporary investments in liquid assets:**

By exception, proceeds paid to the Sub-Fund may be invested in very liquid assets on a temporary or short term basis. These temporary investments may produce lower returns for Shareholders than returns earned by the Investments for the same period.

#### **o) Concentration and diversification:**

While it is the intention of the Sub-Fund to build-up a diversified portfolio of European real estate finance transactions and assets, the Sub-Fund may be exposed during a specific period of time (e.g. the kick-off period of up to 12 months, the liquidation stage, or special circumstances where the most advisable option for the portfolio manager is not to execute more transactions and reduce their exposure) to one single investment. Although the Company complies with the provisions of the CSSF's Circular 07/309 of 3<sup>rd</sup> August 2007 on risk spreading related to specialized investment funds on an on-going-basis, the Sub-Fund may be exposed during the acquisition period till the Sub-Fund has enough capital to diversify the portfolio of loans, the portfolio disposal period or under extraordinary circumstances, to concentration risks. During such extraordinary periods, the Sub-Fund may exceed the risk diversification level of 30% of its assets per issuer, set forth by the aforementioned CSSF Circular, and may even also have the majority of the capital in cash. Such requirement will be necessary in order to manage, under such extraordinary circumstances, the risks of the Sub-Fund and its investors in a more conservative way, avoiding periods of high uncertainty for the portfolio manager on the allocation of the capital for lending transactions, and thus on the investors capital.

**p) General risks in investing in Real Estate:**

Real estate investments, directly or indirectly, are exposed to various risks such as the cyclical nature of real estate values, risks related to general and local economic conditions, overbuilding, and increased competition, increases in property taxes and operational expenses, demographic trends, variations in rental income, changing in zonings, causality or condemnation losses, environmental risks, regulatory limitations to rents, changing in neighbourhood values, increases in interest rates and other real estate capital market influences.

**q) Risks linked to the valuation of the assets:**

The valuation of unlisted assets depends on subjective factors and can be difficult to realize with accuracy. Furthermore, the accounting, auditing and financial reporting standards in specific may not correspond to International Financial Accounting Standards or are not equivalent to those applicable in more developed markets. This is because accounting and auditing has been carried out solely as a function of compliance with tax legislation. The reliability and quality of information that will be collected in order to value the assets of the Sub-Fund may therefore be less reliable than in respect of investments in more developed markets and does not match German standards as a mature market.

**r) Risks linked to debt investments:**

In order to gain exposure to targeted assets the Sub-Fund may invest in various types of debt or equity instruments. Consequently, the Sub-Fund may be exposed to credit risk including default, interest risk and credit spread risk. Furthermore, the Sub-Fund may be exposed to the integrity of the Borrower's management, its commitment to repay the loan, its qualification, its operating record, its emphasis in strategic direction, financial philosophy, and operational management including control systems. In particular, the Sub-Fund may be exposed to the capacity of the Borrower's ability to generate cash flow to repay its debt obligations.

The risk that payments to the Sub-Fund could be adversely affected by Borrower defaults will increase to the extent that the portfolio of loans is concentrated in any one Borrower, industry, or region.

To the extent that a default occurs with respect to any loan and the Sub-Fund sells or otherwise disposes of such loan, the proceeds of such sale or disposition are likely to be less than the unpaid principal and interest thereon. In addition, the Sub-Fund may incur additional expenses to the extent it seeks recoveries upon the default of a loan or participates in the restructuring of a loan. Even in the absence of a default with respect to any of the loan, the potential volatility and lack of price liquidity at any time will vary and may vary substantially from par or from the price at which such loans were initially purchased and from the principal amount of such loans. Accordingly, no assurance can be given as to the amount of proceeds of any sale or disposition of such loans at any time, or that the proceeds of any such sale or disposition would be sufficient to pay a corresponding redemption amount on the Sub-Fund. Moreover, there can be no assurance as to the timing of any recoveries in respect of defaulted obligations.

**s) Collateral Risk:**

In order to reduce the risks of lending, collateral is a key concern for Borrowers, since it is the guarantee the lender has in case the debtor defaults in his credit/investment. The Sub-Fund has collateral exposure, since the probability of default and the recovery rate of the loans/equity/option investments, will be influenced by the property's loan to value the Sub-Fund lends/Invests to, and the strength of the collateral provided and the proper pricing of such collateral.

**t) Risks linked to equity investments:**

In order to gain exposure to real estate finance projects, the Sub-Fund may invest in various types of equity. Equity investments can experience failures or substantial declines in value at any stage. The equity investments made by the Sub-Fund may be illiquid and difficult to value, and there will be no collateral to protect an equity investment once made. Sales of equity may not always be possible, and may therefore have to be made at substantial discounts. Equity holders have in general an inferior rank towards debt holders and so are exposed to higher risks.

Furthermore the Sub-Fund is entitled to take privately negotiated equity participations in entities investing, financing, developing, managing and trading real estate assets. Those investments have private equity characteristics and typically involve uncertainties that cannot be compared to those arising in the case of other type of assets.

Such equity investments will be able to be made through different legal tools like purchasing equity in the SPV's owning the real estate assets. Therefor the risks associated with such investments will be higher than the investments into debt based structures.

**u) Insurance risks:**

Even though a real estate owner often, but do not always, maintain comprehensive insurance on its real estate properties, including physical loss or damage, business interruption and public liability in amounts sufficient to permit replacement in the event of total loss, subject to applicable deductibles, there are certain types of losses, however, generally of a catastrophic nature, such as earthquakes, floods, hurricanes and terrorism that may be uninsurable or not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations, provisions in loan documents, encumbering properties that have been pledged as collateral for loans, and other factors might make it economically impractical to use insurance proceeds to replace a property if it is damaged or destroyed. Under such circumstances the insurance proceeds received, if any, might not be adequate to restore the initial investment with respect to the affected property.

**v) Dependence on rental income:**

The Sub-Fund will not receive rental income, but the properties provided as collateral to the Sub-Fund, their valuation will be influenced by the potential increase/decrease in the long term expected rental income of such properties. Such risks include that the rental income cannot be kept on the foreseen level is mainly influenced by the level of vacancy. To maintain the rental income at an acceptable level depends on numerous factors such as the quality of the tenants, the duration of leases, effective marketing and the compliance of the leases and the rental income with the practices and requirements of the rental market and the changes in the status and the amenities of the location. Low occupancy could have a downward impact on the forecasted rental income. Changes in the surroundings will also have a negative impact on the (future) rental income if such change results in a deterioration of the location.

**I) Reinvestment risk**

The Sub-Fund may use any means in order to maximize the recovery rate of loans, including reinvesting into a loan through the refinancing of any underlying real estate projects initialised by a Borrower for the purposes of selling the loans to market or developing joint ventures with third party partners. There is no guarantee any of such reinvestment may produce the expected positive result or even may produce additional loses.

**Investment Advisor(s)**

The AIFM, with the consent of the Board, may appoint one or several Investment Advisor(s), in order to assist with due diligence on loans, Borrowers and equity investments. The appointed Investment Advisor(s) for a specific transaction will provide its specific know-how and expertise to the Investment Committee. Investment Advisors will be able to be considered for a set of transactions, at the country level or for one only transaction where high degree of alignment of interest and yield for the Sub-Fund can be observed.

**Investment Committee**

The AIFM has an Investment Committee which will have final sign off on all investments and disinvestments decisions and the Investment Advisor(s) will ensure all relevant documentation has been supplied to enable the Investment Committee to make an informed decision.

The due diligence presented for proposed investments, will be managed through one or several Investment Advisor(s). Agreements signed with the investment advisors are available to investors upon request.

## Classes of Shares

| Share classes                    | Class A  | Class B                | Class C                | Class D  | Class E                | Class F                | Class G  | Class H  | Class I                |
|----------------------------------|--|------------------------|------------------------|--|------------------------|------------------------|--|--|------------------------|
| Currency                         | GBP  | EUR                    | USD                    | CHF  | EUR                    | USD                    | EUR  | USD  | EUR                    |
| Category of investors            | Well-informed investor   | Well-informed investor | Well-informed investor | Well-informed investor   | Institutional investor | Institutional investor | Institutional investor   | Well-informed investor   | Well-informed investor |
| Minimum Subscription and holding | 10,000 <sup>(1)</sup>  | 10,000 <sup>(1)</sup>  | 10,000 <sup>(1)</sup>  | 500,000  | 750,000                | 1,000,000              | 15,000,000 or smaller amounts permissible with acceptance from the General Partner | 10,000 <sup>(1)</sup>  | 10,000 <sup>(1)</sup>  |
| Category of shares               | Capitalisation   |                        |                        |  |                        |                        |  |  |                        |
| Management Fee                   | Up to 1.75%  | Up to 1.75%            | Up to 1.75%            | Up to 1.5%   | Up to 1.5%             | Up to 1.5%             | Up to 1%   | Up to 1.75%  | Up to 1.75%            |
| Performance Fee                  | Up to 25% of the total net return of the Net Asset Value above a compounded hurdle rate of 6%  |                        |                        | Up to 20% of the total net return of the Net Asset Value of the Share Class above a compounded hurdle rate of 8% |                        |                        |  | Up to 25% of the total net return of the Net Asset Value of the Share Class above a compounded hurdle rate of 8%   |                        |
| Distribution Fee                 | Up to 1% per annum of the Subscription Price   |                        |                        | none   |                        |                        |  | Up to 1.05% per annum of the Subscription Price  |                        |
| Redemption charge                | Year 1: up to 5% of the redemption proceed<br>Year 2: up to 4% of the redemption proceed<br>Year 3: up to 3% of the redemption proceed<br>Year 4: up to 2% of the redemption proceed<br>Year 5: up to 1% of the redemption proceed |                        |                        | None   | None                   | None                   | none   | Year 1: up to 5.25% of the redemption proceed<br>Year 2: up to 4.20% of the redemption proceed<br>Year 3: up to 3.15% of the redemption proceed<br>Year 4: up to 2.1% of the redemption proceed<br>Year 5: up to 1.05% of the redemption proceed |                        |
| AIFM Fee                         | 0.30%  |                        |                        |  |                        |                        |  |  |                        |

(1) Subscription for an amount below of one hundred twenty-five thousand Euros (EUR 125,000) or equivalent in other currency can be accepted subject to the condition that Article 2 of the RAIF Law shall be respected

## Subscriptions

Subscriptions will be accepted on a monthly basis. For subscriptions occurring after the Initial Subscription Period, the current rights and obligations applicable to the existing Class of Shares shall be applicable.

## Postponement of payment of the redemption price

If the Sub-Fund has insufficient funds to pay the redemption price, the general manager may delay the payment of redemption to following month(s) by giving fifteen (15) calendar days prior notice to the Shareholders. No interests shall accrue on the redemption price which payment is postponed.

## Management Fees

Shares are subject to an annual Management Fee calculated as a percentage of the average NAV of the Class of Shares and is allocated monthly and paid quarterly to the General Partner.

From the Launch Date of the Sub-Fund until and included the following twenty-fourth (24<sup>th</sup>) month the management fees applicable to Marshall Bridge Shareholders in each Class of Shares will be discounted by zero point twenty five percent (0.25%).

### Performance Fees

The General Partner may be entitled to a Performance Fee which is calculated and crystalized monthly and paid quarterly. The payment of a Performance Fee to the General Partner depends on the out-performance by the relevant Class.

The Performance Fee is subject to a “high water mark” whereby any decrease in the Net Asset Value per share of the relevant class, subsequent to the most recent month in which performance fees were earned, will be carried forward until future increases exceed the amount of loss carried forward.

From the Launch Date of the Sub-Fund until and included the following twenty-fourth (24<sup>th</sup>) month, Performance Fees applicable to Marshall Bridge Shareholders, in each Class of Shares shall be up to ten percent (10%) of the total net return of the NAV, above a compounded hurdle rate of (i) six percent (6%) for Classes of Shares A, B, C, H and I, and (ii) eight percent (8%) for Classes of Shares D, E, F and G.

### Redemption

Any Shareholder of the Sub-Fund has the right to have all or part of his Shares of any Class redeemed by the Sub-Fund, as provided in Section 8 “REDEMPTION OF SHARES” of the general part of the Issuing Document.

From the Launch Date of the Sub-Fund until and included the following twenty-fourth (24<sup>th</sup>) month, no redemption request will be accepted, unless otherwise decided by the General Partner.

After such period, having the fund AUM of above 500 million Euro, if any investor submits an overall redemption request of more than five percent (5%) of the value of the assets under management of the Sub-Fund, or has accumulated redemption requests representing more than five percent (5%) of the value of the assets under management during a period of twelve (12) months, the General Partner may discretionally delay the acceptance of such redemptions for the portion above the five percent (5%) of the value of the assets under management of the Sub-Fund, during the following twenty four (24) months. If the AUM of the Sub-Fund are between 400-500 million Euro such percentage will change from five percent (5%) to seven point five percent (7,5%). If the AUM of the Sub-Fund are between 250-400 million Euro such percentage will change from seven point five percent (7,5%) to ten percent (10%).

Irrespective of the occurrence of a Distressed Market Event (as defined below and for avoidance of doubt, even under normal market conditions), in order to mitigate the liquidity risk, the Company has set up a redemption limit. If Redemption Requests on any Valuation Day exceed ten percent (10%) of the Sub-Fund’s Shares, the Company reserves the right to redeem, on a pro-rata basis among the relevant Shareholders, no more than ten percent (10%) of the value of the Shares then in issue in such Sub-fund (the “**Deferred Redeemed Shares**”). However notice shall be given to the relevant Shareholders of the Deferred Redeemed Shares. The Deferred Redeemed Shares (which would otherwise have been redeemed) will be redeemed on the next Valuation Day in priority to any other Shares for which redemptions have been requested. The Deferred Redeemed Shares will ultimately be redeemed on the basis of the prices applicable on the Valuation Day of their effective redemption.

If the Sub-Fund has insufficient funds to pay the redemption price, the General Partner may postpone the payment of redemption to the following month(s) by giving fifteen (15) calendar days prior notice to the Shareholders.

The General Partner has absolute discretion to accept any redemption request, but such permission will not, in normal circumstances and in the ordinary course of business, be unreasonably withheld.

The General Partner will have the capacity to limit the redemption terms of investors, prior to investing into the Sub-Fund, through a side letter, which will have to be signed by the investor accepting such reduction in his redemption terms. Such reduction of rights will allow to reduce the liquidity risk of the Sub-Fund in order to

manage more efficiently the extreme events like such as pandemic or financial crisis. Under normal circumstances such reduction of rights will not be able to be applied.

In light of the notional value of its originated loans exceeding sixty percent (60%) of its NAV upon the occurrence of Distressed Market Event (as such term is defined below), the General Partner has the discretionary right to temporarily suspend the redemption of the Shares up to a maximum period of three (3) years from the date of the relevant redemption request, having regard to the relevant Classes of Shares. Such suspension of the redemption of the Shares up to a maximum period of three (3) years is not applicable to the Marshall Bridge Shareholders in the occurrence of a Distressed Market Event. Additional investments of Marshall Bridge Shareholders, will be treated as all other future investors, during the twenty-four (24) months following the Launch Date of the Sub-Fund.

A “Distressed Market Event” shall designate an unpredictable distressed market period triggered by a market event deriving from a local or international crisis in the real estate market and/or global financial market area until the asset prices recover and liquidity return to normal market conditions. Distressed Market Event covers notably the following situations:

- real estate market would be in a situation where the price discovery mechanism provided by buyers and sellers would not be reflecting a fair price; or
- there would be a lack of buyers of real estate assets or loans; or
- the Investment Committee would need to assess an increased likelihood of defaults in the Sub-Fund, and due to the lack of proper pricing in the market and liquidity from buyers, would decide as the best course to maintain value, to develop the properties, investing the cash to finance such projects till completion, a better option to maintain the fair value of the Sub-Fund, rather than selling the assets quickly to gain liquidity.

During the Distressed Market Event, all the redemptions may be suspended for a maximum period for three (3) years from the activation of the redemption gate following the occurrence of a Distressed Market Event and the General Partner has the discretion to actively recycle and deploy the available cash to benefit from the new market opportunities or manage ongoing development projects.

The redemption terms of the Sub-Fund, being quarterly, are applicable the last business days of December, March, June and September of each calendar year.

If a certain number of redemption requests are received by the Transfer Agent for the Sub-Fund, the General Partner will assess at its entire discretion by taking into account the prevailing market conditions, whether a termination of the Sub-Fund should be envisaged. Where the General Partner concludes to terminate the Sub-Fund, the Shareholders will be notified of this termination. The resulting liquidation will be managed by the AIFM or any other third party appointed by the General Partner. Any redemption right granted to Shareholders under the Issuing Document will be cancelled as from the date where the date of the notification to the Shareholders of the General Partner’s decision to terminate and liquidate the Sub-Fund. Subject to the fair treatment of all Shareholders, Shares will be redeemed upon the decision of the liquidator to distribute the net proceeds collected from the disposal of the assets of the Sub-Fund. The timeline to close the liquidation of the Sub-Fund shall depend on the size of the Sub-Fund’s portfolio and the conditions prevailing on the secondary and tertiary markets.

## **Distributor**

The General Partner may act as principal distributor of the shares of the Sub-Fund, or delegate, under its distribution agreements, its duties for the distribution of the shares of the Sub-Fund to one (1) distributor who may work with several sub-distributors (the “**Sub-Distributors**”).

### **Distribution Fees**

A Distribution Fee up-to one percent (1%) per annum for the first five (5) years, payable in advance to the General Partner will be charged on the Subscription Price of the relevant Shareholder for the Classes of Shares A B. The Sub-Distributors will be directly paid by the General Partner out of its Distribution Fee.

A Distribution Fee up-to one point zero five percent (1.05%) per annum for the first five (5) years, payable in advance, will be charged on the Subscription Price of the relevant Shareholder for Classes of Shares F and G. The Sub-Distributors will be directly paid by the General Partner out of its Distribution Fee.

For each share class, the Redemption Fee of each share class, are automatically deducted and redeeming shareholders will receive net redemption proceeds. The General partner reserves the right to reduce, rebate or waive the Redemption Fee on any given investment for each Class of Shares. As a result, any allocation of the Redemption Fee being reduced, rebated or waived amongst the shareholders may not be equitable.

### **Investment Committee Fees**

The General Partner, on behalf of the Sub-Fund, may pay to the members of the Investment Committee a fee, as specified in an arrangement agreement to be entered into with the relevant member of the Investment Committee, as the case may be.